



## ARUNA HOTELS LIMITED



Our Company was originally incorporated as 'Aruna Sugars Limited' on September 09, 1960 under the provisions of Companies Act, 1956 with Registration No. 004255. Subsequently, the name of our Company was changed to 'Aruna Sugars & Enterprises Limited' on July 3, 1986 and thereafter to 'Aruna Sunrise Hotels Limited' on October 25, 2000. On January 14, 2003, the name of our Company was changed to 'Aruna Hotels Limited'. The Corporate Identification Number of our Company is L15421TN1960PLC004255.

For further details pertaining to the change in name and registered office of our Company, please refer the chapter '*History and Certain Corporate Matters*' on page 88 of this Draft Letter of Offer.

**Registered Office:** Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai – 600034, Tamil Nadu

**Contact Person:** Mr. Ajay Shukla, Company Secretary & Compliance Officer

**Tel:** +91 44 2530 3404; **E-mail:** [directorsaruna@gmail.com](mailto:directorsaruna@gmail.com); **Website:** [www.arunahotels.com](http://www.arunahotels.com)

OUR PROMOTER: MR. S.BALASUBRAMANIAN ADITYAN		
FOR PRIVATE CIRCULATION TO ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY		
ISSUE OF UP TO [●]/- EQUITY SHARES WITH A FACE VALUE OF ₹ 10/- EACH (“RIGHTS EQUITY SHARES”) FOR CASH AT A PRICE OF ₹[●]/- PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER RIGHTS EQUITY SHARE) FOR AN AMOUNT AGGREGATING UPTO ₹2700 LAKHS ON RIGHTS BASIS IN THE RATIO OF [●] ([●] ([●]) RIGHTS EQUITY SHARES FOR EVERY [●] FULLY PAID UP EQUITY SHARES) HELD BY THE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. [●]. THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE OF THE RIGHTS EQUITY SHARES.		
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 offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Letter of Offer. Specific attention of the Investors is invited to the statements in the section titled ‘Risk Factors’ beginning on page 20 of this Draft Letter of Offer.		
ISSUER’S ABSOLUTE RESPONSIBILITY		
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and this Issue which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.		
LISTING		
The existing Equity Shares of our Company are listed on BSE Limited (BSE). Our Company has received in-principle approval from BSE for the listing of the Rights Equity Shares offered in this Issue pursuant to its letter dated [●]. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.		
LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE
<div><p><b>SYSTEMATIX GROUP</b> Investments Re-defined</p></div>		<div></div>
<p><b>Systematix Corporate Services Limited</b> <b>Address:</b> The Capital, A-Wing, No. 603-606, 6<sup>th</sup> floor, Plot no. C-70, G Block Bandra-Kurla Complex, Bandra (East), Mumbai-400051, Maharashtra, India <b>Telephone:</b> +91 22 6704 8000 <b>Facsimile:</b> +91 22 6704 8022 <b>Email:</b> <a href="mailto:projecthotel@systematixgroup.in">projecthotel@systematixgroup.in</a> <b>Investor Grievance Email:</b> <a href="mailto:projecthotel@systematixgroup.in">projecthotel@systematixgroup.in</a> <b>Website:</b> <a href="http://www.systematixgroup.in">www.systematixgroup.in</a> <b>Contact Person:</b> Mr. Manish Tejawani <b>SEBI Registration No.:</b> INM000004224 <b>CIN:</b> L91990MP1985PLC002969</p>		<p><b>MCS Share Transfer Agent Limited</b> <b>Address:</b> 209-A, C Wing, 2<sup>nd</sup> floor, Gokul Industrial Estate, Marol Co-op Industrial Area, Sagbaug, Marol, B/H Times Square, Andheri (E), Mumbai 400 059, India <b>Telephone:</b> +91 22 2851 6020 <b>Facsimile:</b>+91 22 2851 6021 <b>Email:</b> <a href="mailto:helpdesknum@mcsregistrars.com">helpdesknum@mcsregistrars.com</a> <b>Investor grievance e-mail:</b> <a href="mailto:arunahotels.rightissue@mcsregistrars.com">arunahotels.rightissue@mcsregistrars.com</a> <b>Website:</b> <a href="http://www.mcsregistrars.com">www.mcsregistrars.com</a> <b>Contact Person:</b> Mr. Subodh Vichare <b>SEBI Registration No.:</b> INR000004108 <b>CIN:</b> U67120WB2011PLC165872</p>
ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]



## TABLE OF THE CONTENTS

SECTION I - DEFINITIONS AND ABBREVIATIONS .....	1
NOTICE TO OVERSEAS SHAREHOLDERS.....	10
PRESENTATION OF FINANCIAL INFORMATION, USE OF INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION .....	12
FORWARD LOOKING STATEMENTS .....	14
SECTION II – OFFER DOCUMENT SUMMARY .....	15
SECTION III – RISK FACTORS.....	20
SECTION IV – INTRODUCTION .....	33
THE ISSUE .....	33
SUMMARY OF FINANCIAL INFORMATION.....	34
RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES .....	34
GENERAL INFORMATION .....	37
CAPITAL STRUCTURE .....	44
OBJECTS OF THE ISSUE.....	57
BASIS FOR ISSUE PRICE.....	61
STATEMENT OF TAX BENEFITS .....	64
SECTION V – ABOUT THE COMPANY .....	66
INDUSTRY OVERVIEW .....	66
BUSINESS OVERVIEW .....	75
KEY INDUSTRY-REGULATIONS AND POLICIES .....	80
HISTORY AND CERTAIN CORPORATE MATTERS .....	88
OUR MANAGEMENT .....	96
OUR PROMOTER AND PROMOTER GROUP.....	108
OUR GROUP COMPANIES .....	112
RELATED PARTY TRANSACTIONS .....	116
DIVIDEND POLICY .....	117
SECTION VI – FINANCIAL INFORMATION .....	118
RESTATED FINANCIAL INFORMATION.....	118
OTHER FINANCIAL INFORMATION.....	171
STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY.....	173
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	175
FINANCIAL INDEBTEDNESS .....	196
SECTION VII – LEGAL AND OTHER INFORMATION .....	199
OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS.....	199
GOVERNMENT AND OTHER APPROVALS .....	206
OTHER REGULATORY AND STATUTORY DISCLOSURES .....	209
SECTION VIII – OFFERING INFORMATION.....	222
TERMS OF THE ISSUE.....	222
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES.....	259
SECTION IX – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION .....	262
SECTION X – OTHER INFORMATION.....	286
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION .....	286
DECLARATION.....	288

## SECTION I - DEFINITIONS AND ABBREVIATIONS

### Conventional or General Terms

Term	Description
Financial Year, Fiscal or FY	The period of twelve (12) months ended March 31 of that particular year
“Our Company”, “the Issuer” or “Aruna Hotels Limited”	Aruna Hotels Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai – 600034, Tamil Nadu
Our Hotel	Our Company’s Hotel situated at 144, 145, Sterling Road, Nungambakkam, Chennai 600034, Tamil Nadu
Restated Financial Statements/ Financial Statements	<p>The restated statement of assets and liabilities of our Company as at September 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016 and the restated statement of profits and losses, restated statement of changes in equity and the restated statement of cash flows for the six months period ended September 30, 2018 and for each of the financial years ended March 31, 2018, March 31, 2017 and March 31, 2016, and the annexures thereto, as restated.</p> <p>Our Restated Financial Statements have been prepared under Ind-AS notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 and have been compiled from the audited financial statements of our Company for the respective years / periods prepared in accordance with Indian GAAP and from the audited financial statements as at and for the financial year ended March 31, 2018 prepared under Ind-AS. In accordance with the Guidance Note on Reports in Company Prospectuses (Revised 2019), the Restated Financial Statement as at and for the year ended March 31, 2016 is referred to as ‘Proforma Ind-AS Restated Financial Statements’.</p>
“We”, “us” or “our”	Unless the content otherwise indicates or implies, refers to our Company and includes the Subsidiaries of our Company

### Issue related terms

Term	Description
Abridged Letter of Offer	The abridged Letter of Offer to be sent to the Eligible Equity Shareholders with respect to this Issue in accordance with SEBI ICDR Regulations and Companies Act
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement
Allot/ Allotted/Allotment	Unless the context requires, the allotment of Rights Equity Shares pursuant to the Issue
Allottees	Persons to whom Rights Equity Shares are allotted pursuant to the Issue
Applicants	Eligible Shareholder(s) and/or Renouncees who make an application for the Rights Equity Shares in terms of this Draft Letter of Offer, including an ASBA Applicant
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the application money payable on

Term	Description
	application in their specified bank account maintained with the SCSBs
ASBA Account	Account maintained by an ASBA Investor with a SCSB which will be blocked by such SCSB to the extent of the appropriate amount in relation to an application by an ASBA Investor
ASBA Applicants/ Investor ASBA	<p>Eligible Shareholders proposing to subscribe to the Issue through ASBA process and who:</p> <p>are holding the securities of our Company in dematerialized form as on Record Date and have applied for their Rights Entitlements and / or additional Rights Equity Shares in dematerialized form;</p> <p>2. have not renounced their Rights Entitlements in full or in part;</p> <p>are not Renouncees; and</p> <p>are applying through blocking of funds in a bank account maintained with the SCSBs.</p> <p>QIBs, Non-Institutional Investors and Investors whose Application Money exceeds ₹ 200,000/- can participate in the Issue only through the ASBA process.</p>
Bankers to the Issue	HDFC Bank Limited
Composite Application Form / CAF	The form used by an Investor to make an application for the Allotment of Rights Equity Shares and for application by Renouncees
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that our Company would issue for the Rights Equity Shares Allotted to one folio
Controlling Branches/Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time
Demographic Details	Details of Investors such as address, bank account details for printing on refund orders and occupation
Designated Branch of the SCSBs	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a>
Designated Stock Exchange/ Stock Exchange	BSE Limited
Draft Letter of Offer	The Draft Letter of Offer dated January 28, 2019 filed by our Company with SEBI in accordance with the SEBI ICDR Regulations.
Eligible Equity Shareholder(s)	A holder(s) of Equity Shares as on the Record Date
Equity Share Capital	Equity share capital of our Company

Term	Description
Equity Shareholder(s)	A holder(s) of Equity Shares of our Company
Investor(s)	Eligible Equity Shareholders as on Record Date and/or Renouncees applying in the Issue.
Issue / Rights Issue	Issue of up to [●] Equity Shares with a face value of ₹10/- each (“ <b>Rights Equity Shares</b> ”) for cash at a price of ₹ [●]/- per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share) for an amount aggregating to upto ₹2700 Lakhs on rights basis in the ratio of [●] ([●] ([●]) Rights Equity Shares for every [●] fully paid up equity shares) held by the equity shareholders on the record date, i.e. [●]. The face value of the Equity Shares is ₹10/- each and the Issue Price is [●] times of the face value of the Rights Equity Shares
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	[●]
Issue Size/ Issue Proceeds/ Proceeds of the Issue	The issue of [●] Rights Equity Shares aggregating to ₹2,700 Lakhs
Lead Manager	Systematix Corporate Services Limited
Listing Agreement	The listing agreement entered into between our Company and BSE
Non-Institutional Investors	All Investors, whether resident in India or otherwise, including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Rights Equity Shares for a cumulative amount of more than ₹2,00,000 but not including NRIs other than Eligible NRIs.
Qualified Foreign Investors/ QFIs	<p>QFI shall mean a person who fulfills the following criteria:</p> <p>Resident in a country that is a member of Financial Action Task  Resident in a country that is a signatory of the International Organization of Securities Commission’s Multilateral Memorandum of Understanding or a signatory of a bilateral Memorandum of Understanding with SEBI.</p> <p>Provided that the person is not resident in a country listed in the public statements issued by FATF from time to time on (i) jurisdictions having a strategic Anti-Money Laundering/ Combating the Financing of Terrorism (<b>AML/CFT</b>) deficiencies to which counter measures apply, (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies;</p> <p>Provided further such person is not resident in India;</p> <p>Provided further that such person is not registered with SEBI as Foreign Institutional Investor or Sub-account or Foreign Venture Capital Investor</p>
Qualified Institutional Buyers or QIBs	A Mutual Fund, Venture Capital Fund and Foreign Venture Capital Investor registered with SEBI, a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with SEBI; a public financial institution as defined in Section 2(72) of the Companies

Term	Description
	Act, 2013; a scheduled commercial bank; a multilateral and bilateral development financial institution; a State Industrial Development Corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a pension fund with minimum corpus of twenty five crore rupees; National Investment Fund set up by resolution No. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Record Date	A record date fixed by our Company for the purposes of determining the names of the Equity Shareholders who are eligible for the issue of Rights Equity Shares i.e. [●]
Refund Bank	HDFC Bank Limited
Registrar to the Issue	MCS Share Transfer Agent Limited
Renouncee(s)	Any person(s), who has/have acquired Rights Entitlements from the Eligible Equity Shareholders
Retail Individual Investors	Application by an Investor (including HUFs applying through their Karta) whose cumulative value of Rights Equity Shares applied for in the Issue is not more than ₹ 2,00,000/-
Rights Entitlements	The number of Rights Equity Shares that an Eligible Equity Shareholder is titled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on Record Date
Rights Share / Rights Equity Share	The Equity Shares of face value of ₹10/- each of our Company offered and to be issued and allotted pursuant to this Issue
SCSBs	Self-certified syndicate bank registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a>
Sponsor Bank	[●]
Share Certificate	The certificate in relation to the Rights Equity Shares allotted to a folio
Split Application Form / SAF	An application form used in case of renunciation in part by an Eligible Equity Shareholder in favour of one or more Renouncee(s)
Working Days	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

**Issuer and Industry related terms**

<b>Term</b>	<b>Description</b>
AOA / Articles / Articles of Association	Articles of Association of our Company
Auditors / Statutory Auditors	M/s. Bala & Co., Chartered Accountants
Board / Board of Directors	Board of directors of our Company or a duly constituted committee thereof
Director(s)	Director(s) of our Company
Equity Shares	Equity shares of our Company of face value of ₹10/- each
Group Companies	Group companies as defined under Schedule VIII of the SEBI ICDR Regulations and disclosed in the chapter titled 'Our Group Companies' beginning on page 112 of this Draft Letter of Offer
Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(s) of the SEBI ICDR Regulations and disclosed in the chapter titled 'Our Management' beginning on page 96 of this Draft Letter of Offer
MOA / Memorandum / Memorandum of Association	Memorandum of Association of our Company
Memorandum of Compromise	Memorandum of Compromise dated February 12, 2015 entered into between (i) Subasri Realty Private Limited, (ii) Gay Travels Private Limited, (iii) Sovereign Media Marketing Private Limited, (iv) Rani Printers Private Limited (as Purchasers therein) of One Part; and (i) M. Sivaram, (ii) Karthik P. Sivaram, (as Selling Shareholders therein) of the Other Part.
Promoter Group	Promoter Group of our Company as per the definition provided in Regulation 2(1)(pp) of the SEBI ICDR Regulations
Promoter	Promoter of our Company viz., Mr. S. Balasubramanian Adityan. For further details, please see the chapter titled 'Our Promoters and Promoter Group' on page 108 of this Draft Letter of Offer
Registered Office	Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai – 600034, Tamil Nadu
Registrar of Companies /RoC	Registrar of Companies, Block No. 6, B Wing 2nd Floor Shastri Bhawan 26, Haddows Road, Chennai 600 034, Tamil Nadu
Shareholder(s)	Shareholders of our Company

**Abbreviations**

<b>Term</b>	<b>Description</b>
₹/Rs. /Rupees /INR	Indian Rupees
AGM	Annual General Meeting
AIF	Alternative Investment Funds
AS / Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Application Supported by Blocked Amount
AY	Assessment Year
AO	Assessing Officer, Income Tax
ACIT	Assistant Commissioner of Income Tax



<b>Term</b>	<b>Description</b>
BFSI	Banking, Financial Services and Insurance
BSE	BSE Limited
CAF	Composite Application Form
CAGR	Compounded Annual Growth Rate
CDP	Collecting Depository Participant
CBX	Corporate Banking Exchange
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Client ID	Client identification number of the Bidders beneficiary account
Companies Act	The Companies Act, 1956 or Companies Act, 2013 and rules issued thereunder, as applicable
Competition Act	The Competition Act, 2002
Copyright Act	The Copyright Act, 1957
CPC	The Code of Civil Procedure, 1908
CrPC	The Code of Criminal Procedure, 1973
CSR	Corporate Social Responsibility
CTS	Cheque Truncation System
CWIP	Capital Work in Progress
CY	Calendar Year
CIT	Commissioner of Income Tax
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion
DP / Depository Participant	A depository participant as defined under the Depositories Act
DP ID	Depository Participant's identity
DRT	Debt Recovery Tribunal
EBIT	Earnings Before Interest and Tax
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
ESI Act	Employee State Insurance under the Employees State Insurance Act, 1948
ESOP	Employee Stock Option Plan
FCNR	Foreign Currency Non-Resident
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Transfer Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
FII(s)	Foreign Institutional Investors as defined under the SEBI FPI Regulations
FIPB	Foreign Investment Promotion Board
FPI(s)	A foreign portfolio investor who has been registered through the SEBI FPI Regulations provided that any FII or QFI who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GIR number	General Index Registrar number

<b>Term</b>	<b>Description</b>
GoI or Government or Central Government	Government of India
GST	Goods and Services Tax
HR	Human Resources
HUF	Hindu Undivided Family
I&B Code	Insolvency & Bankruptcy Code, 2016
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act / IT Act	The Income Tax Act, 1961
ITAT	Income Tax Appellate Tribunal
Ind -AS	Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 as amended
India	Republic of India
Indian GAAP	Generally accepted accounting principles in India in accordance with Companies (Accounting Standard) Rules, 2006, as amended and other relevant provisions of the Companies Act, 2013
ISIN	International Securities Identification Number
ISO	International Standards Organization
IT	Information Technology
IT Act	Information Technology Act, 2000
ITES	Information Technology Enabled Services
LIC	Life Insurance Corporation of India
LLC	Limited Liability Company
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, Government of India
MCLR	Marginal Cost of funds-based Lending Rate
MICR	Magnetic Ink Character Recognition
Mutual Funds	A mutual fund registered under the SEBI (Mutual Funds) Regulations, 1996
MSME	Micro, Small And Medium-Enterprises
NCLT	National Company Law Tribunal
NCLAT	National Company Law Appellate Tribunal
N.A. / NA	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
NR/Non- Resident	A person resident outside India, as defined under the FEMA and includes an NRI, FPIs registered with SEBI and FVCIs registered with SEBI
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
OCB/Overseas Corporate Body	A company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least 60% by NRIs and includes overseas trust in which not less than 60% beneficial interest is held by NRIs directly or indirectly but irrevocably and which was in existence on October 3, 2003 and immediately before

<b>Term</b>	<b>Description</b>
	such date had taken benefits under the 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
R&D	Research and Development
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
RoNW	Return on Net Worth
RTA	Registrar and Transfer Agent
RTGS	Real time gross settlement
SCORES	SEBI Complaints Redress System
SCSB	Self-Certified Syndicate Bankers
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended from time to time
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 as replaced pursuant to the SEBI FPI Regulations
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended from time to time
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time
SEBI Takeover Regulations / SEBI SAST Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
Securities Act	United States Securities Act, 1933, as amended from time to time
State Government	The government of a State in India
STCG	Short Term Capital Gain
STP	Straight-through-processing
STT	Securities Transaction Tax
TCD	Tons per cane per day
TIICL	Tamil Nadu Industrial Investment Corporation Limited
Trade Marks Act	Trade Marks Act, 1999
U S Dollars	United States Dollars
U.S. / USA / United States	United States of America
U.S. Persons	U.S. persons (as defined in Regulation S under the Securities Act)
VAT	Value added tax

The words and expressions used but not defined in this Draft Letter of Offer shall have the same meaning as assigned to such terms under the SEBI ICDR Regulations, the Companies Act, the Securities Contract (Regulation) Act, 1956 and the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, terms in '*Statement of Tax Benefits*', '*Section VI – Financial Information*' '*Outstanding Litigations and Material Developments*' and '*Main*

***Provisions of Articles of Association'*** on pages 64, 118, 199 and 262, respectively of this Draft Letter of Offer, respectively, shall have the meaning given to such terms in such chapters and sections.

## NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this Draft Letter of Offer and the issue of the Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer and the CAF may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and CAF to Eligible Equity Shareholders who have an address in India. Those overseas Shareholders who do not update the records with their Indian address, prior to the date on which we propose to dispatch the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF, shall not be sent the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF.

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 Draft Letter of Offer was filed with SEBI for its observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and in those circumstances the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute in or send the same into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares in this Issue must provide an Indian address. Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. A Shareholder may not renounce his entitlement to any person resident in the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. Neither the delivery of the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF 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 that the information contained herein is correct as at any time subsequent to this date.

**The contents of the Draft Letter of Offer/ Letter of Offer/ Abridged 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 of Rights Equity Shares or Rights Entitlements. As a result, 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 Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Rights Equity Shares or Rights Entitlements regarding the legality of an investment in the Rights Equity Shares or Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.**

## NO OFFER IN THE UNITED STATES

The Rights Equity Shares or Rights Entitlements have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF. Any representation to the contrary is a criminal offence in the United States.

The rights and securities of our Company, including the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended (***Securities Act***), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (***United States*** or ***U.S.***) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (***Regulation S***)), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF are being offered in India, but not in the United States. The offering to which the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights. Accordingly, the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and the CAF should not be forwarded to or transmitted in or into the United States at any time. Neither our Company nor the Lead Manager nor any person acting on their behalf will accept subscriptions from any person or his agent, if to whom an offer is made, would require registration of this Draft Letter of Offer with the United States Securities and Exchange Commission.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions 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, either a U.S. person (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing CAF 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 the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer, and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India. Our Company is making this issue of Rights Equity Shares on a rights basis to the Equity Shareholders of our Company and the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and CAF will be dispatched to Equity Shareholders who have an Indian address. Any person who acquires rights and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a U.S. person (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorized to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. person (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its 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 CAF is incomplete or acceptance of such CAF 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 CAF.

## **PRESENTATION OF FINANCIAL INFORMATION, USE OF INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Financial Data**

Unless stated or context requires otherwise, the financial information in this Draft Letter of Offer is derived from our Restated Financial Statements as at September 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016 and the Annexures thereto and included elsewhere in this Draft Letter of Offer, which have been prepared in accordance with the applicable provisions of the Companies Act, 2013 and Indian Accounting Standards and restated in accordance with the SEBI ICDR Regulations. Our Company's Financial Year commences on April 1 and ends on March 31 of the following year.

Our Company has opted to present all the financial years / periods covered in the Restated Financial Statements in accordance with Ind-AS as allowed under the regulations.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

All the numbers in this Draft Letter of Offer have been presented in lakhs or in whole numbers where the numbers have been too small to present in lakhs.

Any percentage amounts, as set forth in the section titled '*Risk Factors*' and the chapters titled '*Business Overview*' and '*Management Discussion and Analysis of Financial Conditions and Results of Operations*' beginning on pages 20, 75 and 175 respectively of this Draft Letter of Offer, unless the context otherwise indicated, have been calculated on the basis of the Financial Statements.

### **Use of Industry and Market data**

Unless stated or context requires otherwise, market, industry and demographic data used in this Draft Letter of Offer has been derived from 'the Tourism & Hospitality January 2019 report prepared by India Brand Equity Foundation ("**IBEF**")'. The report prepared by IBEF was not commissioned either by our Company or the Lead Manager or by any of their respective affiliates or advisors. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither our Company nor the Lead Manager assumes any responsibility for the accuracy of that information.

Accordingly, Investors should not place undue reliance on this information.

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

In accordance with the SEBI ICDR Regulations, the chapter titled '*Basis for Issue Price*' on page 61 of this Draft Letter of Offer includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither our Company, nor the Lead Manager has independently verified such information.

### **Currency and Units of Presentation**

All references to "Rupees" or "₹" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India.

Our Company has presented certain financial and other information in '*lakhs*'. One lakh represents one hundred thousand (100,000).

This Draft Letter of Offer contains conversion 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 the US\$ (in Rupees per US\$) and the Indian Rupee and the GBP (in Rupees per GBP):

Currency#	Exchange rate as on			
	September 30, 2018 <sup>(1)</sup>	March 31, 2018 <sup>(2)</sup>	March 31, 2017	March 31, 2016
US\$	72.5474	65.0441	64.8386	66.3329
GBP	94.9080	92.2846	80.8797	95.0882

#Source: RBI reference rate [www.rbi.org.in](http://www.rbi.org.in)

- (1) Exchange rate as on September 28, 2018, as RBI reference rate is not available for September 30, 2018 and September 29, 2018, being Saturday and Sunday respectively.
- (2) Exchange rate as on March 28, 2018, as RBI reference rate is not available for March 29, March 30 on account of public holiday and March 31, 2018 being Saturday respectively.

Such conversion should not be considered as a representation that such currency amounts have been, could have been or can be converted into Rupees at any particular rate, the rates stated above or at all.



## FORWARD LOOKING STATEMENTS

Certain statements in this Draft Letter of Offer are not historical facts but are ‘forward-looking’ in nature. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the section titled ‘**Risk Factors**’ and the section titled ‘**Management’s Discussion and Analysis of Financial Condition and Results of Operations**’, ‘**Industry Overview**’ and ‘**Business Overview**’. Our Company may, from time to time, make written or oral forward-looking statements in reports to Eligible Equity Shareholders and in other communications. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenue 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.

Words such as “believe”, “anticipate”, “estimate”, “seek”, “expect”, “continue”, “intend”, “predict”, “project”, “should”, “goal”, “future”, “could”, “may”, “will”, “would”, “targets”, “aims”, “is likely to”, “plan” and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

All forward looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

These risks, uncertainties and other factors include, among other things, those listed under the section titled ‘**Risk Factors**’, as well as those included elsewhere in this Draft Letter of Offer. Prospective Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to:

- 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.

For a further discussion of factors that could cause our Company’s actual results to differ, please see the section titled ‘**Risk Factors**’ on page 20 of this Draft Letter of Offer. By their very nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Lead Manager nor any of their respective affiliates or advisors has 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 SEBI and Stock Exchanges’ requirements, our Company and the Lead Manager will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Rights Equity Shares by the Stock Exchanges.

## SECTION II – OFFER DOCUMENT SUMMARY

The Company is into the business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, restaurants, etc. Our Hotel has been non-operational since FY 2014-15. The Company is under the process of renovation since FY 2015-16 and is likely to commence its operations in FY 2019-20.

### Promoter of our Company

The Promoter of our Company is Mr. S. Balasubramanian Adityan.

### Size of the Issue

Issue of up to [●] Equity Shares with a face value of ₹10/- each (“**Rights Equity Shares**”) for cash at a price of ₹ [●]/- per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share) for an amount aggregating to upto ₹2700 Lakhs on rights basis in the ratio of [●] ([●] ([●]) Rights Equity Shares for every [●] fully paid up equity shares) held by the Eligible Equity Shareholders on the record date, i.e. [●]. The face value of the Equity Shares is ₹10/- each and the Issue Price is [●] times of the face value of the Rights Equity Shares.

### Objects of the Issue:

The proceeds of the Issue are to be utilized for financing the following objects:

(₹ in lakhs)

Sr. No.	Particulars	Amount
1.	Gross Proceeds of the Issue	2,700
2.	Less: Issue Expenses	[●]
3.	Net Proceeds of the Issue	[●]

### Requirement of the Funds:

(₹ in lakhs)

Sr. No.	Particulars	Amount
1.	Repayment/pre-payment, in full or part, of unsecured loans certain borrowings availed by our Company	2,500
2.	General Corporate Purpose	[●]

### Pre-issue Shareholding of the Promoter/Promoter Group Members

Sr. No.	Name of Shareholder	Pre-Issue	
		No of Equity Shares	% of paid up capital
	<b>Promoter</b>		
1.	Mr. S. Balasubramanian Adityan	1,03,296	1.15
	<b>Promoter Group</b>		
1.	Subasri Realty Private Limited	16,85,539	18.73
2.	Gay Travels Private Limited	5,91,506	6.57
3.	Sovereign Media Marketing Private Limited	1,95,718	2.17
4.	Rani Printers Private Limited	61,093	0.68
5.	Sri Devi Agencies Private Limited	29,880	0.33
6.	Augustin D	19,200	0.21
7.	R Chandramohan	19,200	0.21
8.	Geetha Periasamy	17,180	0.19
9.	Anita Kumaran	1,18,296	1.31
10.	Kaavya Sharath Jagannathan	1,18,236	1.32
11.	Chandrakant	11,683	0.13

Sr. No.	Name of Shareholder	Pre-Issue	
		No of Equity Shares	% of paid up capital
12.	V Chithan	68,350	0.76
13.	Jayanthi Natarajan	12,200	0.14
14.	Sivaram M	6,105	0.07
15.	Maruthai Pillai P	30,390	0.34
16.	Rukmani Sivaram	25,624	0.28
17.	Karthik P. Sivaram	2,662	0.03
18.	Yessir Holding & Investment Private Limited	3,72,412	4.14
19.	Arun Pillai M	11,844	0.13
20.	Vijayalakshmi Chandramohan	7,770	0.09
21.	Jayanthi S	6,514	0.07
22.	Senthilnathan M	5,530	0.06
23.	Sivabagyam M	3,700	0.04
24.	Chandramohan P	3,200	0.04
25.	Ravichandran C L	802	0.01
26.	Ganesan M	1,900	0.02
27.	Kamal Kumar Babbar	12,16,500	13.52
	<b>Total</b>	<b>47,46,330</b>	<b>52.74</b>

#### Financial Information:

The following table sets forth summary financial information derived from the Restated Financial Statements, prepared in accordance with Ind AS and the Companies Act as of for the six months period ended September 30, 2018 and for the financial years ended March 31, 2018; March 31, 2017 and March 31, 2016.

The Restated Financial Statements for the period ended September 30, 2018 and financial years ended March 31, 2018, March 31, 2017 and March 31, 2016 referred to above are presented under “**Financial Information**” on page 118. The summary financial information presented below should be read in conjunction with these financial statements and the accompanying notes, schedules and annexures included in “**Financial Information**” on page 118.

(₹ in lakhs)

Particulars	For the period ended September 30, 2018	For the Fiscal		
		2018	2017	2016
Share Capital	1,210.00	1,210.00	1,207.87	1,207.87
Net Worth	(5,204.91)	(4,754.31)	1,036.46	291.56
Total Income	4.93	16.79	118.99	206.91
Profit / (loss) after tax	(450.61)	(1,039.62)	(619.96)	(374.19)
Basic and Diluted EPS (in ₹)	(5.01)	(11.55)	(6.89)	(4.16)
Net asset value per share (in ₹)	(57.83)	(52.83)	(41.35)	(34.40)
Total borrowings	6,792.67	1,443.05	913.73	1,439.71

No reservations, qualifications and adverse remarks have been made by our Auditors in their reports which have not been given effect to in the restated financial statements for the period ended September 30, 2018 and for financial years 2018, 2017 and 2016.

#### Outstanding Litigations:

A summary of outstanding litigation proceedings involving our Company as on the date of this Draft Letter of Offer is provided below. For details of the material outstanding litigation proceeding including (i) criminal proceedings; (ii)

material civil proceedings; (iii) actions taken by statutory or regulatory authorities; and (iv) claims related to direct and indirect taxes, please see “*Outstanding Litigations and Material Developments*” on page 199.

Sr. No.	Outstanding Litigations	Number of Matters	Financial implications to the extent quantifiable (Amount. in ₹)
1.	<i>Filed against our Company</i>		
	a. Civil	4	554.00
	b. Tax		
	Direct Tax	4	-
	Indirect Tax	1	-
	<b>Total</b>	<b>9</b>	<b>554.00</b>
2.	<i>Filed by our Company</i>		
	Civil	4	267.03
	<b>Total</b>	<b>4</b>	<b>267.03</b>

The amounts mentioned above may be subject to additional interest/ penalties being levied by the concerned authorities for delay in making payment or otherwise. The amount of interest/ penalties that may be levied is unascertainable as on date of this Draft Letter of Offer. For further details regarding these legal proceedings, please refer to chapter titled ‘*Outstanding Litigations and Material Developments*’ on page 199 of this Draft Letter of Offer.

## Risk Factors

An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in this Draft Letter of Offer, including the risks described below, before making an investment in our Equity Shares. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. The section addresses general risks associated with the industry in which we operate and specific risks associated with our Company.

## 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 of September 30, 2018, the Company had following contingent liabilities:

Sr. No.	Particulars
	In FY 2015-16 & FY 2016-17, following notices and demand were issued to the Company:
(a)	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 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.
(b)	The company has received show cause notice from Service Tax Department for FY 2008-09 to FY 2013-14. While the normal taxes due have been paid with interest, the company has approached Service Tax Settlement Commission to get waiver of the penalties and pending dues upto FY 2013-14 imposed by the Service Tax Authorities. The outcome of the case is still pending.
(c)	Southern Agrifurane Industries Private Limited has filed an application under Section 9 of Arbitration and Conciliation Act, 1996 against Aruna Hotels Private Limited and Yessir Holdings and Investment Private Limited on December 8, 2005 before the Hon’ble High Court of Judicature at Madras for seeking an order of interim injunction to restrain the respondents (including Aruna Hotels Private Limited) from

Sr. No.	Particulars
	transferring/ alienating the shares/ assets of the Company, particularly assets in the form of Aruna Hotel and Aruna Centre. By an order dated April 3, 2006, the said application was dismissed by the Hon'ble High Court of Judicature at Madras with liberty to the applicant to initiate arbitration proceedings to resolve the dispute. Accordingly, arbitration petition was filed by the claimant, Southern Agrifurane Industries Private Limited. By an award dated April 28, 2014, the learned sole arbitrator has inter alia held that the respondents (including Aruna Hotels Private Limited) are, jointly and severally, liable to pay to the claimant (i) Rs. 1,00,00,000/- with interest at the rate of 14% p.a. from February 26, 2004 till October 28, 2005 and thereafter at the rate of 18% p.a. till the date of realization; (ii) a sum of Rs. 25,00,000/- with interest for a period of 90 days (from October 7, 2005 to January 7, 2006) at the rate of 10% p.a. and thereafter at the rate of 18% p.a. till the date of realization; and (iii) a sum of Rs. 5,69,339/- towards cost of the arbitration proceedings. A petition has been filed on June 3, 2014 by Southern Agrifurane Industries Private Limited before the Hon'ble High Court of Judicature at Madras under section 34 of the Arbitration and Conciliation Act, 1996 to set aside the aforesaid arbitration award dated April 28, 2014 passed by the sole arbitrator insofar as it rejects its claim for enforcement/ specific performance of the Memorandum of Understanding dated April 24, 2002 between the petitioner and respondents. The outcome of the case is still pending.

Please see the section “**Financial Information**” on page 118 for more information.

#### **Related Party Transactions:**

Following are the details of related party transactions for last three years as disclosed in the Restated Financial Statements:

(Rs. in Lakhs)

Transaction during the year ended	Nature of the Relationship	As at September 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Remuneration to Key Management Personnel	Key Management Personnel	4.40	7.14	4.98	1.31
Remuneration Payable	Key Management Personnel	0.31	-	1.5	1.5
Trade Payables	Shareholder of the company	7.21	8.16	2.84	2.78
Borrowings	Key Management Personnel	-	-	-	5.28
	Shareholder of the company	89.59	268.75	627.09	710.20
	Shareholder of the company	2,446.17	320.72	-	-
	Shareholder of the company	400.00	-	-	-
	Company with common shareholder/promoter	877.57	853.58	86.64	550.83
Interest accrued but yet to be paid	Shareholder of the company	25.74	-	-	-
	Company with common shareholder/promoter	52.34	-	-	-
<b>Total</b>		<b>3,903.32</b>	<b>1,458.35</b>	<b>723.05</b>	<b>1,271.89</b>

For details of related party transactions of our Company, as per the requirements under Ind AS 24 ‘Related Party Disclosures’ for period ending September 30, 2018 and financial years ending March 31, 2018, March 31, 2017 and March 31, 2016, please see “Annexure VII, Note 18 – Related Party Transaction” under the chapter “**Financial Information**” on page 118 of this Draft Letter of Offer.

### **Financing Arrangements 1**

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

### **Average Cost of Acquisition**

The average cost of acquisition per Equity Share by our Promoter is set forth in the table below:

<b>Name of Promoter</b>	<b>No. of Equity Shares held</b>	<b>Average cost of acquisition (in Rs.)</b>
S. Balasubramanian Adityan	1,03,296	N.A.*

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

Our Company has neither issued Equity Shares for consideration other than cash nor split/consolidated equity shares during the last one year immediately preceding the date of filing the Draft Letter of Offer.

### SECTION III – RISK FACTORS

*An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in this Draft Letter of Offer, including the risks described below, before making an investment in our Equity Shares. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. Any of the following risks, as well as the other risks and uncertainties discussed in this Draft Letter of Offer, could have a material adverse effect on our business and could cause the trading price of our Equity Shares to decline and you may lose all or part of your investment. In addition, the risks set out in this Draft Letter of Offer are not exhaustive. Additional risks and uncertainties, whether known or unknown, may in the future have material adverse effect on our business, financial condition and results of operations, or which we currently deem immaterial, may arise or become material in the future. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with the sections titled ‘Business Overview’ and ‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’ on pages 75 and 175 respectively of this Draft Letter of Offer as well as other financial and statistical information contained in this Draft Letter of Offer. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein. This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Draft Letter of Offer. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial information of our Company prepared in accordance with the Companies Act and restated in accordance with the SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto.*

#### **Materiality**

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

1. Some events may have material impact quantitatively;
2. Some events may have material impact qualitatively instead of quantitatively;
3. Some events may not be material individually but may be found material collectively;
4. Some events may not be material at present but may be having material impact in future.

#### **Internal Risk Factors**

1. ***Our Company is 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 party to certain legal proceedings in India. 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 classification of these legal and other proceedings is given in the following table:

Sr. No.	Outstanding Litigations	Number of Matters	Financial implications to the extent quantifiable (Amount. ₹ in Lakhs)
<b>1.</b>	<b><i>Filed against our Company</i></b>		
	a. Civil	4	554.00
	b. Tax		
	Direct Tax	4	-
	Indirect Tax	1	-
	<b>Total</b>	<b>9</b>	<b>554.00</b>
<b>2.</b>	<b><i>Filed by our Company</i></b>		
	Civil	4	267.03
	<b>Total</b>	<b>4</b>	<b>267.03</b>

The amounts mentioned above may be subject to additional interest/ penalties being levied by the concerned authorities for delay in making payment or otherwise. The amount of interest/ penalties that may be levied is unascertainable as on date of this Draft Letter of Offer. For further details regarding these legal proceedings, please refer to chapter titled '*Outstanding Litigations and Material Developments*' on page 199 of this Draft Letter of Offer.

For further details regarding these legal proceedings, please refer to chapter titled '*Outstanding Litigations and Material Developments*' on page 199 of this Draft Letter of Offer.

**2. *Our Company has been incurring losses since F.Y. 2013-14 and has been non-operational since F.Y. 2014-15***

Our Company has been incurring losses since F.Y. 2013-14. Further, its total current liabilities exceed total current assets as on the balance sheet date for each year. 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 to resume operations from FY 2019-20.

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

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



**4. *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 Rs. 100/- each in the year 1989 and 25,000 14% Redeemable Cumulative Preference Shares of face value Rs. 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 Rs. 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, 2018 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.

**5. *The Statutory Auditors of the Company have placed reservations, qualifications and adverse remarks in their report for the last two financial years***

The Statutory Auditors of the Company have, in their Report for the financial years ended March 31, 2016 and March 31, 2017, placed reservations, qualifications and adverse remarks including the following, which may have an adverse effect on the functioning of the Company:

<b>Financial Year</b>	<b>Reservations, qualifications and adverse remarks</b>
March 31, 2017 and March 31, 2016	No confirmation of balances obtained from debtors, creditors, other parties from whom loan is taken and financial institutions.
	Inventories are carried at Weight Average Price, hence the company was not following the accounting standards
	The contingent liability of the company towards the pending cases is not ascertainable as on date, but if the decision is unfavourable it would materially impact the cash flow of the company
	Share application money pending allotment was received in FY 13-14 but shares were not issued and amount was lying for more than the approved period as per the rules as the company was under the procedure of listing

**6. *We do not have access to certain historical records and data including with respect to change in authorized share capital and paid-up share capital***

Our Company was incorporated on September 09, 1960 and we are not able to locate some of our corporate records which include majority of forms filed with the Registrar of Companies prior to 2006, Minutes books of board meetings for the period February 1990 – February 1993, June 1998 – December 2003, December 2006 – March 2015, minutes book of audit committee meetings and nomination and remuneration committee meetings prior to March 2016, minutes book of stakeholders relationship committee meetings for the period 1991 to December 2016, minutes book of annual general meetings for the period 1960 to March, 2012, certain Statutory Registers, Share Transfer Forms, documents evidencing change in authorized share capital and paid-up share capital prior to financial year ending 1986, etc. are not available with the Company. Whilst we believe that material information required for Investors to make their investment decision in this Issue has been disclosed to the extent possible in this Draft Letter of Offer, we are unable to make/ verify the veracity of certain disclosures required under the SEBI (ICDR) Regulations in this Draft Letter of Offer.

**7. We have contingent liabilities which have not been provided for in our balance sheet**

As of September 30, 2018, the Company had following contingent liabilities:

Sr. No.	Particulars
	In FY 2015-16 & FY 2016-17, following notices and demand were issued to the Company:
(a)	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 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.
(b)	The company has received show cause notice from Service Tax Department for FY 2008-09 to FY 2013-14. While the normal taxes due have been paid with interest, the company has approached Service Tax Settlement Commission to get waiver of the penalties and pending dues upto FY 2013-14 imposed by the Service Tax Authorities. The outcome of the case is still pending.
(c)	Southern Agrifurane Industries Private Limited has filed an application under Section 9 of Arbitration and Conciliation Act, 1996 against Aruna Hotels Private Limited and Yessir Holdings and Investment Private Limited on December 8, 2005 before the Hon'ble High Court of Judicature at Madras for seeking an order of interim injunction to restrain the respondents (including Aruna Hotels Private Limited) from transferring/ alienating the shares/ assets of the Company, particularly assets in the form of Aruna Hotel and Aruna Centre. By an order dated April 3, 2006, the said application was dismissed by the Hon'ble High Court of Judicature at Madras with liberty to the applicant to initiate arbitration proceedings to resolve the dispute. Accordingly, arbitration petition was filed by the claimant, Southern Agrifurane Industries Private Limited. By an award dated April 28, 2014, the learned sole arbitrator has inter alia held that the respondents (including Aruna Hotels Private Limited) are, jointly and severally, liable to pay to the claimant (i) Rs. 1,00,00,000/- with interest at the rate of 14% p.a. from February 26, 2004 till October 28, 2005 and thereafter at the rate of 18% p.a. till the date of realization; (ii) a sum of Rs. 25,00,000/- with interest for a period of 90 days (from October 7, 2005 to January 7, 2006) at the rate of 10% p.a. and thereafter at the rate of 18% p.a. till the date of realization; and (iii) a sum of Rs. 5,69,339/- towards cost of the arbitration proceedings. A petition has been filed on June 3, 2014 by Southern Agrifurane Industries Private Limited before the Hon'ble High Court of Judicature at Madras under section 34 of the Arbitration and Conciliation Act, 1996 to set aside the aforesaid arbitration award dated April 28, 2014 passed by the sole arbitrator insofar as it rejects its claim for enforcement/ specific performance of the Memorandum of Understanding dated April 24, 2002 between the petitioner and respondents. The outcome of the case is still pending.

In the event that any of our contingent liabilities become crystallized, our business, financial condition and results of operations may be adversely affected.

**8. Our Company has reported certain negative cash flows from its operating activity, investing activity and financing activity, details of which are given below. Sustained negative cash flow could impact our growth and business**

Our Company had reported certain negative cash flows from our operating activities, investing activities and financing activities in the previous years as per the restated financial statements and the same are summarized as under:

(₹ in lakhs)

Particulars	As at September 30, 2018	For the year ended March 31,		
		2018	2017	2016
Cash flow from Operating activities	(248.79)	(273.42)	(908.65)	(1,064.35)
Cash flow from Investing activities	(174.92)	(230.04)	(63.96)	3.54
Cash flow from Financing Activities	5,376.24	(4,253.78)	857.34	1,120.06

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If our Company is not able to generate sufficient cash flows, it may adversely affect our business and financial operations.

**9. *Our Company has entered into certain related party transactions and may continue to do so in the future***

Our Company has entered into certain related party transactions with our related parties. While our Company believes that all such transactions have been conducted on the arm's length basis, there can be no assurance that it could not have been achieved on more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our Company will continue to enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details, please refer to '**Annexure VII - Related Party Transactions**' under section titled '**Financial Information**' on page 118 of this Draft Letter of Offer.

**10. *Our Company was in the past suspended for trading in Equity Shares on BSE***

Our Company was suspended for trading in Equity Shares on BSE due to certain non-compliances under the Listing Agreement w.e.f. December 21, 2004. However, the suspension order has been revoked by BSE vide its notice dated March 19, 2018 w.e.f. March 27, 2018. The company's securities were covered under the Graded Surveillance Measure and the same had limited or sporadic trading.

**11. *Our Promoter has limited experience in the hotel industry, which could have an adverse effect on the Company's results of operations and financial condition***

Our Promoter has limited experience in the hotel industry, which could have adversely affect the quality of services providing by our Company and consequently, the profitability of our business. The limited experience of our Promoter may also make it more difficult to attract and retain our customers which could have a material adverse effect on our business prospects and financial condition.

**12. *Our Company had defaulted in refund of share application money pending for allotment***

Our Company had received monies aggregating to ₹4,757.67 Lakhs towards equity share capital in the FY 2013-14 but the Equity Shares were neither issued nor the share application money was refunded by our Company within the timelines as prescribed under the relevant provisions of the Companies Act read with rules framed there under. Though the Company has refunded Rs. 4,757.67 Lakhs outstanding under share application pending allotment account in the FY 2017-18 but there can be no assurance that no action will be taken by the concerned authorities against the Company for the aforesaid non-compliance of the provisions of the Companies Act. The Company has obtained letters from the concerned persons for waiver of interest component on the refunded amount of Rs. 4,757.67 Lakhs.

**13. *Trademark of our logo is not registered and we are in the process of seeking registration of trademark of our logo***

Our corporate name and logo has not been registered and consequently, the use of the same in the corporate and trading names by any third parties may lead consumers to confuse them with our Company and if they experience any negative

publicity, it could have an adverse effect on our business, results of operations and financial condition. This confusion might also lead to our Company losing business to such competitors and might adversely affect our goodwill. Our Company has in December 2018 made an application for the registration of the trademark of our logo. Maintaining the reputation of our brand, corporate name, logo and the goodwill associated with this trademark is critical to our success. Substantial erosion in the value of our brand name could have a material adverse effect on our business, financial condition, results of operations and prospects. For further details please refer to section titled '**Government and Other Approvals**' beginning on page 206 of this Draft Letter of Offer.

**14. *Our insurance coverage may not be adequate to protect us against all potential losses, which may have an adverse effect on our business, financial condition and results of operations***

Our Company has obtained insurance coverage in respect of certain risks. Our significant insurance policies include Public Liability Insurance Policy, Standard Fire and Special Perils Policy, Workmen Compensation Policy, etc. Since our Hotel has not been operational since FY 2014-15, we may not have identified every risk and further may not be insured against every risk, including operational risk that may occur and the occurrence of an event that causes losses in excess of the limits specified in our policies or losses arising from events or risks not covered by insurance policies or due to the same being inadequate, could materially harm our financial condition and future results of operations. There can be no assurance that any claims filed will be honoured fully or timely under our insurance policies. Also, our financial condition may be affected to the extent we suffer any loss or damage that is not covered by insurance or which exceeds our insurance coverage. In addition, we may not be able to renew certain of our insurance policies upon their expiration, either on commercially acceptable terms or at all. For further details, please refer to chapter titled '**Business Overview**' beginning on page 75 of the Draft Letter of Offer.

**15. *Our Company has unsecured loans, which may be recalled at any time. Any recall of such loans may have an adverse effect on our business, prospects, financial condition and results of operations***

Our Company have availed unsecured loans, some of which may be recalled at any time at the option of the lender. If such unsecured loans are recalled at any time, our financial condition may be adversely affected. As of September 30, 2018 the total amount of unsecured loans outstanding by our Company from related parties and others was Rs. 3813.32 lakhs. For details of our unsecured loans, please see "**Financial Indebtedness**" on page 196.

**16. *We have not received consents from certain members of the Promoter Group of the Company for including their names in the Draft Letter of Offer***

Our Company has vide letter dated December 8, 2018 and subsequent reminder letters dated December 28, 2018 and January 11, 2019 sought the consent from our Promoter Group members to be named in the Draft Letter of Offer as well as other requisite information and certifications (including their intention to subscribe to Rights Equity Shares, Rights Entitlement renounced in their favour by any other member of the Promoter Group and Additional Rights Equity Shares) in order to make accurate disclosures in the Draft Letter of Offer. However, out of twenty-seven (27) Promoter Group members we have not received any response from eleven (11) members out of which four (5) members deceased as on date of this Draft Letter of Offer. In the absence of any response from them, there can be no assurance regarding the accuracy of information in the Draft Letter of Offer pertaining to such Promoter Group members or that they will not object to their name being included in the Draft Letter of Offer without their consent. One of the Promoter Group members has vide his letter dated June 8, 2018 indicated that his intention to be removed from the list of promoter and promoter group members. Our Company has vide its letter dated December 19, 2018 advised him to follow the procedure prescribed under the SEBI Listing Regulations in order to get himself re-classified as a non-promoter group member.

**17. *There is no monitoring agency appointed by our Company and the deployment of funds are at the discretion of our Management and our Board of Directors, though it shall be monitored by our Audit Committee***

As per SEBI (ICDR) Regulations as amended, appointment of monitoring agency is required only for Issue size above Rs.10,000.00 Lakhs. Hence, we have not appointed any monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the stock exchange and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

**18. *Our Promoter have provided personal guarantees to certain loan facilities availed by us which if revoked may require alternative guarantees/securities to be provided and/or repayment of amounts due or termination of the facilities***

Our Promoter has provided personal guarantee in relation to term loan facility availed by us from HDFC Bank Limited. In the event that any of this personal guarantee is revoked by our Promoter, the lender for such facilities may require alternate guarantees/ securities to be provided and/or repayment of amounts outstanding under such facilities or may even terminate such facilities. We may not be successful in procuring alternative guarantees / securities satisfactory to the lender, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which may not be available on acceptable terms or at all and any such failure to raise additional capital could affect our operations and our financial condition.

**19. *Relevant copies of educational qualifications and experience certificate of our Promoter and some of our Directors are not traceable***

Relevant copies of the educational qualifications and experience certificate of our Promoter and some of our Directors are not traceable. We cannot assure that the back-ups for the relevant copies of the educational qualifications and work experience will be available in a timely manner or at all.

**20. *We may require additional financing for our business operations and the failure to obtain additional financing on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability. Further, fluctuations in interest rates could adversely affect our results of operations***

Post renovation of our Hotel, we may require additional capital for our business operations. Our ability to obtain additional financing on favourable terms, if at all, will depend on a number of factors including our financial condition, results of operations and cash flows, the amount and terms of our existing indebtedness, security, our track record of compliance of the covenants contained in our financial agreements, general market conditions and market conditions for financing activities and the economic, political and other conditions in the markets where we operate. We cannot assure that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew arrangements for existing funding or obtain additional financing on acceptable terms and in a timely manner could adversely impact our ability to incur capital expenditure, our business, results of operations and financial condition.

Further, an increase in the interest rates on our existing or future debt will increase the cost of servicing such debt. An increase in interest expense may have an adverse effect on our business prospects, expense may have an adverse effect on our business prospects, financial condition and results of operations.

**21. *Our Promoter and Promoter Group members will continue to retain majority shareholding in our Company after this Issue which will allow them to exercise significant influence over us***

Our Promoter and Promoter Group members are in control of our Company. Accordingly, our Promoter and Promoter Group members will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders' approval, including the composition of our Board of Directors, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditure, etc. This concentration of ownership may also delay, defer or even

prevent a change in control of our Company and may make the completion of certain transactions more difficult or impossible without the support of these shareholders. We also cannot control the actions of our Promoter and Promoter Group members, including any non-performance, default by or bankruptcy. In order to establish or preserve relationships with our Promoter and Promoter Group members, we may agree to assume risks and contribute resources that are proportionately greater than the returns we expect to receive in such transactions. Such agreements may reduce our income and returns on these investments compared to what we would have received if our assumed risks and contributed resources were proportionate to our returns. Any of these factors could potentially materially and adversely affect our operations and profitability.

**22. *Increased competition in the hotel sector may adversely affect our operations and there can be no assurance that the new or existing competitors and hotel aggregators will not significantly expand or improve facilities in the markets in which we operate***

The Hotel is owned and managed by us, 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. Hotels compete with existing hotel facilities in their geographic markets, 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.

**23. *We will be required to have a large workforce deployed in our Hotel post renovation and commencement of our operations. Consequently, we may be exposed to service related claims and losses or employee disruptions that could have an adverse effect on our reputation, business, results of operations and financial condition.***

Post completion of renovation work and commencement of operations at our Hotel, to cater to the needs and our guests, we will require a number of employees for efficient and smooth functioning of our Hotel. The risks associated with the utilization of a large workforce include possible claims relating to:

- a. actions, inactions, errors or malicious acts by our personnel, including matters for which we may have to indemnify our guests;
- b. failure of our personnel to adequately perform their duties including rendering deficient services, shortage in shift, absenteeism or lateness;
- c. violation by personnel of security, privacy, health and safety regulations and procedures;
- d. any failure by us to adequately verify personnel backgrounds and qualifications resulting in deficient services;
- e. injury or damages to any guest's person or property due to negligence of our personnel; and
- f. criminal acts, torts or other negligent acts by our personnel.

These claims may give rise to litigation and claims for damages, which could be time-consuming. These claims may also result in negative publicity and adversely impact our reputation and brand name. We may also be affected in our operations by the acts of third parties, including subcontractors and service providers. Any losses that we incur in this regard may have an adverse effect on our reputation, business, results of operations and financial condition.

**24. *Our business is subject to seasonal and cyclical volatility, which may contribute to fluctuations in our results of operations and financial condition.***

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.

**25. *The hospitality industry is affected by consumer preferences and perceptions. Changes in these preferences and perceptions may affect the demand for our properties and adversely affect our operations.***

Hospitality industry is affected by changes in consumer preferences, national, regional and local economic conditions and demographic trends. Market perception of our properties and services may change which could impact continued business success and future profitability. If we are unable to adapt our services successfully, meet changes in consumer demands and trends, our business and financial condition may be adversely affected. We are engaged in the hospitality industry and are driven by the quality of service we provide and by meeting the expectations of our clients. We strive to keep up with evolving client requirements to enhance our existing business and level of customer service. Owing to increase in competition and in the event that we are unable to identify and understand contemporary and evolving customer tastes or to deliver quality service as compared to our competitors, it could adversely affect our business.

***26. We will be exposed to a variety of risks associated with safety, security and crisis management post commencement of our business operations***

Post completion of renovation work and commencement of operations at our Hotel, we will be required to ensure the safety and security of our guests, employees and assets against natural and manmade 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 to significant reputational damage.

***27. We are subject to the restrictive covenants of banks in respect of the Loan/Credit Limit and other banking facilities availed from them***

Our financing arrangements contain restrictive covenants whereby we are required to obtain approval from our lenders, regarding, among other things such as entering into borrowing arrangements with other banks and other parties, undertake any further capex, change in shareholding pattern and management control, diversify into non-core areas, making investment in or giving loans to other parties, etc. There can be no assurance that such consents will be granted or that we will be able to comply with the financial covenants under our financing arrangements. In the event we breach any financial or other covenants contained in certain of our financing arrangements, we may be required under the terms of such financing arrangements to immediately repay our borrowings either in whole or in part, together with any related costs. This may adversely impact our results of operations and cash flows.

For further details on the loan and other banking facilities, please see '*Financial Indebtedness*' on page 196 of the Draft Letter of Offer.

***28. We may be unable to obtain the requisite approvals, licenses, registrations and permits to develop and operate our Hotel and other related businesses or may be unable to renew them in a timely manner, which may affect our operations adversely***

Post completion of renovation work of our Hotel, we will be required to obtain a number of approvals, licenses, registrations and permits to operate. These approvals pertain to, amongst others, environmental clearances, licenses from local authorities for manufacturing and sale of eatables and for operating eating and lodging houses, no-objection from the Chief Fire Officer for fire safety. Whilst we have obtained most of such approvals when the Hotel was operational, certain approvals may have expired in the renovation period of the Hotel and may therefore, be required to apply for renewal of such approvals/ licenses.

Further, the approvals and licenses obtained/to be obtained in relation to our Hotel business are subject to numerous conditions, some of which may be onerous and require us to incur substantial time and expenditure. Any failure to obtain or renew the approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may adversely affect our business, financial condition and results of operations.

For further details, please see the section entitled “*Government and Other Approvals*” on page 206 of this Draft Letter of Offer.

**29. *Operation of our Hotel entails certain fixed costs that we may not be able to adjust in a timely manner in response to reduction in demand and revenues and rising expenses and which could materially adversely affect our business, financial condition and results of operations***

The fixed costs associated with owning hotel, including committed maintenance costs, property taxes, leasehold payments and maintaining minimum levels of services may be significant. We may not be able to reduce these fixed costs in a timely manner in response to changes in demand for services. Further, our properties could be subject to increase in operating and other expenses due to adverse changes in terms of our hotel management contracts, increasing age of our property and increases in property and other tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses, which could adversely affect our business, financial condition and results of operations.

**30. *Failure to keep pace with developments in technology could adversely affect our operations or competitive position***

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. 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.

**31. *We and our business operations are subject to significant regulation in India***

We and our business operations are subject to numerous laws and regulations at the location in which we operate, including those relating to the preparation and sale of food and beverages, such as health and liquor licensing laws and environmental laws. Our hotel is also subject to laws and regulations governing relationships with employees in relation to minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Monitoring legal developments and maintaining internal standards and controls to abide by local rules and regulations can be costly for us which could adversely affect our operations.

Further, our hotel is subject to extensive government and environmental laws and regulations which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from the operations of our business. These laws and regulations include the Environmental Protection Act, 1986, the Air (Prevention and Control of Pollution) Act, 1981, the Water (Prevention and Control of Pollution) Act, 1974 and other regulations promulgated by the Ministry of Environment and the pollution control boards of the relevant states. We are required to conduct an environmental assessment for our hotel project before receiving regulatory approval for this project. These environmental assessments may reveal material environmental problems, which could result in us not obtaining the required approvals..

Any failure to comply with these rules and regulations could adversely affect our reputation and fines or penalties may have an adverse effect on our financial condition and results of operations.

**32. *The Company's success depends in large part upon its management team and skilled personnel and its ability to attract and retain such persons***

Company's future performance may be affected by the discontinuation of service of its management team and skilled personnel. The Company may face a challenge to recruit and retain a sufficient number of suitably skilled personnel. Retention of personnel leaves companies with rising wage bills. There is also significant competition for managerial and other skilled personnel in this industry, and it may be difficult to attract and retain the personnel that the Company



needs in the future. The loss of key personnel may have an adverse effect on the business of the Company, results of operations, financial condition and its ability to grow.

#### ***RISK FACTORS RELATED TO EQUITY SHARES***

- 1. Any further issuance of Equity Shares by our Company or sales of Equity Shares by any significant shareholders may adversely affect the trading price of the Equity Shares***

Any future issuance of Equity Shares by our Company could dilute the investors' shareholding. Any such future issuance of Equity Shares or sales of Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares and could impact our ability to raise capital through an offering of securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

- 2. 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, and that of our Subsidiary and the dividends they distribute to us. Our business is working capital intensive. 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.

#### ***EXTERNAL RISK FACTORS***

- 1. Our business is dependent on economic growth in India.***

Our performance is dependent on the health of the overall Indian economy. There have been periods of slowdown in the economic growth of India. India economic growth is affected by various factors including domestic consumption and savings, balance of trade movements primarily resulting from export demand and movements in key imports, such as oil and oil products, and annual rainfall, which affect agricultural production. In the past, economic slowdowns have harmed industries and industrial development in the country. Any future slowdown in the Indian economy could harm our business, financial condition and results of operations.

- 2. If the rate of Indian price inflation increases, our results of operations and financial condition may be adversely affected***

In recent years, India's wholesale price inflation index has indicated an increasing inflation trend compared to prior periods. An increase in inflation in India could cause a rise in the price of transportation, wages, raw materials or any other expenses. In particular, the prices of raw materials required for fabrication of our products are subject to increase due to a variety of factors beyond our control, including global commodities prices and economic conditions. If this trend continues, we may be unable to reduce our costs or pass our increased costs on to our customers and our results of operations and financial condition may be materially and adversely affected.

- 3. The extent and reliability of India's infrastructure could adversely impact our results of operations and financial conditions. Any disruption in the supply of power, raw materials and telecommunication or other services could disrupt our business process or subject us to additional costs.***

India's physical infrastructure is still developing. Any congestion or disruption with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. Disruption in basic infrastructure could negatively impact our business since we may not be able to procure raw materials on time, dispatch of finished goods as per schedule and provide timely and adequate operation and maintenance and other services to our clients. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, raw materials and

telecommunication or other services are disrupted. This may result in the loss of customer, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations.

**4. *Significant differences exist between Indian GAAP/ Ind-AS and other accounting principles, such as IFRS, which may be material to investors' assessment of our financial condition***

The financial data included in this Draft Letter of Offer has been prepared in accordance with Indian GAAP/ Ind-AS. There are significant differences between Indian GAAP/ Ind-AS and IFRS. We have not attempted to explain those differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP/ Ind-AS financial statements included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

**5. *Our performance is linked to the stability of policies and the political situation in India***

The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalization and financial sector reforms. The current Government has announced its general intention to continue India's current economic and financial sector liberalization and deregulation policies. However, there can be no assurance that such policies will be continued and a significant change in the government's policies in the future could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations.

**6. *Any downgrading of India's debt rating by a domestic or international rating agency could have a negative impact on our business***

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of our Equity Shares.

**7. *Financial instability in Indian financial markets could materially and 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 adverse effects 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 worldwide 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.

**8. *Any changes in the regulatory framework could adversely affect our operations and growth prospects***

Our Company is subject to various regulations and policies. For details see section titled '**Key Industry Regulations and Policies**' beginning on page 80 of this Draft Letter of Offer. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies

or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse effect on our business, financial condition and results of operations.

**9. *If communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy and our business***

Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income. The Asian region has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Since May 1999, military confrontations between countries have occurred in Kashmir. The hostilities between India and its neighboring countries are particularly threatening because India and certain of its neighbors possess nuclear weapons. Hostilities and tensions may occur in the future and on a wider scale. Also, since 2003, there have been military hostilities and continuing civil unrest and instability in Afghanistan. There has also recently been hostility in the Korean Peninsula. In July 2006 and November 2008, terrorist attacks in Mumbai resulted in numerous casualties. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

**10. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business***

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, impede travel and other services and ultimately adversely affect our business. In addition, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on the value of share prices generally as well as the price of our Equity Shares. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

## SECTION IV – INTRODUCTION

### THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled '*Terms of the Issue*' on page 222 of this Draft Letter of Offer.

<b>Rights Equity Shares being offered by our Company</b>	[●] Equity Shares
<b>Rights Entitlement</b>	[●] Rights Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date i.e. [●]
<b>Record Date</b>	[●]
<b>Face Value per Rights Equity Shares</b>	₹10/-
<b>Issue Price per Rights Equity Share</b>	₹ [●] including a premium of ₹ [●] per Rights Equity Share
<b>Equity Shares outstanding prior to the Issue</b>	90,00,000 Equity Shares
<b>Voting Rights and Dividend</b>	The Rights Equity Shares issued pursuant to the issue shall rank <i>pari passu</i> in all respects with the existing Equity Shares of our Company.
<b>Issue size</b>	Issue of up to [●] Equity Shares of face value of ₹[●] each for cash at a price of ₹[●] (including a premium of ₹[●] per Rights Equity Share) per Rights Equity Share for an amount aggregating upto ₹2,700 Lakhs.
<b>Equity Shares outstanding after the Issue</b>	[●] Equity Shares
<b>Terms of the Issue</b>	Please see the chapter titled ' <i>Terms of the Issue</i> ' on page 222 of this Draft Letter of Offer.
<b>Use of Issue Proceeds</b>	For further information, please see the chapter titled ' <i>Objects of the Issue</i> ' on page 57 of this Draft Letter of Offer.
<b>ISIN Code</b>	INE957C01019
<b>BSE Scrip Code</b>	500016

#### Payment terms

The payment terms are as follows:

<b>Due Date</b>	<b>Amount</b>
On Application of Rights Equity Shares	₹ [●] per Rights Equity Share which constitutes [●] of the Issue Price.
On Allotment of Rights Equity Shares	[●]

**SUMMARY OF FINANCIAL INFORMATION**  
**RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

Particulars	Note No. of Annexure VII	As at September 30, 2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
<b>ASSETS</b>					
<b>Non-current Assets</b>					
(a) Property, plant and equipment	1	1,905.36	1,945.41	2,626.32	2,771.75
(b) Capital work-in-progress	1	563.83	388.91	65.22	-
(c) Intangible assets		-	-	-	-
(d) Financial assets					
(i) Security Deposits	2	14.15	14.15	14.15	42.75
(e) Deferred tax assets		-	-	-	-
(f) Other non-current assets	4	-	-	0.91	0.25
		2,483.34	2,348.47	2,706.61	2,814.75
<b>Current Assets</b>					
(a) Inventories		-	-	-	-
(b) Financial assets					
(i) Trade receivables	5	-	-	-	123.70
(ii) Cash and cash equivalents	5	212.97	12.91	17.69	132.95
(iii) Other financial assets	5	-	-	-	17.01
(c) Other current assets	6	46.28	33.69	29.06	35.58
		259.25	46.60	46.74	309.24
<b>Total Assets</b>		<b>2,742.59</b>	<b>2,395.07</b>	<b>2,753.35</b>	<b>3,123.99</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Share capital	7	1,210.00	1,210.00	1,207.87	1,207.87
(b) Other equity	Annex IV	(6,414.91)	(5,964.31)	(171.41)	(916.31)
<b>Total Equity</b>		<b>(5,204.91)</b>	<b>(4,754.31)</b>	<b>1,036.46</b>	<b>291.56</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	8	6,792.67	1,443.05	913.73	1,439.71
(b) Provisions	9	-	-	-	3.65
(c) Deferred tax liabilities	3	981.96	829.09	673.07	456.17
		7,774.63	2,272.14	1,586.80	1,899.53
<b>Current liabilities</b>					
(a) Financial liabilities					
(i) Trade payables	10	7.75	15.77	37.61	75.01
(ii) Other current financial liabilities	10	-	4,752.46		
(iii) Interest accrued yet to be paid	10	91.34			
(b) Provisions	11	-	-	-	1.50
(c) Other current liabilities	12	73.80	109.01	92.49	856.40
		172.88	4,877.24	130.10	932.90

<b>Total Liabilities</b>		<b>7,947.51</b>	<b>7,149.38</b>	<b>1,716.89</b>	<b>2,832.43</b>
<b>Total Equity and Liabilities</b>		<b>2,742.59</b>	<b>2,395.07</b>	<b>2,753.35</b>	<b>3,123.99</b>

### RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

Particulars	Note No. of Annexur e VII	Year ended			
		September 30, 2018	March 31, 2018 (Audited)	March 31, 2017 (Audited)	March 31, 2016 (Proforma)
<b>INCOME</b>					
Revenue from operations	13	-	-	-	-
Other Income					
Rental Income	13	4.93	8.09	7.88	24.69
Creditors/Liability Written Back	13	-	1.56	107.71	178.30
Other Income	13	-	7.14	3.40	3.91
<b>Total Income</b>		<b>4.93</b>	<b>16.79</b>	<b>118.99</b>	<b>206.91</b>
<b>EXPENSES</b>					
Cost of food and beverages consumed		-	-	-	-
Employee benefits expense	14	11.97	21.12	15.46	30.14
Depreciation & amortization expense	15	40.05	80.63	145.39	147.95
Other expenses	16	107.74	770.16	355.23	90.70
Finance costs	17	142.90	28.47	5.97	92.65
<b>Total expenses</b>		<b>302.67</b>	<b>900.39</b>	<b>522.06</b>	<b>361.43</b>
<b>Profit before tax</b>		<b>(297.74)</b>	<b>(883.60)</b>	<b>(403.07)</b>	<b>(154.52)</b>
Tax Expense:					
(1) Current tax		-	-	-	-
(2) Deferred tax	3	152.87	156.02	216.90	219.67
<b>Total tax</b>		<b>152.87</b>	<b>156.02</b>	<b>216.90</b>	<b>219.67</b>
<b>Profit for the year</b>		<b>(450.61)</b>	<b>(1,039.62)</b>	<b>(619.96)</b>	<b>(374.19)</b>
<b>Other Comprehensive Income</b>					
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		-	-	-	-
<b>Other Comprehensive Income for the year, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>(450.61)</b>	<b>(1,039.62)</b>	<b>(619.96)</b>	<b>(374.19)</b>
Earnings per equity share					
(1) Basic		<b>(5.01)</b>	<b>(11.55)</b>	<b>(6.89)</b>	<b>(4.16)</b>
(2) Diluted		<b>(5.01)</b>	<b>(11.55)</b>	<b>(6.89)</b>	<b>(4.16)</b>

### RESTATED SUMMARY STATEMENT OF CASH FLOWS

Particulars	Year ended			
	September 30, 2018	March 31, 2018 (Audited)	March 31, 2017 (Audited)	March 31, 2016 (Proforma)
Profit before taxation	(297.74)	(883.60)	(403.07)	(154.52)
<b><u>Adjustments for:</u></b>				
Depreciation	40.05	80.63	145.39	147.95
Interest accrued but not paid	13.25			
IT Refund interest adjusted against earlier demand	-	21.99	-	(2.81)
Loss/(Gain) on sale of assets	-	507.03	-	-
Interest received	-	(0.43)	(1.27)	(3.83)
Interest expense	51.47	28.47	5.97	92.65
<b>Operating cash flow before changes in working capital</b>	<b>(192.97)</b>	<b>(245.90)</b>	<b>(252.97)</b>	<b>79.44</b>
Adjustments for changes in:				
Non operating reserves income	-	-	-	(0.72)
Trade receivables	-	-	123.70	-
Inventories	-	-	-	-
Other current assets	(12.59)	(4.64)	6.52	27.56
Provision	-	(17.62)	15.41	(126.29)
Other current liabilities	(35.21)	16.52	(763.91)	(1,041.50)
Trade payables	(8.03)	(21.78)	(37.40)	(2.84)
<b>Cash generated from operations</b>	<b>(248.79)</b>	<b>(273.42)</b>	<b>(908.65)</b>	<b>(1,064.35)</b>
Income taxes paid	-	-	-	-
<b>Net cash from operating activities-A</b>	<b>(248.79)</b>	<b>(273.42)</b>	<b>(908.65)</b>	<b>(1,064.35)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	0	-	-	(0.29)
Proceeds from sale of assets	0	93.22	-	-
Change in Capital work in progress	(174.92)	(323.69)	(65.22)	-
Interest received	-	0.43	1.27	3.83
<b>Net cash used in investing activities-B</b>	<b>(174.92)</b>	<b>(230.04)</b>	<b>(63.96)</b>	<b>3.54</b>
<b>Cash flows from financing activities</b>				
Proceeds from share application money	-	(4,757.67)	1,370.00	186.04
Proceeds from calls in arrears	-	2.13	-	-
Proceeds/(Repayment) from long term borrowings	5,336.37	529.32	(525.98)	1,048.68
Proceeds/(Repayment) from short term borrowings	-	-	-	-
Transfer to reserves	-	-	(5.00)	-
Interest accrued yet to be paid	91.34			
(Decrease)/Increase in non-current provision	-	-	(3.65)	(21.76)
(Increase)/ Decrease in non-current assets	-	0.91	(0.66)	(0.25)
(Increase)/ Decrease in security deposit	-	-	28.60	-
Interest paid	(51.47)	(28.47)	(5.97)	(92.65)
<b>Net cash used in financing activities-C</b>	<b>5,376.24</b>	<b>(4,253.78)</b>	<b>857.34</b>	<b>1,120.06</b>
<b>Net increase in cash and cash equivalents - (A+B+C)</b>	<b>4,952.53</b>	<b>(4,757.24)</b>	<b>(115.26)</b>	<b>59.24</b>
Cash and cash equivalents at the beginning of year	(4,739.55)	17.69	132.95	73.71
Cash and cash equivalents at the end of year	212.97	(4,739.55)	17.69	132.95
Cash and cash equivalents consists of:				
Cash in hand and Balances with banks*	212.97	(4,739.55)	17.69	132.95

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

## GENERAL INFORMATION

Our Company was originally incorporated on September 09, 1960 under the provision of Companies Act, 1956 with Registration No. 004255 under the name and style of 'Aruna Sugars Limited'. Our Company obtained the certificate of commencement of business on December 24, 1960. Subsequently, the name of our Company was changed to 'Aruna Sugars & Enterprises Limited' on July 3, 1986 and thereafter to 'Aruna Sunrise Hotels Limited' on October 25, 2000. On January 14, 2003, the name of our Company was changed to 'Aruna Hotels Limited'. The Corporate Identification Number of our Company is L15421TN1960PLC004255.

For further details please refer to chapter titled '*History and Certain Corporate Matters*' beginning on page 88 of this Draft Letter of Offer.

For details of the business of our Company, please see the chapter titled '*Business Overview*' on page 75 of this Draft Letter of Offer.

### **Registered Office of our Company:**

**Address:** Aruna Centre,  
145, Sterling Road,  
Nungambakkam, Chennai – 600034, Tamil Nadu  
**Tel:** +91 44 2530 3404  
**Facsimile:** Not available  
**E-mail:** [directorsaruna@gmail.com](mailto:directorsaruna@gmail.com)  
**Website:** [www.arunahotels.com](http://www.arunahotels.com)  
**CIN:** L15421TN1960PLC004255

### **Registrar to the Issue**

#### **MCS Share Transfer Agent Limited**

**Address:** 209-A, C Wing, 2nd Floor, Gokul Industrial Estate,  
Marol Co-op Industrial Area, Sagbaug, Marol, B/H Times Square,  
Andheri (E), Mumbai 400 059, Maharashtra, India  
**Tel:** +91 22 2851 6020  
**Facsimile:** +91 22 2851 6021  
**E-mail:** [helpdeskmmum@mcsregistrars.com](mailto:helpdeskmmum@mcsregistrars.com)  
**Investor Grievance e-mail:** [arunahotels.rightissue@mcsregistrars.com](mailto:arunahotels.rightissue@mcsregistrars.com)  
**Website:** [www.mcsregistrars.com](http://www.mcsregistrars.com)  
**Contact Person:** Mr. Subodh Vichare  
**SEBI Registration No.:** INR000004108  
**CIN:** U67120WB2011PLC165872

### **Address of the RoC:**

Our Company is registered with the RoC situated at the following address:

#### **Registrar of Companies, Chennai**

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



**Board of Directors:**

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

Name	Designation	DIN	Address
Mr. Vaithyalingam Anbalagan	Managing Director	00059007	2C, Temple Tree Apartments, No. 20, Pycrafts Garden Road, Nungambakkam, Chennai 600 006, Tamil Nadu
Mr. Muralidharan Ramasamy	Chairperson, Non- Executive & Non-Independent Director	07092976	16/19, Andavar Nagar, 5th Street, Kodambakkam, Vadapalani, Chennai 600 026, Tamil Nadu
Mr. Rajakumar Kumaruvelayathanadar	Non- Executive & Non-Independent Director	05187894	No. 29A, 3rd Street, Thangam Colony, Annanagar West, Chennai 600040, Tamil Nadu
Mr. Suyambu Narayanan	Non-Executive & Independent Director	07718798	9A, Vallalar Street, Near Rettai pillaiyar Pillaiyar Koil, Velacheri, Chennai 600 042, Tamil Nadu
Ms. Freeda Gnanaselvam Kanagiah	Non-Executive & Independent Director	07350172	Plot No. 5, Salaimuthu Nagar, 1 <sup>st</sup> Cross Street, Ellis Nagar, Madurai South, Arasaradi, Madurai 625 016, Tamil Nadu

For further details of our Directors, please see the chapter titled '*Our Management*' on page 96 of this Draft Letter of Offer.

**Company Secretary & Compliance Officer:**

**Name:** Mr. Ajay Shukla

**Address:** Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai – 600034, Tamil Nadu

Tel: +91 44 2530 3404

E-mail: [cs@ahlchennai.com](mailto:cs@ahlchennai.com)

**Lead Manager to the Issue:****Systematix Corporate Services Limited**

**Address:** The Capital, A-Wing, No. 603-606

6<sup>th</sup> Floor, Plot No. C-70, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400051, Maharashtra

**Tel:** +91 22 6704 8000

**Facsimile:** +91 22 6704 8022

**Email:** [projecthotel@systematixgroup.in](mailto:projecthotel@systematixgroup.in)

**Investor Grievance Email:** [projecthotel@systematixgroup.in](mailto:projecthotel@systematixgroup.in)

**Website:** [www.systematixgroup.in](http://www.systematixgroup.in)

**Contact Person:** Mr. Manish Tejwani

**SEBI Registration No.:** INM000004224

**CIN:** L91990MP1985PLC002969

**Legal Advisor to the Issue:**

**M/s. Alliance Law**

**Address:** 801, 8<sup>th</sup> Floor, Raheja Center  
Free Press Journal Marg- Nariman Point  
Mumbai – 400021, Maharashtra  
**Tel:** +91 22 2204 0822  
**Email:** [info@alliancelaw.in](mailto:info@alliancelaw.in)

**Auditors to our Company**

**M/s. Bala & Co.,**

**Chartered Accountants**

**Address:** No. 21, Srinivasa Nagar, Kandanchavadhi, Old Mahabalipuram Road, Chennai 600 096  
**Peer Review Number:** 008882  
**Firm Registration Number:** 000318S  
**Telephone:** + 91 44 2446 8687/ 9841597680  
**Facsimile:** Not available  
**Email:** [contact@balacoca.net](mailto:contact@balacoca.net)

**Banker to our Company:**

**HDFC Bank Limited**

**Address:** No. 115, Dr. R.K. Salai, Mylapore, Chennai 600 004  
**Tel:** 044 2847 7237  
**Facsimile:** 044 2847 7088  
**E-mail:** [Prakash.rangaraj@hdfcbank.com](mailto:Prakash.rangaraj@hdfcbank.com)  
**Website:** [www.hdfcbank.com](http://www.hdfcbank.com)  
**Contact Person:** Mr. R. Prakash

**Banker to the Issue & Refund Banker to the Issue**

**HDFC Bank Limited**

**Address:** FIG-OPS Department, Lodha I, Think Techno Campus, Level O-3, Crompton Greaves, next to Kanjurmarg station, Kanjurmarg (E), Mumbai 400 042, Maharashtra, India  
**Tel:** +91 22 3075 2928  
**Facsimile:** +91 22 2579 9801  
**E-mail:** [vincent.dsouza@hdfcbank.com](mailto:vincent.dsouza@hdfcbank.com)  
**Website:** [www.hdfcbank.com](http://www.hdfcbank.com)  
**Contact Person:** Mr. Vincent Dsouza  
**SEBI Registration No.:** INBI00000063  
**CIN:** L65920MH1994PLC080618

**Sponsor Bank**

[●]

**Address:** [●]

**Tel:** [●]

**Facsimile:** [●]

**E-mail:** [●]

**Website:** [●]

**Contact Person:** [●]

**SEBI Registration No.:** [●]

**CIN:** [●]

### **Self-Certified Syndicate Bankers**

The list of banks that have been notified by SEBI to act as SCSBs for the Applications Supported by Blocked Amount Process is provided at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> . For further details on designated branches of SCSB collecting the CAF, please refer the above-mentioned SEBI link.

**Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹200,000.**

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

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 all branches of the SCSBs.

**All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Investor, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.**

For more details on the ASBA process, please see the details given in CAF and also please see the chapter titled '*Terms of the Issue*' on page 222 of this Draft Letter of Offer.

### **Registered Brokers**

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 04, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit Application Forms with the Registered Brokers at the Broker Centers, CDPs at Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone numbers, are available at the website of BSE at [www.bseindia.com](http://www.bseindia.com) respectively, as updated from time to time.

### **Registrar to an Issue and Share Transfer Agents**

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchanges at <https://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6>, as updated from time to time.

### **Collecting Depository Participants**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the website of the BSE at <http://www.bseindia.com>, as updated from time to time.

**Note:** Investors are advised to contact the Registrar to the Issue/Compliance Officer in case of any pre-Issue/post-Issue related problem such as non-receipt of the Draft Letter of Offer / Letter of Offer/ the Abridged Letter of Offer / Composite Application Form (CAF) / allotment advice / Share Certificate(s) / refund orders.

### **Monitoring Agency**

Since the Issue size does not exceed ₹10,000 Lakhs, the appointment of a monitoring agency as per Regulation 82 of the SEBI ICDR Regulations is not required.

## Subscription by our Promoter and Promoter Group

Our Promoter and some of the Promoter Group members have vide their respective letter (collectively the "**Subscription Letters**") 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 Rs. [●].

Such subscription of Rights Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their shareholding. However, the acquisition of Additional Rights Equity Shares by the Promoters shall not result in a change of control of the management of our Company and shall not result in breach of minimum public shareholding requirement in accordance with Regulation 38 of the SEBI Listing Regulations read with rule 19A of SCRR. For further details please refer to '**Terms of the Issue - Basis of Allotment**' on page 222 of this Draft Letter of Offer.

## 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:

<b>Issue Opening Date</b>	[●]
<b>Last date for receiving requests for SAFs (Split Application Form)</b>	[●]
<b>Issue Closing Date</b>	[●]

## 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 makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or 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 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."*

## Expert

Except as stated below, our Company has not obtained any expert opinion.

Our Company has received written consent from the Statutory Auditors to include their name as required under section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" defined under Section 2(38) of the Companies Act, 2013 in respect of the reports of the Statutory Auditors on the Restated Financial Statements, dated January 28, 2019 and the statement of tax benefits dated January 23, 2019 included in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

### Statement of responsibility of the Lead Manager

Systematix Corporate Services Limited is the sole Lead Manager to the Issue. The details of responsibilities of the Lead Manager, is as follows:

No.	Activity
1.	Capital structuring with relative components and formalities such as type of instruments, etc.
2.	Drafting and design of the offer document and of advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, CAF, etc. To ensure compliance with the SEBI ICDR Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.
3.	Marketing of the Issue will cover, inter alia, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centres (iv) distribution of publicity and issue material including CAF, the Abridged Letter of Offer and the Letter of Offer to the extent applicable.
4.	Selection of various agencies connected with the issue, namely Registrar to the Issue, Bankers to the Issue, printers, advertisement agencies, etc.
5.	Follow-up with Bankers to the Issue to get estimates of collection and advising our Company about closure of the Issue, based on the correct figures.
6.	Post-Issue activities will involve essential follow-up steps, which must include finalisation of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and bank handling refund activities. Even if many of these Post-Issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that such agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company.

### Listing on the Stock Exchanges

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

### Filing

This Draft Letter of Offer is being filed with the Southern Regional Office of SEBI, located at the 7th Floor, 756-L, Anna Salai, Chennai - 600002, Tamil Nadu for its observations and with BSE Limited at Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001. After SEBI gives its observations, the Letter of Offer will be filed with SEBI, BSE and with the ROC at Block No.6, B Wing 2nd Floor, Shastri Bhavan 26, Haddows Road, Chennai-600034 as per the provisions of the Companies Act.

### Trustees

As this is an Issue of Rights Equity Shares, the appointment of trustee(s) is not required.

### Underwriting

This Issue shall not be underwritten.

### Credit Rating

As this is an Issue of Rights Equity Shares, we are not required to obtain a credit rating in connection with the Issue and/or the Rights Equity Shares.

**Appraising Entity**

The objects of this issue have not been appraised by any bank or any other independent financial institution or any other independent agency.

**Changes in the Auditors during the last three years**

There has been no change in the Auditors during the last three years.

**Principal Terms of Loans and Assets Charged as Security**

For details in connection with the principal terms of loans and assets charged as security, please see the chapter titled '*Financial Indebtedness*' on page 196 of this Draft Letter of Offer.

**Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

## CAPITAL STRUCTURE

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

(₹ in lakhs, except for share data)

Sr. No.	Particulars	Aggregate value at nominal value	Aggregate value at Issue Price
<b>A.</b>	<b>AUTHORIZED SHARE CAPITAL</b>		
	6,70,00,000 Equity Shares of face value of ₹10/- each	6,700.00	-
	8,00,000 Preference Shares of face value of ₹100/- each	800.00	
	<b>Total</b>	<b>7,500.00</b>	
<b>B.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE</b>		
	<i>Issued, Subscribed &amp; Fully Paid-Up:</i>		
	<b><u>EQUITY SHARE CAPITAL:-</u></b>		
	90,00,000 Equity Shares of face value of ₹10/- each	900.00	
	<b><u>PREFERENCE SHARE CAPITAL:-</u></b>		
	60,000 14% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each	60.00	
	50,000 17.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each	50.00	
	2,00,000 16.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each	200.00	
	<b>Total</b>	<b>1,210.00</b>	
<b>C.</b>	<b>PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER*</b>		
	[●] Equity Shares of face value of ₹10/- each	[●]	2,700.00
<b>D.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE</b>		
	[●] Equity Shares of face value of ₹10/- each	[●]	[●]
<b>E.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Issue		1,652.16
	After the Issue		[●]

\* This Issue is being made pursuant to the resolution passed by the Board of Directors at their meeting held on August 17, 2018.

### Changes in the Authorized Share Capital

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

Date	Authorized Share Capital (in ₹)	Particulars
On Incorporation*	90,00,000	Authorized share capital of Rs. 90,00,000/- divided into 8,00,000 Equity Shares of Rs. 10/- each and 10,000 Cumulative Redeemable Preference Shares of Rs. 100/- each
Not available*	2,00,00,000	Increase in authorized share capital from Rs. 90,00,000/- divided into 8,00,000 Equity Shares of Rs. 10/- each and 10,000 Cumulative Redeemable Preference Shares of Rs. 100/- each to Rs. 2,00,00,000/- divided into 15,00,000 Equity Shares of Rs. 10/- each and 50,000 Cumulative Redeemable Preference Shares of Rs. 100/- each
March 25, 1987	5,00,00,000	Increase in authorized share capital from Rs. 2,00,00,000/- divided into 15,00,000 Equity Shares of Rs. 10/- each and 50,000 Cumulative Redeemable Preference Shares of Rs. 100/- each to Rs. 5,00,00,000/- divided into 40,00,000 Equity Shares of Rs. 10/- each and 1,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each
November 21, 1991	12,00,00,000	Increase in authorized share capital from Rs. 5,00,00,000/- divided into 40,00,000 Equity Shares of Rs. 10/- each and 1,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each to Rs. 12,00,00,000/- divided into 90,00,000 Equity Shares of Rs. 10/- each and 3,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each
March 15, 1995	32,00,00,000	Increase in authorized share capital from Rs. 12,00,00,000/- divided into 90,00,000 Equity Shares of Rs. 10/- each and 3,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each to Rs. 32,00,00,000/- divided into 2,40,00,000 Equity Shares of Rs. 10/- each and 8,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each
September 28, 2017	75,00,00,000	Increase in authorized share capital from Rs. 32,00,00,000/- divided into 2,40,00,000 Equity Shares of Rs. 10/- each and 8,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each to Rs. 75,00,00,000/- divided into 6,70,00,000 Equity Shares of Rs. 10/- each and 8,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each.

\* In relation to increase in Authorized Equity Share Capital prior to financial year ending 1986, records of the same are not available with our Company or with Registrar of Companies.

### Notes to the Capital Structure

#### 1. Share Capital History of our Company

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

Date / Period of Allotment of Equity Shares	No. of Equity Shares Allotted	Face Value (₹)	Issue Price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Cumulative Number of Equity Shares	Cumulative Paid - up Equity Share Capital
On Incorporation	3,190	10/-	10/-	Cash	On subscription to the Memorandum of Association of the Company <sup>(1)</sup>	3,190	31,900
December 02, 1960	1,50,000	10/-	-	Cash	Allotment <sup>(2)</sup>	1,53,190	15,31,900



Date / Period of Allotment of Equity Shares	No. of Equity Shares Allotted	Face Value (₹)	Issue Price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Cumulative Number of Equity Shares	Cumulative Paid - up Equity Share Capital
August 27, 1963	8,00,000	10/-	-	Cash	Allotment <sup>(2)</sup>	9,53,190	95,31,900
February 29, 1964	3,00,000	10/-	-	Cash	Allotment <sup>(2)</sup>	12,53,190	1,25,31,900
July 31, 1969	1,50,000	10/-	-	Cash	Allotment <sup>(2)</sup>	14,03,190	1,40,31,900
March 30, 1970	44,817	10/-	-	Cash	Allotment <sup>(2)</sup>	14,48,007	1,44,80,070
April 15, 1970	16,975	10/-	-	Cash	Allotment <sup>(2)</sup>	14,64,982	1,46,49,820
May 25, 1970	18,362	10/-	-	Cash	Allotment <sup>(2)</sup>	14,83,344	1,48,33,440
May 18, 1974	3,00,000	10/-	NIL	Other than Cash	Bonus Issue <sup>(2)</sup>	17,83,344	1,78,33,440
August 22, 1975	3,00,000	10/-	-	Cash	Allotment <sup>(2)</sup>	20,83,344	2,08,33,440
November 18, 1975	3,00,000	10/-	-	Cash	Allotment <sup>(2)</sup>	23,83,344	2,38,33,440
November 18, 1975	50,000	10/-	12/-	Cash	Allotment <sup>(3)</sup>	24,33,344	2,43,33,440
January 12, 1976	3,00,000	10/-	-	Cash	Allotment <sup>(4)</sup>	27,33,344	2,73,33,440
August 06, 1976	2,00,000	10/-	-	Cash	Allotment <sup>(4)</sup>	29,33,344	2,93,33,440
November 21, 1977	40,000	10/-	-	Cash	Public Issue <sup>(4)</sup>	29,73,344	2,97,33,440
February 16, 1981	40,010	10/-	-	Cash	Allotment <sup>(4)</sup>	30,13,354	3,01,33,540
November 23, 1981	40,017	10/-	-	Cash	Allotment <sup>(4)</sup>	30,53,371	3,05,33,710
Not available*	3,04,629	10/-	Not available	Not available	Not available	33,58,000	3,35,80,000

Date / Period of Allotment of Equity Shares	No. of Equity Shares Allotted	Face Value (₹)	Issue Price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Cumulative Number of Equity Shares	Cumulative Paid - up Equity Share Capital
February 21, 1991	6,90,000	10/-	NIL	Other than cash	Bonus Issue <sup>(5)</sup>	40,48,000	4,04,80,000
December 16, 1993	28,26,800	10/-	25/-	Cash	Public Issue <sup>(6)</sup>	68,74,800	6,87,48,000
January 28, 1994	20,24,000	10/-	20/-	Cash	Rights Issue <sup>(7)</sup>	88,98,800	8,89,88,000
January 28, 1994	1,01,200	10/-	20/-	Cash	Rights Issue <sup>(8)</sup>	90,00,000	9,00,00,000

\* In relation to allotment of 3,04,629 Equity Shares during the period between December 1981 and February 20, 1991, details relating to the date of allotment and issue price and nature of consideration and transaction have not been provided for as the records pertaining to the same are not available with our Company or with the Registrar of Companies.

<sup>(1)</sup> Equity Shares allotted to initial subscribers to the MOA as per the details given below:

Sr. No.	Name of Allottee	No. of equity shares allotted
1.	C.S. Loganathan	500
2.	P. Maruthi Pillai	500
3.	J.H. Tarapore	500
4.	P. Sharfuddin	580
5.	K.E. Arunachalam	500
6.	P. Gavindsaml	500
7.	M. Subramaniam	60
8.	M. Muthus	50

<sup>(2)</sup> For the period December 2, 1960 till November 18, 1975 the details of share premium on each Equity Share and list of allottees is not available with our Company or with the Registrar of Companies.

<sup>(3)</sup> Allotment of 50,000 Equity Shares of face value of Rs. 10/- each on November 18, 1975. List of allottees is not available with our Company or with the Registrar of Companies.

<sup>(4)</sup> For the period January 12, 1976 till November 23, 1981 the details of premium on each equity share and list of allottees is not available with our Company or with the Registrar of Companies.

<sup>(5)</sup> Bonus Issue of 6,90,000 Equity shares of face value of Rs. 10/- each in the ratio of three Equity Shares for every five Equity Shares held. List of allottees is not available with our Company or with the Registrar of Companies.

<sup>(6)</sup> Allotment of 28,26,800 Equity shares of face value of Rs. 10/- each has been made as per the details given below:

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

<sup>(7)</sup> Rights Issue of 20,24,000 Equity shares of face value of Rs. 10/- per share to the existing shareholders of our Company. List of allottees is not available with our Company or with the Registrar of Companies.

<sup>(8)</sup> Rights Issue of 1,01,200 Equity shares of face value of Rs. 10/- each per share to the permanent employees of our Company. List of allottees is not available with our Company or with the Registrar of Companies.

b. Preference Share Capital History:

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

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

<sup>(1)</sup> 30,000 14% Redeemable Cumulative Preference Shares were allotted as per the details given below:

Sr. No.	Name of Allottee	No. of equity shares allotted
1.	General Insurance Corpn. of India	6000
2.	The Oriental Insurance Co. Ltd	6000
3.	United India Insurance Co. Ltd.	6000

<b>Sr. No.</b>	<b>Name of Allottee</b>	<b>No. of equity shares allotted</b>
4.	National Insurance Co. Ltd.	6000
5.	The New India Assurance Co. Ltd.	6000

<sup>(2)</sup> 5000 14% Redeemable Cumulative Preference Shares were allotted to Industrial Credit & Investment Corporation of India Limited.

<sup>(3)</sup> 25000 14% Preference Shares were allotted as per the details given below:

<b>Sr. No.</b>	<b>Name of Allottee</b>	<b>No. of equity shares allotted</b>
1.	General Insurance Corpn. of India	10,000
2.	The Oriental Insurance Co. Ltd	5000
3.	United India Insurance Co. Ltd.	10,000

<sup>(4)</sup> 35,000 17.5% Preference Shares were allotted as per the details given below:

<b>Sr. No.</b>	<b>Name of Allottee</b>	<b>No. of equity shares allotted</b>
1.	General Insurance Corpn. of India	10,000
2.	United India Insurance Co. Ltd.	25,000

<sup>(5)</sup> 15,000 17.5% Preference Shares allotted to The Oriental Insurance Co. Ltd.

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

## 2. **Issue of Shares for consideration other than cash**

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

<b>Date of Allotment</b>	<b>No. of Equity Shares Allotted</b>	<b>Face Value (₹)</b>	<b>Issue price per Equity Share (₹)</b>	<b>Nature of Transaction</b>	<b>Cumulative Number of Equity Shares</b>	<b>Cumulative Paid - up Equity Share Capital</b>
May 18, 1974	3,00,000	10/-	NIL	Bonus Issue	3,00,000	30,00,000
February 21, 1991	6,90,000	10/-	NIL	Bonus Issue	9,90,000	99,00,000

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

Category y (I)	Category of sharehold er (II)	Nos. of sharehol ders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid - up equity shares held (V)	No. of shares underlyi ng Deposit ory Receipts (VI)	Total nos. shares held (VII) = (IV)+(V) + (VI)	Sharehol ding as a % of total no. of shares (calculat ed as per SCRR, 1957) (VIII) As a % of (A+B+C2 )	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)  (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwis e encumbe red (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights					Total as a % of (A+B+C)	No (a)	As a % of total Shares held (b)	No (a)		As a % (a of total Share s held (b)
								Class: Equity	Clas s  Pref eren ce	Total								
(A)	Promoter & Promoter Group	28	47,46,330	-	-	47,46,330	52.74	47,46,330	-	47,46,330	52.74	-	-	-	-	-	45,77,236	
(B)	Public	24,480	42,53,670	-	-	42,53,670	47.26	42,53,670	-	42,53,670	47.26	-	-	-	-	-	13,63,572	
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C1)	Shares underlyin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

	g DRs																	
(C2)	Shares held by Employee Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	24,508	90,00,000	-	-	90,00,000	100	90,00,000	-	90,00,000	100	-	-	-	-	-	-	59,40,808

4. **Promoter Build up**

As on the date of this Draft Letter of Offer, our Promoter hold 1,03,296 Equity Shares, equivalent to 1.15% of the Equity Share Capital. Set forth below is the build-up of the shareholding of our Promoter of our Company:

i. S. Balasubramanian Adityan

Date of allotment/ Transfer/ Transmission	Nature of transaction	No. of Equity Shares	Nature of Consideration	Face value per Equity Share (₹)	Issue Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Issue capital (%)	Percentage of the post-Issue capital (%)
November 22, 2018	Transmission	1,03,296	N.A.	10/-	N.A.	1.15	[●]
<b>Total</b>		<b>1,03,296</b>				<b>1.15</b>	<b>[●]</b>

\* The aforesaid equity shares have been acquired by S. Balasubramanian Adityan through transmission as a legal heir of Late Mr. B S. Adityan, erstwhile Promoter of the Company.

5. In terms of the SEBI ICDR Regulations the requirements of minimum promoters' contribution are not applicable to this Issue.
6. Shareholding in our Company of our Promoter, Promoter Group and the directors of the Promoters (where the promoter is a body corporate):

Sr. No.	Name of Shareholder	Pre-Issue	
		No of Equity Shares	% of paid up capital
	<b>Promoter</b>		
1.	Mr. S. Balasubramanian Adityan	1,03,296	1.15
	<b>Promoter Group</b>		
1.	Subasri Realty Private Limited	16,85,539	18.73
2.	Gay Travels Private Limited	5,91,506	6.57
3.	Sovereign Media Marketing Private Limited	1,95,718	2.17
4.	Rani Printers Private Limited	61,093	0.68
5.	Sri Devi Agencies Private Limited	29,880	0.33
6.	Augustin D	19,200	0.21
7.	R Chandramohan	19,200	0.21
8.	Geetha Periasamy	17,180	0.19
9.	Anita Kumaran	1,18,296	1.31
10.	Kaavya Sharath Jagannathan	1,18,236	1.32
11.	Chandrakant	11,683	0.13
12.	V Chithan	68,350	0.76
13.	Jayanthi Natarajan	12,200	0.14
14.	Sivaram M	6,105	0.07
15.	Maruthai Pillai P	30,390	0.34
16.	Rukmani Sivaram	25,624	0.28
17.	Karthik P. Sivaram	2,662	0.03
18.	Yessir Holding & Investment Private Limited	3,72,412	4.14
19.	Arun Pillai M	11,844	0.13
20.	Vijayalakshmi Chandramohan	7,770	0.09
21.	Jayanthi S	6,514	0.07

Sr. No.	Name of Shareholder	Pre-Issue	
		No of Equity Shares	% of paid up capital
22.	Senthilnathan M	5,530	0.06
23.	Sivabagyam M	3,700	0.04
24.	Chandramohan P	3,200	0.04
25.	Ravichandran C L	802	0.01
26.	Ganesan M	1,900	0.01
27.	Kamal Kumar Babbar	12,16,500	13.52
	<b>Total</b>	<b>47,46,330</b>	<b>52.74</b>

**7. Public Shareholders holding more than 1% of pre-offer paid up capital of our Company**

The list of public shareholders holding more than 1% of the pre-offer paid up capital of our Company as on the date of filing this Draft Letter of Offer is as follows:

NIL

**8. Employee Stock Option Schemes**

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

**9. Shareholders of our Company holding more than 1% of the paid-up capital**

The list of shareholders holding more than 1% of the paid-up capital of our Company is set forth below:

- a. The shareholders holding more than 1% as on the date of filing the Draft Letter of Offer are as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	S. Balasubramanian Adityan	1,03,296	1.15
2.	Anita Kumaran	1,18,296	1.31
3.	Kaavya Sharath Jagannathan	1,18,236	1.32
4.	Subasri Realty Private Limited	16,85,539	18.73
5.	Gay Travels Private Limited	5,91,506	6.57
6.	Sovereign Media Marketing Private Limited	1,95,718	2.17
7.	Yessir Holdings and Investments Private Limited	3,72,412	4.14
8.	Kamal Kumar Babbar	12,16,500	13.52
9.	Euro American Holdings Ltd	96,050	1.07
	<b>Total</b>	<b>44,97,553</b>	<b>49.98</b>

- b. The shareholders holding more than 1% as on a date ten days prior to the date of filing the Draft Letter of Offer) are as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	S. Balasubramanian Adityan	1,03,296	1.15
2.	Anita Kumaran	1,18,296	1.31
3.	Kaavya Sharath Jagannathan	1,18,236	1.32
4.	Subasri Realty Private Limited	16,85,539	18.73
5.	Gay Travels Private Limited	5,91,506	6.57
6.	Sovereign Media Marketing Private	1,95,718	2.17



Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
	Limited		
7.	Yessir Holdings and Investments Private Limited	3,72,412	4.14
8.	Kamal Kumar Babbar	12,16,500	13.52
9.	Euro American Holdings Ltd	96,050	1.07
	<b>Total</b>	<b>44,97,553</b>	<b>49.98</b>

- c. The shareholders holding more than 1% as on as on a date one year prior to the date of filing the Draft Letter of Offer are as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	S. Balasubramanian Adityan	3,09,888	3.44
2.	Subasri Realty Private Limited	14,64,123	16.27
3.	Gay Travels Private Limited	5,90,296	6.56
4.	Sovereign Media Marketing Private Limited	1,95,718	2.17
5.	Yessir Holdings and Investments Private Limited	3,72,412	4.14
6.	Kamal Kumar Babbar	12,16,500	13.52
7.	Euro American Holdings Ltd	96,050	1.07
	<b>Total</b>	<b>42,44,987</b>	<b>47.17</b>

- d. The shareholders holding more than 1% as on as on a date two years prior to the date of filing the Draft Letter of Offer are as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	S. Balasubramanian Adityan	3,09,888	3.44
2.	Subasri Realty Private Limited	14,64,123	16.27
3.	Gay Travels Private Limited	5,90,296	6.56
4.	Sovereign Media Marketing Private Limited	1,95,718	2.17
5.	Yessir Holdings and Investments Private Limited	3,72,412	4.14
6.	Kamal Kumar Babbar	12,16,500	13.52
7.	Euro American Holdings Ltd	96,050	1.07
	<b>Total</b>	<b>42,44,987</b>	<b>47.17</b>

10. The Lead Manager and its associates do not hold any Equity Shares in our Company.
11. Our Company has not issued any shares at a price lower than the issue price during the last year preceding the date of filing this Draft Letter of Offer with SEBI.
12. Our Company, its Directors and our Promoter shall not make any payments, direct or indirect, discounts, commissions, allowances or otherwise under this Issue.
13. The details of purchase or sale of any securities of our Company by our Promoters, our Promoter Group or the directors of our Promoter, or the Directors of our Company and their immediate relatives during the period of 6 months immediately preceding the date of filing of the Draft Letter of Offer with SEBI is as under:

Name of Person	Category	No. of shares	Date	Nature of transaction
S. Balasubramanian Adityan	Promoter	1,03,296	22.11.2018	Acquired shares by way of transmission
Subasri Realty Private Limited	Promoter Group	2,06,558	13.12.2018	Acquisition of shares by inter-se transfer amongst promoters/promoter group
Subasri Realty Private Limited	Promoter Group	14,858	24.12.2018	Acquisition of shares by inter-se transfer amongst promoters/promoter group
Anita Kumaran	Promoter Group	1,03,296	22.11.2018	Acquired shares by way of transmission
Kaavya Sharath Jagannathan	Promoter Group	1,03,296	22.11.2018	Acquired shares by way of transmission
Kaavya Sharath Jagannathan	Promoter Group	14,940	13.12.2018	Acquired shares by way of transmission
Kartik P. Sivaram	Promoter Group	76,231	13.12.2018	Sale by way of inter-se transfer amongst promoters/promoter group
Sathya Sivaram	Promoter Group	61,769	13.12.2018	Sale by way of inter-se transfer amongst promoters/promoter group
Raghavan Sivaram	Promoter Group	68,558	13.12.2018	Sale by way of inter-se transfer amongst promoters/promoter group

14. As on December 15, 2018, the principal amount of outstanding unsecured loans lent by our Promoter Group members namely, Subasri Realty Private Limited and Gay Travels Private Limited aggregates to Rs. 3,727.17 Lakhs. The said promoter group members have vide their respective letter dated December 18, 2018 requested our Company to adjust unsecured loan aggregating to Rs. 3,727.17 Lakhs against their entitlement, including additional subscription, if any.
15. The ex-rights price of the Equity Shares as per Regulation 10(4) (b) of the SEBI Takeover Regulations is Rs. [●] per Equity Share.
16. Our Company has not issued any Equity Shares out of revaluation reserves.
17. As on January 25, 2019, the total number of Equity Shareholders of our Company is 24,508.
18. As on January 25, 2019, the total number of members of our Company is 24,508.
19. Our Company or Directors or the Lead Manager have not entered into any buy-back and, or, standby arrangements for purchase of Equity Shares from any person.
20. All Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of this Draft Letter of Offer. Further, the Equity Shares issued pursuant to this Issue shall be fully paid up.
21. There have been no financing arrangements whereby the Promoter Group, Directors of our Company, the directors of our Promoter and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity during a period of 6 months preceding the date of filing of the Draft Letter of Offer.
22. Our Company presently does not intend or propose to alter its capital structure for a period of 6 months from the opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements.

However, if business needs of our Company so require, our Company may alter its capital structure during the period of 6 months from the opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise, during the period of 6 months from the date of opening of the Issue or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining the requisite approvals.

23. Our Company has not made any preferential allotment or bonus issue or qualified institutional placement of securities in the ten years preceding the date of this Draft Letter of Offer.
24. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
25. Our Company shall ensure that transactions in the Equity Shares by our Promoters between the date of filing of the Draft Letter of Offer and the date of closure of the Issue shall be intimated to the Stock Exchanges within 24 hours of such transaction.
26. The Promoter of our Company currently holds 1,03,296 Equity Shares aggregating to 1.15 % of the pre-Issue share capital of our Company and has undertaken that he intend to subscribe to the full extent of his Rights Entitlement in the Issue and any under-subscription in the Issue, subject to aggregate shareholding of the Promoter and Promoter Group not exceeding 75.00% of the Equity Share Capital of our Company after the Issue. For further details of under subscription and allotment to the Promoter and Promoter Group, please refer to sub-chapter titled "*Basis of Allotment*" under the chapter titled '*Terms of the Issue*' beginning on page 222 of this Draft Letter of Offer.
27. There are no outstanding options, convertible securities or any other right which would entitle any person any option to receive Equity Shares, as on the date of this Draft Letter of Offer. The preference shares of our Company have been attached to voting rights as per section 47 of the Companies Act.
28. The Issue will remain open for 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time provided that the same does not exceed 30 days in total including the Issue Opening Date.

## OBJECTS OF THE ISSUE

Our Company proposes to utilise the Net Proceeds from the Issue, *inter alia*, towards the following objects:

1. Repayment/pre-payment, in full or part, of unsecured loans availed by our Company; and
2. General corporate purposes.

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.

### Issue Proceeds

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

Particulars	Amount (Rs. in Lakhs)
<b>Gross Proceeds from the Issue*</b>	<b>2,700</b>
Less: Issue related expenses	[●]
<b>Net Proceeds from the Issue</b>	<b>[●]</b>

*\*assuming full subscription and Allotment of the Rights Entitlement*

*Certain members of the Promoter Group namely, Subasri Realty Private Limited and Gay Travels Private Limited have, through separate letters each dated December 18, 2018, consented to adjust their respective principal amount of outstanding unsecured loan aggregating to Rs. 3727.17 Lakhs, extended by them to our Company, against the monies payable by each of them to the extent of their entitlement, renunciation of entitlement in their favour (if any) as well as any Additional Rights Equity Shares to be applied for by them (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.*

### Requirement of funds, Utilization of Net Proceeds and Schedule of Implementation and Deployment:

The proposed utilisation of the Net Proceeds is set forth in the table below:

(Rs. In Lakhs)			
Particulars	Amount proposed to be funded from Net Proceeds	Amount Deployed till January 8, 2019	Estimated utilization of Net Proceeds in FY 2018-19 <sup>^</sup>
Repayment/pre-payment, in full or part, of unsecured loans availed by our Company	2,500	-	2,500
General Corporate Purpose*	[●]	-	[●]
<b>Total Requirement</b>	<b>[●]</b>	<b>-</b>	<b>[●]</b>

*\*To be finalised upon determination of Issue Price. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.*

*<sup>^</sup>In the event that the Issue is not completed in Financial Year 2019, the utilization of Net Proceeds in the financial year 2019 shall also occur in Financial Year 2020.*

### Means of Finance:

The Net Proceeds from the Issue will only be used for repayment / prepayment, in full or in part, of certain borrowings availed by our Company. The requirements of funds for the Objects detailed above are intended to be funded from the Net Proceeds. Accordingly, our Company confirms that there is no requirement for it 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 through the Issue.

### 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 Rs. 2,500.00 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:

**(Rs. in Lakhs)**

<b>Sr. No.</b>	<b>Name of the Lender</b>	<b>Amount Sanctioned (Rs.)</b>	<b>Principal Amount Outstanding as on December 15, 2018</b>	<b>Repayment Terms</b>	<b>Purpose of the Loan</b>
1.	Subasri Realty Private Limited	2,000.00	1,281.00	The Company is liable to pay interest @12% p.a. commencing from April 1, 2019 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	2,000.00	1,955.00	The Company is liable to pay interest @12% p.a. commencing from April 1, 2019 till the date of settlement of the loan amount	For renovation of Hotel, paying out the liabilities and for any other expenses and to establish modern facilities in the Hotel building and to develop business
3.	Gay Travels Private Limited	500.00	491.17	The Company is liable to pay interest @12% p.a. commencing from April 1, 2018 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
	<b>Total</b>	<b>4,500.00</b>	<b>3,727.17</b>		

*\* Certified by M/s Bala & Co., Chartered Accountants, vide their certificate dated January 23, 2019. Further, M/s. Bala & Co., Chartered Accountants have certified that these borrowing have been utilized for the purposes for which they were availed, as provided in the relevant loan agreements.*

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

An amount of Rs. 3,727.17 Lakhs, which has already been brought in to our Company, in the nature of identified unsecured loans, as per the details mentioned in the above table, is proposed to be adjusted against the application money to be received by the 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 some of the Promoter Group members have vide their respective letter (collectively the "**Subscription Letters**") 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 ₹ [●].

## 2. General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds, aggregating up to ₹[●] Lakh, towards general corporate purposes, subject to such utilisation not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations, including but not limited to meeting our working capital requirements, meeting exigencies which our Company may face in the ordinary course of business, meeting fund requirements which our Company may face in the ordinary course of business, meeting expenses incurred in the ordinary 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 and SEBI ICDR Regulations. Our Company's management, in accordance with the policies of the Board subject to applicable laws, will have flexibility in utilising any surplus amounts.

## 3. Issue expenses

The total expenses of the Issue are estimated to be ₹ [●] Lakh. The break-up for the Issue expenses is as follows:

Particulars	Estimated Expenses (₹ in Lakhs)	% of Estimated Issue size	% of Estimated Issue expenses
Fees to Intermediaries (Lead Manager, legal counsel, Registrar to the Issue, Bankers to the Issue, Advisor to the Issue)	[●]	[●]	[●]
Advertising, traveling and marketing expenses	[●]	[●]	[●]
Printing, postage and stationery expenses	[●]	[●]	[●]
Miscellaneous and other expenses	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	<b>[●]</b>	<b>[●]</b>	<b>100%</b>

- (1) Assuming full subscription and Allotment of the Rights Entitlement. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes.
- (2) We have incurred Rs. 8,00,000 towards Issue Expenses till January 08, 2019 and the same is also certified by our statutory auditors Bala & Co.

### **Appraisal and Bridge Loans**

Our Company has raised bridge loan from Promoter Group members for meeting the Issue related expenses and the same are proposed to be repaid from the Gross Proceeds of the Issue.

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

### **Interim Use of Funds**

Pending utilization for the purposes described above, we intend to deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934. We confirm that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not utilize the Net Proceeds for any investment in the equity markets, real estate or related products.

### **Monitoring Utilization of Funds from Issue**

As this is an Issue for an amount less than Rs. 10,000 Lakhs, there is no requirement for the appointment of a monitoring agency. The Board or its duly authorized committees will monitor the utilization of the proceeds of the Issue. Our Company will disclose the utilization of the Issue Proceeds, including interim use, under a separate head along with details, for all such Issue Proceeds that have not been utilized. Our Company will indicate investments, if any, of unutilized Issue Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to the listing.

We will also on an annual basis, prepare a statement of the funds which have been utilized for purposes other than those stated in the Draft Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until all the Issue Proceeds have been utilized in full. The statement shall be certified by our Statutory Auditor. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange on a quarterly basis, a statement including deviations and variations, if any, in the utilization of the Issue Proceeds from the Objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

### **Other Confirmations**

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 transactions and no part of the Net Proceeds will be paid as consideration to the members of our Promoter and Promoter Group, Directors, Group Companies or Key Management Personnel of our Company.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Lead Manager, on the basis of the assessment of market demand and on the basis of quantitative and qualitative factors as described below. Some of the information presented in this section for the six months period ended September 30, 2018 and for financial years/period ended March 31, 2018, March 31, 2017 and March 31, 2016 and is derived from our Company's Restated Financial Statements, prepared in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations. The face value of the Equity Shares is ₹10 each and the Issue Price is [●] times the face value.

### Qualitative Factors:

Some of the qualitative factors and our strengths which form the basis for the Issue Price are:

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

For details of Qualitative factors please refer to the chapters "**Business Overview- Our Competitive Strengths**" and "**Risk Factors**" beginning on pages 75 and 20 respectively.

### Quantitative Factors:

The information presented in this section is derived from our Restated Financial Statements prepared in accordance with Ind-AS. Investors should evaluate our Company and form their decisions taking into consideration its earnings and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the price are as follows:

### Basic and Diluted Earnings per Share (EPS):

As per our Restated Financial Statements:

Year ended	Basic EPS (In ₹)	Diluted EPS (In ₹)	Weight
FY 2015-16	(4.16)	(4.16)	1
FY 2016-17	(6.89)	(6.89)	2
FY 2017-18	(11.55)	(11.55)	3
<b>Weighted Average</b>	<b>(8.76)</b>	<b>(8.76)</b>	
Six months period ended September 30, 2018*	(5.01)	(5.01)	

\*Not Annualised

- Basic Earnings per share before adjusting exceptional item = Net profit after tax attributable to equity shareholders (as restated)/ weighted average number of equity shares outstanding during the year/period.*
- Diluted Earnings per share before adjusting exceptional item = Net profit after tax attributable to equity shareholders (as restated)/ weighted average number of diluted equity shares outstanding during the year/period.*
- Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year/period.*
- Earnings per share calculations are done in accordance with Ind AS 33 "Earnings Per Share" issued by the Institute of Chartered Accountants of India.*
- The above statement should be read with the notes to restated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Restated Financial Statements as appearing in the section titled "**Financial Information**" on page 118.*
- The figures / ratios disclosed above are based on Restated Financial Statements.*



**Price / Earning (P/E) Ratio in relation to Issue Price of ₹ [●] per Equity Share of the face value of ₹10 each:**

Particulars	As per our Restated Financial Statements
P/E ratio based on Basic EPS for the financial year ended March 31, 2018 at the Issue Price	[●]
P/E ratio based on Diluted EPS for the financial year ended March 31, 2018 at the Issue Price	[●]

#### Industry P/E ratio

Particulars	P/E Ratio
Highest	172.40
Lowest	4.90
Average	61.90

Source: Capital Markets (Dec 31, 2018- Jan 13, 2019) Volume XXXIII/23

#### Return on Net Worth (“RoNW”):

As per our Restated Financial Information:

Year ended	RoNW (%)	Weight
FY 2015-16	(12.09)	1
FY 2016-17	(16.66)	2
FY 2017-18	(21.87)	3
<b>Weighted Average</b>	<b>(18.50)</b>	
Six months period ended September 30, 2018*	(8.70)	

\*Not annualised

Return on Net worth (%) = Restated Profit after tax / Net Worth as restated

#### Net Asset Value (NAV) per Equity Share

Particulars	NAV* (₹ per Equity Share)
March 31, 2016	(34.40)
March 31, 2017	(41.35)
March 31, 2018	(52.83)
September 30, 2018	(57.83)
NAV per Equity Share after the Issue – at Issue Price	[●]
Issue Price per Equity Share*	[●]

\*NAV (book value per share) = (Total shareholders' funds minus Intangible asset and revaluation reserves) divided by number of shares outstanding as on that date.

#### Comparison of Accounting Ratios with Industry Peers\*

Name of the Company	CMP*	EPS (Basic)	EPS (Diluted)	P/E Ratio	RoNW %	NAV	Face Value
Sterling Green	10.51	1.06	1.06	9.92	45.00	998.18	4.51%
Howard Hotels	7.9	(0.07)	(0.07)	(112.86)	(6.03)	1,233.87	(0.49) %
Aruna Hotels	8.6	(11.55)	(11.55)	(0.74)	(1,039.62)	(4,754.31)	(21.87) %
Phoenix Town	11.6	0.45	0.45	25.78	62.78	2,403.81	2.61%
Royale Manor	9.79	1.48	1.48	6.61	251.29	3,793.68	6.62%

\*the current market has been taken as closing price as on January 16, 2019

### *Notes*

The Issue Price of ₹ [●] has been determined by our Company in consultation with the Lead Manager on the basis of assessment of demand from investors for the Equity Shares and, is justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with “***Risk Factors***”, “***Business Overview***”, “***Management’s Discussion and Analysis of Financial Condition and Results of Operations***” and “***Financial Information***” on pages 20, 75, 175 and 118, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the “***Risk Factors***” and you may lose all or part of your investments.

## STATEMENT OF TAX BENEFITS

**Date: 23<sup>rd</sup> January 2019**

**To,  
The Board of Directors  
Aruna Hotels Ltd.  
145, Aruna Centre, Sterling Road,  
Nungumbakam, Chennai,  
Tamil Nadu- 600034**

Dear Sir(s):

Sub: Proposed rights issue of equity shares of Rs. 10 each (the “Equity Shares”) of Aruna Hotels Ltd. (the “Company” and such offering, the “Rights Issue”)

We report that the enclosed statement in Annexure A, states the possible direct tax benefits available to the Company and to its shareholders under the Income-tax Act, 1961 presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the stated tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

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

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

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

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

We also consent to the references to us as “Experts” under section 26 of the Companies Act to the extent of the certification provided hereunder and included in the Draft Letter of Offer and Letter of Offer of the Company or in any other documents in connection with the Rights Issue.

We hereby give consent to include this statement of tax benefits in the Draft Letter of Offer and Letter of Offer and in any other material used in connection with the Rights Issue.

Your sincerely,

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

**Natesan Visvanathan  
Partner  
Membership No: 020202  
Place: Chennai  
Date: 23<sup>rd</sup> January 2019**

## Annexure

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

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

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

##### a) **Carry forward and set off of losses**

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

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

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

#### Notes:

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

## SECTION V – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and other industry sources. Neither we nor any other person connected with this Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly investment decisions should not be based on such information.*

#### Overview of Indian Economy

The year 2017-18 was marked with strong macro-economic fundamentals. However, the growth of gross domestic product (GDP) moderated in 2017- 18 vis-à-vis 2016-17. There was an improvement in export growth, fiscal trends remained attuned to the consolidation plans and inflation remained within the limits. The year also witnessed an increase in global confidence in Indian economy as well as improvement in ease of doing business ranking.

Various economic reforms were undertaken in the year which include: implementation of the Goods and Service Tax, announcement of bank recapitalization, push to infrastructure development by giving infrastructure status to affordable housing, higher allocation of funds for highway construction and greater focus on coastal connectivity. Further initiatives include: lower income tax for companies with annual turnover up to 50 crore; allowing carry-forward of MAT credit up to a period of 15 years instead of 10 years at present; further measures to improve the ease of doing business; and, major push to digital economy.

Other sectoral initiatives undertaken include: measures to revive the construction sector and promotion of exports in textile and apparel industry. Apart from these, the measures that were taken by the Government in the previous years to boost manufacturing, employment generation, improving ease of doing business and transparency via schemes such as Make-in-India, Skill India, direct benefit transfer and measures for financial inclusion were also taken forward in 2017-18.

An important macro-economic challenge faced by the Indian economy relates to the declining trend in the investment and saving rates, as seen from the latest available data. Nonetheless, medium-term macro outlook remains bright against the background of implementation of GST, green shoots in the global economy, relatively stable prices and improvement in indicators of external sector.

#### GDP Growth

As per the 1st Advanced Estimates released by the Central Statistics Office (CSO), the economy is expected to grow by 6.5 per cent in 2017-18 in terms of GDP at constant (2011-12) market prices. The gross value added (GVA) at constant (2011-12) basic prices is expected to grow by 6.1 per cent in 2017-18, as compared to the growth of 7.1 per cent achieved in 2016-17. The growth in agriculture, industry and services is estimated at 2.1 per cent, 4.4 per cent and 8.3 per cent respectively in 2017-18, as compared to 4.9 per cent, 5.6 per cent and 7.7 per cent in 2016-17. Growth rate of industry sector declined in 2017-18, mainly on account of moderate growth in manufacturing sector. It was the services sector that contributed to more than half of the overall GVA growth rate of 6.1 per cent in 2017-18. From the demand side, the final consumption expenditure has been the major driver of GDP growth. The growth of fixed investment at constant prices increased from 2.4 per cent in 2016-17 to 4.5 per cent in 2017-18. As per CSO, the exports of goods and services are estimated to grow by 4.5 per cent in real terms in 2017-18 as was the case in 2016-17, whereas the imports are estimated to grow by 10.0 per cent in 2017- 18 as against 2.3 per cent in 2016-17.

(Source: <https://www.indiabudget.gov.in/ub2018-19/frbm/frbm1.pdf>)

## **World Bank Forecasts for India**

The World Bank forecast a growth rate for India 7.5 per cent for 2019 and 2020 and noted that the country's economy has recovered from the effects of demonetisation and the Goods and Services Tax.

"Growth is expected to accelerate from 6.7 in 2017 to 7.3 per cent in 2018 and to subsequently stabilise supported by a sustained recovery in private investment and private consumption," the World Bank said in its twice-a-year South Asia Economic Focus.

In its report the World Bank said, India should strive to accelerate investments and exports to take advantage of the recovery in global growth.

"Every month, the work force increases by 1.3 million people and India must create 8.1 million jobs a year to maintain its employment rate, which has been declining based on employment data analysed from 2005 to 2015, largely due to women leaving the job market," the bank said.

In the India section of the report, the bank acknowledged that disruptions from demonetisation and events surrounding the implementation of GST led to a setback in economic activity and a potentially larger negative effect on the poor and vulnerable.

Looking ahead, return to business as usual and subsequent rebalancing of growth drivers towards investment could support acceleration of GDP growth to 7.4 per cent by FY 2019, it said.

As in the past, sustained growth is expected to translate to continued poverty reduction, albeit with heightened uncertainty because of the effects on the informal economy, it said.

Noting that the one-time policy events disruptions from demonetisation and uncertainty surrounding GST slowed India's economic momentum in FY2016, the IMF said real GDP growth slowed to 7.1 per cent in FY2016, from 8 per cent in FY15/16, and further to 5.7 per cent in Q1 FY2017.

On the one hand, public and private consumption gained pace: first after implementation of the 7th central pay commission recommendations, and secondly due to the revival in rural demand after normal monsoon and agricultural impetus. Overall demand slowed as public investments started to wane.

Excluding agriculture, output growth experienced a slowdown decelerating to 6.9 per cent in FY2016, from 9.4 per cent in the previous year, it said.

According to the World Bank, the most substantial medium-term risks are associated with private investment recovery, which continues to face several domestic impediments such as corporate debt overhang, regulatory and policy challenges, along with the risk of an imminent increase in US interest rates.

If the internal bottlenecks are not alleviated, subdued private investment would put downside pressures on India's potential growth, it said.

Downside risks to the global economy and accordingly to export growth and capital flows are also substantial given the possibility of monetary policy normalisation in the US and risks of protectionism, the World Bank said.

(Source: <https://www.ibef.org/news/world-bank-forecasts-73-per-cent-growth-for-india-making-it-fastest-growing-economy>)

## **External Sector**

The value of India's merchandise exports (customs basis) increased by 5.2 per cent to US\$ 275.9 billion in 2016-17. In April-December 2017, exports increased by 12.1 per cent to US\$ 223.5 billion from US\$ 199.5 billion in the corresponding period of the previous year.

Imports had also increased by 0.9 per cent in 2016-17. Imports at US\$ 338.4 billion in April-December 2017 showed an increase of 21.8 per cent from US\$ 277.9 billion in the corresponding period of the previous year. Imports of petroleum, oil and lubricants (POL) increased by 24.2 per cent in April-December 2017 to US\$ 76.1 billion from US\$ 61.3 billion in the corresponding period of the previous year, mainly due to the rise in international crude oil prices. Non-POL imports for April-December 2017 increased by 21.1 per cent to US\$ 262.2 billion from US\$ 216.6 billion in the corresponding period of the previous year.

Trade deficit increased to US\$ 114.9 billion during April-December 2017, from US\$ 78.4 billion in the corresponding period of the previous year.

Based on the Balance of Payments (BoP) data available for the first six months of 2017-18, the trade deficit on BoP basis increased to US\$ 74.8 billion in April-September 2017 from US\$ 49.4 billion in April-September 2016. Net invisibles surplus in H1 of 2017-18 increased to US\$ 52.5 billion from US\$ 45.7 billion in H1 of 2016-17, with increase observed both in net services and net private transfers. Net services receipts increased by 14.6 per cent on a YoY basis during H1 of 2017-18.

During 2017-18 (April-September), net FDI was US\$ 19.6 billion as compared to US\$ 20.9 billion in 2016-17 (April-September), while net portfolio was US\$ 14.5 billion in 2017-18 (April-September) as against US\$ 8.2 billion in the corresponding period of the previous year.

India's current account deficit (CAD) increased from US\$ 3.8 billion (0.4 per cent of GDP) in H1 of 2016-17 to US\$ 22.2 billion (1.8 per cent of GDP) in H1 of 2017-18. On BoP basis, there was net accretion to India's foreign exchange reserves by US\$ 20.9 billion in 2017-18 (April-September), while it increased by US\$ 30.3 billion including valuation changes. This resulted in increase in the stock of foreign exchange reserves, which stood at US\$ 400.2 billion at end September, 2017. The stock of foreign exchange reserves was US\$ 409.4 billion as on December 29, 2017. While trade deficit widened in 2017-18 H1 as compared to 2016-17 H1, the improvement in invisibles balance and the net capital flows dominated by foreign investment and banking capital was more than sufficient to finance the CAD, leading to accretion in foreign exchange reserves in 2017-18 H1.

In 2016-17 (April-December), the average monthly exchange rate of rupee (RBI's reference rate) was Rs.64.51 per US dollar in April 2017 and it was Rs.64.24 per US dollar in December 2017. The rupee had appreciated by 2.5 per cent from Rs.65.88 per US dollar in March 2017 to Rs.64.24 per US dollar in December 2017.

(Source: <https://www.indiabudget.gov.in/ub2018-19/frbm/frbm1.pdf>)

### **Fiscal Policy Outlook for 2018-19**

The Government is aiming to revert to the path of fiscal rectitude after the temporary blip in the following year, that is FY 2018-19. This will also be the maiden year of the new targeting framework, where the twin focus would be on reducing debt and the fiscal deficit. The Government aims to reach the FD target of 3.3 per cent of GDP in BE 2018-19.

The Gross Tax Revenue of the Government is expected to increase to Rs. 2271242 crore in BE 2018-19 from an RE of Rs. 1946119 crore. This implies a growth of 16.7 per cent over the RE. As a per cent of GDP this is anticipated to be 12.1 per cent compared to the 11.6 per cent assumed in RE 2017-18. There is a bump-up in the GTR to GDP estimates from the level of RE 2017-18. The caveat is that the GTR includes a portion, the GST Compensation Cess (amounting to Rs. 90000 crore) which cannot be utilised by the Central Government for its expenditure commitments.

Direct taxes have been projected to increase to Rs. 1150000 crore in BE 2018-19. This implies a growth of 14.4 per cent in 2018-19 compared to RE 2017-18. The increase in direct taxes is expected to be from both the arms of direct tax, namely Corporate Income Tax and Personal Income Tax. These have been budgeted to increase to Rs. 621000 crore and Rs. 529000 crore respectively.

Indirect taxes in BE 2018-19 are expected to be Rs. 1116000 crore. It is anticipated that the GST revenues will be Rs. 743900 crore in BE 2018-19 compared to Rs. 444631 crore in RE 2017-18. The fact that GST was imposed only after the completion of the first quarter. The non-GST component of the indirect taxes would be Rs. 372100

crore in BE 2018-19. This is compared to Rs. 491744 crore in RE 2017-18. It is expected that Indirect taxes will grow by 17.3 per cent in 2018-19 over RE 2017-18.

The Non-tax revenue is expected to grow over the RE 2017-18 by 3.9 per cent to an amount of Rs. 245089 crore in BE 2018-19. As a per cent of GDP, the Non-tax Revenue component constitutes 1.3 per cent. Non-debt Capital Receipts have been budgeted in BE 2018-19 to be Rs. 92199 crore compared to the RE 2017-18 figure of Rs. 117473 crore. The main contributor to this kitty is from disinvestment receipts, which has been anticipated to be Rs. 80000 crore in BE 2018-19. Net borrowings and other liabilities are expected to be Rs. 624276 crore to finance the fiscal deficit, a majority of which would be mainly financed through market borrowings.

(Source: <https://www.indiabudget.gov.in/ub2018-19/frbm/frbm3.pdf>)

### **FISCAL OUTLOOK FOR 2019-20 AND 2020-21**

The assumptions regarding the FYs 2019-20 and 2020-21 have been laid bare in the sections above. The achievement of the fiscal targets in 2019-20 and 2020-21 are, therefore, contingent on the achievement of these intertwined targets, especially the ones related to the nominal GDP in the country.

In the new proposed framework, as mentioned earlier, the Revenue Deficit targets shall not enjoy the pre-eminence as it did earlier. This is to remove the anomaly created by a preference for capital expenditure that was inherent in the framework where the RD was following a declining trend. However, apart from the creation of assets, there is also a need to focus on the correct maintenance of the assets that have been set up. Moreover, in a federal country like India, all the capital-related transfers that the Government passes on to State Government agencies who implement certain schemes are categorised as revenue expenditure. Moreover, education and health as part of human capital, the expenditures on these items are as crucial as the ones on physical capital. For example, the presence of well-trained and adequately paid teachers and doctors are as important as strong hospital and school buildings.

As analysed in the above paragraphs it is anticipated that the Government is sure to reap the dividends of the recent taxation reform initiatives. Whereas the direct tax buoyancy rates show that the dividends with respect to demonetisation are perhaps already kicking in, the Government is confident that the widening of the tax base thanks to implementation of GST will help in improving the fiscal prospects of the Central Government.

One major uncertainty in the horizon is on the front of State Governments. The redemption of UDAY Bonds are on the horizon and these may apply an upward pressure on the state's fiscal calculations. In the era of amended FRBM Act, where there is a cap on General Government Debt at 60 per cent of GDP, it is anyone's guess as to the implications of these on the fiscal position of the states.

Keeping these issues in mind in 2019-20 and 2020-21, it is anticipated that the Gross Tax Revenues of the Central Government will show an increase of 14.3 per cent and 14.7 per cent over BE 2018-19 and 2019-20 respectively. The GTR for these years reach the absolute targets of Rs. 2595775 crore and Rs. 2977350 crore in the respective years. These figures also include an amount of Rs. 90000 crore in each of these years on account of GST Compensation Cess. These increases imply that the Tax GDP ratio will touch 12.4 per cent in 2019-20 and 12.7 per cent in 2020-21 respectively. These jumps will be considerably aided by the widening of the tax base and hence the increased tax buoyancy associated with demonetization and GST respectively.

Apart from the above figures on tax revenues, the other important component of the Government's revenue receipts is the Non-tax Revenue receipts of the Government. These are respectively grow by 8.4 per cent and 11 per cent in 2019-20 and 2020-21 respectively. Growing at these rates, NTR is anticipated to reach Rs. 265867 crore and Rs. 295000 crore respectively in the two relevant years. As a per cent of GDP these have been projected to remain at 1.3 per cent each in FY 2019-20 and 2020-21 as there is also a simultaneous move towards increased unshackling of private sector potential.

On the expenditure front the total Government expenditure which is budgeted to reach 13.0 per cent of GDP in 2018-19 (BE) is projected to taper by 0.3 percentage points to 12.7 per cent each in 2019-20 and 2020-21. The revenue-capital mix in the expenditure profile is anticipated to increase from 12.3 per cent in BE 2018-19 to about 13 per cent in 2020-21.



(Source: <https://www.indiabudget.gov.in/ub2018-19/frbm/frbm2.pdf>)

## **TOURISM & HOSPITALITY INDUSTRY IN INDIA**

### **Introduction**

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, historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. India ranked 7<sup>th</sup> among 184 countries in terms of travel & tourism's total contribution to GDP in 2017. India's foreign exchange earnings (FEEs) from tourism increased by 20.8 per cent during CY 2017 to reach US\$ 27.693 billion. During January-November 2018, FEEs from tourism increased 6.40 per cent\* year-on-year to US\$ 25.84 billion. In India, the sector's direct contribution to GDP is expected to grow by 7.1 per cent per annum during 2018-28.

The travel & tourism sector in India accounted for 8 per cent of the total employment opportunities generated in the country in 2017, providing employment to around 41.6 million people during the same year. The number is expected to rise by 2 per cent annum to 52.3 million jobs by 2028. Travel & tourism's contribution to capital investment in India is projected to grow 6.7 per cent per annum during 2018–28. Contribution of visitor exports to total exports is estimated to increase 5.5 per cent per annum during 2018–2028.

Due to electronic tourist authorisations, known as E – Tourist Visa, launched by the Government of India, there has been increase in number of tourist visa issued in the country. The facility has been extended to citizens of 166 countries as of December 2018. During January-November 2018, arrivals through e-visa increased 41.50 per cent year-on-year to 2.06 million.

## **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**

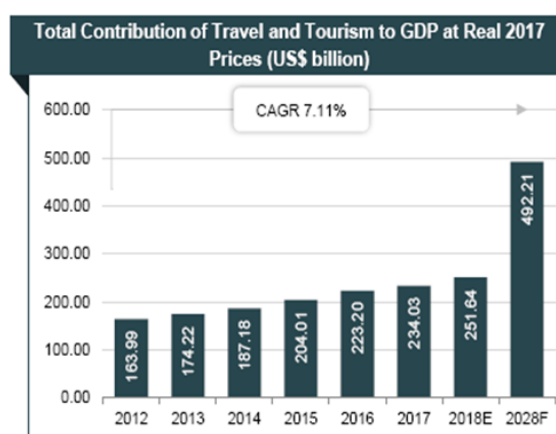
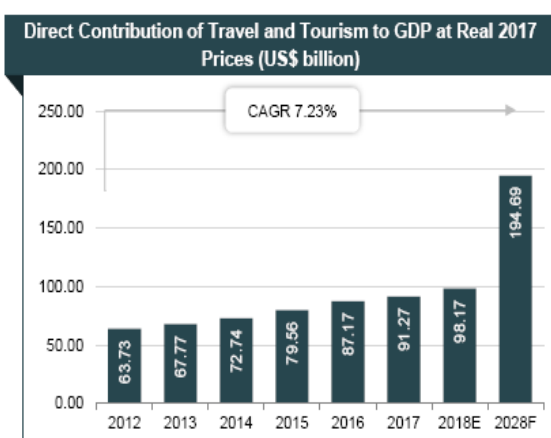
Offer customised tours, including travel, accommodation and sightseeing.

## 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 and 1.697 million tourists arrived in India in 2017 through these visa. Travel and Tourism sector accounted for 9.3 per cent of employment opportunities in India. In November 2018, India attained third position in world tourism sector after China and US.

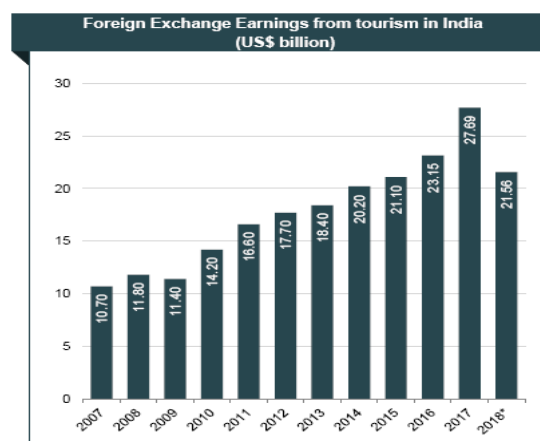
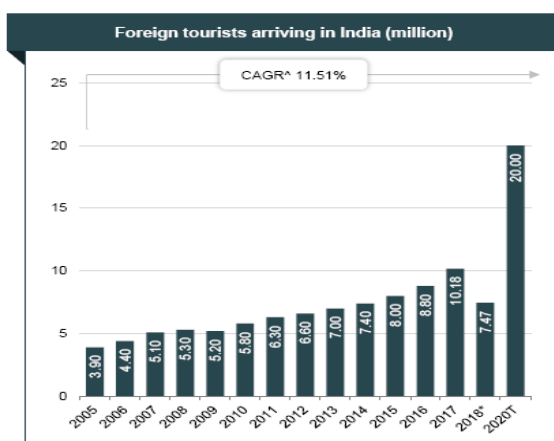
## RISING CONTRIBUTION TO INDIA'S GDP

India ranked 8th in the world in 2017 in terms of absolute direct contribution of travel & tourism sector's to its GDP & is the 3rd largest foreign exchange earner for the country. The tourism & hospitality sector's direct contribution to GDP in 2017, was Rs 5.94 trillion (US\$ 91.27 billion). This is expected to reach Rs 12.68 trillion (US\$ 194.69 billion) in 2028, implying a CAGR of 7.23 per cent during 2012-28.



## FOREIGN ARRIVALS ARE RISING

During January-November 2018, foreign tourist arrivals in India stood at 9.37 million, achieving a growth rate of 5.60 per cent year-on-year.. Growth in tourist arrivals has been due to flexible government policies, developed rail & road infrastructure, ease in availability of e-visas to foreign tourists. During January-November 2018, arrivals through e-visa increased by 41.50 per cent year-on-year to 2.06 million. The Government of India has set a target of 20 million foreign tourist arrivals (FTAs) by 2020 and double the foreign exchange earnings as well. The Government of India is working to achieve 1 per cent share in world's international tourist arrivals by 2020 and 2 per cent share by 2025.



Tourism is an important source of foreign exchange in India similar to many other countries. During January-November, India earned foreign exchange of US\$ 25.84 recording a year-on-year growth rate of 6.40 per cent. Foreign exchange earnings (FEEs) from tourism in India witnessed growth at a CAGR of 9.97 per cent during 2006-17. The number of tourists from India is expected to reach 50 million by 2020, according to the World Trade Organization. This rapid increase in outbound tourism from India is going to benefit forex providers in the country.

## GROWTH DRIVERS FOR THE TOURISM MARKET

### Infrastructure

More than half of the Ministry of Tourism's Plan budget is channelized for funding the development of destinations, circuits, mega projects as well as rural tourism infrastructure projects.

### Rising FDI

Hotel & Tourism sector has received cumulative FDI inflows of US\$ 11.39 billion from April 2000 to June 2018. International hotel brands are targeting India e.g. Carlson group is aiming to increase the number of its hotels in India to 170 by 2020. Hospitality majors are entering into tie ups to penetrate deeper into the market, such as Taj & Shangri-La entered into a strategic alliance to improve their reach & market share by launching loyalty programme aimed at integrating rewarded customers of both hotels.

### Growing Demand

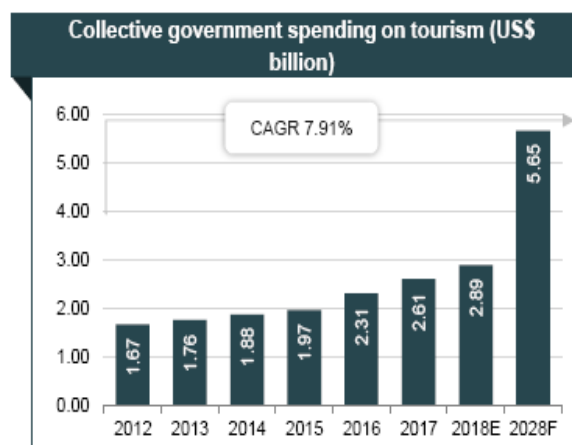
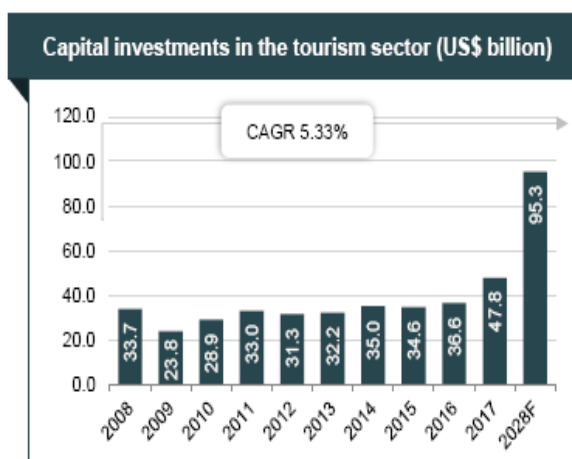
Domestic expenditure on tourism is expected to rise due to the growing income of households. A number of niche offerings such as medical tourism & eco-tourism are expected to create more demand.

### Policy Support

100 per cent FDI is allowed under the automatic route in tourism & hospitality, subject to applicable regulations & laws. The Government of India will develop 10 prominent sites in India into iconic tourist destinations, as per Union Budget 2018-19. Campaigns such as Incredible India & Athithi Devo Bhava were launched to harness the tourism industry's potential

## CONTINUED GROWTH IN INVESTMENTS IN THE TOURISM SECTOR

India's tourism sector attracted capital investments of US\$ 47.8 billion in 2017 and expected to reach US\$ 95.3 billion by 2028. Berggruen Hotels is planning to add around 20 properties under its mid-market segment 'Keys Hotels' brand across India, by 2018.



Hilton plans to add 18 hotels pan India by 2021, along with 15 operational hotels under its brands namely Hampton, Hilton Garden Inn, Conrad, Hilton Hotels & Resorts & DoubleTree by Hilton. In 2018, Marriott International plans to add 20 more properties to its existing portfolio of 98 hotels in India. Louvre Hotels Group, world's fifth largest hotel group, plans to increase its business in India to 10-15 per cent by 2021 from 5-7 per cent, as of September 2018. Collective government spending in India on travel and tourism is expected to reach Rs 367.9 billion (US\$ 5.85 billion) in 2028 from Rs 169.8 billion (US\$ 2.81 billion) in 2017. In September 2018, the Indian government launched the 'Incredible India Mobile App' to assist the traveller to India and showcase major experiences for travelling.

## **TOURISM POLICY AND INITIATIVES GIVE A BOOST TO THE INDUSTRY.**

### **Special Boards & Tourist Police**

The Ministry has set up a Hospitality Development & Promotion Board, which will monitor & facilitate hotel project clearances/approvals. In March 2018, Ministry of Tourism initiated State Governments/Union Territory administrations of India to deploy Tourist Police. In November 2018, Nagaland deployed a separate tourist police.

### **Tax Incentives**

An investment-linked deduction under Section 35 AD of the Income Tax Act is in place for establishing new hotels in the 2-star category and above across India, thus permitting a 100 per cent deduction in respect of the whole or any expenditure of a capital nature.

### **Safety and Security Initiatives**

Ministry of Tourism launched a 24x7 Toll Free Multilingual Tourist Infor-Helpline in 12 languages which will provide information relating 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 'Atithidevo Bhava' to develop importance of good conduct and behavior towards tourists. Initiative to conduct constant dialogue with State/UTs for drawing ideas for development and promotion of tourism.

### **Incentives from Ministry of Tourism**

Assistance in large revenue-generating projects. Support to Public Private Partnerships in infrastructure development such as viability gap funding. Schemes for capacity-building of service providers.

### **Project Mausam**

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

## **E – Tourist Visa**

The number of tourists arriving on e-tourist visa grew 26.10 per cent year-on-year to 222,134 during the month of October 2018. Foreigners travelling to India on e-tourist visa will receive a BSNL SIM card which will be pre-activated and loaded with talktime and data.

## **India Tourism Mart 2018**

In September 2018, first ever India Tourism Mart (ITM 2018), was organised. It was a three day event in which all the stakeholders of the industry came together to interact and transact business.

## **GOVERNMENT INITIATIVES**

### **Swadesh Darshan**

Based on specific themes, government has identified 15 circuits which includes Krishna Circuit, Buddhist Circuit, Himalayan Circuit, North East Circuit, Coastal Circuit, wildlife circuit & tribal circuit. So far 73 projects have been sanctioned under the Swadesh Darshan Scheme since FY15. During 2018-19, a total of six projects worth Rs 304.3 crore (US\$ 42.18 million) were sanctioned under the Swadesh Darshan scheme. Under Budget 2018-19, the government allotted Rs 1,250 crore (US\$193.08 million) for Integrated development of tourist circuits under Swadesh Darshan and Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD).

### **Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD)**

National Mission on Pilgrimage Rejuvenation & Spiritual Augmentation was implemented by the Ministry for enhancing the facilities provided & infrastructure at pilgrimage centres of all cities. In March 2018, total amount sanctioned by the Ministry of Tourism for this scheme was Rs 5638.87 crore (US\$ 868.87 million) since 2014-15.

### **National Tourism Policy 2015**

Formulation of National Tourism Policy 2015 that would encourage the citizens of India to explore their own country as well as position the country as a 'Must See' destination for global travelers. Under Union Budget 2017, USD14.87 million was allocated for promotion & publicity of various programmes & schemes of the Tourism ministry.

### **Statue of Unity**

Statue of Sardar Vallabhbhai 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 metre. It is expected to boost the tourism sector in the country and put India on the world tourism map.

(Source: *Tourism & Hospitality January, 2019*, India Brand Equity Foundation [www.ibef.org](http://www.ibef.org))

## BUSINESS OVERVIEW

*Some of the information contained in the following discussion, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the chapter titled ‘**Forward-Looking Statements**’ beginning on page 14 of this Draft Letter of Offer, for a discussion of the risks and uncertainties related to those statements and also the section “Risk Factors” 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. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the twelve-month period ended March 31 of that year.*

*All financial information included herein is based on our ‘**Restated Financial Information**’ beginning on page 118 of this Draft Letter of Offer. The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Letter of Offer, including the information contained in the sections titled “**Risk Factors**”, “**Industry Overview**”, “**Management’s Discussion and Analysis of Financial Conditions and Results of Operations**” and “**Restated Financial Information**” beginning on pages 20, 66, 175 and 118 respectively of this Draft Letter of Offer.*

### Overview

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 is presently in the process of renovating the Hotel premises. For this purpose, our Company has entered into a Memorandum of Agreement dated December 01, 2017 with M/s. Transform, proprietorship concern, to act as the Architect cum Project Management Consultant for the renovation and development of the Hotel building. The renovation process is expected to be completed by July 31, 2019.

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

For the six months ended September 30, 2018 and Fiscals 2018, 2017 and 2016, our revenue from operations was NIL.

### **Our Competitive Strengths**

Prior to undergoing renovation, our Hotel offered attractive stay packages to its customers and expects the same to continue 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 functions 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.

### **Marketing Strategies**

#### ***Improving our functional efficiency***

Post commencement of our Hotel operations, we intend to achieve cost reductions to have a competitive edge over the peers. We believe that this can be done through continuous improvement in customer service.

#### ***Customer satisfaction***

The business of hospitality sector is customer oriented and we intend to maintain good relationship with the customers. Prior to undergoing renovation work, our Hotel provided quality services to its customers and with the expected growth in the economy and our business segment, we intend to expand our client base.

#### ***Brand image***

Post commencement of our Hotel operations, we intend to associate ourselves with good quality customers and perform to their satisfaction.

#### ***Making our Hotel website a visual treat for visitors***

Our Hotel website is an important marketing tool and considered as the single most important distribution channel to generate direct sales. Our website will enable the customers to find out important information about our Hotel and make direct bookings.

#### ***Using search engine optimization best practices***

We believe that by optimizing our website with the use of keywords and other search engine optimization tactics, we can boost its visibility on search engines and attract more customers. In addition to searching high value keywords related to our Hotel and placing them in content, we intend to use other search engine optimization practices.

#### ***Connect with online travel agencies and global distribution systems (GDS)***

Online travel agents are an important distribution channel and the likes of GDS are important means for generating income and increased visibility. Post commencement of our Hotel operations, we intend to tie up with the aforesaid channels to enhance our presence on global distribution systems and which may potentially give access to customers in other parts of the world, which we may not be able to otherwise target effectively.



### ***Proactively utilize social media***

Social media is one of the single best inbound marketing tools available to hotels and marketers. Post commencement of our Hotel operations, we intend to post promotional posts to an established audience, advertise our Hotel on social networks to enable us to reach a large number of customers in different parts of the world.

### ***To rope in established contacts***

Post commencement of our Hotel operations, we intend to tie up with our business associates and other business partners to cater to the needs of accommodation by offering them group packages, special rate benefits, to generate additional businesses.

### **Business Operations**

Around financial year 2014-15, our Company had stopped its hotel operations and is presently in the process of renovating its 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. The renovation process is expected to be completed by July 31, 2019 and our Company is expected to commence its business operations by September 30, 2019.

**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 & Marketing**

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

### **COLLABORATIONS**

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

### **COMPETITION**

Competition in the industry in which we operate, is primarily based on factors such as quality of accommodation, price, level of service, brand recognition, facilities and supporting infrastructure, convenience of location and the quality of lobby areas, F&B facilities and other amenities. We intend to compete with hotel chains in the luxury and mid-market hotel segments in India. Certain 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. Certain 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. Certain 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.

For more information please see '**Risk Factors**' on page 20 of this Draft Letter of Offer.

### **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.


### **INSURANCE**

As on the Draft Letter of Offer, the insurance policies covered by the Company are:

Sr. No.	Type of policy	Policy No.	Description of property insured	Location where the insured assets are situated	Sum Insured	Expiry Date	Premium p.a. (in Rs.)
1.	Standard Fire & Special Perils	500300111810000149	Building, Electrical Installation s, Furniture & Fixtures and Plant & Machinery	1, 144/145, Sterling Road, Nungambakkam, Chennai 600 034	13,00,00,000/-	August 13, 2019	28,070
2.	Public Liability (Non-Industrial Risks) - Hotel	500300491810000014	Limit of Indemnity: Turnover: 5 crores and Any One Accident: Any One Year 1:1	144/145, Sterling Road, Nungambakkam, Chennai 600 034	2,00,00,000/-	August 13, 2019	40,258
3.	Workmen's Compensation Policy	LWC/13241767/31/12/006682	-	Anywhere in India	31,68,000/-	December 17, 2019	6,780

## INTELLECTUAL PROPERTY

In order to protect our intellectual property rights, we have applied for registration of below mentioned trademark with the Trademark Registry: -

Sr. No.	Trademark	Nature of License / Approval	Issuing Authority	Class of Trademark	Application No. and date
1.		Certificate of Registration of Trade Mark under section 23(2), Rule 56 (1) of Trade Marks Act, 1999	Registrar of Trade Marks, Trade Marks Registry, Chennai	43	No. 4025264 December 13, 2018

## Details of Material Properties

### A. Owned Property

Hotel	Location	Date of acquisition	Entity owning the property
The Aruna - Chennai	Aruna Centre, 144, 145, Sterling Road, Nungambakkam, Chennai 600034, Tamil Nadu	October 1985 – May 2002	Our Company

## KEY INDUSTRY-REGULATIONS AND POLICIES

### Key Regulations

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to the Company. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain. The regulations and policies set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please see chapter on 'Government and Other Approvals' on page no. 206 of this Draft Letter of Offer.*

#### A. INDUSTRY RELATED REGULATIONS:

##### *Hotel Classification Guidelines*

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

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

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

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

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

##### *The Food Safety and Standards Act, 2006, ("FSS Act")*

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

- Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011;
- Food Safety and Standards (Packaging and Labelling) Regulations, 2011;

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

### ***Tourism Policy of Government of India***

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

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

### ***Fire Safety Permit***

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

### ***Police License for Hotel***

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

### ***Health Trade License or Trade License***

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

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

### ***Bar License***

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

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

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

The bar license requirement is applicable to our Hotel.

## **B. LABOUR RELATED REGULATION:**

### ***The Employees' State Insurance Act, 1948 ("ESI Act")***

ESI Act provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. Employers of factories and establishments covered under the ESI Act are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government. Companies which are controlled by the Government are exempt from this requirement if employees receive benefits similar or superior to the benefits prescribed under the ESI Act. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

### ***The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("SHWW Act")***

SHWW Act provides for the protection of women at work place and prevention of sexual harassment at work place. The SHWW Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behavior namely, physical contact and advances or a demand or request for sexual favors or making sexually coloured remarks, showing pornography or any other unwelcome physical, verbal or nonverbal conduct of sexual nature. The SHWW Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee which shall always be presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e. a written complaint is to be made within a period of 3 (three) months from the date of the last incident. If the establishment has less than 10 (ten) employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Complaints Committee. The penalty for non-compliance with any provision of the SHWW Act shall be punishable with a fine extending to Rs. 50,000/-.

## **C. TAX RELATED LEGISLATIONS:**

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

### **Income Tax Act, 1961**

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

## **The Central Goods and Service Tax Act, 2017**

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

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

### ***Professional Tax***

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

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

## **D. STATE RELATED LEGISLATIONS:**

### ***Tamil Nadu Goods and Services Tax Act, 2017***

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

### ***Tamil Nadu Shops and Establishments Act, 1947***

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

## **E. ENVIRONMENTAL RELATED REGULATIONS:**

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

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

#### ***Air (Prevention and Control of Pollution) Act, 1981***

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

#### ***Water (Prevention and Control of Pollution) Act, 1974***

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

### **F. PROPERTY RELATED LAWS:**

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

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

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

#### ***The Transfer of Property Act, 1882 (the "TP Act")***

The TP Act establishes the general principles relating to transfer of property in India. It deals with the various methods in which transfer of property including transfer of immovable property or any interest in relation to that property, between individuals, firms and companies takes place. The TP Act stipulates the general principles relating to the transfer of property including among other things identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions

imposed on the transfer and the creation of contingent and vested interest in the property. The TP Act also provides for the rights and liabilities of the vendor and purchaser, and the lessor and lessee in a transaction of sale or lease of land, as the case may be. The TP Act also covers provisions with respect to mortgage of property.

### ***The Indian Registration Act, 1908***

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

### ***Indian Stamp Act, 1899***

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

## **G. OTHER LAWS:**

### ***General Laws***

Apart from the above list of laws – which is inclusive in nature and not exhaustive - general laws like the Indian Contract Act 1872, Specific Relief Act 1963, Negotiable Instrument Act 1881, The Information Technology Act, 2000, Sale of Goods Act 1930 and Consumer Protection Act 1986 are also applicable to the company.

### ***Foreign Exchange Management Act, 1999***

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



authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.

### ***FEMA Regulations***

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

### ***The Foreign Direct Investment***

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment ("FDI") through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP"), has issued consolidated FDI Policy Circular of 2017 ("FDI Policy 2017"), which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular. The Reserve Bank of India ("RBI") also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR. Under the current FDI Policy of 2017, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present 100 % foreign direct investment through automatic route is permitted in the sector in which our Company operates. Therefore, applicable foreign investment up to 100% is permitted in our company under automatic route.

## **H. INTELLECTUAL PROPERTY LAWS:**

### ***The Trademarks Act, 1999 ("Trademarks Act")***

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

### ***The Copyright Act, 1957***

It is a Central legislation to protect rights relating to literary, dramatic, musical, artistic, architectural works etc. Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of

cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work. There could be slight variations in the composition of the rights depending on the work.

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

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

## HISTORY AND CERTAIN CORPORATE MATTERS

### History and Background

Our Company was originally incorporated on September 09, 1960 under the provision of Companies Act with Registration Number: 004255 under the name and style of 'Aruna Sugars Limited'. Our Company obtained the certificate of commencement of business on December 24, 1960. Pursuant to diversification of business, the name of our Company was changed to 'Aruna Sugars & Enterprises Limited' on July 3, 1986. Thereafter, pursuant to setting up of the Hotel, the Company's name was changed to 'Aruna Sunrise Hotels Limited' on October 25, 2000. On January 14, 2003, the name of our Company was changed to 'Aruna Hotels Limited'. The Corporate Identification Number of our Company is L15421TN1960PLC004255.

The registered office of the Company is presently situated at Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai 600034, Tamil Nadu. The Equity shares of the Company are listed on BSE.

The Company is in the business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, restaurants, etc. The operations of our Hotel have been halted since FY 2014-15. Our Hotel is under renovation since FY 2015-16 and is likely to commence its operations in FY 2019-20.

### Corporate profile of our Company

For information on our Company's business profile, activities, services, managerial competence, and customers please see the chapters titled '*Our Management*', '*Business Overview*' and '*Industry Overview*' on pages 96, 75 and 66, respectively of this Draft Letter of Offer.

### Changes in Registered Office

Date	Particulars of registered office	Reason for change in registered office
Incorporation	Initially the registered office of the Company was situated at Dhun Building, 175/1 Mount Road, Madras – 600 002	N.A.
March 15, 1972	From Dhun Building, 175/1 Mount Road, Madras – 2 to 5 <sup>th</sup> floor, Meco House, 11A/1, Mount Road, Madras – 600 002	Administrative convenience
April 30, 1976	From 5 <sup>th</sup> floor, Meco House, 11A/1, Mount Road, Madras – 2 to Aruna Centre, 26, Sterling Road, Madras 600 034	Administrative convenience
1978	From Aruna Centre, 26, Sterling Road, Madras 600 034 to Aruna Centre, 145, Sterling Road, Madras 600 034	Administrative convenience

### Major events in the history of our Company

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

Date	Major Events
September 09, 1960	Incorporated as Aruna Sugars Limited
February 3, 1964	Listing of equity shares on Madras Stock Exchange
June 25, 1964	Listing of equity shares on Bombay Stock Exchange
December 18, 1985	Investment in subsidiary Aruna Finance Limited (now known as India Cements Capital Limited)

Date	Major Events
1985	Proposal to set up Hotel
1986	Setting up of a sugar plant with a crushing capacity of 1250 TPD at Pennadam, South Arcot District, Tamil Nadu. The Company diversified its activities by taking over through auction T.I.I.C. Ltd. the assets, then owned by SAS Chemicals (Madras) Pvt Ltd., a sick unit of Ranipet, North Arcot District, Tamil Nadu.
1987	The Company further diversified its activities by taking over assets of Geetha Flour Mills Ltd. at Tiruvalla, Kerela, with a milling capacity of 100 TPD of wheat.
1987	The Company entered the field of exports of readymade knitted and woven garments, silk and silk fabrics, shoe-uppers, etc.
Prior 1992	Listing of equity shares on Ahmedabad Stock Exchange
1992-93	Acquisition/setting up of Alum unit
November 3, 1994	Disposal of Flour Mill
1996	Disinvestment of shares in subsidiary Aruna Sugars Finance Limited (now known as India Cements Capital Limited)
1998-99	Disposal of sugar plant
1998-99	Disposal of Distillery Project
2002-2003	Disposal of Alum unit
December 21, 2004	Suspension on trading of equity shares of our Company by BSE
2014-15	Stoppage of business operations of our Hotel
March 2, 2015	Order passed by Company Law Board, Chennai recording the terms of the compromise between our Promoter and Promoter Group members in terms of Memorandum of Compromise.
FY 2015-16	Commencement of renovation work of our Hotel.
March 27, 2018	Revocation of suspension by BSE in trading of equity shares of the Company

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

For details regarding the defaults or rescheduling of borrowings with financial institutions in respect of our current borrowings from lenders, see the chapter titled '*Financial Indebtedness*' on page 196 of this Draft Letter of Offer.

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

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

#### **Main Objects of our Company:**

The main objects contained in the Memorandum of Association of our Company are as follows:

1. To carry on in the Union of India and elsewhere the business of sugar boilers, manufacturers and refiners and dealers in sugar of all varieties and kinds and its by-products, distilleries and spirit merchants in all their respective branches and any other business that may be capable of being conveniently combined with the aforesaid objects.

2. To purchase, manufacture, produce, boil, refine, prepare, import, export, sell and generally to deal in sugar and sugar candy, khandasari sugar, jaggery, sugar beet, sugarcanes, molasses, syrups, malada, alcohol, spirits and all sugar products such as confectionery, glucose, sugar candy, canned fruits, golden syrup, aerated water and/or by-products such as bagasse, boards, paper pulp, paper products, methyl alcohol, acetone, carbon dioxide, hydrogen, potash, cane-wax, fertilizers and food products generally and all products or by-products thereof and in connection therewith to acquire, construct and operate sugar or other refineries, buildings, mills, factories, distilleries and other works.
3. To buy, sell, exchange or otherwise deal with sugarcane, sugar beet, jaggery, sugar, sugar candy, khandasari sugar, molasses, syrups, alcohol, spirits and all other by-products resulting in the manufacture of sugar and other food products.
4. To plant, cultivate, produce and raise, or purchase sugarcane, maize, sorghum sugar beets and all food crops and to transact all such other work or business in connection therewith.
5. To acquire, carry on and transact the trade and business of planters, general merchants, exporters and importers of and dealers in sugar, wine, spirit, mixtures essence pharmaceutical and other chemical/preparations, chemical fertilisers and any produce of manufacture which can be conveniently carried on in conjunction with any matters aforesaid or which may directly or indirectly enhance the value of or render profitable any of the Company's properties and rights.
6. To establish farms and cultivate the lands and the properties of the Company and develop resources of the same by trading, rearing, planting, pasturing or farming and, for the purpose aforesaid, to purchase from time to time such machinery and livestock and to sell or exchange the said machinery or livestock and when considered necessary.
7. To plant and maintain topaz of Palmyra, date, sago, coconuts and other farms and generally carry on all agricultural and horticultural operations necessary are useful for the industries of the company.
8. To carry on the business of manufacturers of and dealers in chemical products, dry salters, oil and colour men, importers exporters and manufacturers and dealers In heavy chemicals, alkalis, acids, drugs, tannins, essence, pharmaceutical, photographic, sizing, medicinal, industrial and ether preparations and articles of any nature and kind whatsoever, mineral and ether waters, cements, oils, paints, pigments, varnishes, compounds, drugs, dyestuffs, organic or mineral intermediates, paint and colour grinders, makers of and dealers in electrical, chemical, photographic, surgical and scientific apparatus and materials.
9. To carry on the trade or business of canning, preserving refining preparing and dealing in dairy farm and gardens vegetable products of all kinds and in particular fruits, vegetables, cream, butter and cheese.
10. To carry on the trade of business of canning, preserving, refining, and preparing and dealing in fish and fish products, poultry, meat, etc.
- 10A. To carry all or any of the business of hotels, restaurants, cafes, taverns, refreshment rooms, lodging and/or boarding houses, motels, travellers inns, tourist bungalows, guest houses, conference and trade centres, dressing rooms and laundries, clubs, bars and beer houses, wine, beer and spirit merchants, licensed victuallers, purveyors end caterers far public amusement.
- 10B. To carry all or any of the business af manufacturers, producers, dealers, traders, imparters, exporters, agents, representatives, consultants in raw, semi-finished or finished hides and skins, hams, hide fleshing, imitation leather, industrial leather, synthetic leather and all kinds of leather and any products made thereof, including garments, cloth, goads, shoes, shack uppers, fang-wears, parts of font-wears, scraps and wastes and allied products such as of plastics, rexin, nylon, rayon, PVC, ail cleat foam, foam leather, foam rubber, linoleum, canvas, canvas shoes, tarpaulin, articles composed of any one or more of the above mentioned items, water proof articed and materials, leather chemicals, tannery materials and equipment, leather and accessories.
- 10C. To carry on all or any of the business of real estates, construction engineers, contractors, architects, planners, builders, dealers and parameters of building, including multi-storied buildings, sites, colonies, quarters, flats, tenements, chawls and other real estate schemes including acquiring constructing, improving, maintaining, developing, selling, buying, leasing, renting out, taking an rent or lease, or otherwise dealing is vacant sites,

houses, flats, buildings, estates, hill-resorts, colonies, residential/commercial and industrial premises and other properties., and to deal in construction material.

- 10D. To carry on all of any of the business of producers, manufacturers, wholesalers, retailers, distributors, dealers, expellers, imparters, sellers, buyers, and traders in processed foods, extruded foods, packed foods, instant foods, canned foods, Other foods and food products, wafers, breads, biscuits, cakes, pastry, processed fruits and products, salt drinks, beverages, concentrates, soda water, mineral water, medicated / herbal drinks, health drinks, alcoholic drinks including breweries, Wines, liquors, etc.
- 10E. To commence and carry on all or any of the businesses of flour millers, bakers, biscuit manufacturers, rice millers and oil millers, including the business of manufacturing, refining, polishing, grinding, pounding, crushing, importing, exporting, buying, sealing or otherwise dealing in wheat, paddy, rice, husk, corn, soya beans, rice bran and other cereals, vegetables, oilseeds, crops, pulses, grains, etc. and any products and by-products thereof.
- 10F. To commence and carry on all or any of the businesses of producing, manufacturing, Purchasing, refining, smelting, preparing, 'imparting, exporting, selling, buying, moulding, casting, forging, fabricating, quarrying and otherwise dealing in all kinds of iron and steel, including galvanised iron, sprang iron, carbon steel, stainless steel, special steel, etc. metal scrap, iron ores, minerals, billets, corrugated sheets, wirenets, barbed wires, railed steel, steel rods, and any products and by-products made in any combination of the foregoing, including the business of foundrymen, steel/railed steel makers, converters, smelters, miners, oilers of ferrous and non-ferrous products, metallurgists, furnace & kiln owners, etc.
- 10G. To commence and carry on all or any of the businesses of planting, agriculture, farming, fisheries, cold-storage, poultry, dairy development and producers of coffee, tea, cardamom, spices, commercial crops, rubber etc and owners of estates, plantations, forest, hills woods, trees, plants, groves, herbariums, aquarium, etc.
- 10H. To commence and carry on all or any of the businesses of buying, selling, owning, operating, hiring, leasing, taking an lease/ hire, maintaining, repairing, servicing, overhauling, exporting, imparting, and otherwise dealing in all kinds of transport vehicles, whether motorised or otherwise powered, including vans, lorries, trucks, tractors & trailers, automobiles, locomotives, coaches, ships, boats, cruises, trawlers, yachts, steamers, including the business of fleet Owners, travel and cargo agents, couriers, operators of all modes of transport-surface-borne, water-borne, air borne & underground ship-chandlers, charterers, stevedores, stewards, clearing & forwarding agents, route licensees etc.
- 10I. Commence and carry on the businesses of financiers in all its branches and in particular, the business of financing industrial enterprises and acting as industrial consultants in all its branches and to subsidise, finance or assist in subsidising or financing the sale, purchase, and maintenance Of any goods, articles, or commodities of all and every kind of description upon any terms what so ever and to purchase or otherwise deal in all forms of immovable and movable properties including lands and buildings plant and machinery, equipment, ships, aircraft, automobiles, computers both hardware and software, computer programmes, and all consumer, commercial and industrial Items and to lease' or otherwise deal with them in any manner whatsoever including resale thereof, and perform financing services including financing of projects, financing of exports and for imports, acceptance credit, invoice discounting, factoring invoices, debt collection, making of both short and long term loans, hire-purchase financing and all kinds of financing operations.
- 10J. To carry on the business of general electric power supply company in all the branches and to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, streets, docks, markets, theatres, buildings and place, both public and private, Including the business of electrical engineers, electricians, engineers, contractors, manufactures, suppliers and dealers in electrical and other appliances. cables, wire lines, dry-cells, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity for the purpose of light, heat, native power and for all other purpose for which electrical energy can be employed and to manufacture and deal in all apparatuses and things required for capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity.

11. To manufacture and sell toilet requisites, greenroom requisites, cosmetics, soaps, perfumes, fumigates and other chemical and pharmaceutical articles.
12. To manufacture or produce or cause to produce building materials, such as limestone, timber, tiles, bricks and all other accessories of building construction which the Company may think fit and utilise such materials in its own construction or dispose them off on such terms as the Company may think fit.
13. To carry on the business manufacturing, purchase, sale and deal in sugar machinery and other items of machinery.
14. To acquire all machineries, plants, stocks-in-trade, trademarks and other movable and immovable properties of any description.
15. To acquire by concession, grant, purchase, barer, lease, licence or otherwise lands, buildings and machinery, farms, water rights and other works, privileges, rights, and here determines either solely or jointly with others.
16. To erect-upon the lands belonging to the Company and upon any other-lands or property which may be taken on lease or licence by the Company, factories, building, houses and erections as may be required for carrying out the object of the Company and in particular equip their said buildings and/or factories with machinery for the production of sugar and ether products and for distilling and doing alcoholic liquors of oil kinds and to work, exercise, develop and turn them into account.
17. To construct, improve, maintain, develop, work, manage, carry out or control any road ways, tramways, railways, branches of sidings, bridges ,reservoirs water courses, water-works, wharfs, warehouse, electric passer, heat and light supply works, work-shops, stores, markets, places of amusements, pleasure gardens, parks, gardens, reading rooms and other works and conveniences which may seem calculated directly or indirectly to advance the Company's interests and to contribute, subsidise, or otherwise assist or take part in the construction, improvement and maintenance, working, management, carrying out or control thereof.
18. To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of or turn into account or otherwise deal with all are any part of the property and rights of the Company.
19. To pay for any lands and immovable or movable estates and for properties or assets of any kind acquired by the Company or for any services rendered or to be rendered to the Company and generally to pay or discharge any consideration to be paid or given by the Company in money or in shares whether fully paid up or partly paid up or debentures or debenture stock of obligations of Company or partly in one way and partly In another or otherwise, however with power to issue any shares either as fully paid up or partly paid up for such purposes.
20. To enter into any contracts. agreements with any Governments or Authorities, Municipal, Revenue, Local or 'otherwise which may seem conducive to the Company's objects or any or them and obtain from any such, Government or Authorities any rights, privileges, and concessions which may appear desirable to be obtained and carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
21. To apply for, purchase or otherwise acquire any patents, brevets d' invention, licences, concessions, and the like conferring any exclusive or nonexclusive or limited rights of use or arty secrets or any other information or any invention, which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or Indirectly to benefit the Company and to use, exercise, develop or grant licences in respect of or otherwise turn into account the property, rights, or information so acquired.
22. To buy, sell, manufacture repair, alter, improve, exchange, hire, import, export and deal in all works. plant, machinery, tools, utensils, appliances, apparatus, products, materials, articles and things capable of being, used in any and every such business, as the Company may engaged in or that may be required by any of the customers or persons dealing with the or commonly dealt in by persons engaged in similar links or which may seem capable of being profitably dealt With in connection therewith and to manufacture, experiment with and render marketable and deal in oil products, residual end bye-products incidental to or obtained in any of the business carried on by the Company.

23. To start and carry on either in connection with any of the trade or business aforesaid or independently thereof any trade or business, whether manufacture or otherwise, which may seem to be capable of being conveniently carried on in connection with the above objects or calculated directly or indirectly to enhance or render more profitable any part of the Company,' undertakings or properties or rights or to further the objects of the Company.
24. To purchase, sake on lease, or otherwise acquire in the Union of India, or elsewhere, any real or personal property estates, plantations and other lands of freehold, leasehold or other tenure for the purpose of the Company.
25. To enter into partnership or any agreement for sharing profits, union of interest, reciprocal concession, amalgamation or co-operation with any person or persons, Corporation or company, carrying or about to carry on, or engage in any business or transaction which the Company is authorized to carry an nr to engage in any business or transaction Capable of being conducted so, as to benefit this Company directly or indirectly and to take or otherwise require and hold shares, stocks or securities and to subsidise or otherwise assist any such company and to sell ,hold, re-issue, with or without, guarantee or otherwise deal with such shares or securities and to farm, constitute or promote any other company or companies for the purpose of acquiring all or any of property, rights and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company.
26. To invest end deal with the moneys at the Company not immediately required in any scheduled banks or in trustee securities or such other manner as is beneficial is the Company.
27. To draw, accept, endorse, negotiate, promissory notes, bills of exchange and hundies and other negotiable instruments, draft charter parties, bill of lading, warrants, etc.
28. To amalgamate with or dispose of exchange any of the business or undertakings, properties, rights of the companies in consideration of shares, debentures or other securities and to enter into any agreement or arrangement with other companies or firms or individuals far joint working in business as for sharing of profits in any other company, firm or persons if such acts are advantageous to this Company.
29. To borrow or raise money of the performance or discharge of any liabilities of the Company; to create, execute, grant or issue any mortgages, debentures, stocks, brands or other obligations of the Company either at par, premium or discount or based upon all at any of the property and rights of the Company present or future, Including its uncalled. Capital and paid up such terms as the Company shall think fit and to purchase, redeem or pay off utilities at any of such securities, obligations and liabilities.
30. To sell, dispose of, transfer, exchange, lease, mortgage are otherwise deal with all business, undertakings, properties or rights of the Company are any part thereof for any consideration which the Company may deem fit to accept.
31. To aid peculiarly at otherwise any association, body or movement having for its object the solution, settlement or surrounding of industrial or labour problems or troubles of any promotion of industry and trade.
32. To promote and assist a spirit of competition among cultivators, labourers and other employees of the Company and to maintain and encourage researches in sugarcane, sugar molasses and other commodities in which the Company may be interested' by granting stipends, bonuses, subsidies, scholarships, passage-money, rewards, prizes, to the best producers of sugar-cane and other crops and to persons actually engaged in research, or evincing zeal for such research for the purposes of carrying on advanced studies in this country of the purposes of proceeding to foreign countries with a view to carrying on research work at specializing in processes of manufacture of studying methods of agriculture or for any miler purpose lending to further the interests of the Company.
33. To make pecuniary grants by way of donations, subscriptions, allowances, gratuity, guarantee or otherwise for the benefit of persons who are or have been employed by the Company and widows, orphans and dependents of any such persons.
34. To subscribe, contribute or guarantee money for any national, charitable, benevolent political, public, general are useful object of funds or for any exhibition.



35. To undertake and execute any trusts of undertakings whereof may seem desirable either gratuitous or otherwise.
36. To establish and support or aid to the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the Company or its predecessors in business or the dependents or relation of such persons and to grant pensions and allowances and to make payments towards insurances.
37. To take up the management of any company situated in union of India.
38. To procure the Company to be registered, legalised. Domiciled or recognised any country or place and to procure its interpretation in its like character or as a society anonyme or otherwise in any country or pace and to carry on its business of any portion of its business or objects in any country or place.
39. To pay all or any cost, charges and expenses whatsoever, preliminary, incidental or relating to the promotion, formation, registration or establishment of this or any other company or to the raising subscription, issue, settlement or quotation in any stock exchange of any portion of the original or future share, loan or other capital of this or any other company and to remunerate by commission, discount or otherwise any person or company for services rendered in placing or assisting to place any of such capital, debenture, stock or securities or obtaining or assisting to obtain a settlement or quotation of the same in any stock exchange or any services preliminary, incidental or relating to or in connection with the promotion, formation; registration or establishment of this or any other company and to charge any payment of remuneration aforesaid to capital or revenue account.
40. To lay out, advance, invest and deal with the Company's money with or to such persons or companies and in or upon such investment of securities in such manner as may be deemed fit by the board of Directors of the Company.
41. To distribute any property of the company in of any kind among the members.
42. To commence and carry on business in any part of the world, as agents, selling agents. buying agents, indenting agents, commission agents, distributors, dealers, stockist, general merchants, traders, importers, exporters, and generally to function as international trading house and marketing agents of any goods, products, commodities, services and things of any kind or description.
43. To do- all such other things as may. be necessary, incidental, conducive or convenient to the attainment of the above object or any of them.
44. It is hereby further declared that in the foregoing clauses the word company except when this Company is referred to shall be deemed to include any partnership or any other body of persons whether incorporated or not.
45. It is hereby further declared that in the none of the sub clauses of clause nor the objects therein nor the powers hereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in other sub clauses of this clause that the company shall have the full powers to exercise all or any other powers conferred by any part of this clause in any part of the world, notwithstanding that the business, undertaking property or acts proposed to be transacted, acquired, dealt with or perform, do not fall between the objects of the first sub clause of this clause.

#### **Amendments to the Memorandum of Association**

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

<b>Date of Shareholders' Resolution</b>	<b>Particulars</b>
September 28, 2017	Increase in authorized share capital from Rs. 32,00,00,000 divided into 2,40,00,000 Equity Shares of Rs. 10/- each and 8,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each to Rs. 75,00,00,000 divided into 6,70,00,000 Equity Shares of Rs. 10/- each and 8,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each.

**Our Holding Company**

We do not have a holding company as on the date of this Draft Letter of Offer.

**Our Subsidiaries**

As of the date of this Draft Letter of Offer, our Company has no subsidiaries, associates and joint ventures.

**Accumulated Profit/ (Loss)**

Except for the accumulated profits/(loss) that are considered in the Restated Standalone Summary Statements, there are no accumulated profits or losses that are not accounted for by our Company in the Restated Standalone Summary Statements.

**Shareholders' agreements and other agreements**

Our Company has not been a party to any shareholders' agreement or any other agreement, other than the agreements entered into by it in ordinary course of its business.

**Agreements with key managerial personnel or a Director or Promoter or any other employee of the Company**

There are no agreements entered into by key managerial personnel or a Director or Promoter or any other employee of the Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

**Agreements with strategic partners, joint venture partners and/or financial partners and other agreements**

As on the date of filing this Draft Letter of Offer, there are no existing material agreements with strategic partners, joint venture and/or financial partners or other material agreements entered into by our Company which are not in its ordinary course of business.

## OUR MANAGEMENT

### Board of Directors

As on the date of this Draft Letter of Offer, the Board comprises of Five (5) directors, including One (1) Managing Director, Two (2) Independent Directors and Two (2) Non-Executive Non-Independent Directors.

The following table sets forth details regarding our Board of Directors:

Sr. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships/ partnerships/ trusteeships/ proprietorship
1.	<p>Mr. Vaithyalingam Anbalagan</p> <p><b>Designation:</b> Managing Director</p> <p><b>Date of Birth:</b> June 15, 1949</p> <p><b>Date of Appointment:</b> October 10, 2015</p> <p><b>Address:</b> 2C, Temple Tree Apartments, No. 20, Pycrafts Garden Road, Nungambakkam, Chennai 600 006, Tamil Nadu</p> <p><b>Occupation:</b> Business</p> <p><b>Nationality:</b> Indian</p> <p><b>Date of expiration of the current term of office:</b> 3 years beginning from October 10, 2018</p> <p><b>DIN:</b> 00059007</p>	69	<p><b>Other Directorships</b></p> <p>NIL</p> <p><b>Partnerships</b></p> <p>NIL</p> <p><b>Trusteeships</b></p> <p>NIL</p> <p><b>Proprietorship</b></p> <p>NIL</p>
2.	<p>Mr. Murlidharan Ramasamy</p> <p><b>Designation:</b> Chairperson, Non-Executive Non-Independent Director</p> <p><b>Date of Birth:</b> June 19, 1976</p> <p><b>Date of Appointment:</b> March 02, 2015</p> <p><b>Address:</b> 16/19, Andavar Nagar, 5<sup>th</sup> Street, Kodambakkam, Vadapalani, Chennai 600 026, Tamil Nadu</p> <p><b>Occupation:</b> Salaried Employee</p> <p><b>Nationality:</b> Indian</p> <p><b>Date of expiration of the current term of office:</b> Liable to retire by rotation and eligible for re-appointment at the annual general meeting</p> <p><b>DIN:</b> 07092976</p>	42	<p><b>Other Directorships</b></p> <p>NIL</p> <p><b>Partnerships</b></p> <p>NIL</p> <p><b>Trusteeships</b></p> <p>NIL</p> <p><b>Proprietorship</b></p>

Sr. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships/ partnerships/ trusteeships/ proprietorship
			NIL  <b>Trusteeships</b>  NIL
3.	Mr. Kumaravelayathanadar Rajakumar  <b>Designation:</b> Non-Executive Non-Independent Director  <b>Date of Birth:</b> May 15, 1962  <b>Date of Appointment:</b> March 02, 2015  <b>Address:</b> No. 29A, 3 <sup>rd</sup> Street, Thangam Colony, Annanagar West, Chennai 600 040 Tamil Nadu  <b>Occupation:</b> Salaried Employee  <b>Nationality:</b> Indian  <b>Date of expiration of the current term of office:</b> Liable to retire by rotation and eligible for re-appointment at the annual general meeting  <b>DIN:</b> 05187894	56	<b>Other Directorships</b>  1. Sivels Holdings Private Limited  <b>Partnerships</b>  NIL  <b>Trusteeships</b>  NIL  <b>Proprietorship</b>  NIL
4.	Mr. Suyambu Narayanan  <b>Designation:</b> Non-Executive Independent Director  <b>Date of Birth:</b> June 15, 1956  <b>Date of Appointment:</b> February 10, 2017  <b>Address:</b> 9A, Vallalar Street, Near Rettai Pillaiyar Koil, Velacheri, Chennai 600 042, Tamil Nadu  <b>Occupation:</b> Business  <b>Nationality:</b> Indian  <b>Date of expiration of the current term of office:</b> 5 years beginning from February 10, 2017.  <b>DIN:</b> 07718798	62	<b>Other Directorships</b>  NIL  <b>Partnerships</b>  NIL  <b>Trusteeships</b>  NIL  <b>Proprietorship</b>

Sr. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships/ partnerships/ trusteeships/ proprietorship
			NIL
5.	<p>Ms. Freeda Gnanaselvam Kanagiah</p> <p><b>Designation:</b> Non-Executive Independent Director</p> <p><b>Date of Birth:</b> April 08, 1959</p> <p><b>Date of Appointment:</b> November 27, 2015</p> <p><b>Address:</b> Plot No. 5, Salaimuthu Nagar, 1<sup>st</sup> Cross Street, Ellis Nagar, Madurai South, Arasaradi, Madurai 625 016, Tamil Nadu</p> <p><b>Occupation:</b> Self employed</p> <p><b>Nationality:</b> Indian</p> <p><b>Date of expiration of the current term of office:</b> 5 years beginning from November 27, 2015</p> <p><b>DIN:</b> 07350172</p>	59	<p><b>Other Directorships</b></p> <p>NIL</p> <p><b>Partnerships</b></p> <p>NIL</p> <p><b>Trusteeships</b></p> <p>NIL</p> <p><b>Proprietorship</b></p> <p>NIL</p>

### Confirmations

None of the Directors is or were a director of any listed company during the last five years preceding the date of filing of this Draft Letter of Offer, whose shares have been or were suspended from being traded on any recognised stock exchange in India, during the term of their directorship in such company.

None of the Directors is or was a director of any listed company preceding the date of filing of this Draft Letter of Offer, which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

### **Relationship between our Directors**

None of our Directors are related to each other, as defined under section 2(67) in the Companies Act, 2013.

### **Arrangement or understanding with major shareholders, customers, suppliers or others**

There is no arrangement or understanding with the major shareholders, clients, suppliers or others, pursuant to which any of our Directors were appointed on our Board.

### **Brief Biographies of Directors:**

**Mr. Vaithyalingam Anbalagan** is the Managing Director of our Company. He holds a bachelor's degree in Science from Madurai University and a master's degree in Management Sciences from University of Madras. He is a veteran with more than 40 years of experience in running and administration of large businesses including India Cabs Pvt Ltd, Gay Travels Pvt Ltd and Sun Paper Mills Ltd. He was associated with Gay Travels Private Limited as a CEO and as a Director in Sun Paper Mills Limited. He also served the Tamil Nadu Government as a Gazetted Officer and held honorary positions as Secretary of Travel Agents Association of India, Southern Region for 6 years and as Treasurer of SKAL Club of India affiliated to International SKAL, a club for Travel Professionals & Hoteliers for 4 years. Due to his rich experience in the field of Travel and Hotels, he can steer the Aruna Hotels business to new heights.

**Mr. Murlidharan Ramasamy** is the Chairperson and Non-Executive Non-Independent Director of our Company. He is an MBA from University of Madras. He has rich experience particularly in finance and accounts for over a decade. Presently he is associated with Malar Publications Private Limited in capacity of CFO.

**Mr. Kumaravelayathanadar Rajakumar** is a Non-Executive Non-Independent Director of our Company. He is a B. Sc graduate from Kamaraj University, Madurai and is a technocrat with valuable experience in construction and property development. He has been actively involved in Promoting projects, which includes IT parks, educational institutions and indoor stadiums and sports excellences. He has also promoted various commercial and residential projects in capacity of head and Chief Executive Officer of Subasri Realty Pvt Ltd and is instrumental in constantly upgrading the construction techniques to meet the ever-changing needs of the construction industry.

**Mr. Suyambu Narayanan** is a Non-Executive Independent Director of our Company. He holds a bachelor's degree in Arts from Kamaraj University, Madurai and is a veteran with more than 35 years of experience in Media and Publications. He has been actively involved in promoting projects and expansion of the newspaper division in both Daily Thanthi and Malai Malar group of Publications and based on his experience and the services rendered in various fields, board of directors made him a Director in the Company with effect from 10<sup>th</sup> February, 2017.

**Ms. Freeda Gnanaselvam Kanagiah** is a Non-Executive Independent Director of our Company. She has worked for educational institutions in the past.

### **Service contracts with Directors**

Our Company has not entered into any service contracts with any Directors, which provide for benefits upon termination of employment.

### **Borrowing Powers of Board**

In accordance with the provisions of the Companies Act, 2013, the Board may, from time to time at its discretion, by a resolution passed its meeting, accept deposits from members either in advance of call or otherwise, and generally raise or borrow money or secure the payment of any sum or sums of money for the purposes of our Company provided however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of our Company and its free reserves (that is to say, reserves not set apart for any specific purpose), the Board shall not borrow such money without the consent of the Shareholders in a

general meeting. Pursuant to the special resolution dated December 30, 2015 our Shareholders have authorized our Board of Directors to borrow up to a limit of the then paid up share capital and free reserves.

### Compensation of Executive Directors of our Company

The remuneration paid to our Executive Directors in Financial Year 2017-18 are as follows:

#### 1. Remuneration to Executive Directors

Sr. No.	Name of the Director	Amount paid (in Rupees)
1.	Mr. Vaithyalingam Anbalagan	NIL

#### 2. Remuneration to Non-Executive Directors

Our Company has paid the following amounts as sitting fees to our Non-Executive Directors in Financial Year 2018:

Sr. No.	Name of Director	Amount paid (in Rupees)
1.	Mr. Suyambu Narayanan	NIL
2.	Mr. Murlidharan Ramasamy	NIL
3.	Mr. Kumaravelayathanadar Rajakumar	NIL
4.	Ms. Freeda Gnanaselvam Kanagiah	NIL

### Shareholding of Directors in our Company

None of our Directors hold any Equity Shares as of the date of this Draft Letter of Offer.

### Interest of Directors

Except as stated in '*Related Party Transactions*' on page 116 of this Draft Letter of Offer, and to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Except as disclosed in the chapter titled '*Our Promoters and Promoter Group*' on page 108 of this Draft Letter of Offer, our Promoters have no interest in any property acquired by our Company two years prior to the date of this Draft Letter of Offer.

The Directors may also be regarded as interested in the Equity Shares or employee stock options held by them, if any, held by them or that may be subscribed by or allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and Promoters, pursuant to this Offer. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them.

Except as stated in the chapter titled '*Our Promoters and Promoter Group*' on page 108 of this Draft Letter of Offer, none of our Directors have any interest in the promotion of our Company, other than in the ordinary course of business.

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors, except the normal remuneration for services rendered as Directors.

No loans have been availed by our Directors from our Company.

None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Company.

None of our Directors is party to any bonus or profit-sharing plan of our Company.

Further, except statutory benefits upon termination of their employment in our Company on retirement, no officer of our Company, including our Directors and the Key Managerial Personnel has entered into a service contract with our Company, pursuant to which they are entitled to any benefits upon termination of employment.

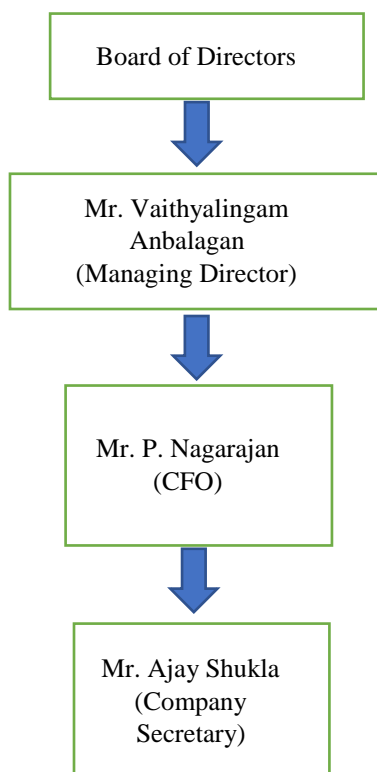
None of our Directors is a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018

#### **Changes in our Board in the last three years**

<b>Name</b>	<b>Date of Appointment/ Change/ Cessation</b>	<b>Reason</b>
Mr. Baldwin Manohar Rabu	September 22, 2015	Resignation
Mr. Muralidharan Ramasamy	March 02, 2015	Appointment as Additional Director
Mr. Rajakumar Kumaravelayatha Nadar	October 1, 2015	Appointment as Additional Director
Mr. Sundaresan Vairakan	October 10, 2015	Appointment as Additional Director
Mr. Vaithyalingam Anbalagan	October 10, 2015	Appointment as Additional Director
Ms. Freeda Gnanaselvam Kanagiah	November 27, 2015	Appointment as Additional Director
Mr. Sundaresan Vairakan	December 30, 2015	Regularization as Independent Director
Mr. Vaithyalingam Anbalagan	December 30, 2015	Regularization as Managing Director
Ms. Freeda Gnanaselvam Kanagiah	December 30, 2015	Regularization as Independent Director
Mr. Muralidharan Ramasamy	December 30, 2015	Regularization as Director
Mr. Rajakumar Kumaravelayatha Nadar	December 30, 2015	Regularization as Director
Mr. Suyambu Narayanan	February 10, 2017	Appointment as Additional Director
Mr. Sundaresan Vairakan	February 10, 2017	Resignation
Mr. Suyambu Narayanan	September 28, 2017	Regularization as Independent Director
Mr. Vaithyalingam Anbalagan	October 10, 2018	Re-Appointment as Managing Director



## Management Organizational Chart



## Corporate Governance

We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance, including constitution of our Board and committees thereof and formulation of policies. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of our Board committees, as required under law.

The constitution of our Board is in compliance with the Companies Act and the SEBI Listing Regulations with the Stock Exchanges and in accordance with best practices in corporate governance. The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. The executive management provides our Board of Directors detailed reports on its performance periodically.

Currently, our Board has five Directors. In compliance with the requirements of Regulation 17 of the SEBI Listing Regulations, we have one Managing Director, two Non-Independent Non-Executive Directors and two Independent Directors. Our Board comprises of two Independent Directors, one of whom is a woman director.

### Committees of our Board

The details of committees of the Board are set out below:

#### 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 Audit Committee presently consists of the following Directors of the Board:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Suyambu Narayanan	Chairman	Non-Executive Independent Director
Ms. Freeda Gnanaselvam Kanagiah	Member	Non-Executive Independent Director
Mr. Muralidharan Ramasamy	Member	Non-Executive Non-Independent Director

The scope 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 statement is correct, sufficient and credible;
- (2) 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;
  - (g) modified opinion(s) in the draft audit report;
- (3) reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (4) 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (5) recommendation for appointment, remuneration and terms of appointment of auditors of the Company, including their replacement or removal;
- (6) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (7) reviewing and monitoring with the management, independence and performance, of statutory and internal auditors, adequacy of the internal control systems, and effectiveness of audit process;
- (8) evaluation of internal financial controls and risk management systems;
- (9) reviewing the adequacy of internal audit function, 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;
- (10) discussion with internal auditors of any significant findings and follow up there on;
- (11) 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;
- (12) 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;
- (13) approval or any subsequent modification of transactions of the Company with related parties;
- (14) reviewing of related party transactions entered into by the Company pursuant to omnibus approval(s), on quarterly basis
- (15) scrutiny of inter-corporate loans and investments;
- (16) valuation of undertakings or assets of the Company, wherever it is necessary;

- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) Reviewing the financial statements, in particular the investments, if any made by the unlisted subsidiary company(ies)
- (19) to review the functioning of the whistle blower mechanism/vigil mechanism;
- (20) approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (21) reviewing mandatorily the following information:
  - (a) The Management Discussion and Analysis of financial condition and results of operations;
  - (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - (c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - (d) Internal audit reports relating to internal control weaknesses;
  - (e) appointment, removal and terms of remuneration of the Chief internal auditor / internal auditor(s); and
  - (f) Statement of deviation:
    - i) 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; and
    - ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.
- (22) Carrying 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.
- (23) Review its Terms of Reference on an annual basis and recommend any changes to the Board;
- (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.

#### **Nomination and Remuneration Committee**

Our Company constituted the Nomination and Remuneration & Compensation Committee in terms of Section 178 at the Board meeting held on November 27, 2015. The Nomination and Remuneration & Compensation Committee presently consists of the following Directors of the Board:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Ms. Freeda Gnanaselvam Kanagiah	Chairperson	Non-Executive Independent Director
Mr. Suyambu Narayanan	Member	Non-Executive Independent Director
Mr. Rajakumar Kumaravelayathanadar	Member	Non-Executive Non-Independent Director

The terms of reference of the committee are set out below:

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.

**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 Stakeholders Relationship Committee presently consists of the following Directors of the Board:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Rajakumar Kumaravelayathanadar	Chairman	Non-Executive Non-Independent Director
Ms. Freeda Gnanaselvam Kanagiah	Member	Non-Executive Independent Director
Mr. Suyambu Narayanan	Member	Non-Executive Independent Director

The scope of the committee is to approve transfers, transmission issue of duplicate shares and review and redress and resolve the grievances of security holders of our Company.

The terms of reference of the committee are set out below:

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.

### **Key Management Personnel**

The details of the Key Managerial Personnel (other than the Chairman & Managing Director and the Whole Time Director) of our Company are as follows:

<b>Sr. No.</b>	<b>Name of KMP</b>	<b>Designation</b>
1.	Mr. P Nagarajan	Chief Financial Officer
2.	Mr. Ajay Shukla	Company Secretary & Compliance Officer

**Mr. P. Nagarajan** is the Chief Financial Officer of our Company. He is a B. Com graduate from Bharathidasan University and has more than 11 years' experience.

**Mr. Ajay Shukla** is the Company Secretary & Compliance Officer of our Company. He has 4 years' experience in corporate secretarial services and legal and in addition to that he has experience in secretarial compliance audit.

None of the Key Managerial Personnel are related to each other.

### **Arrangement or understanding with major shareholders, customers, suppliers or others**

There is no arrangement or understanding with the major shareholders, clients, suppliers or others, pursuant to which any of our KMPs were appointed.

### **Compensation of Key Managerial Personnel of our Company**

The remuneration paid to our KMPs in the Financial Year 2017-18 are as follows:

<b>Sr. No.</b>	<b>Name of the KMP</b>	<b>Amount paid (Rs. in lakhs)</b>
1.	Mr. P. Nagarajan	3.31
2.	Mr. Ajay Shukla	3.83
	<b>Total</b>	<b>7.14</b>

### **Status of Key Managerial Personnel in our Company**

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

### **Shareholding of Key Managerial Personnel**

None of our Key Managerial Personnel hold any Equity Shares as of the date of this Draft Letter of Offer.

### Changes in the Key Managerial Personnel

The changes in the Key Managerial Personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
Mr. Balaji Gandla	Company Secretary and Compliance Officer	February 01, 2016	Resignation of Shri Srikanth Reddy
Mr. Ajay Shukla	Company Secretary and Compliance Officer	June 20, 2017	Resignation of Mr. Balaji Gandla w.e.f. June 19, 2017

### Bonus or profit-sharing plan of the Key Managerial Personnel

None of the Key Managerial Personnel is party to any bonus or profit-sharing plan of our Company, other than the performance linked incentives given to each Key Managerial Personnel.

### Interests of Key Managerial Personnel

None of the Key Managerial Personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to, as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any.

### Payment or Benefit to officers of our Company

Except as stated otherwise in this Draft Letter of Offer and any statutory payments made by our Company, no non-salary amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees including the Key Managerial Personnel and our Directors within the two preceding years.


### Employee stock option plan

Save and except as stated in the chapter "*Capital Structure*" beginning on page 44 of the Draft Letter of Offer, we do not have ESOP / ESPS scheme for employees.

## OUR PROMOTER AND PROMOTER GROUP

### OUR PROMOTER

Mr. S. Balasubramanian Adityan is the Promoter of our Company. As on the date of this Draft 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. For details of the build-up of our Promoter's shareholding, please see section titled '*Capital Structure*' on page 44 of this Draft Letter of Offer.

	<b>Age</b>	53 years
	<b>Date of Birth</b>	March 8, 1965
	<b>Personal Address</b>	No. 4, Bishop Garden, Greenways Road, Chennai 600028, Tamil Nadu, India
	<b>Driving License</b>	TN01 19930000284
	<b>Aadhar Card Number</b>	3949 6831 9925
	<b>Permanent Account Number</b>	AAFPA6360C

Mr. S. Balasubramanian Adityan holds a bachelor's degree in commerce from Madras University and is a Post Graduate in MS-Printing Technology from Rochester University, USA. He has rich experience in industrial and education sectors. He holds aloft the legacy of being the masthead of Tamil journalism and media. He holds directorships in the following companies as on date of this Draft Letter of Offer:

S. No.	Name of the Company	Designation	Date of Appointment
1.	Gay Travels Private Limited	Director	30/09/2013
2.	Rukmani Publications Private Limited	Director	17/08/2009
3.	Sivanthi Farms Private Limited	Director	30/09/2013
4.	India Cabs Private Limited	Director	29/03/1999
5.	The Indian Newspaper Society	Director	19/04/2013
6.	Educational Trustee Co Private Limited	Director	25/09/2013
7.	The India Cements Limited	Director	29/08/2016
8.	Metronation Chennai Television Private Limited	Managing Director	28/09/2012
9.	Rani Syndicate Private Limited	Director	13/08/2013
10.	Daily Thanthi Private Limited	Director	12/05/2015
11.	Subasri Realty Private Limited	Director	07/10/2004

Our Promoter is also involved in other ventures and business activities in different capacities as listed below:

S. No.	Name of entity	Nature of interest/position
1.	Malar Publications Private Limited	Promoter and Advisor
2.	Aditanar Group of Educational Institutions	Director
3.	Tamil Nadu Archery Association	President
4.	Tamil Nadu Volleyball Association	President
5.	Tamil Nadu Physical Education and Sports University	Syndicate Member

*We confirm that PAN, Bank Account Number and Passport No. of Mr. S. Balasubramanian Adityan have been submitted to the Stock Exchange at the time of filing of this Draft Letter of Offer.*

Our Company was originally promoted by Dr. P. Maruthai Pillai, a first-generation industrialist. Late Mr. B. S Adityan, who is the father of our Promoter has been associated with our Company as a Promoter/ Promoter Group member since 1960. Pursuant to the CLB order dated March 2, 2015, Mr. M Sivaram along with certain members of his family have transferred majority of their equity stake to other members of the Promoter Group. Subsequent to demise of Mr. B. S Adityan, the control of our Company has passed on to his son, Mr. S. Balasubramanian Adityan.

Our Promoter does not have relevant experience in the line of business of the Company. In order to manage the activities and business carried on by the Company, the Company may enter into arrangements with entities having relevant expertise in the business.

#### **Interest of Promoters in the Company other than as Promoters**

The Promoter is an interested party to the extent of his shareholding in our Company and in any dividend and distributions which may be made by our Company in future and to the extent of the related party transactions disclosed in the section titled '*Related Party Transactions*' on page 118 and '*Financial Information*' on page 118 of this Draft Letter of Offer.

#### **Interest of Promoters, Directors or Group Companies:**

Our Promoter is interested in our Company to the extent of his shareholding and the dividend payable, if any and other distributions in respect of the Equity Shares held by them.

Our Promoter, Directors and Group Companies have no interest in any property acquired by our Company in the preceding three years or proposed to be acquired by it, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

No sum has been paid or agreed to be paid to our Promoter or any of our Directors or to a firm or company in which our Promoter or Directors are interested as a member, in cash or shares or otherwise, by any person for services rendered by such person or by such firm or company in connection with the promotion or formation of our Company.

#### **Payment of benefits to our Promoter or Promoter Group**

Except as disclosed in the section titled '*Related Party Transactions*' on page 118 of this Draft Letter of Offer, there has been no payment or benefits to our Promoter and Promoter Group during the two years preceding the filing of this Draft Letter of Offer, nor is there any intention to pay or give any benefit to our Promoter and Promoter Group.

Our Promoter may be deemed to be interested in our Company to the extent of the personal guarantees given by him for the loans availed by our Company. For further details, please see the chapter titled "*Financial Indebtedness*" beginning on page 196 of this Draft Letter of Offer.

#### **Companies / Firms with which our Promoters have disassociated in the last three years**

Our Promoter has not disassociated himself from any company or firm during the three years preceding this Draft Letter of Offer.

#### **Other Confirmations**

Our Promoter is not a Wilful Defaulter and there are no violations of securities laws committed by our Promoter in past or pending against them.



Our Promoter is not a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

Neither our Promoter nor any of our Promoter Group entities or Group Companies have been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoter is not and have never been promoter, director 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.

## **OUR PROMOTER GROUP**

The persons and entities constituting part of our Promoter Group are as follows:

Individuals forming a part of promoter group by virtue of being immediate relatives of our Promoter:

<b>Sr. No.</b>	<b>Name of Relative</b>	<b>Relationship</b>
1.	Mrs. Anita Kumaran	Sister
2.	B. Sivanthi Adityan, B. Adhavan Adityan	Sons

Individuals holding shares in the Company:

1. Augustin D
2. R Chandramohan
3. Geetha Periasamy
4. Anita Kumaran
5. Kaavya Sharath Jagannathan
6. Chandrakant
7. V Chithan
8. Jayanthi Natarajan
9. Sivaram M
10. Maruthai Pillai P
11. Rukmani Sivaram
12. Karthik P. Sivaram
13. Arun Pillai M
14. Vijayalakshmi Chandramohan
15. Jayanthi S
16. Senthilnathan M
17. Sivabagyam M
18. Chandramohan P
19. Ravichandran C L
20. Ganesan M
21. Kamal Kumar Babbar

Corporate Entities holding shares in the Company:

1. Subasri Realty Private Limited
2. Gay Travels Private Limited
3. Sovereign Media Marketing Private Limited
4. Rani Printers Private Limited
5. Sri Devi Agencies Private Limited
6. Yessir Holdings & Investments Private Limited

Other entities forming part of Promoter Group by virtue of shareholding/control of our Promoter in such entities:

1. Rani Syndicate Private Limited
2. Sivels Holding Private Limited
3. Malar Farms Private Limited
4. India Cabs Private Limited
5. Sivanthi Farms Private Limited
6. Malar Publications Private Limited

## OUR GROUP COMPANIES

In accordance with the SEBI ICDR Regulations, for the purpose of identification of Group Companies, our Company has considered companies with which there were related party transactions, during the period for which financial information is disclosed in this Draft Letter of Offer, as covered under the applicable accounting standards, and also other companies as considered material by the Board as per the materiality policy adopted by the Board pursuant to its resolution dated December 24, 2018 (the “**Group Companies Materiality Policy**”).

In terms of the Group Companies Materiality Policy apart from the companies with which there have been related party transactions during the period for which financial information has been disclosed under this Draft Letter of Offer, a company is considered to be a material Group Company as under:

- (i) entity in which the investment in the form of equity or voting power or loan by our Company exceeds 10% of the net worth of our Company for the last audited financial year; and
- (ii) where the Company has entered into one or more transactions with such entity in the last audited financial year, cumulatively exceeding 10% of the total revenues of our Company for the last audited financial year.

As per the restated financial statements of the periods ending September 30, 2018 and preceding three financial years, the following are the Group Companies of our Company:

1. Gay Travels Private Limited
2. Subasri Realty Private Limited
3. Rani Printers Private Limited
4. Malar Publications Private Limited

### 1. Gay Travels Private Limited

#### *Corporate Information*

Gay Travels Private Limited was incorporated on July 16, 1970 under the Companies Act, 1956 as a private company limited by shares.

#### *Nature of business*

Gay Travels Private Limited is in the business of travel and tourism.

#### *Audited Financial Information*

(Rs. in lakhs)

Particulars	For the Fiscal		
	2018	2017	2016
Equity capital	399.94	399.94	399.94
Reserves and Surplus (excluding revaluation reserves)	6,047.63	5,543.48	4,503.15
Revenue from operations and other income	2,457.70	2,170.74	2,156.10
Profit / (loss) after tax	495.03	941.26	621.46
Basic & Diluted EPS (in ₹)	123.78	235.35	155.37
Net asset value per share (in ₹)	1,612.15	1,486.09	1,225.96

There are no significant notes by the auditors in relation to the above-mentioned financial statements for the specified last three fiscals.

## 2. Subasri Realty Private Limited

### Corporate Information

Subasri Realty Private Limited was incorporated on October 07, 2004 under the Companies Act, 1956 as a private company limited by shares.

### Nature of business

Subasri Realty Private Limited carries on the business of architects, designers, builders and contractors for infrastructure projects including roads, bridges, flyovers, sea ports, airport, air fields, power generation, water supply, sanitation and public health engineering projects, hospitals, hotels, theaters, etc.

### Audited Financial Information

(Rs. in lakhs)

Particulars	For the Fiscal		
	2018	2017	2016
Equity capital	1,432.00	1,432.00	1,432.00
Reserves and Surplus (excluding revaluation reserves)	(469.20)	(300.41)	(544.55)
Revenue from operations and other income	2,465.65	2,302.23	1,856.50
Profit / (loss) after tax	(165.81)	(110.59)	(875.02)
Basic & Diluted EPS (in ₹)	(11.58)	(7.72)	(61.10)
Net asset value per share (in ₹)	67.23	79.02	96.20

There are no significant notes by the auditors in relation to the above-mentioned financial statements for the specified last three fiscals.

## 3. Rani Printers Private Limited

### Corporate Information

Rani Printers Private Limited was incorporated on September 17, 1970 under the Companies Act, 1956 as a private company limited by shares.

### Nature of business

Rani Printers Private Limited is engaged in the business of printing and services related to printing.

### Audited Financial Information

(Rs. in lakhs)

Particulars	For the Fiscal		
	2018	2017	2016
Equity capital	430.60	430.60	430.60
Reserves and Surplus (excluding revaluation reserves)	751.49	698.40	640.26
Revenue from operations and other income	84.25	138.46	133.03
Profit / (loss) after tax	53.04	58.99	69.66
Basic & Diluted EPS (in ₹)	12.32	13.70	16.18
Net asset value per share (in ₹)	274.52	262.19	248.69

There are no significant notes by the auditors in relation to the above-mentioned financial statements for the specified last three fiscals.

#### **4. Malar Publications Private Limited**

##### **Corporate Information**

Malar Publications Private Limited was incorporated on September 22, 1979 under the Companies Act, 1956 as a private company limited by shares.

##### **Nature of business**

Malar Publications Private Limited is engaged in the business of newspaper, printing, cable, marketing, etc.

##### **Audited Financial Information**

(Rs. in lakhs)

Particulars	For the Fiscal		
	2018	2017	2016
Equity capital	1,822.67	1,822.67	1,706.00
Reserves and Surplus (excluding revaluation reserves)	3,281.82	3,240.21	2,413.98
Revenue from operations and other income	11,683.35	12,211.81	12,796.34
Profit / (loss) after tax	41.61	241.55	309.07
Basic & Diluted EPS (in ₹)	0.23	1.33	1.81
Net asset value per share (in ₹)	28.01	27.78	24.15

There are no significant notes by the auditors in relation to the above-mentioned financial statements for the specified last three fiscals.

##### **Outstanding Litigation**

There are no pending litigation involving the group companies which may have a material impact on our Company. For details of litigation involving the Company, kindly refer to chapter ‘*Outstanding Litigation and Other Material Developments*’ on page 199.

##### **Significant Adverse Factors relating to Group Companies:**

As on the date of this Draft Letter of Offer, there are no significant adverse factors relating to our group companies.

##### **Companies declared Sick or Defunct**

None of the abovementioned Group Companies have become sick within the meaning of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985 or have become defunct under the Companies Act or declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016 during the five years preceding the date of filing of Draft Letter of Offer. Further there are no winding up, insolvency or bankruptcy proceedings initiated against any of the abovementioned Group Companies, as on the date of filing of Draft Letter of Offer.

##### **Common Pursuits of Group Companies**

1. None of our Group Companies have common pursuits amongst the group companies/ subsidiaries/ associate companies and our Company.
2. For details of related party transactions carried out with our Group Companies please see “*Annexure VII-Related Party Transaction*” on page 118, under the chapter titled “*Restated Financial Information*” beginning on page 118 of this Draft Letter of Offer.
3. None of the group companies/subsidiaries/associate companies have any business interests in the Company save and except to the extent of their shareholding in our Company.

**Other Disclosures**

None of our Group Company is listed on the stock exchange and have not made any public/rights issue in the last three years. Further, no action has been taken against any of the Group Company by any stock exchange or SEBI.

Further, none of our Group Company has been debarred from accessing the capital market for any reasons by the SEBI or any other authorities.

None of our Group Company have been identified as wilful defaulter as defined under the SEBI ICDR Regulations.

## **RELATED PARTY TRANSACTIONS**

For details on related party transactions please refer to “*Annexure VII, Note 18- Related Party Transaction*” on page 118, under the chapter titled “*Restated Financial Information*” beginning on page 118 of this Draft Letter of Offer.

## DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by our shareholders, at their discretion, subject to the provisions of the Articles of Association, the Companies Act and SEBI Listing Regulations. Our Company may also, from time to time, pay interim dividends.

Declaration of dividend, if any, will depend on a number of factors, including but not limited to annual operating plans, capital budgets, quarterly and annual results, investments including mergers and acquisitions, legislations impacting business, competition, strategic updates, financial decisions, funding arrangements, macro-economic environment, changes in accounting policies and applicable accounting standards, client related risks, statutory restriction and other factors considered by our Board of Directors.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, please see chapter titled “Financial Indebtedness” on page 196 of this Draft Letter of Offer.

Our Company has not declared any dividends in the last three Fiscals, the six months ended September 30, 2018 and the period between last audited period and the date of the filing this Draft Letter of Offer.

For further details, please refer to chapter titled “*Restated Financial Information*” beginning on page 118 of this Draft Letter of Offer.



## **SECTION VI – FINANCIAL INFORMATION**

### **RESTATED FINANCIAL INFORMATION**

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**INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION**

To,  
**The Board of Directors of Aruna Hotels Limited**  
**145, Sterling Road,**  
**Nungambakkam,**  
**Chennai,**  
**Tamil Nadu-600034**

Dear Sirs,

1. We have examined the attached Restated Financial Information of Aruna Hotels Limited (the 'Company'), comprising the Restated Statement of Assets and Liabilities for the half year period ended on 30<sup>th</sup> September 2018 and the Financial Year ended on 31<sup>st</sup> March 2018, 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016, the Restated Statements of Profit and Loss (including Other Comprehensive Income), the Restated Statement of Changes in Equity, the Restated Cash Flow Statement for half year ended on 30<sup>th</sup> September 2018 and each of the financial year ended on 31<sup>st</sup> March 2018, 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively referred to as "**Restated Financial Information**"), as approved by the Board of Directors of the Company at their meeting held on 28<sup>th</sup> January 2019, for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Rights Issue of equity shares of Rs. 10 each (the "Rights Issue") prepared in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the offer document to be filed with Securities and Exchange Board of India, the BSE Limited and the Registrar of Companies, Block No. 6,B Wing 2<sup>nd</sup> Floor Shastri Bhawan 26, Haddows Road, Chennai-600034, Tamil Nadu ('ROC') in connection with the proposed rights issue. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Annexure V(B) to the Restated Financial Information. The Board of Directors of the Company responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors of the Company are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.
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 12<sup>th</sup> November 2018 in connection with the proposed rights issue of equity shares of the Company;
  - b) The Guidance Note. The Guidance Note 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 ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulation and the Guidance Note in connection with the Rights Issue.

4. These Restated Financial Information have been compiled by the management from:
- Audited interim Ind AS financial statements of the Company as at and for the six months period ended on 30th September 2018 prepared in accordance with Indian Accounting Standards (Ind AS) 34 “Interim Financial Reporting”, specified under section 133 of the Act and other accounting principles generally accepted in India (the “Interim Ind AS Financial Statements”) which have been approved by the Board of Directors at their meeting held on 11th December 2018.
  - Audited Ind AS financial statements of the Company as at and for the year ended March 31<sup>st</sup>, 2018, prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 29<sup>th</sup> May 2018. The comparative information for the year ended 31<sup>st</sup> March 2017 included in such financial statements have been prepared by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended March 31<sup>st</sup> 2017, prepared in accordance with the accounting standards notified under section 133 of the Act (“Indian GAAP”) which was approved by the Board of directors at their meeting held on 29<sup>th</sup> May 2017.
  - The Restated Financial Information also contains the proforma Ind AS financial information as at and for the year ended March 31<sup>st</sup>, 2016. The proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31<sup>st</sup>, 2016 which have been approved by the Board of Directors at their meeting held on 30<sup>th</sup> May 2016 as described in Annexure VII (Note 20) to the Restated Financial Information.
5. The audit reports on the financial statements issued by us were modified and included following matters giving rise to modifications on the financial statements as at and for the years ended on 31<sup>st</sup> March 2018, 2017 and 2016:
- have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;
  - do not contain any extra-ordinary item that need to be disclosed separately in the Restated Financial Information and have been adjusted for qualifications, if any, in the auditor’s report in the respective financial years to which they relate;
  - adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Financial Statements of the Company as at and for the financial ended 31 March 2018 prepared under Ind AS and the requirements of the SEBI Regulations;
  - the resultant tax impact on above adjustments has been appropriately adjusted in deferred taxes in the respective periods to which they relate; and
  - the revaluation reserve has been adjusted in accordance with SEBI ICDR regulations and Guidance Note.
6. For the purpose of our examination, we have relied on Auditors’ reports issued by us dated 11th December 2018, 29th May 2018, 29th May 2017 and 30th May 2016 on the financial statements of the Company as at and for the six months period ended September 30, 2018 and March 31, 2018, 2017 and 2016 as referred in Paragraph 4 above.
7. Based on our examination and according to the information and explanations given to us, we report that the Restated Financial Information:
- 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, 2018 and 2017 to reflect the same accounting treatment as per the accounting policies

and grouping/classifications followed as at and for the six months period ended September 30, 2018;

- b) have been prepared after incorporating proforma Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2016 as described in Annexure VII (Note 20) to the Restated Financial Information;
- c) have been prepared after giving effect to the matters giving rise to modifications mentioned in paragraph 5 above; and
- d) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

7. Other matters

- a. The company stopped its operations in FY 2014-15 and then there was a change in the management during the Financial Year 14-15. Since FY 15-16 the company is under the process of renovation and sorting out the legal and statutory dues for the earlier years. Hence, the information availability was a constraint and have been assured by the management with respect to the confirmation of long term borrowings, debtors and creditors.
  - b. Company has received advances towards share capital in FY 13-14 but shares were not issued since it is under listing process and will issue shares after listing at stock exchange. The same is not in conformity with the provisions of the Companies Act, 2013. However, in FY 17-18, the company refunded Rs 4757.67 lakhs outstanding under share application pending allotment account.
  - c. Since FY 15-16, the company is in the process of updating the details of various litigations filed by the third parties; hence we cannot ascertain the liability arising from those litigations.
  - d. The company had issued preference share in earlier years and were not redeemed in the year in which it has to be redeemed, because it had no profits, nor could it make any fresh issue of shares.
  - e. In restated financial statement, the company has not provided for the dividend on the preference shares, which is a deviation from the provisions of Ind AS. But due to the change in management in FY 14-15, the new management wants to assess the details related to preference shareholder and want to make the payment as and when the liability arises. It is uncertain to create a liability as the company wants to settle the agreement with each shareholder individually.
8. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited interim Ind AS financial statements and audited financial statements mentioned in paragraph 4 above.
9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor this report be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. Our report is intended solely for use of the Board of Directors for inclusion in the offer document to be filed with Securities and Exchange Board of India, the BSE Limited and the Registrar of Companies, Block No. 6, B Wing 2<sup>nd</sup> Floor Shastri Bhawan 26, Haddows Road, Chennai-600034, Tamil Nadu ('ROC') in connection with the proposed rights issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

Place of Signature: Chennai  
Date: 28<sup>th</sup> January 2019

Natesan Visvanathan  
Partner  
Membership No.: 020202

**Aruna Hotels Limited**  
**CIN: L15421TN1960PLC004255**

**Annexure I: Restated statement of assets and liabilities**

**(Rs in Lakhs)**

Particulars	Note No. of Annexure VII	As at September 30, 2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
<b>ASSETS</b>					
<b>Non-current Assets</b>					
(a) Property, plant and equipment	1	1,905.36	1,945.41	2,626.32	2,771.75
(b) Capital work-in-progress	1	563.83	388.91	65.22	-
(c) Intangible assets		-	-	-	-
(d) Financial assets					
(i) Security Deposits	2	14.15	14.15	14.15	42.75
(e) Deferred tax assets		-	-	-	-
(f) Other non-current assets	4	-	-	0.91	0.25
		2,483.34	2,348.47	2,706.61	2,814.75
<b>Current Assets</b>					
(a) Inventories		-	-	-	-
(b) Financial assets					
(i) Trade receivables	5	-	-	-	123.70
(ii) Cash and cash equivalents	5	212.97	12.91	17.69	132.95
(iii) Other financial assets	5	-	-	-	17.01
(c) Other current assets	6	46.28	33.69	29.06	35.58
		259.25	46.60	46.74	309.24
<b>Total Assets</b>		<b>2,742.59</b>	<b>2,395.07</b>	<b>2,753.35</b>	<b>3,123.99</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Share capital	7	1,210.00	1,210.00	1,207.87	1,207.87
(b) Other equity	Annex IV	(6,414.91)	(5,964.31)	(171.41)	(916.31)
<b>Total Equity</b>		<b>(5,204.91)</b>	<b>(4,754.31)</b>	<b>1,036.46</b>	<b>291.56</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	8	6,792.67	1,443.05	913.73	1,439.71
(b) Provisions	9	-	-	-	3.65
(c) Deferred tax liabilities	3	981.96	829.09	673.07	456.17
		7,774.63	2,272.14	1,586.80	1,899.53

<b>Current liabilities</b>					
(a) Financial liabilities					
(i) Trade payables	10	7.75	15.77	37.61	75.01
(ii) Other current financial liabilities	10	-	4,752.46		
(iii) Interest accrued yet to be paid	10	91.34			
(b) Provisions	11	-	-	-	1.50
(c) Other current liabilities	12	73.80	109.01	92.49	856.40
		172.88	4,877.24	130.10	932.90
<b>Total Liabilities</b>		<b>7,947.51</b>	<b>7,149.38</b>	<b>1,716.89</b>	<b>2,832.43</b>
<b>Total Equity and Liabilities</b>		<b>2,742.59</b>	<b>2,395.07</b>	<b>2,753.35</b>	<b>3,123.99</b>

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**

**Natesan Visvanathan**

**Partner**

**Membership No.: 020202**

**Place: Chennai**

**Date: 28 January 2019**

**For and on behalf of the Board**

**Vaithyalingam  
Anbalagan  
Managing Director  
DIN: 00059007**

**Ajay Shukla  
Company Secretary**

**Muralidharan Ramasamy  
Director  
DIN: 07092976**

**Nagarajan P  
Chief Financial Officer**

**ARUNA HOTELS LIMITED**  
**CIN: L15421TN1960PLC004255**

**Annexure II: Restated statements of profit and loss**

(Rs. in Lakhs except EPS)

Particulars	Note No. of Annexure VII	Year ended			
		September 30,2018	March 31, 2018 (Audited)	March 31, 2017 (Audited)	March 31, 2016 (Proforma)
<b>INCOME</b>					
Revenue from operations	13	-	-	-	-
Other Income					
Rental Income	13	4.93	8.09	7.88	24.69
Creditors/Liability Written Back	13	-	1.56	107.71	178.30
Other Income	13	-	7.14	3.40	3.91
<b>Total Income</b>		<b>4.93</b>	<b>16.79</b>	<b>118.99</b>	<b>206.91</b>
<b>EXPENSES</b>					
Cost of food and beverages consumed		-	-	-	-
Employee benefits expense	14	11.97	21.12	15.46	30.14
Depreciation & amortisation expense	15	40.05	80.63	145.39	147.95
Other expenses	16	107.74	770.16	355.23	90.70
Finance costs	17	142.90	28.47	5.97	92.65
<b>Total expenses</b>		<b>302.67</b>	<b>900.39</b>	<b>522.06</b>	<b>361.43</b>
<b>Profit before tax</b>		<b>(297.74)</b>	<b>(883.60)</b>	<b>(403.07)</b>	<b>(154.52)</b>
Tax Expense:					
(1) Current tax		-	-	-	-
(2) Deffered tax	3	152.87	156.02	216.90	219.67
<b>Total tax</b>		<b>152.87</b>	<b>156.02</b>	<b>216.90</b>	<b>219.67</b>
<b>Profit for the year</b>		<b>(450.61)</b>	<b>(1,039.62)</b>	<b>(619.96)</b>	<b>(374.19)</b>
<b>Other Comprehensive Income</b>					
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		-	-	-	-
<b>Other Comprehensive Income for the year, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>(450.61)</b>	<b>(1,039.62)</b>	<b>(619.96)</b>	<b>(374.19)</b>
Earnings per equity share					
(1) Basic		<b>(5.01)</b>	<b>(11.55)</b>	<b>(6.89)</b>	<b>(4.16)</b>
(2) Diluted		<b>(5.01)</b>	<b>(11.55)</b>	<b>(6.89)</b>	<b>(4.16)</b>

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**

**Natesan Visvanathan**

**Partner**

**Membership No.: 020202**

**Place: Chennai**

**Date: 28 January 2019**

**Vaithyalingam  
Anbalagan  
Managing Director  
DIN: 00059007**

**Ajay Shukla  
Company Secretary**

**For and on behalf of the Board**

**Muralidharan Ramasamy  
Director  
DIN: 07092976**

**Nagarajan P  
Chief Financial Officer**



**ARUNA HOTELS LIMITED**  
**CIN: L15421TN1960PLC004255**

**Annexure III: Restated cash flow statement**

(Rs in Lakhs)

Particulars	Year ended			
	September 30, 2018	March 31, 2018 (Audited)	March 31, 2017 (Audited)	March 31, 2016 (Proforma)
Profit before taxation	(297.74)	(883.60)	(403.07)	(154.52)
<b><u>Adjustments for:</u></b>	-			
Depreciation	40.05	80.63	145.39	147.95
Interest accrued but not paid	13.25			
IT Refund interest adjusted against earlier demand	-	21.99	-	(2.81)
Loss/(Gain) on sale of assets	-	507.03	-	-
Interest received	-	(0.43)	(1.27)	(3.83)
Interest expense	51.47	28.47	5.97	92.65
<b>Operating cash flow before changes in working capital</b>	<b>(192.97)</b>	<b>(245.90)</b>	<b>(252.97)</b>	<b>79.44</b>
Adjustments for changes in:				
Non operating reserves income	-	-	-	(0.72)
Trade receivables	-	-	123.70	-
Inventories	-	-	-	-
Other current assets	(12.59)	(4.64)	6.52	27.56
Provision	-	(17.62)	15.41	(126.29)
Other current liabilities	(35.21)	16.52	(763.91)	(1,041.50)
Trade payables	(8.03)	(21.78)	(37.40)	(2.84)
<b>Cash generated from operations</b>	<b>(248.79)</b>	<b>(273.42)</b>	<b>(908.65)</b>	<b>(1,064.35)</b>
Income taxes paid	-	-	-	-
<b>Net cash from operating activities-A</b>	<b>(248.79)</b>	<b>(273.42)</b>	<b>(908.65)</b>	<b>(1,064.35)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	0	-	-	(0.29)
Proceeds from sale of assets	0	93.22	-	-
Change in Capital work in progress	(174.92)	(323.69)	(65.22)	-
Interest received	-	0.43	1.27	3.83
<b>Net cash used in investing activities-B</b>	<b>(174.92)</b>	<b>(230.04)</b>	<b>(63.96)</b>	<b>3.54</b>
<b>Cash flows from financing activities</b>				
Proceeds from share application money	-	(4,757.67)	1,370.00	186.04
Proceeds from calls in arrears	-	2.13	-	-
Proceeds/(Repayment) from long term borrowings	5,336.37	529.32	(525.98)	1,048.68
Proceeds/(Repayment) from short term borrowings	-	-	-	-
Transfer to reserves	-	-	(5.00)	-
Interest accrued yet to be paid	91.34			
(Decrease)/Increase in non-current provision	-	-	(3.65)	(21.76)
(Increase)/ Decrease in non-current assets				

	-	0.91	(0.66)	(0.25)
(Increase)/ Decrease in security deposit	-	-	28.60	-
Interest paid	(51.47)	(28.47)	(5.97)	(92.65)
<b>Net cash used in financing activities-C</b>	<b>5,376.24</b>	<b>(4,253.78)</b>	<b>857.34</b>	<b>1,120.06</b>
<b>Net increase in cash and cash equivalents - (A+B+C)</b>	<b>4,952.53</b>	<b>(4,757.24)</b>	<b>(115.26)</b>	<b>59.24</b>
Cash and cash equivalents at the beginning of year	(4,739.55)	17.69	132.95	73.71
Cash and cash equivalents at the end of year	212.97	(4,739.55)	17.69	132.95
Cash and cash equivalents consists of:				
Cash in hand and Balances with banks*	212.97	(4,739.55)	17.69	132.95
	212.97	(4,739.55)	17.69	132.95

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

The accompanying notes form an integral part of the restated financial information.

This is the restated summary statement of assets and liabilities referred to in our report of even date.

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

**Natesan Visvanathan**  
**Partner**  
**Membership No.: 020202**  
**Place: Chennai**  
**Date: 28 January 2019**

**Vaithyalingam**  
**Anbalagan**  
**Managing Director**  
**DIN: 00059007**

**Ajay Shukla**  
**Company Secretary**

**For and on behalf of the Board**

**Muralidharan Ramasamy**  
**Director**  
**DIN: 07092976**

**Nagarajan P**  
**Chief Financial Officer**

**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.)
<b>Balance as at April 1, 2015</b>	7	<b>90,00,000</b>	<b>8,97,87,000</b>	<b>60,000</b>	<b>60,00,000</b>		<b>50,000</b>	<b>50,00,000</b>	<b>2,00,000</b>	<b>2,00,00,000</b>
Changes in equity share capital during the year		-	-	-	-		-	-	-	-
<b>Balance as at March 31, 2016</b>		<b>90,00,000</b>	<b>8,97,87,000</b>	<b>60,000</b>	<b>60,00,000</b>		<b>50,000</b>	<b>50,00,000</b>	<b>2,00,000</b>	<b>2,00,00,000</b>
Changes in equity share capital during the year		-	-	-	-		-	-	-	-
<b>Balance as at March 31, 2017</b>		<b>90,00,000</b>	<b>8,97,87,000</b>	<b>60,000</b>	<b>60,00,000</b>		<b>50,000</b>	<b>50,00,000</b>	<b>2,00,000</b>	<b>2,00,00,000</b>
Changes in equity share capital during the year: Received call in arrears		-	2,13,000	-	-		-	-	-	-
<b>Balance as at March 31, 2018</b>		<b>90,00,000</b>	<b>9,00,00,000</b>	<b>60,000</b>	<b>60,00,000</b>		<b>50,000</b>	<b>50,00,000</b>	<b>2,00,000</b>	<b>2,00,00,000</b>
Changes in equity share capital during the year		-	-	-	-		-	-	-	-
<b>Balance as at September 30, 2018</b>		<b>90,00,000</b>	<b>9,00,00,000</b>	<b>60,000</b>	<b>60,00,000</b>		<b>50,000</b>	<b>50,00,000</b>	<b>2,00,000</b>	<b>2,00,00,000</b>

**b. Other Equity**
*(Rs in Lakhs)*

Particulars	Reserves and surplus					Other Comprehensive Income	Share Application pending allotment money	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Preference share Redemption Reserve	Retained Earnings	Revaluation Surplus		
<b>Balance as at April 1, 2015</b>	<b>0.72</b>	<b>4.00</b>	<b>1,652.16</b>	<b>30.25</b>	<b>(5,508.01)</b>		<b>3,201.64</b>	<b>(619.25)</b>
Proceed/(Repayment) during the year							186.04	186.04
Written off during the year	(0.72)							(0.72)
Profit/(Loss) for the year					(374.19)			(374.19)
Accumulated Depreciation					(73.03)			(73.03)
IT refund for previous year					(35.16)			(35.16)
<b>Total Comprehensive Income for the year</b>	(0.72)	-	-	-	(482.38)		186.04	(297.06)
<b>Balance as at March 31, 2016</b>	<b>-</b>	<b>4.00</b>	<b>1,652.16</b>	<b>30.25</b>	<b>(5,990.39)</b>		<b>3,387.67</b>	<b>(916.31)</b>
Proceed/(Repayment) during the year							1,370.00	1,370.00
Profit/(Loss) for the year					(619.96)			(619.96)
Accumulated Depreciation					(0.14)			(0.14)
IT refund for previous year					(5.00)			(5.00)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(625.10)</b>		<b>1,370.00</b>	<b>744.90</b>
<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>4.00</b>	<b>1,652.16</b>	<b>30.25</b>	<b>(6,615.50)</b>		<b>4,757.67</b>	<b>(171.41)</b>
Proceed/(Repayment) during the year							(4,757.67)	(4,757.67)

Profit/(Loss) for the year					(1,039.62)			(1,039.62)
IT refund for previous year					22.00			22.00
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>(1,017.62)</b>		<b>(4,757.67)</b>	<b>(5,775.29)</b>
<b>Balance as at March 31, 2018</b>	-	<b>4.00</b>	<b>1,652.16</b>	<b>30.25</b>	<b>(7,633.11)</b>		-	<b>(5,964.31)</b>
Profit/(Loss) for the year					(450.61)			(450.61)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>(450.61)</b>		-	<b>(450.61)</b>
<b>Balance as at September 30, 2018</b>	-	<b>4.00</b>	<b>1,652.16</b>	<b>30.25</b>	<b>(8,083.72)</b>		-	<b>(6,414.91)</b>

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**

**Natesan Visvanathan**  
**Partner**  
**Membership No.: 020202**  
**Place: Chennai**  
**Date: 28 January 2019**

**Vaithyalingam**  
**Anbalagan**  
**Managing Director**  
**DIN: 00059007**

**Ajay Shukla**  
**Company Secretary**

**For and on behalf of the Board**

**Muralidharan Ramasamy**  
**Director**  
**DIN: 07092976**

**Nagarajan P**  
**Chief Financial Officer**

## ***Annexure V: Summary of Significant Accounting Policies***

### **A. CORPORATE INFORMATION**

The Restated Financial Information comprise the Financial Statements of Aruna Hotels Limited (the Company) for the half year ended on 30 September 2018 and for the financial year(s) ended 31<sup>st</sup> March 2018, 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016. The Company was incorporated on 09<sup>th</sup> 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 30<sup>th</sup> September 2018, 31<sup>st</sup> March 2018, 2017 and 2016, the restated statements of profit and loss, the restated statement of changes in equity and the restated cash flow statement for the half year ended on 30<sup>th</sup> September 2018 and for the financial year ended on 31<sup>st</sup> March 2018, 2017 and 2016 (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:

- i) the audited interim Ind AS financial statements of the Company as at and for the half year ended on 30<sup>th</sup> September 2018 and the audited financial statements of the company as at and for the financial year ended 31 March 2018 and 31 March 2017, being the comparative period for the financial year ended 31 March 2018, prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their Board meeting held on 11<sup>th</sup> December, 2018 and 29<sup>th</sup> May, 2018 respectively. The audited financial statements of the Company as at and for the financial year ended 31 March 2017, prepared in accordance with Accounting Standards notified under Section 133 of the Act ("Indian GAP") which had been approved by the Board of Directors on 29<sup>th</sup> May 2017. These financial statements have been translated into figures as per Ind AS to align with the accounting policies, exemptions and disclosures as adopted by the Company on its first time adoption of Ind AS as on 1 April 2016 ('transition date') and are disclosed as the comparative figures for the financial year ended 31 March 2018;
- ii) From the audited financial statements of the Company as at and for the financial year ended 31 March 2016, prepared in accordance with Accounting Standards as prescribed under Section 133 of the Act ("Indian GAP") which had been approved by the Board of Directors at their Board meeting held on 30<sup>th</sup> May 2016 which have been translated into figures as per Ind AS to align with the accounting policies, exemptions and disclosures as adopted by the Company on its first time adoption of Ind AS as on the transition date ;and

The Restated Financial Information mentioned in the sub paragraphs ii above, as at and for the financial year ended 31 March 2016 is referred to as "*the Proforma Ind AS Restated Financial Information*" as per the Guidance Note.

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented an explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows. (Refer to Annex V (E)).

The Restated Financial Information has been prepared by the management for the purpose of inclusion in the Draft Letter of Offer document prepared by the Company in connection with its proposed Rights Issue, to be filed by the Company with the Securities and Exchange Board of India, Registrar of Companies, and the concerned Stock Exchange in accordance with the requirements of:

- a) Section 26 of Part I of Chapter III of the Companies Act, 2013 “the Act”;
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “ICDR Regulations”); and
- c) The Guidance note on reports in Company prospectuses (revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”).

This Restated Financial Information has been compiled by the Company (as explained above) and:

- have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;
- do not contain any extra-ordinary item that need to be disclosed separately in the Restated Financial Information and have been adjusted for qualifications, if any, in the auditor’s report in the respective financial years to which they relate;
- adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Financial Statements of the Company as at and for the financial ended 31 March 2018 prepared under Ind AS and the requirements of the SEBI Regulations;
- the resultant tax impact on above adjustments has been appropriately adjusted in deferred taxes in the respective periods to which they relate; and
- The revaluation reserve has been adjusted in accordance with SEBI ICDR regulations and Guidance Note

These Restated Financial Information were authorised for issue by the Company’s Board of Directors on 28<sup>th</sup> January 2019.

## **B.2 Going Concern Assumption**

The company halted its operations in FY 2014-15. Since FY 15-16 the company is under the process of renovation and is likely to commence its operations in FY 2019-20, hence soon the company will be able to generate cash flows from their operations.

## **B.3 Functional currency & presentation currency:**

The financial statements are presented in Indian Rupees (INR) which is the functional and presentation currency of the Company and all values are rounded off to the lakhs with two decimals, except where otherwise indicated.

## **B.4 Basis of Measurement:**

The restated financial statements have been prepared on a historical cost basis.

## **B.5 Use of estimates and judgements**

The preparation of Restated Financial Information require judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent liabilities on the date of the Restated Financial Information and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period prospectively in which the results are known/ materialized.

## **B.6 Current vs. Non-current classification of Assets and Liability**

The Company present assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional rights to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

## **C SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in the preparation of the Restated Financial Information are as given below. These accounting policies have been applied consistently to all the periods presented in the Restated Financial Information.

### **C.1 Cash and cash equivalent**

Cash and cash equivalents in the Balance Sheet comprise of cash at banks, cash in hand & short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

### **C.2 Income Tax**

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**

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment. For the purpose of Proforma Ind AS financial information for the financial year ended March 31, 2016 the Company has provided the depreciation based on the estimated useful life of respective years and as the change in estimated useful life is considered as change in estimate, accordingly there is no impact of this roll back.



Capital work in progress is stated at cost less impairment. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Freehold land is not depreciated.

#### Depreciation on Plant, Property and Equipment

The depreciable amount of PP&E (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

<b>Fixed Assets</b>	<b>Useful life considered September, 2018</b>	<b>Useful life considered March, 2018</b>	<b>Useful life considered March, 2017</b>	<b>Useful life considered March, 2016</b>
Plant & Machinery	15 Years	15 Years	15 Years	15 Years
Building	30 Years	30 Years	30 Years	30 Years
Office Equipment	5 Years	5 Years	5 Years	5 Years
Vehicles	8 Years	8 Years	8 Years	8 Years
Computers	6 Years	6 Years	6 Years	6 Years
Laptop	3 Years	3 Years	3 Years	3 Years

The Company, based on management estimates, depreciates certain items of building, plant and equipment over estimated useful lives which are lower than the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Further the Company has considered the change in useful life as change in estimates.

#### 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.

**During the year ended on March 31, 2018, as a part of the ongoing renovation process, the company has scrapped a majority of its old plant & machinery, furniture and office equipment for Rs 93.22 lakhs, there was a loss of Rs 507/- lakhs on sale of assets which was charged 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.

Effective April 01, 2018, the company adopted Ind AS 115 'Revenue from Contracts with customers' using the modified retrospective method. Under the modified retrospective method, an entity applies Ind AS 115 only for contracts that are not completed on or before June 30, 2018.

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

### **Identifying the performance obligations**

Under Ind AS 115, the Company must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- The customer benefits from item either on its own or together with other readily available resources, and
- It is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customizing it)

### **Determining the transaction pricing**

Under Ind AS 115, the Company shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price excludes amounts collected on the behalf of the third parties. The consideration promised include fixed amounts, variable amounts or both.

Where the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the customer of the performance completed to date, the Company recognizes revenue in the amount to which it has right to invoice.

### **Allocating the transaction price to performance obligations**

The transaction price is allocated to the separately identifiable performance obligations on the basis of their standalone selling price (in case of room rent where the customer pays a fixed rate per room for all the services provided). For services that are not provided separately, the standalone selling price is estimated using the adjusted market assessment approach.

### **Recognizing revenue when/as performance obligation(s) are satisfied**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognized either at a point in time or over time, when (or as ) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sales tax/ value added tax (VAT)/Goods & Service Tax (GST) is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

### **Rooms, Restaurant, Banquets and Other Services**

Income from guest accommodation is recognized on a day to day basis after the guest checks into the Hotels and are stated net of allowances. Incomes from other services are recognized as and when services are rendered. Sales are stated exclusive of Service Tax, Value Added Taxes (VAT), Goods & Service Tax (GST) and Luxury Tax. Difference of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue separately.

### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, sale of food and beverage are recognized at the points of serving these items to the guests. Sales are stated exclusive of Sales Tax/VAT/GST. Revenue is measured at the fair value of the consideration received or receivable.

### **Other revenues**

Other revenue majorly comprise of rental income, scrap revenue which is recognized when the right to receive the income is established as per the terms of contract.

### **Interest Income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

## **C.5 Employee Benefits**

### **Short-term employee benefits**

A liability is recognized for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

### **Defined Benefit Plans and Defined Contribution Plans**

In financial year 2013-14 and 2014-15, the company has made provisions of gratuity and ex-gratia in its books for the employees and which is contrary to the Accounting Standards on the retirement benefits which is issued by ICAI. We are unable to quantify the difference based on the information available to the company. Being not based on actuarial valuation, we are unable to confirm the correctness/adequacy of the provisions made.

The same has been written off in the subsequent years.

As informed by the management, the number of employees are less than 10, hence no adjustment has been done w.r.t. defined benefit plans and defined contribution plans as per the provisions of AS-15 in the restated financial statement for the financial year 2015-16, 2016-17 and 2017-18.

## **C.6 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### Financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

### Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall based on the management decision.

### Impairment of financial assets

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The company applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the company expects to receive).

### De-recognition of financial assets

The company de-recognises 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 effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **C.7 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units – CGU).

An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

## **C.8 Provisions, Contingent Assets and Contingent Liabilities**

### **Provisions:**

The company recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

### **Contingent Assets:**

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

### **Contingent Liabilities:**

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognized because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses contingent liabilities in note no. 19 of Annexure VII to Restated Financial Information.

## **C.9 Earning per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

## **C.10 Standards issued but not yet effective**

A number of standards have been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to Ind AS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to Ind AS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognise deferred tax asset (Amendment to Ind AS 12), permitting election of fair value or equity method of accounting for investments in associates and joint ventures by venture capital ,mutual fund and other similar organisations (Amendment to Ind AS 28) and Applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to Ind AS 112).

None of these amendments are expected to have any material effect on the company's financial statements.

## **D Significant Judgements and Key sources of Estimation in applying Accounting Policies**

Information about significant judgements and key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognized in the Restated Financial Information is included in the following notes:

- Recognition of Deferred Tax Assets: The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.
- Useful lives of depreciable/ amortizable assets (tangible and intangible): Management reviews its estimate of the useful lives of depreciable/ amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment.
- Provisions and Contingencies: The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

## **E TRANSITION TO IND AS**

### **E.1 Basis for Preparation**

For all period up to and including the year financial ended 31st March, 2016, the Company has prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements for the year ended 31st March, 2018 are the Company's first annual IND AS financial statements and have been prepared in accordance with IND AS.

The accounting policies set out in Annex V (C) have been applied in preparing the financial statements for the financial year ended 31st March 2018, the comparative information presented in these financial statements for the financial year ended 31st March, 2017 and in the preparation of an opening Ind AS balance sheet at 1st April, 2016 (the date of transition). This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

### **E.2 Exceptions and Exemptions Applied**

IND AS 101 "First-time adoption of Indian Accounting Standards" (hereinafter referred to as Ind AS 101) allows first time adopters certain mandatory exceptions and optional exemptions from the retrospective application of certain IND AS, effective for 1st April, 2016 opening balance sheet. In preparing these Standalone financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

#### **E.2.1 Optional exemptions availed**

**a. Property Plant and Equipment, Intangible Assets:** As permitted by para D5-D8B of Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets.

#### **E.2.2 Mandatory Exceptions**

**a. Estimates:** As per para 14 of Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per para 16 of the standard, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the

date of transition or at the end of the comparative period. The Company's estimates under Ind AS are consistent with the above requirement.

**b. De-recognition of financial assets and liabilities:** As per para B2 of Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, "Financial Instruments", prospectively for transactions occurring on or after the date of transition to Ind AS. However, para B3 gives an option to the entity to apply the derecognition requirements from a date of its choice if the information required to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the initially accounting for those transactions. The company has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

**c. Classification and measurement of financial assets:** Para B8 - B8C of Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively.

The presentation requirements under Previous GAAP differs from Ind AS, and hence, Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP.

**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**

<i>(Rs in lakhs)</i>					
Particulars	Note No. of Annex VII	September 30, 2018	March 31, 2018 (Audited)	March 31, 2017 (Audited)	March 31, 2016 (Proforma)
Prepared as per		Ind AS	Ind AS	Ind AS	Previous GAAP
Net Profit/(Loss) after tax as per Audited Statement of Profit& Loss (including other comprehensive income)		(447.82)	(1,390.30)	(517.13)	(6.54)
Material adjustment on account of restatement					
(i) Audit qualification:					
Inventories written off	20(a)	-	28.63	-	-
Investment written off	20(c)	-	-	1.95	-
Creditors/liabilities written off	20 (c)	-	(417.94)	(37.84)	(147.98)
Deffered Tax asset written off	20 (c)	-	-	174.27	-
(ii) Changes in accounting policies: None		-	-	-	-
(iii) Other material adjustments:					
Provisions written back	20 (c)	-	-	(24.31)	-
Write off of Old Asset Accounts (other than Fixed Assets)	20 (c)	-	816.85	-	-
Reserval of expenses pertaining to earlier years	20 (c)	(2.79)	2.79		
Capital work in progress written off	20 (c)	-	82.44	-	-
(iv) Ind AS adjustments:					
Deferred tax liability provided	20 (e)	-	(162.08)	(216.90)	(219.67)
<b>Total Adjustments</b>		<b>(2.79)</b>	<b>350.69</b>	<b>(102.84)</b>	<b>(367.65)</b>
<b>Restated total comprehensive income</b>		<b>(450.61)</b>	<b>(1,039.62)</b>	<b>(619.96)</b>	<b>(374.19)</b>



**2. Reconciliation of total equity as per audited financial statements with total equity as per restated financial information**

*(Rs in lakhs)*

Particulars	Note No. of Annex VII	September 30,2018	March 31, 2018 (Audited)	March 31, 2017 (Audited)	March 31, 2016 (Proforma)
<b>Total Equity as per audited financial statements</b>		<b>4,010.02</b>	<b>4,504.94</b>	<b>10,723.00</b>	<b>9,969.46</b>
Effect of:					
<b>(i) Audit qualifications:</b>					
Inventories written off	20(a)	-	-	(28.63)	(28.63)
Investment written off	20(c)	-	-	-	(1.95)
Assets written off	20(c)	-	-	(600.00)	(774.28)
Liabilities written off	20(c)	-	-	400.32	438.16
<b>(ii) Changes in accounting policies: None</b>		-	-	-	-
<b>(iii) Other material adjustments:</b>					
Capital work in progress written off	20(c)	-	-	(82.44)	(82.44)
Capital advances written off		-	-	(214.56)	(214.56)
Rental advances written off		-	-	(2.89)	(2.89)
Liabilities written back		-	-	-	60.14
Provisions written back		-	-	35.82	-
Reserval of expenses pertaining to earlier years	20 (c)	-	2.79	-	-
<b>(iv) Ind AS adjustments:</b>					
Deferred tax liability provided	20 (e)	(835.15)	(835.15)	(673.07)	(456.17)
Revaluation surplus		(8,379.80)	(8,426.89)	(8,521.09)	(8,615.28)
<b>Total Adjustments</b>		<b>(9,214.94)</b>	<b>(9,259.25)</b>	<b>(9,686.54)</b>	<b>(9,677.90)</b>
<b>Total Equity under Ind AS</b>		<b>(5,204.92)</b>	<b>(4,754.31)</b>	<b>1,036.46</b>	<b>291.56</b>

**3. Reconciliation of opening reserve as per audited financial statement with opening reserve as per restated financial information**

(Rs in lakhs)		
Particulars	Note No. of Annex VII	As on 01-04-2015 (Proforma)
<b>Opening Reserve as per audited financial statement</b>		<b>75.72</b>
Effect of:		
<b>(i) Audit qualifications:</b>		
Inventories written off	20(a)	(28.63)
Investment written off	20(c)	(1.95)
Assets written off	20(c)	(774.28)
Creditors and liability written off during FY 17-18	20(c)	398.82
Liabilities and provision written back in FY 16-17	20(c)	39.34
Liabilities written back in FY 15-16	20(c)	147.98
<b>(ii) Changes in accounting policies: None</b>		-
<b>(iii) Other material adjustments:</b>		
Capital work in progress written off	21 (c)	(82.44)
Capital advances written off		(214.56)
Rental advances written off		(2.89)
Liabilities written back		60.14
<b>(iv) Ind AS adjustments:</b>		
Deferred tax liability provided	21 (e)	(236.50)
<b>Total Adjustments</b>		<b>(694.96)</b>
<b>Opening Reserves under Ind AS</b>		<b>(619.25)</b>

# Statement of reconciliation between previous GAAP and Ind AS

## Reconciliation of equity as per previously reported under IGAAP to Ind AS

(Rs. in Lakhs)

Particulars	As at 31 March 2017			As at 31 March 2016		
	Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Proforma Ind AS
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
(a) Property, plant and equipment	11,147.45	(8,521.12)	2,626.32	11,387.03	(8,615.28)	2,771.75
(b) Capital work-in-progress	147.66	(82.44)	65.22	82.44	(82.44)	-
(c) Intangible assets	-	-	-	-	-	-
(d) Financial assets						
(i) Investments	-	-	-	1.95	(1.95)	-
(ii) Security Deposits	14.15	-	14.15	42.75	-	42.75
(e) Deferred tax assets (net)	-	-	-	-	-	-
(f) Other non-current assets	818.38	(817.46)	0.91	991.98	(991.73)	0.25
	12,127.64	(9,421.02)	2,706.61	12,506.16	(9,691.40)	2,814.75
<b>Current Assets</b>						
(a) Inventories	28.63	(28.63)	-	28.63	(28.63)	-
(b) Financial assets						
(i) Trade receivables	-	-	-	123.70	-	123.70
(ii) Cash and cash equivalents	17.69	-	17.69	132.95	-	132.95
(iii) Other financial assets	-	-	-	17.01	-	17.01
(c) Other current assets	29.06	-	29.06	35.58	-	35.58
	75.37	(28.63)	46.74	337.87	(28.63)	309.24
<b>Total Assets</b>	<b>12,203.00</b>	<b>(9,449.64)</b>	<b>2,753.35</b>	<b>12,844.02</b>	<b>(9,720.03)</b>	<b>3,123.99</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a) Share capital	1207.87	-	1,207.87	1,207.87	-	1,207.87
(b) Other equity	9,515.13	(9,686.54)	(171.41)	8,761.59	(9,677.90)	(916.31)
<b>Total Equity</b>	<b>10,723.00</b>	<b>(9,686.54)</b>	<b>1,036.46</b>	<b>9,969.46</b>	<b>(9,677.90)</b>	<b>291.56</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	1,038.73	(125.00)	913.73	1,564.71	(125.00)	1,439.71
(b) Provisions	-	-	-	3.65	-	3.65
(c) Deferred tax liabilities	-	673.07	673.07		456.17	456.17
	1,038.73	548.07	1,586.80	1,568.36	331.17	1,899.53

<b>Current liabilities</b>						
(a) Financial liabilities						
(i) Trade Payables	311.95	(274.34)	37.61	347.82	(272.82)	75.01
(ii) Borrowings	-	-	-	-	-	-
(b) Provisions	17.62	(17.62)	-	100.38	(98.88)	1.50
(c) Other current liabilities	111.71	(19.22)	92.49	858.00	(1.60)	856.40
	441.27	(311.17)	130.10	1,306.20	(373.30)	932.90
<b>Total Liabilities</b>	<b>1,480.00</b>	<b>236.90</b>	<b>1,716.89</b>	<b>2,874.56</b>	<b>(42.13)</b>	<b>2,832.43</b>
<b>Total Equity and Liabilities</b>	<b>12,203.00</b>	<b>(9,449.64)</b>	<b>2,753.35</b>	<b>12,844.02</b>	<b>(9,720.03)</b>	<b>3,123.99</b>

**Reconciliation of total comprehensive income as per previously reported under IGAAP to Ind AS**

*(Rs. in Lakhs)*

Particulars	As at 31 March 17			As at 31 March 16		
	Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Proforma Ind AS
<b>INCOME</b>						
Revenue from operations	-	-	-	-	-	-
Other Income						
Rental Income	7.88	-	7.88	24.69	-	24.69
Creditors/Liability Written Back	169.76	(62.06)	107.71	326.29	(147.98)	178.30
Other Income	3.40	-	3.40	3.91	-	3.91
<b>Total Income</b>	<b>181.05</b>	<b>(62.06)</b>	<b>118.99</b>	<b>354.89</b>	<b>(147.98)</b>	<b>206.91</b>
<b>EXPENSES</b>						
Cost of food and beverages consumed	-	-	-	-	-	-
Employee benefits expense	15.46	-	15.46	30.14	-	30.14
Depreciation	145.39	-	145.39	147.95	-	147.95
Other expenses	531.45	(176.22)	355.23	90.70	-	90.70
Finance costs	5.97	-	5.97	92.65	-	92.65
<b>Total expenses</b>	<b>698.28</b>	<b>(176.22)</b>	<b>522.06</b>	<b>361.43</b>	<b>-</b>	<b>361.43</b>
<b>Profit before tax</b>	<b>(517.23)</b>	<b>114.16</b>	<b>(403.07)</b>	<b>(6.54)</b>	<b>(147.98)</b>	<b>(154.52)</b>
Tax Expense:						
(1) Current tax	-	-	-	-	-	-
(2) Deferred tax	-	216.90	216.90	-	219.67	219.67
<b>Total tax</b>	<b>-</b>	<b>216.90</b>	<b>216.90</b>	<b>-</b>	<b>219.67</b>	<b>219.67</b>
<b>Profit for the year</b>	<b>(517.23)</b>	<b>(102.74)</b>	<b>(619.96)</b>	<b>(6.54)</b>	<b>(367.65)</b>	<b>(374.19)</b>
<b>Other Comprehensive Income</b>						
A (i) Items that will be reclassified to profit or loss						
-Surplus on revaluation of land and building	-	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
<b>Other Comprehensive Income for the year, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)</b>	<b>(517.23)</b>	<b>(102.74)</b>	<b>(619.96)</b>	<b>(6.54)</b>	<b>(367.65)</b>	<b>(374.19)</b>

**Statement of Cash Flows**

There were no significant reconciliation items between cash flows prepared under previous IGAAP and those prepared under Ind AS.

**Aruna Hotels Limited**

**Annexure VII: Notes to Restated Financial Information**

**1. Property, plant and equipment**

Asset Category	Freehold Land	Building	Plant & Machinery	Office Equipments	Vehicles	Computers/Laptops	Total	Capital work in progress
<i>Gross Block</i>								
<b>At April 1,2015</b>	772.52	2,287.62	1,791.06	128.64	24.16	2.45	5,006.45	-
Additions	-	-	0.01	-	-	0.28	0.29	-
Disposals	-	-	-	-	-	-	-	-
Reserve	-	-	-	-	-	-	-	-
<b>At March 31,2016</b>	772.52	2,287.62	1,791.07	128.64	24.16	2.73	5,006.75	-
Additions	-	-	-	-	-	-	-	65.22
Disposals	-	-	-	-	-	-	-	-
Reserve	-	-	-	-	-	-	-	-
<b>At March 31,2017</b>	772.52	2,287.62	1,791.07	128.64	24.16	2.73	5,006.75	65.22
Additions	-	-	-	-	-	-	-	323.69
Disposals	-	-	(1,791.07)	(128.64)	-	-	(1,919.71)	
Reserve	-	-	-	-	-	-	-	
<b>At March 31,2018</b>	772.52	2,287.62	-	-	24.16	2.73	3,087.03	388.91
Additions								174.92
Disposals								-
Reserve								-
<b>At September 30,2018</b>	772.52	2,287.62	-	-	24.16	2.73	3,087.03	563.83
<i>Depreciation</i>								
<b>At April 1,2015</b>	-	894.95	1,029.74	84.07	4.43	0.82	2,014.01	-
Additions	-	76.79	62.86	4.75	2.94	0.61	147.95	
Disposals	-	-	-	-	-	-	-	

Adjusted against reserves	-	-	42.24	30.79	-	-	73.03	
<b>At March 31,2016</b>	-	971.73	1,134.84	119.61	7.37	1.40	2,234.99	-
Additions	-	76.89	62.86	2.08	2.94	0.62	145.39	
Disposals	-	-	-	-			-	
Adjusted against reserves	-	-	-	-			-	
<b>At March 31,2017</b>	-	1,048.62	1,197.70	121.69	10.31	2.02	2,380.38	-
Additions	-	76.79	-	-	3.22	0.62	80.63	
Disposals	-	-	(1,197.70)	(121.69)	-	-	(1,319.39)	
Adjusted against reserves	-	-	-	-	-	-	-	
<b>At March 31,2018</b>	-	1,125.45	-	-	13.53	2.64	1,141.62	-
Additions	-	38.39	-	-	1.61	0.05	40.05	
Disposals	-	-	-	-	-	-	-	
Adjusted against reserves	-	-	-	-	-	-	-	
<b>At September 30, 2018</b>	-	1,163.84	-	-	15.15	2.69	1,181.67	-
<i>Net Block</i>								
At April 1,2015	772.52	1,392.67	761.32	44.57	19.73	1.63	2,992.44	-
At March 31,2016	772.52	1,315.89	656.23	9.03	16.79	1.34	2,771.75	-
At March 31,2017	772.52	1,239.00	593.37	6.95	13.85	0.72	2,626.32	65.22
At March 31,2018	772.52	1,162.17	-	-	10.62	0.10	1,945.41	388.91
<b>At September 30, 2018</b>	772.52	1,123.78	-	-	9.01	0.05	1,905.36	563.83

## Details of Capital Work in Progress as September 30, 2018

(Rs in Lakhs)

Party Name	Amount
Bureau Veritas	4.96
Code	204.28
Disha Interiors P Ltd	15.42
JEPL Projects	3.53
Unimech Systems I P Ltd	31.83
Karthikeyan Associate	0.81
Gladiance Automation P Ltd	1.30
Ode Furnishings	1.86
Drapes & Dreams	0.65
Transform	52.64
Sree Ram Engineers	50.49
Forma Electricals P Ltd	0.30
Kaiyaan	0.25
Kiruthika Enterprises	14.00
Show Lights	0.40
Light Scape	0.13
Satco Traders	1.35
Task Master Construction & Consultancy Service P Ltd	17.12
POM Engineers	66.50
Season Control P Ltd	96.01
<b>Total</b>	<b>563.83</b>

## 2. Financial Assets- Non Current

(Rs in Lakhs)

Particulars	As at September 30,2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
<b>Security Deposit</b>				
MES Deposit	14.14	14.14	14.14	14.14
Deposit Coporate Office	-	-	-	28.61
BSNL Deposit	0.01	0.01	0.01	-
<b>Total</b>	<b>14.15</b>	<b>14.15</b>	<b>14.15</b>	<b>42.75</b>



### 3. Deferred Tax Asset/ Deferred Tax Liability

(Rs. in Lakhs)

Particulars	As at September 30,2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
<b>Opening Balance</b>	<b>(829.09)</b>	<b>(673.07)</b>	<b>(456.17)</b>	<b>(236.50)</b>
<b>Deferred tax liability</b>				
Difference in WDV as per Companies Act and Income Tax Act	(152.87)	(156.02)	(216.90)	(219.67)
<b>Deferred tax asset/(liability) charged through profit &amp; loss account</b>	<b>(152.87)</b>	<b>(156.02)</b>	<b>(216.90)</b>	<b>(219.67)</b>
<b>Closing Balance of deferred tax asset/(liability)</b>	<b>(981.96)</b>	<b>(829.09)</b>	<b>(673.07)</b>	<b>(456.17)</b>

### 4. Other Non-Current Assets

(Rs in Lakhs)

Particulars	As at September 30,2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
Other Loans and Advances: Advances to employees and others	-	-	0.91	0.25
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.91</b>	<b>0.25</b>

### 5. Financial Assets – Current

(Rs in Lakhs)

Particulars	As at September 30,2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
<b>Trade Receivables</b>				
Trade receivables outstanding for a period exceeding six months-unsecured	-	-	-	123.70
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123.70</b>
<b>Cash and Cash Equivalents</b>				
Cash on hand	0.45	0.07	0.07	0.05
<b>Balance with banks</b>				
-in current accounts	200.55	0.86	6.01	124.60
-in fixed deposits*	11.98	11.98	11.61	8.29
<b>Total</b>	<b>212.97</b>	<b>12.91</b>	<b>17.69</b>	<b>132.95</b>
*Deposits in PNB A/c are Lien Marked against Court Case				
<b>Other Financial Assets</b>				
Tax Advances (Corp)	-	-	-	17.01
<b>Total</b>				

	-	-	-	<b>17.01</b>
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#### 6. Other Current Assets

*(Rs in Lakhs)*

<b>Particulars</b>	<b>As at September 30, 2018</b>	<b>As at March 31, 2018 (Audited)</b>	<b>As at March 31, 2017 (Audited)</b>	<b>As at March 31, 2016 (Proforma)</b>
TDS Debtors	-	-	25.72	30.72
Service Tax Refund	-	-	-	0.06
TDS Receivable	1.12	1.84	1.07	2.53
GST Input Credit	45.16	31.86	-	-
Rent Receivable	-	-	2.27	2.27
<b>Total</b>	<b>46.28</b>	<b>33.69</b>	<b>29.06</b>	<b>35.58</b>

## 7. Equity Share Capital

(Rs in Lakhs)

Particulars	As at September 30, 2018		As at March 31, 2018 (Audited)		As at March 31, 2017 (Audited)		As at March 31, 2016 (Proforma)	
	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
<b><u>Authorised</u></b>								
Equity Share of Rs 10 each	6,70,00,000	6,700.00	6,70,00,000	6,700.00	2,40,00,000	2,400.00	2,40,00,000	2,400.00
Cumulative Redeemable Preference Shares of Rs 100	8,00,000	800.00	8,00,000	800.00	8,00,000	800.00	8,00,000	800.00
<b>Total</b>	<b>6,78,00,000</b>	<b>7,500.00</b>	<b>6,78,00,000</b>	<b>7,500.00</b>	<b>2,48,00,000</b>	<b>3,200.00</b>	<b>2,48,00,000</b>	<b>3,200.00</b>
<b><u>Issued, subscribed &amp; fully paid up</u></b>								
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	9000000	900.00	90,00,000	900.00	90,00,000	900.00	90,00,000	900.00
Less: Calls in arrears				-		(2.13)		(2.13)
<b>Total paid up equity shares</b>	<b>90,00,000</b>	<b>900.00</b>	<b>90,00,000</b>	<b>900.00</b>	<b>90,00,000</b>	<b>897.87</b>	<b>90,00,000</b>	<b>897.87</b>
14% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each	60000	60.00	60000	60.00	60000	60.00	60000	60.00
17.5% Redeemable Cumulative Preference Taxable Preference Shares of Rs. 100/- each	50000	50.00	50000	50.00	50000	50.00	50000	50.00
16.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each	200000	200.00	200000	200.00	200000	200.00	200000	200.00
<b>Total paid up preference shares</b>	<b>3,10,000</b>	<b>310.00</b>	<b>3,10,000</b>	<b>310.00</b>	<b>3,10,000</b>	<b>310.00</b>	<b>3,10,000</b>	<b>310.00</b>
<b>Total paid up share capital</b>		<b>1,210.00</b>		<b>1,210.00</b>		<b>1,207.87</b>		<b>1,207.87</b>
The Movement of equity shares is as below:								
<b>Particulars</b>	<b>Nos.</b>	<b>Amount</b>	<b>Nos.</b>	<b>Amount</b>	<b>Nos.</b>	<b>Amount</b>	<b>Nos.</b>	<b>Amount</b>
Shares outstanding at the beginning of the year	90,00,000	900.00	90,00,000	900.00	90,00,000	897.87	90,00,000	897.87
Shares issued during the year	-	-	-	-	-	-	-	-

<b>Shares outstanding at the end of the year</b>	<b>90,00,000</b>	<b>900.00</b>	<b>90,00,000</b>	<b>900.00</b>	<b>90,00,000</b>	<b>897.87</b>	<b>90,00,000</b>	<b>897.87</b>
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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 September 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	No. of the shares held	% of the holding	No. of the shares held	% of the holding	No. of the shares held	% of the holding	No. of the shares held	% of the holding
Mr. Kamal Babbar	12,16,500	13.52%	12,16,500	13.52%	12,16,500	13.52%	12,16,500	13.52%
Subasri Realty Private Limited	14,64,123	16.27%	14,64,123	16.27%	14,64,123	16.27%	14,64,123	16.27%
Gay Travels Private Limited	5,91,506	6.57%	5,91,506	6.57%	5,91,506	6.57%	5,91,506	6.57%

For the period of three years immediately preceding the balance sheet date:

- i. Nil shares were reserved for issuance towards outstanding employee stock options granted / available for grant, towards outstanding share warrants and towards convertible securities.
- ii. Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 3 years immediately preceding the Balance Sheet date is Nil.

## 8. Financial liabilities - Non-current

(Rs in Lakhs)

Particulars	As at September 30,2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
<b>Borrowings</b>				
Term Loan from Banks-Secured*	2,979.35	-	200.00	-
Loans from related parties-Unsecured <sup>#</sup>	3,813.32	1,443.05	713.73	1,266.30
Security deposits	-	-	-	173.41
<b>Total</b>	<b>6,792.67</b>	<b>1,443.05</b>	<b>913.73</b>	<b>1,439.71</b>

\* Details of term loan taken from HDFC Bank

Year in which Loan was Sanction	FY 2018-19	FY 2016-17
Type of Loan	Term Loan	Term Loan
Amount Sanctioned	Rs 3,500.00	Rs 3,000.00
Amount Disbursed	Rs 3,000.00	Rs 200.00
Tenure of Repayment	7 Years including a moratorium of 1 year repayable in 24 equal quarterly installments	24 equal quarterly installments
Rate of Interest	10.75% linked to 1 year MCLR with Annual reset	11.80% (Linked to 3 Year MCLR)
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)	1. Exclusive charge on current and fixed assets of the company
	2. Personal Guarantee of Mr S Balasubramanian Adityan (Secondary Collateral)	2. Equitable mortgage of property located at Door No 145, Sterling Road, Nungambakkam, Chennai - 600034
	3. Exclusive charge on FD of Rs 250 Lakhs from Gay Travels Pvt Limited towards debt reserve.	

#### # Details of unsecured loan

Name of the Lender	Relationship with Company	Amount Sanctioned	Amount Outstanding	Repayment Terms
		(in Rs Lakhs)		
Kamal Babbar	Promoter	1,700.00	89.59	Rs 625 Lakhs to be paid in January'16 and the remaining amount of Rs 1075 Lakhs to be paid in 36 equal installment of Rs 29.86 Lakhs each starting from January'16 till December'18.
Gay Travels Private Limited	Promoter	500.00	491.17	The company is liable to pay interest @ 12% p.a. commencing from 1st April 2018 till the date of settlement of the loan amount.

Gay Travels Private Limited	Promoter	2,000.00	1,955.00	The company is liable to pay interest @ 12% p.a. commencing from 1st April 2019 till the date of settlement of the loan amount.
Rani Printers Private Limited	Promoter	500.00	400.00	The company is liable to pay interest @ 12% p.a. commencing from 1st April 2019 till the date of settlement of the loan amount.
Malar Publication Private Limited	-	1,000.00	877.57	The company is liable to pay interest @ 12% p.a. commencing from 1st April 2018 till the date of settlement of the loan amount.
<b>Total unsecured loan</b>		<b>5,700.00</b>	<b>3,813.32</b>	

#### 9. Non-current liabilities: Provisions

(Rs in Lakhs)

Particulars	As at September 30, 2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
Provision for employee benefits	-	-	-	3.65
<b>Total</b>	-	-	-	<b>3.65</b>

#### 10. Financial liabilities - Current

(Rs in Lakhs)

Particulars	As at September 30, 2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
Sundry Creditors	7.75	15.77	37.61	75.01
Interest Accrued yet to be paid	91.34	-	-	-
HDFC C/A -10970330000397*				

	-	4,752.46		
<b>Total</b>	<b>99.08</b>	<b>4,768.24</b>	<b>37.61</b>	<b>75.01</b>

\* In FY 17-18 Bank Balance is negative due to cheques issued yet to be presented in bank.

#### 11. Current liabilities: Provisions

*(Rs in Lakhs)*

<b>Particulars</b>	<b>As at September 30, 2018</b>	<b>As at March 31, 2018 (Audited)</b>	<b>As at March 31, 2017 (Audited)</b>	<b>As at March 31, 2016 (Proforma)</b>
Provision for employee benefits	-	-	-	1.50
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.50</b>



## 12. Other current liabilities

<i>(Rs in Lakhs)</i>				
Particulars	As at September 30, 2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
Statutory Liabilities	0.98	3.09	1.18	481.00
Other Payables	72.82	105.91	91.30	375.40
<b>Total</b>	<b>73.80</b>	<b>109.01</b>	<b>92.49</b>	<b>856.40</b>

## 13. Income

<i>(Rs in Lakhs)</i>				
Particulars	As at September 30, 2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
Sale of services	-	-	-	-
Rental Income*	4.93	8.09	7.88	24.69
Creditors/Liability Written Back^	-	1.56	107.71	178.30
Other Income*#	-	7.14	3.40	3.91
<b>Total Income</b>	<b>4.93</b>	<b>16.79</b>	<b>118.99</b>	<b>206.91</b>

\* 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 and interest received on IT refund.

**14. Employee benefit expenses***(Rs in Lakhs)*

<b>Particulars</b>	<b>As at September 30, 2018</b>	<b>As at March 31, 2018 (Audited)</b>	<b>As at March 31, 2017 (Audited)</b>	<b>As at March 31, 2016 (Proforma)</b>
Salaries, Wages, and Bonus (excluding Directors)	11.97	21.12	13.96	17.18
Salaries and Perquisites to Directors	-	-	1.50	1.50
Contributions to provident and other funds	-	-	-	11.45
<b>Total</b>	<b>11.97</b>	<b>21.12</b>	<b>15.46</b>	<b>30.14</b>

**15. Depreciation & amortization expense***(Rs in Lakhs)*

<b>Particulars</b>	<b>As at September 30, 2018</b>	<b>As at March 31, 2018 (Audited)</b>	<b>As at March 31, 2017 (Audited)</b>	<b>As at March 31, 2016 (Proforma)</b>
Depreciation on property, plant and equipment	40.05	80.63	145.39	147.95
<b>Total</b>	<b>40.05</b>	<b>80.63</b>	<b>145.39</b>	<b>147.95</b>

# 16. Other expenses

(Rs in Lakhs)

Particulars	As at September 30, 2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
Power and Fuel Expenses				
- Electricity charges	24.12	46.40	32.79	-
- Diesel charges	-	-	0.02	0.29
Repairs and Maintenance				
- Building	0.07	1.81	2.10	-
- Others	1.05	0.72	1.57	0.77
Duties and taxes	1.28	12.44	22.90	11.51
Insurance	0.81	0.86	0.84	-
Interest & penalties	-	0.19	144.61	-
Meeting expenses	0.04	0.40	7.16	-
Advertisement expenses	0.71	0.59	0.22	-
Office and Miscellaneous expenses	15.97	19.64	7.61	31.20
Freight, conveyance and transport expenses	0.46	8.83	0.78	1.10
Write off of Old Asset Accounts (other than Fixed Assets)	-	47.96	97.08	-
Fee and taxes				

	7.06	73.06	10.90	-
Professional charges	28.28	47.29	23.78	40.29
Reversal of liabilities earlier written off	27.92	-	-	-
Loss on sale of redundant assets	-	507.03	-	-
Payment to auditors	-	2.95	2.88	5.53
<b>Total</b>	<b>107.74</b>	<b>770.16</b>	<b>355.23</b>	<b>90.70</b>

#### 17. Finance costs

*(Rs in Lakhs)*

<b>Particulars</b>	<b>As at September 30, 2018</b>	<b>As at March 31, 2018 (Audited)</b>	<b>As at March 31, 2017 (Audited)</b>	<b>As at March 31, 2016 (Proforma)</b>
Interest on term loan	42.71	28.16	5.93	-
Interest on Others	100.10	-	-	91.63
Bank charges	0.10	0.31	0.04	1.02
<b>Total</b>	<b>142.90</b>	<b>28.47</b>	<b>5.97</b>	<b>92.65</b>

# 18. Related party disclosures

S. No	Nature of Relationship	30-Sep-18	31-Mar-18	31-Mar-17	31-Mar-16
A	<u>Other related parties</u>				
1	Joint Venture	-	-	-	-
2	Company with common directors	-	-	-	-
3	Key Management Personnel	R. Muralidharan Director	R. Muralidharan Director	R. Muralidharan Director	R. Muralidharan Director
		Rajakumar Director	Rajakumar Director	Rajakumar Director	Rajakumar Director
		Anabalagan V	Anabalagan V	Anabalagan V	Anabalagan V
		Managing Director	Managing Director	Managing Director	Managing Director (w.e.f. 10.10.2015)
		-	-	-	Rabu Manohar
					Director (Till 22.09.2015)
		Freeda Ganaselvam	Freeda Ganaselvam	Freeda Ganaselvam	Freeda Ganaselvam
		Director	Director	Director	Director (w.e.f 27.11.2015)
		N. Suyumbhu	N. Suyumbhu	N. Suyumbhu	-
		Director	Director	Director	
				(w.e.f 10.02.2017)	
		-	-	Sundarsan Vairakan	Sundarsan Vairakan
				Director	Director
				(Till 10.02.2017)	(w.e.f 10.10.2015)
		-	Balaji Gandla	Balaji Gandla	Balaji Gandla
			Company secretary	Company secretary	Company secretary

			(Till 19.06.2017)		(w.e.f 01.02.2016)
		Nagaraj P	Nagaraj P	Nagaraj P	Nagaraj P
		CFO	CFO	CFO	CFO
		Ajay Shukla	Ajay Shukla	-	-
		Company secretary	Company secretary (w.e.f 20.06.2017)		
		-	-	-	Kamal Babbar
					Managing Director (till 06.10.2016)
4	Shareholder of the company	Gay Travels Private Limited (Promoter)	Gay Travels Private Limited (Promoter)	Gay Travels Private Limited (Promoter)	Gay Travels Private Limited (Promoter)
		Kamal Babbar (Promoter)	Kamal Babbar (Promoter)	Kamal Babbar (Promoter)	Kamal Babbar (Promoter)
		Rani Printers Private Limited (Promoter)	Rani Printers Private Limited (Promoter)	Rani Printers Private Limited (Promoter)	Rani Printers Private Limited (Promoter)
		Subasri Realty Private Limited (Promoter)	Subasri Realty Private Limited (Promoter)	Subasri Realty Private Limited (Promoter)	Subasri Realty Private Limited (Promoter)
5	Company with common shareholder/promoter	Sivanthi Farms Private Limited	-	-	-
		India Cabs Private Limited			
		Sams Sea Food 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			

**B. Related Party transactions and balances-summary**
*(Rs in Lakhs)*

Transaction during the year ended	Nature of the Relationship	As at September 30, 2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
Remuneration to Key Management Personnel	Key Management Personnel	4.40	7.14	4.98	1.31
Remuneration Payable	Key Management Personnel	0.31	-	1.5	1.5
Trade Payables	Shareholder of the company	7.21	8.16	2.84	2.78
Borrowings	Key Management Personnel	-	-	-	5.28
Borrowings	Shareholder of the company	89.59	268.75	627.09	710.20
Borrowings	Shareholder of the company	2,446.17	320.72	-	-
Borrowings	Shareholder of the company	400.00	-	-	-
Borrowings	Company with common shareholder/promoter	877.57	853.58	86.64	550.83
Interest accrued yet to be paid	Shareholder of the company	25.74	-	-	-
Interest accrued yet to be paid	Company with common shareholder/promoter	52.34	-	-	-
<b>Total</b>		<b>3,903.32</b>	<b>1,458.35</b>	<b>723.05</b>	<b>1,271.89</b>



**C. Significant related party transactions and balances**
*(Rs in Lakhs)*

Transaction during the year ended	Nature of Relationship	As at September 30, 2018	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2016 (Proforma)
<b>Remuneration to Key Management Personnel</b>					
<i>CFO</i>	Key Management Personnel	1.56	3.31	2.88	0.96
Company Secretary	Key Management Personnel	2.84	3.83	2.1	0.35
<b>Remuneration Payable</b>					
Company Secretary	Key Management Personnel	0.31	-	-	-
Executive Directors	Key Management Personnel	-	-	1.5	1.5
<b>Trade Payables</b>					
GAY TRAVELS PRIVATE LIMITED	Shareholder of the company	7.21	8.16	2.84	2.78
<b>Borrowings</b>					
M. SIVARAM (M.D)	Key Management Personnel	-	-	-	5.28
KAMAL BABBAR	Shareholder of the company	89.59	268.75	627.09	710.20
GAY TRAVELS PRIVATE LIMITED	Shareholder of the company	2,446.17	320.72	-	-
RANI PRINETRS PRIVATE LIMITED	Shareholder of the company	400.00	-	-	-
MALAR PUBLICATIONS PRIVATE LIMITED	Company with common shareholder/promoter	877.57	853.58	86.64	550.83
<b>Interest accrued yet to be paid</b>					

1GAY TRAVELS PRIVATE LIMITED	Shareholder of the company	25.74	-	-	-
MALAR PUBLICATIONS PRIVATE LIMITED	Company with common shareholder/promoter	52.34	-	-	-
<b>Total</b>		<b>3,903.32</b>	<b>1,458.35</b>	<b>723.05</b>	<b>1,271.89</b>

### 19. 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 30th September 2018, there were following contingent liabilities of the Company:

In FY 2015-16 & FY 2016-17, following notices and demand were issued to the company:

- 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 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.

- The company has received show cause notice from Service Tax Department for FY 2008-09 to FY 2013-14. While the normal taxes due have been paid with interest, the Company has approached Service Tax Settlement Commission to get waiver of the penalties and pending dues upto FY 2013-14 imposed by the Service Tax Authorities. The outcome of the case is still pending.

- Southern Agrifurane Industries Private Limited has filed an application under Section 9 of Arbitration and Conciliation Act, 1996 against Aruna Hotels Private Limited and Yessir Holdings and Investment Private Limited on December 8, 2005 before the Hon'ble High Court of Judicature at Madras for seeking an order of interim injunction to restrain the respondents (including Aruna Hotels Private Limited) from transferring/ alienating the shares/ assets of the Company, particularly assets in the form of Aruna Hotel and Aruna Centre. By an order dated April 3, 2006, the said application was dismissed by the Hon'ble High Court of Judicature at Madras with liberty to the applicant to initiate arbitration proceedings to resolve the dispute. Accordingly, arbitration petition was filed by the claimant, Southern Agrifurane Industries Private Limited. By an award dated April 28, 2014, the learned sole arbitrator has inter alia held that the respondents (including Aruna Hotels Private Limited) are, jointly and severally, liable to pay to the claimant Rs. 1,00,00,000/- with interest at the rate of 14% p.a. from February 26, 2004 till October 28, 2005 and thereafter at the rate of 18% p.a. till the date of realization; (ii) a sum of Rs. 25,00,000/- with interest for a period of 90 days (from October 7, 2005 to January 7, 2006) at the rate of 10% p.a. and thereafter at the rate of 18% p.a. till the date of realization; and (iii) a sum of Rs. 5,69,339/- towards cost of the arbitration proceedings. A petition has been filed on June 3, 2014 by Southern Agrifurane Industries Private Limited before the Hon'ble High Court of Judicature at Madras under section 34 of the Arbitration and Conciliation Act, 1996 to set aside the aforesaid arbitration award dated April 28, 2014 passed by the sole arbitrator insofar as it rejects its claim for enforcement/ specific performance of the Memorandum of Understanding dated April 24, 2002 between the petitioner and respondents. The outcome of the case is still pending.

## **20: Explanations to the material adjustments made in the process of IND AS transition from previous GAAP**

All expenses and income debited/credited in the accounting years 2015-16 to 2017-18 pertaining to prior to 1st April, 2015 have been adjusted in the Opening balance of Reserves & Surplus / other equity of 1st April, 2015 in the restated standalone financial statements.

a. **Inventories:** Inventories have been written off in subsequent years in audited financial statement, in restated financials the same has been written off in the profit and loss account of 1st April 2015, as it pertains to earlier years.

b. **Bad debts written off:** Company has written off the debtors in subsequent years which were no longer expected to be recovered. Such write offs have been restated in the respective years, in which such debtors were originally accounted for.

c. **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.

d. **Reclassification:** Assets / liabilities which do not meet the definition of financial asset / financial liability under IND AS have been reclassified to other asset / liability.

e. **Deferred Tax:** Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

f. **Audit qualifications:** Adjustment has been made for the rectification of audit qualifications in the respective year to which it pertains.

## **21. 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 be 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 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 half year ended on 30<sup>th</sup> September, 2018 and preceding three years the company has not distributed any dividends as the company was making losses and in FY 14-15 the company shuts its operations as well.

**Annexure IX: Summary Statement of Tax Shelter**

Reconciliation of taxable income and book profits

*(Rs in Lakhs)*

Particulars	For the year ended		
	31-Mar-18	31-Mar-17	31-Mar-16
Restated profit (loss) before taxes	(883.60)	(403.07)	(154.52)
Statutory tax Rate (%)	25.00%	25.00%	25.00%
<b>Tax at statutory rate</b>	<b>(220.90)</b>	<b>(100.77)</b>	<b>(38.63)</b>
<u><b>Adjustment of permanent difference:</b></u>			
Write off of Old Asset Accounts (other than Fixed Assets)	47.96	97.08	-
<u><b>Adjustment of timing difference:</b></u>	-	-	-
<b>Net Adjustments (D+E)</b>	47.96	97.08	-
<b>Tax expense (savings) thereon (F*B)</b>	11.99	24.27	-
<b>Current (tax losses)/tax profits (C+G)</b>	(208.91)	(76.50)	(38.63)
Adjusted against brought forward losses	-	-	-
<b>Current (tax losses)/tax profits (H-I)</b>	(208.91)	(76.50)	(38.63)

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

**For and on behalf of the Board**

**Vaithyalingam**  
**Anbalagan**  
**Managing**

**Muralidharan Ramasamy**  
**Director**

**Natesan Visvanathan**  
**Partner**  
**Membership No.: 020202**

**Place: Chennai**  
**Date: 28 January 2019**

**Director**  
**DIN :00059007**

**DIN: 07092976**

**Ajay Shukla**  
**Company**  
**Secretary**

**Nagaraj P**  
**Chief Financial Office**

## OTHER FINANCIAL INFORMATION

### Aruna Hotels Limited

#### Restated Other Financial Information

#### Restated Statement of Capitalisation

(Rs in lakhs)

Particulars	As at September 30, 2018	After the Issue
Borrowings		
Current borrowings	-	[●]
Non-current borrowings (A)	6,792.67	[●]
<b>Total borrowings (B)</b>	<b>6,792.67</b>	<b>-</b>
<b>Equity</b>		
Equity share capital	1,210.00	[●]
Other equity	(6,414.91)	[●]
<b>Total Equity (C)</b>	<b>(5,204.91)</b>	<b>-</b>
Long-Term Debt/Equity ratio (A/C)	(1.31)	[●]
Total Debt/Equity ratio (B/C)	(1.31)	[●]

#### Restated Statement of Accounting Ratios

(Rs in Lakhs)

Particulars	Half Year ended	Year ended		
	September 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Net worth as at the end of the year	(5,204.91)	(4,754.31)	(3,721.22)	(3,096.11)
Net worth as at the end of the year except revaluation reserve (A)	(5,204.91)	(4,754.31)	(3,721.22)	(3,096.11)
Net Profit/(Loss) after tax, as restated available for equity shareholders (B)	(450.61)	(1,039.62)	(619.96)	(374.19)
Weighted Average number of equity shares outstanding during the year				
For basic earnings per share (C)	90,00,000	90,00,000	90,00,000	90,00,000
For diluted earnings per share (D)	90,00,000	90,00,000	90,00,000	90,00,000
Earnings per share of Rs 10/- each				
Basic (Rs) (E=B/C)	(5.01)	(11.55)	(6.89)	(4.16)
Diluted (Rs) (F=B/D)	(5.01)	(11.55)	(6.89)	(4.16)
Return on net worth (G=B/A)	-8.7%	-21.9%	-16.7%	-12.1%
Weighted average number of shares outstanding during the year (H)	90,00,000	90,00,000	90,00,000	90,00,000
Net Assets value per share of Rs 10 each (I=A/H)	(57.83)	(52.83)	(41.35)	(34.40)
Face Value (Rs.)	10.00	10.00	10.00	10.00

EBITDA (Rs.) {includes other income & liability written back}	(114.89)	(774.81)	(251.74)	85.06
EBITDA (Rs.) {excluding other income & liability written back}	(114.89)	(783.50)	(362.86)	(97.16)

**Notes:**

1. The above ratios are calculated as under:

- Basic earnings per share= Net profit attributable to equity shareholders/ weighted average number of shares outstanding during the year
- Diluted earnings per share=Net profit attributable to equity shareholders/weighted average number of diluted potential shares outstanding during the year
- Return on net worth (%) =Net profit attributable to equity shareholders /Net worth as the end of the year
- Net asset value (Rs.) = Net worth/Number of equity shares as the end of the year
- EBITDA(Rs)= Net Profit before Tax + Depreciation + Interest

2. The figures are disclosed above are based on the restated financial information.

3. Earnings per share (EPS) calculation is in accordance with Indian Accounting standard (Ind AS 33-Earnings per share) prescribed by the Companies (Indian Accounting Standards) Rules 2015.

4. Share application money pending allotment is excluded from the total net worth.

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

**For Bala & Co**

**Chartered Accountants**

**Firm Registration No.: 000318S**

**Natesan Visvanathan**

**Partner**

**Membership No.: 020202**

**Place: Chennai**

**Date: January 28, 2019**

**For and on behalf of the Board**

**Vaithyalingam**

**Anbalagan**

**Managing Director**

**DIN: 00059007**

**Ajay Shukla**

**Company Secretary**

**Muralidharan Ramasamy**

**Director**

**DIN: 07092976**

**Nagaraj P**

**Chief Financial Officer**

## STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Equity Shares are listed on the BSE, where they are actively traded.

The high, low and average closing prices recorded on the BSE during the last three calendar years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

Calendar Year	High (Rs.)	Date of High	Volume on date of High (number of equity shares)	Low (Rs.)	Date of Low	Volume on date of Low (number of equity shares)	Average price for the year (Rs.)
2018	32.70	May 25, 2018	1121	9.56	December 31, 2018	700	11.57
2017	No Trading*						
2016	No Trading*						

\*The Company was suspended from trading in the calendar year 2017 and 2016.

### Prices for the last six months:

The total number of days of trading during the past six months, from October 1, 2018 to December 31, 2018, was 78. The average volume of Equity Shares traded in the BSE was 1244.99 Equity Shares per day.

The high and low prices and volume of Equity Shares traded on the respective dates on the BSE during the last six months preceding the date of filing of the Letter of Offer are as follows:

Month	High (Rs.)*	Date of High	Volume on date of High (number of equity shares)	Low (Rs.)*	Date of Low	Volume on date of Low (number of equity shares)	Total Volume of Equity Shares Traded
December 2018	10.90	December 3, 2018	3050	9.56	December 31, 2018	700	9,944
November 2018	18.05	November 02, 2018	328	10.90	November 30, 2018	414	21,820
October 2018	20.20	October 04, 2018	2	18.05	October 04, 2018	6	61
September 2018	25.15	September 05, 2018	150	20.10	September 11, 2018	750	14,889
August 2018	22.31	August 31, 2018	7405	12.83	August 16, 2018	10228	43,167
July 2018	14.55	July 03, 2018	30	12.96	July 30, 2018	1374	7,228

\*Based on high and low price.

Week end closing prices of the Equity Shares for the four weeks on BSE are as below:

For the week ended on	Closing Price (Rs.)	Date of High	High (Rs.)	Date of Low	Low (Rs.)
January 25, 2019	7.90	January 21, 2019	8.25	January 23, 2019	7.54
January 18, 2019	8.25	January 15, 2019	9.50	January 18, 2019	8.25
January 11, 2019	9.51	January 07, 2019	10.65	January 09, 2019	10.50



January 04, 2019	10.65	January 04, 2019	10.65	January 03, 2019	9.56
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*If the high and low are same on two days then the price with highest number of shares traded is taken*

Source: [www.bseindia.com](http://www.bseindia.com)

The Board of our Company has approved the Issue at their meeting held on August 17, 2018. The high and low prices of our Company's shares as quoted on the BSE on August 18, 2018, the day on which the trading happened immediately following the date of the Board meeting is as follows:

<b>Date</b>	<b>Volume (nos.)</b>	<b>High (Rs.)</b>	<b>Low (Rs.)</b>
August 18, 2018	831	15.61	15.61

The closing market price of our Equity Shares as on January 25, 2018, the trading day immediately prior to the date of this Letter of Offer was ₹ 7.90 on the BSE.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with our "Restated Financial Information" beginning on pages 118, prepared in accordance with the Companies Act, Ind AS, and the SEBI ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section "Other Financial Information" beginning on page 124.*

*Our financial year ends on March 31, therefore, all references to a particular Fiscal are to the 12-month period ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Restated Financial Statements for Fiscal 2016, Fiscal 2017 and Fiscal 2018 and for the six months period ended September 30, 2018, included in this Draft Letter of Offer. For further details, please see "Other Financial Information" beginning on page 124. Unless the context otherwise requires, in this section, references to "we", "us", "our", or "Company" refers to Aruna Hotels Limited on a standalone basis in Fiscal 2016, Fiscal 2017 and Fiscal 2018 and six months period ended September 30, 2018.*

*Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 14 for discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Please also read "Risk Factors" on page 20 for discussion of certain factors that may affect our business, financial condition or results of operations.*

### Overview

Our Company was originally incorporated on September 09, 1960 as 'Aruna Sugars Limited' as a public limited company and obtained the certificate of commencement of business on December 24, 1960. In 1986, the name of the Company was changed to 'Aruna Sugars & Enterprises Limited'. Thereafter, the name of the Company was changed to 'Aruna Sunrise Hotels Limited' on October 25, 2000 and to 'Aruna Hotels Limited' on January 14, 2003.

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

In 1987, the Company further diversified its activities by taking over the assets of 'Geetha Flour Mills Ltd.', at Tiruvalla, Kerala with a milling capacity of 100 TPD of wheat. In and around the same period, our Company also entered the field of exports which mainly comprised of merchant exports or ready-made knitted and woven garments, silk and silk fabrics, shoe-uppers, etc. Around 1994-95 the Company discontinued its flour mill division.

In and around 1971, the Company as part of diversification also set up a distillery project at Panruti, Tamil Nadu. In the early 1990s, our Company as part of further diversification took up the project to set up a business class hotel comprising of about 90 rooms in the heart of Chennai City and since then the Company is in the business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, restaurants, etc. By the year 1992-93, the sugar division was contributing about 75% of the Company's total revenues and other divisions were contributing 25% of the Company's total revenues.

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

Our Company presently owns a hotel by the name of 'Aruna Hotel' – Chennai situated at 144, 145, Sterling Road, Nungambakkam, Chennai – 600034, Tamil Nadu. In the financial year 2014-15, our Company stopped its hotel operations and is presently in the process of renovating the Hotel premises. For this purpose, our Company has entered into a Memorandum of Agreement dated December 01, 2017 with M/s. Transform, proprietorship

concern, to act as the Architect cum Project Management Consultant for the renovation and development of the Hotel building. The renovation process is expected to be completed by July 31, 2019.

### **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. The renovation process is expected to be completed by July 31, 2019.

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 Results of Operations and Financial Condition**

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the chapter titled “*Risk Factors*” beginning on page 20 of this Draft Letter of Offer. 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:

Since FY 2015-16 the Company is under the process of renovation and is likely to commence its operations in FY 2019-20.

### **Significant Accounting Policies**

## **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 SEBI in connection with the proposed Issue of the Company. The Restated Financial Information comprise the restated summary statement of assets and liabilities as at September 30, 2018, March 31, 2018, 2017 and 2016, the restated summary statement of profit and loss, the restated statement of changes in equity and the restated statement of cash flows for the half year ended on September 30, 2018 and for the financial year ended on March 31, 2018, 2017 and 2016 and restated other Financial Information (together referred as ‘Restated 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 read Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended by Companies (Prospectus and Allotment of Securities) Amendment Rules, 2018 (“the Rules”) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992. The Restated Financial Information has been complied by the management from:

- iii) the audited financial statements of the Company as at and for the half year ended on September 30, 2018 and the audited financial statements of the company as at and for the financial year ended March 31, 2018 and 31 March 2017, being the comparative period for the financial year ended March 31, 2018, prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, other relevant provisions of the Companies Act and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their Board meeting held on December 11, 2018 and May 29, 2018 respectively. The audited financial statements of the Company as at and for the financial year ended March 31, 2017, prepared in accordance with Accounting Standards as prescribed under Section 133 of the Companies Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, which had been approved by the Board of Directors on May 29, 2017. These financial statements have been translated into figures as per Ind AS to align with the accounting policies, exemptions and disclosures as adopted by the Company on

its first time adoption of Ind AS as on April 1, 2016 ('transition date') and are disclosed as the comparative figures for the financial year ended March 31, 2018;

- iv) From the audited financial statements of the Company as at and for the financial year ended March 31, 2016, prepared in accordance with Accounting Standards as prescribed under Section 133 of the Companies Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act and other accounting principles generally accepted in India which have been approved by the Board of Directors at their Board meeting held on May 30, 2016 which have been translated into figures as per Ind AS to align with the accounting policies, exemptions and disclosures as adopted by the Company on its first time adoption of Ind AS as on the transition date ;and

The Restated Financial Information mentioned in the sub paragraphs 2 above, as at and for the financial year ended March 31, 2016 is referred to as "*the Proforma Ind AS Restated Financial Information*" as per the Guidance Note.

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented an explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows. (Refer to Annex V (E)).

The Restated Financial Information has been prepared by the management for the purpose of inclusion in the Draft Letter of Offer document prepared by the Company in connection with its proposed Rights Issue, to be filed by the Company with the Securities and Exchange Board of India, Registrar of Companies, and the concerned Stock Exchange in accordance with the requirements of:

- a) Section 26 of Part I of Chapter III of "the Act";
- b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended to date (the "ICDR Regulations") in pursuance of provisions of Securities and Exchange Board of India Act, 1992 read along with the SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated 31 March 2016 on clarification regarding applicability of Indian Accounting Standards to disclosures in Letter of Offer under the ICDR Regulations issued by the Securities and Exchange Board of India.
- c) Guidance note on reports in Company prospectuses (revised 2016) issued by the Institute of Chartered Accountants of India.

This Restated Financial Information has been compiled by the Company (as explained above) and:

- have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;
- do not contain any extra-ordinary item that need to be disclosed separately in the Restated Financial Information and have been adjusted for qualifications, if any, in the auditor's report in the respective financial years to which they relate;
- adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Financial Statements of the Company as at and for the financial ended 31 March 2018 prepared under Ind AS and the requirements of the SEBI Regulations;
- the resultant tax impact on above adjustments has been appropriately adjusted in deferred taxes in the respective periods to which they relate, and
- The revaluation reserve has been adjusted in accordance with SEBI ICDR regulations and Guidance Note.

These Restated Financial Information were authorised for issue by the Company's Board of Directors on 24<sup>th</sup> December 2018.

## **B.2 Going Concern Assumption**

The Company halted its operations in FY 2014-15. Since FY 15-16 the Company is under the process of renovation and is likely to commence its operations in FY 2019-20, hence soon the Company will be able to generate cash flows from their operations.

### **B.3 Functional currency & presentation currency:**

The financial statements are presented in Indian Rupees (INR) which is the functional and presentation currency of the Company and all values are rounded off to the lakhs with two decimals, except where otherwise indicated.

### **B.4 Basis of Measurement:**

The restated financial statements have been prepared on a historical cost basis.

### **B.5 Use of estimates and judgements**

The preparation of Restated Financial Information require judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent liabilities on the date of the Restated Financial Information and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period prospectively in which the results are known/ materialized.

### **B.6 Current vs. Non-current classification of Assets and Liability**

The Company present assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional rights to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

## **C SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in the preparation of the Restated Financial Information are as given below. These accounting policies have been applied consistently to all the periods presented in the Restated Financial Information.

### **C.1 Cash and cash equivalent**

Cash and cash equivalents in the Balance Sheet comprise of cash at banks, cash in hand & short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

### **C.2 Income Tax**

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**

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment. For the purpose of Proforma Ind AS financial information for the financial year ended March 31, 2016 the Company has provided the depreciation based on the estimated useful life of respective years and as the change in estimated useful life is considered as change in estimate, accordingly there is no impact of this roll back.

Capital work in progress is stated at cost less impairment. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Freehold land is not depreciated.

#### **Depreciation on Plant, Property and Equipment**

The depreciable amount of PP&E (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

<b>Fixed Assets</b>	<b>Useful life considered September, 2018</b>	<b>Useful life considered March, 2018</b>	<b>Useful life considered March, 2017</b>	<b>Useful life considered March, 2016</b>
Plant & Machinery	15 Years	15 Years	15 Years	15 Years
Building	30 Years	30 Years	30 Years	30 Years
Office Equipment	5 Years	5 Years	5 Years	5 Years
Vehicles	8 Years	8 Years	8 Years	8 Years
Computers	6 Years	6 Years	6 Years	6 Years
Laptop	3 Years	3 Years	3 Years	3 Years

The Company, based on management estimates, depreciates certain items of building, plant and equipment over estimated useful lives which are lower than the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Further the Company has considered the change in useful life as change in estimates.

### 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.

**During the year ended on March 31, 2018, as a part of the ongoing renovation process, the company has scrapped a majority of its old plant & machinery, furniture and office equipment for Rs 93.22 Lakhs, there was a loss of Rs 507/- Lakhs on sale of assets which was charged 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.

Effective April 1, 2018, the company adopted Ind AS 115 'Revenue from Contracts with customers' using the modified retrospective method. Under the modified retrospective method, an entity applies Ind AS 115 only for contracts that are not completed on or before June 30, 2018.

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

#### **Identifying the performance obligations**

Under Ind AS 115, the Company must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- The customer benefits from item either on its own or together with other readily available resources, and
- It is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customizing it)

#### **Determining the transaction pricing**

Under Ind AS 115, the Company shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price excludes amounts collected on the behalf of the third parties. The consideration promised include fixed amounts, variable amounts or both.

Where the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the customer of the performance completed to date, the Company recognizes revenue in the amount to which it has right to invoice.

#### **Allocating the transaction price to performance obligations**

The transaction price is allocated to the separately identifiable performance obligations on the basis of their standalone selling price (in case of room rent where the customer pays a fixed rate per room for all the services provided). For services that are not provided separately, the standalone selling price is estimated using the adjusted market assessment approach.

#### **Recognizing revenue when/as performance obligation(s) are satisfied**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sales tax/ value added tax (VAT)/Goods & Service Tax (GST) is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

#### Rooms, Restaurant, Banquets and Other Services

Income from guest accommodation is recognized on a day to day basis after the guest checks into the Hotels and are stated net of allowances. Incomes from other services are recognized as and when services are rendered. Sales are stated exclusive of Service Tax, Value Added Taxes (VAT), Goods & Service Tax (GST) and Luxury Tax. Difference of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue separately.

#### Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, sale of food and beverage are recognized at the points of serving these items to the guests. Sales are stated exclusive of Sales Tax/VAT/GST. Revenue is measured at the fair value of the consideration received or receivable.

#### Other revenues

Other revenue majorly comprise of rental income, scrap revenue which is recognized when the right to receive the income is established as per the terms of contract.

#### Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

### **C.5 Employee Benefits**

#### **Short-term employee benefits**

A liability is recognized for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

#### **Defined Benefit Plans and Defined Contribution Plans**

In financial year 2013-14 and 2014-15, the company has made provisions of gratuity and ex-gratia in its books for the employees and which is contrary to the Accounting Standards on the retirement benefits which is issued by ICAI. We are unable to quantify the difference based on the information available to the company. Being not based on actuarial valuation, we are unable to confirm the correctness/adequacy of the provisions made.

The same has been written off in the subsequent years.

As informed by the management, the number of employees are less than 10, hence no adjustment has been done w.r.t. defined benefit plans and defined contribution plans as per the provisions of AS-15 in the restated financial statement for the financial year 2015-16, 2016-17 and 2017-18.

### **C.6 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.



### Financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

### Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall based on the management decision.

### Impairment of financial assets

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The company applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the company expects to receive).

### De-recognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

### Financial liabilities and equity instruments

#### Classification as debt or equity

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

#### Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as a part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **C.7 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units – CGU).

An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

### **C.8 Provisions, Contingent Assets and Contingent Liabilities**

#### **Provisions:**

The company recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

#### **Contingent Assets:**

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

#### **Contingent Liabilities:**

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognized because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses contingent liabilities in note no. 20 of Annexure VII to Restated Financial Information.

### **C.9 Earning per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

#### **C.10 Standards issued but not yet effective**

A number of standards have been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to Ind AS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to Ind AS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognise deferred tax asset (Amendment to Ind AS 12), permitting election of fair value or equity method of accounting for investments in associates and joint ventures by venture capital, mutual fund and other similar organisations (Amendment to Ind AS 28) and Applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to Ind AS 112).

None of these amendments are expected to have any material effect on the company's financial statements.

#### **D Significant Judgements and Key sources of Estimation in applying Accounting Policies**

Information about significant judgements and key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognized in the Restated Financial Information is included in the following notes:

- Recognition of Deferred Tax Assets: The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.
- Useful lives of depreciable/ amortizable assets (tangible and intangible): Management reviews its estimate of the useful lives of depreciable/ amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment.
- Provisions and Contingencies: The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

#### **E TRANSITION TO IND AS**

##### **E.1 Basis for Preparation**

For all period up to and including the year financial ended March 31, 2016, the Company has prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements for the year ended March 31, 2018 are the Company's first annual IND AS financial statements and have been prepared in accordance with IND AS.

The accounting policies set out in Annex V (C) have been applied in preparing the financial statements for the financial year ended March 31, 2018, the comparative information presented in these financial statements for the financial year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the date of transition). This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

## **E.2 Exceptions and Exemptions Applied**

IND AS 101 “First-time adoption of Indian Accounting Standards” (hereinafter referred to as Ind AS 101) allows first time adopters certain mandatory exceptions and optional exemptions from the retrospective application of certain IND AS, effective for April 1, 2016 opening balance sheet. In preparing these Standalone financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

### **E.2.1 Optional exemptions availed**

**a. Property Plant and Equipment, Intangible Assets:** As permitted by para D5-D8B of Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets.

### **E.2.2 Mandatory Exceptions**

**a. Estimates:** As per para 14 of Ind AS 101, an entity’s estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity’s first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per para 16 of the standard, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition or at the end of the comparative period. The Company’s estimates under Ind AS are consistent with the above requirement.

**b. De-recognition of financial assets and liabilities:** As per para B2 of Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, “Financial Instruments”, prospectively for transactions occurring on or after the date of transition to Ind AS. However, para B3 gives an option to the entity to apply the derecognition requirements from a date of its choice if the information required to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the initially accounting for those transactions. The company has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

**c. Classification and measurement of financial assets:** Para B8 - B8C of Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively.

The presentation requirements under Previous GAAP differs from Ind AS, and hence, Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP.

## **Principal Components of Income and Expenditure**

### **Total Income**

Our total income consists of net revenue from operations and other income.

### ***Net revenue from Operations***

Our Hotel is not operational since FY 2014-15 and is currently under renovation process. Therefore, Net Revenue from operations for the Fiscal 2016, Fiscal 2017, Fiscal 2018 and six months ended September 30, 2018 is NIL. Prior to undergoing renovation work, our Company used to derive revenue primarily from rendering services

related to hotel, restaurant, banquets etc. by providing accommodation and food to the guests.

### ***Other Income***

Other income primarily includes rental income, liabilities written off, and interest on FD and interest on IT refund.

### **Expenses**

Our expenses consist primarily of, employee benefit expenses, finance costs, depreciation and amortization expenses, tax expenditure and other expenses.

### ***Employee Benefit Expenses***

Employee benefit expenses include salaries, wages, bonus, and staff welfare expenses.

### ***Finance Costs***

Finance costs include interest expenses other borrowing costs and finance charges.

### ***Depreciation and Amortization***

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).

### ***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.

### **Results of Operations**

The results of our operations contain information with respect to our results for the periods indicated, as set forth below.

### **Standalone Results of Operations**

The following table sets forth certain information with respect to our standalone results of operations for the periods indicated:

Particulars	Six months period ended September 30, 2018		Fiscal 2018		Fiscal 2017		Fiscal 2016	
	Rs. In Lakh	%	Rs. In Lakh	%	Rs. In Lakh	%	Rs. In Lakh	%
<b>Income:</b>								
Net Revenue from Operations	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Other income	4.93	100.00%	16.79	100.00%	118.99	100.00%	206.91	100.00%
<b>Total Income</b>	<b>4.93</b>	<b>100.00%</b>	<b>16.79</b>	<b>100.00%</b>	<b>118.99</b>	<b>100.00%</b>	<b>206.91</b>	<b>100.00%</b>
<b>Expenses:</b>								
Cost of food	-	-	-	-	-	-	-	-

and beverages consumed								
Employee benefits expense	11.97	242.80%	21.12	125.79%	15.46	13.00%	30.14	14.57%
Depreciation & amortization expense	40.05	812.37%	80.63	480.25%	145.39	122.19%	147.95	71.50%
Other expenses	107.74	2,185.40%	770.16	4,587.08%	355.23	298.54%	90.70	43.83%
Finance costs	142.90	2898.58%	28.47	169.57%	5.97	5.02%	92.65	44.78%
<b>Total expenses</b>	<b>302.67</b>	<b>6139.35%</b>	<b>900.39</b>	<b>5,362.71%</b>	<b>522.06</b>	<b>438.74%</b>	<b>361.43</b>	<b>174.68%</b>
<b>Profit before Tax</b>	<b>(297.74)</b>	<b>(6039.35%)</b>	<b>(883.60)</b>	<b>(5,262.71%)</b>	<b>(403.07)</b>	<b>(338.74%)</b>	<b>(154.52)</b>	<b>(74.68%)</b>
Tax expense:								
Current tax	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Deferred tax	152.87	3,101.14%	156.02	929.25%	216.90	182.28%	219.67	106.17%
<b>Total Tax Expense</b>	<b>152.87</b>	<b>3,101.14%</b>	<b>156.02</b>	<b>929.25%</b>	<b>216.90</b>	<b>182.28%</b>	<b>219.67</b>	<b>106.17%</b>
<b>Profit after Tax</b>	<b>(450.61)</b>	<b>(9,140.16%)</b>	<b>(1,039.62)</b>	<b>(6,191.97%)</b>	<b>(619.96)</b>	<b>(521.02%)</b>	<b>(374.19)</b>	<b>(180.85%)</b>
Other Comprehensive Income (Net of Tax)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>Total Profit (loss) for the Year</b>	<b>(450.61)</b>	<b>(9,140.16%)</b>	<b>(1,039.62)</b>	<b>(6,191.97%)</b>	<b>(619.96)</b>	<b>(521.02%)</b>	<b>(374.19)</b>	<b>(180.85%)</b>

# The financial information used in this table for Fiscal 2016, Fiscal 2017 and Fiscal 2018 and for the period ended September 30, 2018 has been derived from the Restated Financial Statements.

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	Six months period ended on September 30, 2018		Fiscal 2018		Fiscal 2017		Fiscal 2016	
	Rs. In Lakh	%	Rs. In Lakh	%	Rs. In Lakh	%	Rs. In Lakh	%
EBITDA (Rs.) {includes other income & liability written back}	(114.79)	(2,328.40)	(774.50)	(4,612.86)	(251.71)	(211.54)	86.08	41.60
EBITDA (Rs.) {excluding other income & liability written back}	(119.72)	(2,428.40)	(791.29)	(4,712.86)	(370.07)	(311.54)	(120.83)	(58.40)

<sup>1</sup> Calculated as per our Restated Net Profit (Loss) before Tax plus Depreciation and Amortization Expenses plus Finance Costs.

## **Discussion on Results of Operations**

- **Six months period ended September 30, 2018**

### **Revenue from operations**

Our revenue from operations was NIL as the Hotel premises are under renovation.

### **Other income**

Our other income was ₹ 4.93 Lakh which is 100.00% of our total revenue. Our other income comprised mainly of rental income.

### **Expenses**

Our expenses include expenses relating to power & fuel, repair & maintenance, duties and taxes, insurance, professional charges, loss on sale of assets, balances written off and office & miscellaneous expenses

### **Employee benefits expense**

Our employee benefits expense was ₹ 11.97 Lakh which is 242.80% of our total revenue for the six months period ended September 30, 2018 and comprise of salaries, wages & bonus expenses.

### **Other Expenses**

Our other expenses was ₹ 107.74 Lakh which is 2185.40% of our total revenue for the six month period ended September 30, 2018 which mainly included power & fuel expenses, professional charges, Office expenses etc.

### **Finance Costs**

Our finance costs was ₹ 142.90 Lakh which is 2898.58% of our total revenue for the six month period ended September 30, 2018 and mainly includes interest on borrowings and bank charges.

### **Depreciation and amortization**

Depreciation and amortization expenses was ₹ 40.05 Lakh which is 812.37% of our total revenue for the period six months period ended September 30, 2018 and mainly includes depreciation on tangible assets.

### **Profit before tax**

Our Profit before tax was ₹ (297.74) Lakh which is (6139.35) % of our total revenue for the six months period ended September 30, 2018. Since our Hotel is not operational as on date, our Company is and will be incurring the fixed cost and in turn make losses till the Hotel business becomes operational.

### **Taxation expense**

Our taxation expense for the six months period ended September 30, 2018 was ₹ 152.87 Lakh which is 3101.14% of our total revenue for the six months period ended September 30, 2018. It comprised of deferred tax only.

### **Net profit after tax**

Due to the abovementioned reasons, our Net profit after tax was ₹ (450.61) Lakh which is (9,140.61) % of our total revenue for the six months period ended September 30, 2018.

- **Fiscal 2017 compared to Fiscals 2016 and 2018 respectively**

### **Income**

Total income decreased by 42.49% from ₹ 206.91 Lakh in Fiscal 2016 to ₹ 118.99 Lakh in Fiscal 2017 and thereafter, decreased by 85.89% in Fiscal 2018 to ₹ 16.79 Lakh as compared to the Fiscal 2017. The decrease in

total income is due to reasons mentioned below.

#### *Net revenue from Operations*

Net revenue from operations in the last 3 financial years was NIL as Company is not operational since FY 2014-15 and our Hotel premises are currently under renovation process. The renovation will be completed by July 31, 2019.

#### *Other Income*

Other income decreased by 42.49% from ₹ 206.91 Lakh in Fiscal 2016 to ₹ 118.99 Lakh in Fiscal 2017 and thereafter, decreased by 85.89% in Fiscal 2018 to ₹ 16.79 Lakh as compared to the Fiscal 2017. The decrease in other income during Fiscal year period 2018 and 2017 is due to decrease in rental income and creditor written off.

#### **Expenses**

Total expenses increased by 44.44% from ₹ 361.43 Lakh in Fiscal 2016 to ₹ 522.06 Lakh in Fiscal 2017 and thereafter, increased by 72.47% in Fiscal 2018 to ₹ 900.39 Lakh as compared to Fiscal 2017.

As a percentage of total income, total expenses were 438.74% in Fiscal 2017, 174.68% in Fiscal 2016 and 5,362.71% in Fiscal 2018.

#### *Employee Benefit Expenses*

Employee benefits expenses decreased by 48.69% from ₹ 30.14 Lakh in Fiscal 2016 to ₹ 15.46 in Fiscal 2017 and increased by 36.61% in Fiscal 2018 to ₹ 21.12 Lakh. As a percentage of total income, employee benefit expenses were 125.81% in Fiscal 2018, 13.00% in Fiscal 2017 and 14.56% in Fiscal 2016. The employee benefits comprise of salary, wages and bonus only.

The fluctuation in employee benefit expenses was primarily attributable to the discontinuation of operations of our Hotel. Since financial year 2014-15, our Hotel is undergoing renovation work and there are only few employees who are currently employed by the Company. As on March 31, 2018 the Company has only six (6) employees.

#### **Finance Costs**

Finance costs decreased by 93.56% from ₹ 92.65 Lakh in Fiscal 2016 to ₹ 5.97 lakh in Fiscal 2017 and increased by 376.88% in Fiscal 2018 to ₹ 28.47 Lakh, as compared to Fiscal 2017. As a percentage of total income, finance costs contributed to 44.78%, 5.02% and 169.57% in Fiscals 2016, 2017 and 2018 respectively.

During the Fiscal 2016, there were interest payments to Other Loan Parties for whom the interest paid is stated in the below mentioned table

<b>Particulars</b>	<b>Amount (Rs. in Lakhs)</b>
Interest paid to Chandhini Babber	60.09
Interest paid to Jagan Mohan	2.50
Interest paid to Narendra Jain	10.69
Other Interest on Sales Tax Late Payment etc	18.19

However, during Fiscal 2017, the loans due to the parties mentioned above were settled and closed in full. Hence the interest outgo for the Fiscal 2017 was only on account of Interest on Term Loan of 2 crore, which was availed from HDFC Bank during the FY 2016-17.

During the Fiscal 2018, the Finance cost consisted of the following:



Particular	Amount (Rs. in Lakhs)
Bank Charges	0.31
HDFC Term Loan Interest	28.15

The increase in term loan interest was on account of utilisation of the Term Loan. Further Term Loan Availed for 3 crores during FY 2018.

#### *Depreciation and Amortization Expenses*

Depreciation and amortization expenses decreased by 1.76% from ₹ 147.95 Lakh in Fiscal 2016 to ₹ 145.39 Lakh in Fiscal 2017 and thereafter, decreased by 44.54% in Fiscal 2018 to ₹ 80.63 lakh, as compared to Fiscal 2017.

As a percentage of total income, depreciation and amortization costs were 71.50%, 122.19% and 480.25% in Fiscals 2016, 2017 and 2018 respectively.

The depreciation charge for the Fiscal 2017 was on the same lines as that of Fiscal 2016.

There is no major change except that the net book value had decreased which led to a decline in the depreciation.

However, For the Fiscal 2018 as compared to Fiscal 2017, the Company undertook the process to complete scrapping of old and unusable assets for the purposes of full renovation of the hotel. As a result, a large chunk of the Plant & Machineries were scrapped and sold / discarded. This led to a drastic decline in the Net Book Value of the Assets and hence its corresponding decline in the depreciation also for the said year.

#### *Other Expenses*

Other expenses increased by 291.66% from ₹ 90.70 lakh in Fiscal 2016 to ₹ 355.23 Lakh in Fiscal 2017 and increased by 116.80% in Fiscal 2018 to ₹ 770.16 Lakh, as compared to Fiscal 2017.

During the Fiscal Year 2017, the significant increase was due to penalty and deposits written off amounts to ₹ 417 Lakhs.

During the Fiscal year 2018, the Significant increase when compared to last year was mainly due to expenses incurred on sale of asset and Loss as amounted to ₹1371.84 Lakhs.

As a percentage of total income, our other expenses were 43.83%, 298.54% and 4,587.08%, in Fiscals 2016, 2017 and 2018 respectively. This increase was mainly due to operations of our Hotel being halted since FY 2014-5 and is currently undergoing renovation work and therefore there is no revenue generation in the Company.

#### **Profit before tax**

Our profit before tax decreased by 160.85% to ₹ (403.07) Lakh in Fiscal 2017, compared to ₹ (154.52) Lakh in Fiscal 2016, and further decreased by 119.22% to ₹ (883.60) Lakh in Fiscal 2018, as compared to Fiscal 2017. As a result, our Profit before tax comprised of 74.68%, 338.74% and 5262.71% of our total income in Fiscals 2016, 2017 and 2018 respectively.

The above losses during fiscal period 2018 and 2017 had increased because the Company is not operational as on date, certain balances have been written off and renovation expenses.

#### **Total Tax Expense**

Our tax expense comprised of current tax expenditure and deferred tax, and total tax expense that decreased by 1.26% from ₹ 219.67 Lakh in Fiscal 2016 to ₹ 216.90 Lakh in Fiscal 2017 and further reduced by 28.07% to ₹ 156.02 Lakh in Fiscal 2018, as compared to Fiscal 2017.

During the fiscal 2016 and 2017, the Company had incurred various expenditures which were not allowed as a deduction as per the Income Tax Act. Hence, the non-allowed expenditures were added back while computing the Statement of Total Income which resulted in creation of the provision for tax also. There was no current tax expenditure since the Company was making losses throughout the period and the other tax expenses includes only deferred tax expenses.

For the fiscal 2018, there were no major additions to the Statement of Total Income as a result of which the provision for Income tax was lower when compared to Fiscal 2017.

### Profit after tax

Our profit after tax was ₹ (1,039.62) Lakh in Fiscal 2018, ₹ (619.96) Lakh in Fiscal 2017 and ₹ (374.19) Lakh in Fiscal 2016. As a result, our Profit after tax comprised of (180.85) %, (521.02) % and (6,191.97) % of our total income in Fiscals 2016, 2017 and 2018 respectively.

As Company is non operational since FY 2014-2015 and Hotel premises are currently under renovation process. The renovation will be completed by July 31, 2019.

Due to which for Fiscal period 2018, 2017 and 2016 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 for the periods indicated:

Particulars	Six months period ended September 30, 2018	Fiscal 2018	Fiscal 2017	Fiscal 2016
Net cash generated from/ (used in) operating activities	(248.79)	(273.42)	(908.65)	(1,064.35)
Net cash generated from/ (used in) investing activities	(174.92)	(230.04)	(63.96)	3.54
Net cash generated from/ (used in) the financing activities	5,376.24	(4,253.78)	857.34	1,120.06
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,952.53</b>	<b>(4,757.24)</b>	<b>(115.26)</b>	<b>59.24</b>

*Note: The financial information used in this table for half year period ended 30<sup>th</sup> September 2018 and for Fiscal Year 2018, 2017 and 2016 been derived from the Restated Standalone Financial Statements.*

### Operating Activities

Cash generated in operating activities was ₹ (248.79), ₹ (273.42), ₹ (908.65) and (1,064.35) in six months period

ended September 30, 2018 and fiscals period ended 2018, 2017 and 2016. The operating cash flows before working capital changes was (192.97), (245.90), (252.97) and ₹ (79.44) lakh in six months period ended September 30, 2018, Fiscals 2018, 2017 and 2016 respectively.

In the Fiscal year 2017 and 2018 compared to fiscal year 2016 and 2017 respectively, the cash from operating expenses have been reduced due to reduction in working capital requirements

*The decreased in working capital was primarily due to decrease in other current liabilities in the fiscal year ended 2017 and increased in current liabilities in the fiscal year 2018 and trades payable increases from fiscal year 2017 and 2018 as compared to fiscal 2016 and 2017 respectively.*

### **Investing Activities**

*Six months period ended September 30, 2018 vis-à-vis Fiscal 2018 vis-à-vis Fiscal 2017 vis-à-vis Fiscal 2016*

Cash used in investing activities was ₹ (174.92), ₹ (230.04), ₹ (63.96) and 3.54 in six months period ended September 30, 2018 and fiscal period ended 2018, 2017 and 2016. The changes during fiscal period 2018 and 2017 was primarily on account of an increase in capital expenditure on Hotel property which is undergoing renovation work and offset Asset sales.

### **Financing Activities**

Cash flow from financing activities was ₹ 5,376.24 Lakh, ₹ (4,253.78), ₹ 857.34 and ₹1120.06 for six months period ended September 30, 2018 and fiscal period ended 2018, 2017 and 2016.

The significant increase was primarily on account of additional new borrowings availed by our Company in FY 17 - 18 amounting to **₹ 1443.05 Lakhs** and **Rs. 30 crores** during the period April 18 to Sept 18.

During the Fiscal year 2017, There is a negative cash flow is mainly due to Share application money is refunded at the end of the year.

### **Indebtedness**

As of September 30, 2018, we had outstanding indebtedness of ₹ 1443.05 Lakh. The following table sets forth certain information relating to our outstanding indebtedness as of September 30, 2018

Particulars	Amount (₹ in Lakh)
<b>Long term borrowings:</b>	
Secured	0.00
Unsecured	1,443.05
<b>Total long term borrowings</b>	<b>1,443.05</b>
<b>Short Term Borrowings:</b>	
Secured	0.00
Unsecured	0.00
<b>Total Short Term Borrowings</b>	<b>0.00</b>

The principal amounts outstanding under the borrowings bear interest either at a fixed rate or at a floating rate. For further details, see “**Financial Indebtedness**” on page 196.

### **Contingent Liabilities and other Off-Balance Sheet Arrangements**

The following table sets forth certain information relating to our contingent liabilities and commitments as of September 30, 2018:

1. In FY 2015-16 & FY 2016-17, following notices and demand were issued to the company:
  - a. 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 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.

- b. The company has received show cause notice from Service Tax Department for FY 2008-09 to FY 2013-14. While the normal taxes due have been paid with interest, the company has approached Service Tax Settlement Commission to get waiver of the penalties and pending dues upto FY 2013-14 imposed by the Service Tax Authorities. The outcome of the case is still pending.
- c. Southern Agrifurane Industries Private Limited has filed an application under Section 9 of Arbitration and Conciliation Act, 1996 against Aruna Hotels Private Limited and Yessir Holdings and Investment Private Limited on December 8, 2005 before the Hon'ble High Court of Judicature at Madras for seeking an order of interim injunction to restrain the respondents (including Aruna Hotels Private Limited) from transferring/ alienating the shares/ assets of the Company, particularly assets in the form of Aruna Hotel and Aruna Centre. By an order dated April 3, 2006, the said application was dismissed by the Hon'ble High Court of Judicature at Madras with liberty to the applicant to initiate arbitration proceedings to resolve the dispute. Accordingly, arbitration petition was filed by the claimant, Southern Agrifurane Industries Private Limited. By an award dated April 28, 2014, the learned sole arbitrator has inter alia held that the respondents (including Aruna Hotels Private Limited) are, jointly and severally, liable to pay to the claimant (i) Rs. 1,00,00,000/- with interest at the rate of 14% p.a. from February 26, 2004 till October 28, 2005 and thereafter at the rate of 18% p.a. till the date of realization; (ii) a sum of Rs. 25,00,000/- with interest for a period of 90 days (from October 7, 2005 to January 7, 2006) at the rate of 10% p.a. and thereafter at the rate of 18% p.a. till the date of realization; and (iii) a sum of Rs. 5,69,339/- towards cost of the arbitration proceedings. A petition has been filed on June 3, 2014 by Southern Agrifurane Industries Private Limited before the Hon'ble High Court of Judicature at Madras under section 34 of the Arbitration and Conciliation Act, 1996 to set aside the aforesaid arbitration award dated April 28, 2014 passed by the sole arbitrator insofar as it rejects its claim for enforcement/ specific performance of the Memorandum of Understanding dated April 24, 2002 between the petitioner and respondents. The outcome of the case is still pending.

For further details, please see our “**Restated Financial Information**” on page 118.

Except as disclosed in our Restated Financial Statements or otherwise in this Draft Letter of Offer, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

### **Historical and Planned Capital Expenditures**

In Fiscal 2017 and 2018, our capital expenditure (excluding capital advances) was ₹ (65.22) Lakh and ₹ 323.69 Lakh, respectively.

We believe that our capital expenditures in Fiscal 2019 and Fiscal 2020 will be financed by funds generated from borrowings as well as the proceeds from the Issue. 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.

### **Related Party Transactions**

We have entered into various transactions with related parties in the ordinary course of business. Primarily these transactions include sales and purchases made during the year, loans given and received during the year and remuneration paid to Directors and KMPs. For further details relating to our related party transactions, please see “**Related Party Transactions**” on page 116.

### **Unusual or Infrequent Events or Transactions**

Except as described in this Draft Letter of Offer, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

## Segment Reporting

Other than as disclosed in our Restated Financial Statements, we do not follow any other segment reporting.

## Significant Dependence on Clients

As on date of this Draft Letter of Offer, our Hotel is not operational and hence there is no significant dependence on clients.

## Known Trends or Uncertainties

Other than as described in this section and in “**Risk Factors**” on page 20, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

## Future Relationship between Cost and Income

Other than as described in this section, “**Risk Factors**” and “**Business Overview**” on pages 20 and 75 respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

## 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.

## Auditor’s Observations

The Statutory Auditors of the Company have, in their Report for the financial years ended March 31, 2016 and March 31, 2017, placed reservations, qualifications and adverse remarks including the following, which may have an adverse effect on the functioning of the Company:

Financial Year	Reservations, qualifications and adverse remarks
March 31, 2017 and March 31, 2016	No confirmation of balances obtained from debtors, creditors, other parties from whom loan is taken and financial institutions.
	Inventories are carried at Weight Average Price, hence the company was not following the accounting standards
	The contingent liability of the company towards the pending cases is not ascertainable as on date, but if the decision is unfavourable it would materially impact the cash flow of the company
	Share application money pending allotment was received in FY 13-14 but shares were not issued and amount was lying for more than the approved period as per the rules as the company was under the procedure of listing

## Significant Developments after September 30, 2018 that may affect our future results of operations

Except as disclosed in this Draft Letter of Offer, including under “*Outstanding Litigations and Material Developments*”, “*Our Business*” and “*Risk Factors*”, to our knowledge no circumstances have arisen since the date of the last financial statements disclosed in this Draft Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

## FINANCIAL INDEBTEDNESS

Set forth below, is a brief summary of our Company's borrowings as on December 15, 2018 together with a brief description of certain significant terms/ material covenants of the relevant financing arrangements.

(Rs. in lakhs)

Nature of Borrowing	Principal Amount outstanding as at December 15, 2018
Secured Borrowings	3,000.00
Unsecured Borrowings	5,104.34
<b>Total</b>	<b>8,104.34</b>

### Details of Secured Loans

(Rs. in lakhs)

Name of Lender	Type of Loan	Date of Sanction	Amount Sanctioned	Principal Amount outstanding as at December 15, 2018	Interest/ Commission (in % p.a.)	Security	Tenor/ Repayment schedule
HDFC Bank Limited	Term Loan	July 31, 2018	3,500	3,000	10.75% linked to one year MCLR with Annual reset	See note 1	Door to door tenor of 7 years including a moratorium of 1 year repayable in 24 equal quarterly installments

#### Note 1 for facilities taken from HDFC Bank:

##### a) Primary Security:

**Item no. 1:** 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 situated 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 600034 owned by the Company.

**Item No. 2:** All that piece and parcel of the land admeasuring 12.95 Grounds, comprised in R.S. No. 543/2 (Old S. Nos. 439 and 440), Block No. 31, Nungambakkam, Chennai 600034 owned by the Company.

**Item No. 3:** 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 600034 owned by the Company.

**Movable Fixed Assets:** Exclusive charges of movable fixed asset financed out of this loan.

##### b) Secondary Collateral:

(i) Personal guarantee of our Promoter, Mr. S. Balasubramanian Adityan.

(ii) Exclusive charge on fixed deposit of Rs. 250.00 Lakhs from Gay Travels Private Limited towards debt reserve.

**Restrictive / Negative Covenants:**

The above sanction letter include various restrictive covenants in relation to certain actions to be undertaken by our Company and for which prior written approval of the Bank is required. The major restrictive covenants (which require prior approval) are mentioned below:

1. Resort to any additional borrowing in the Company
2. Undertake any further capex except being funded by Company's own resources
3. Effect any change in shareholding pattern & management control in the Company. The management control and ownership should rest with Malar Publications Pvt. Ltd., Gay Travels Pvt. Ltd., Subasri Realty Pvt. Ltd. and Rani Printers during the currency of aforesaid facilities
4. Diversify into non-core areas viz. business other than the current business
5. Undertake guarantee obligations or extend letter of comfort, on behalf of any other company/ person/ trust/ any third party
6. Invest in, extend any advance / loans, to any Group Companies / Associates / Subsidiary / any other third party
7. Repay subordinated loans availed from Directors / Group Companies
8. Effect any dividend payout / capital withdrawal, in case of delays in debt servicing or breach of financial covenants
9. Sell, assign, mortgage or otherwise dispose of any fixed assets other than in the ordinary course of business.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

**Details of Unsecured Loans**

Name of Lender	Amount outstanding as on December 15, 2018 (Rs. in lakhs)	Repayment Terms	Purpose of the loan
Subasri Realty Private Limited	1,281.00	The Company is liable to pay interest @12% p.a. commencing from April 1, 2019 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
Gay Travels Private Limited	1,955.00	The Company is liable to pay interest @12% p.a. commencing from April 1, 2019 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
Gay Travels Private Limited	491.17	The Company is liable to pay interest @12% p.a. commencing from April 1, 2018 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
Malar Publications Private Limited	877.17	The Company is liable to pay interest @12% p.a. commencing from April 1, 2018 till the date of	For renovation of Hotel, paying out the liabilities and for any other expenses and to establish



<b>Name of Lender</b>	<b>Amount outstanding as on December 15, 2018 (Rs. in lakhs)</b>	<b>Repayment Terms</b>	<b>Purpose of the loan</b>
		settlement of the loan amount	modern facilities in the Hotel building and to develop business
Rani Printers Private Limited	500.00	The Company is liable to pay interest @12% p.a. commencing from April 1, 2019 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
<b>Total</b>	<b>5,104.34</b>		

## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no:

A. (i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) claims relating to direct and indirect taxes; or (iv) Material Litigation (as defined below); involving our Company, Directors or Promoters.

Our Board, in its meeting held on December 24, 2018 has determined that outstanding legal proceedings involving the Company, Directors and Promoters where:

- a. the aggregate amount involved in such individual litigation exceeds Rs. 10,00,000/- or where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in such single litigation individually may not exceed Rs. 10,00,000/-, if similar litigations put together collectively exceed Rs. 10,00,000/-;
- b. any such litigation wherein the monetary liability is not quantifiable but which is expected to be material from the perspective of the Company's business, operations, prospects or reputation

shall be considered as ("**Material Litigation**").

B. (i) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years; (ii) pending proceedings initiated against our Company for economic offences; C. (i) outstanding Material Dues (as defined below) to creditors; or (ii) outstanding dues to micro, small and medium enterprises and other creditors.

Our Board, in its meeting held on December 24, 2018 determined that outstanding dues to creditors in excess of the threshold limit of Rs. 1,00,000/- and the credit period of up to 30 days as applicable in the case of MSME and 5% of our Company's trade payables as per last audited financial statements in the case of other outstanding creditors shall be considered as material dues ("**Material Dues**"). Details of outstanding dues to creditors as required under the SEBI ICDR Regulations have been disclosed on our website at [www.arunahotels.com](http://www.arunahotels.com).

There have been no violations of securities laws by our Company, its Directors and Promoters in the past or which are pending against them.

#### A. LITIGATION INVOLVING OUR COMPANY

##### 1. Litigation against our Company

###### 1.1. Civil

- 1.1.1. An application (O.A. No. 1104 of 2005) was filed under section 9 of Arbitration and Conciliation Act, 1996 by one Southern Agrifurane Industries Private Limited (CIN: U24119TN2001PTC047785) against our Company and Yessir Holdings and Investments Private Limited (CIN: U65991TN1993PTC024471), on December 8, 2005 before the Hon'ble High Court of Judicature at Madras for seeking an order of interim injunction to restrain the respondents (including our Company) from transferring/ alienating the shares/ assets of our Company, particularly assets in the form of Aruna Hotel and Aruna Centre. By an order dated April 3, 2006, the said application was dismissed by the Hon'ble High Court of Judicature at Madras with liberty to the applicant to initiate arbitration proceedings to resolve the dispute. Accordingly, arbitration petition (O.P. 216 of 2006) was filed by the claimant, Southern Agrifurane Industries Private Limited. By an award dated April 28, 2014, the learned sole arbitrator has *inter alia* held that the respondents (including our Company) are, jointly and severally, liable to pay to the claimant (i) Rs. 1,00,00,000/- with interest at the rate of 14% p.a. from February 26, 2004 till October 28, 2005 and thereafter at the rate of 18% p.a. till the date of realization; (ii) a sum of Rs. 25,00,000/- with interest for a period of 90 days (from October 7, 2005 to January 7, 2006) at the rate of 10% p.a. and thereafter at the rate of 18% p.a. till the date of realization; and (iii) a sum of Rs. 5,69,339/- towards cost of the arbitration

proceedings. A petition (O.P. No. 387 of 2014) has been filed on June 3, 2014 by Southern Agrifurane Industries Private Limited before the Hon'ble High Court of Judicature at Madras under section 34 of the Arbitration and Conciliation Act, 1996 to set aside the aforesaid arbitration award dated April 28, 2014 passed by the sole arbitrator insofar as it rejects its claim for enforcement/ specific performance of the Memorandum of Understanding dated April 24, 2002 between the petitioner and respondents. The matter is currently pending before the Hon'ble High Court of Judicature at Madras.

- 1.1.2. A civil suit (C.S. No. 637 of 2002) has been filed on September 17, 2002 against our Company & three others by one Kothari International Trading Limited (CIN: U51101TN1995PLC029759) before the Hon'ble High Court of Judicature at Madras. The said suit has been filed by the plaintiff against Soundararajan & Co. Private Limited (CIN: U74999TN1948PTC002382) for selling the land and multistoried buildings and other structures thereon situated at Door No. 144 & 145, Sterling Road, Nungambakkam Chennai 600034 to the extent of 7 grounds to our Company which were allegedly mortgaged to the plaintiff by Soundararajan & Co. Private Limited and as on the date of filing the suit, the principal sum of Rs. 2,41,00,000/- remained unpaid to the plaintiff by Soundararajan & Co. Private Limited and Anusha International Limited (CIN: U18209TN1993PLC025056). Under the said suit, the plaintiff has prayed an amount of Rs. 2,41,00,000/- along with interest @ 18% p.a. from the date of filing the suit till the date of payment and to pass a decree by directing the sale of the scheduled property. The matter is currently pending before the Hon'ble High Court of Judicature at Madras for final disposal.
- 1.1.3. 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.
- 1.1.4. A Company Petition (CP/597/(IB)/CB/2017) was filed under section 9 of the I&B Code by one Mr. N. Subramanian against our Company before the NCLT, Chennai Bench for claiming an arrears of salary dues since the year 1998 till his retirement in 2013. As per the demand notice dated June 29, 2017 issued under section 8(1) of the I&B Code, an amount of Rs. 1,87,75,631/- has been claimed by Mr. Subramanian from our Company. By an order dated November 17, 2017, the NCLT had admitted the petition and ordered inter alia the commencement of corporate insolvency resolution process of our Company and appointed 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 our Company, filed an appeal (Company Appeal (AT) Insolvency No. 290 of 2017) before the NCLAT, New Delhi. By an order dated July 16, 2018, NCLAT has set aside the NCLT's order dated November 17, 2017 on the ground that there is an existence of dispute about arrears of salary. The said 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 pending before the Hon'ble Supreme Court of India.

1.2. Criminal

NIL

1.3. Taxation

i. Direct Tax Proceedings

<u>Particulars</u>	<u>A.Y.</u>	<u>Status</u>
Demand of Rs. 2,73,32,590/- raised pursuant to Notice of Demand dated March 31, 2015 under section 156 of the IT Act	2012-13	Matter remanded back to AO.
CIT(A) by an order dated August		

<u>Particulars</u>	<u>A.Y.</u>	<u>Status</u>
4, 2016 has allowed the appeal on the grounds that the addition u/s 68 of the IT Act of Rs. 7,73,00,000/- on account of share application money pending allotment is untenable and directed the AO to delete the same		
Disallowance of Rs. 2,38,31,782/- qualified in Form 3CD with respect to Section 40(a)(ia) pursuant to assessment order dated March 14, 2016 under Section 143(3) of IT Act.	2013-14	Appeal filed on April 15, 2016 before CIT (A), Chennai-1 and the same is pending.
Company is in receipt of Penalty Notice dated March 14, 2016 u/s 274 read with section 271(1)(c) of the IT Act for concealing/ furnishing inaccurate particulars of income.	2013-14	No further development in this matter.
Notice dated August 13, 2018 under section 143(2) of the IT Act	2017-18	Pending before ACIT, Corporate Circle 1(1), Chennai

ii. Indirect Tax Proceedings

1. Service Tax Proceedings

Our Company is in receipt of a show cause notice C. No. IV/09/131/2015 – STC – II - ADJ dated October 20, 2015 from the office of Commissioner of Service Tax, Service Tax-II, Chennai calling upon the Company to show cause as to why *inter alia* (i) service tax of Rs. 2,59,53,777/- for the period April 2010 to March 2014 should not be demanded by it; (ii) an amount of Rs. 1,81,60,816/- already paid by it should not be appropriated against (i) above; (iii) appropriate interest under section 75 of the Finance Act, 1994 should not be demanded from it; (iv) interest amount of Rs. 19,70,764/- already paid by it should not be appropriated against (iii) above; (iv) penalties under section 77 and 78 of the Finance Act, 1994 should not be imposed on it for the contraventions as above, etc. The Company has on July 22, 2016 filed a settlement application (SA (ST) 67/2016) under section 32E of the Excise Act, 1944 made applicable to Service Tax vide section 83 of the Finance Act, 1994 before the Customs, Central Excise and Settlement Commission, Chennai. The matter is still pending before the said Settlement Commission.

2. **Litigation by our Company**

2.1. Civil

2.1.1. Our Company has on September 1, 2017 filed two suits (O.S. No. 5634 of 2017 and 5635 of 2017) against Mr. Sivaram and Mr. 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 CPC. In an insolvency matter filed against our Company (which proceedings have since been dismissed), Mr. Kartick P. Sivaram had made a claim of Rs. 68,30,604/- towards remuneration/LTA/medical, gratuity and loan as on March 2, 2015 and Mr. Sivaram had made a claim of Rs. 1,55,73,044/- 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 direct 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.

2.1.2. Our Company has on September 1, 2017 filed a suit (O.S. No. 5633 of 2017) against one of our Promoter Group members, namely Mr. 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), Mr. Kamal Babbar had made a claim of Rs. 43,00,000/-. Under the said suit, our Company has prayed *inter alia* to grant permanent injunction restraining Mr. 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.

2.1.3. 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 Mr. Bajaj vide his acknowledgment letter dated August 29, 2018 stated that there were further dues payable by our Company to one of his companies. Under the said suit, our Company has prayed *inter alia* to grant permanent injunction restraining Mr. 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.

2.2. Criminal  
NIL

2.3. Taxation

2.3.1. Direct Tax Proceedings  
NIL

2.3.2. Indirect Tax Proceedings  
NIL

## **B. LITIGATION INVOLVING THE DIRECTORS**

### **1. Litigation against our Directors**

1.1. Civil  
NIL

1.2. Criminal  
NIL

1.3. Taxation

2.3.1 Direct Tax Proceedings  
NIL

2.3.2 Indirect Tax Proceedings  
NIL

### **2. Litigation by our Directors**

2.1. Civil  
NIL

2.2. Criminal  
NIL

2.3. Taxation

2.3.1. Direct Tax Proceedings  
NIL

2.3.2. Indirect Tax Proceedings  
NIL

**C. LITIGATION INVOLVING OUR PROMOTER**

**1. Litigation against Promoter**

1.1. Civil  
NIL

1.2. Criminal  
NIL

1.3. Taxation

1.3.1. Direct Tax Proceedings  
NIL

1.3.2. Indirect Tax Proceedings  
NIL

**2. Litigation by Promoter**

1.1. Civil  
NIL

1.2. Criminal  
NIL

1.3. Taxation

1.3.1. Direct Tax Proceedings  
NIL

1.3.2. Indirect Tax Proceedings  
NIL

**PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES**

There are no proceedings initiated against our Company for any economic offences.

**NON-PAYMENT OF STATUTORY DUES**

Other than cases disclosed above, our Company has no outstanding defaults in relation to statutory dues consisting of service tax, value added tax, professional tax, employee state insurance, provident fund and tax deducted, dues payable to holders of any debentures (including interest) or dues in respect of deposits (including interest) or any defaults in repayment of loans from any bank or financial institution (including interest).

## **PAST CASES WHERE PENALTIES WERE IMPOSED**

There are no past cases where penalties were imposed on our Company by concerned authorities/courts.

## **POTENTIAL LITIGATION INVOLVING OUR COMPANY**

As on the date of this Draft Letter of Offer, there is no potential litigation proceeding against our Company.

## **POTENTIAL LITIGATION INVOLVING OUR PROMOTER**

As on the date of this Draft Letter of Offer, save and except as stated below, there are no potential litigation proceeding against our Promoter:

- a. Our Promoter and some of our Promoter Group members namely, Subasri Realty Private Limited, Gay Travels Private Limited, Sovereign Media Marketing Private Limited and Rani Printers Private Limited are in receipt of a legal notice dated April 23, 2018 from one of our other Promoter Group members namely, Mr. Kamal Babbar, sent through his advocates wherein Mr. Babbar has made allegation against our Promoter and aforesaid Promoter Group members for violations of Companies Act and SEBI Takeover Regulations. Our Promoter and Promoter Group members have on April 30, 2018 sent their respective reply through their advocates denying the allegations made against them. There has been no further development in the matter. Subsequently, Mr. Babbar has also lodged a complaint dated November 28, 2018 on the SCORES platform of SEBI re-iterating the allegations *inter* against our Promoter and some of our Promoter Group members. Our Company has by a letter dated January 7, 2019 has given its reply to the complaint.

## **OUTSTANDING LITIGATION AGAINST OTHER PERSONS AND COMPANIES WHOSE OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY**

As on the date of this Draft Letter of Offer, there is no outstanding litigation against other persons and companies whose outcome could have a material adverse effect on our Company.

## **OUTSTANDING DUES TO CREDITORS**

As per the Materiality Policy, our Board has approved the following:

- (i) Consolidated information on outstanding dues to Micro Small & Medium Enterprises (MSME), separately giving details of number of cases and amount involved if the same exceeds the threshold limit of Rs. 1 lakh and the credit period of up to 30 days;
- (ii) Complete details about outstanding dues to other creditors (excluding banks and other financial institutions from whom Company has availed the financing facilities) if the amount due to any one of them exceeds 5% of the total outstanding trade payables of the Company as per the last audited financial statements.

As of September 30, 2018, our Company, in its ordinary course of business, has an aggregate amount of Rs. 7.75 Lakhs, which is due towards sundry and other creditors. As per the above policy, consolidated information of material dues to creditors, giving details of number of cases and aggregate amount for such dues is as under:

<b>Particulars</b>	<b>Number of cases</b>	<b>Amount Outstanding (Rs. In lakhs)</b>
Outstanding dues to MSMEs	NIL	NIL
Outstanding dues to other creditors	2	7.75
<b>Total Outstanding Dues</b>	<b>2</b>	<b>7.75</b>

The details pertaining to net outstanding due by our Company towards MSMEs and dues to other creditors separately as per the Restated Financial Statements for the most recent financial year are available on the website of our Company. It is clarified that such details available on our Company's website do not form a part of this Draft Letter of Offer. Anyone placing reliance on any source of information including our Company's website would be doing so at their own risk.

## **DISCLOSURES PERTAINING TO WILFUL DEFAULTERS**

Neither our Company, our Promoters nor our Directors are or have been classified as a wilful defaulter by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters issued by RBI.

## **MATERIAL DEVELOPMENTS**

Except as disclosed in the chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page 175 of this Draft Letter of Offer, in the opinion of our Board, there have not arisen, since September 30, 2018 any circumstances that materially or adversely affect or are likely to affect our profitability or the value of our consolidated assets or our ability to pay material liabilities within the next 12 months.



## GOVERNMENT AND OTHER APPROVALS

Our Company has received the necessary consents, licenses, registrations, permissions and approvals from the Government of India and various governmental agencies required to undertake this Issue. Our Company undertakes to obtain all material approvals and licenses and permissions that may be required to undertake our present business activities. Unless otherwise stated, these approvals and licenses are valid as of the date of this Draft Letter of Offer and in case of licenses and approvals which have expired, we have either made application for renewal or are in the process of making an application for renewal with the concerned authority. In order to operate our business, we require various approvals and/or licenses under various laws, rules and regulations.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities.

Following statement sets out the details of licenses, permissions and approvals obtained/ required to be obtained by the Company under various central and state legislations for carrying out its business activities.

### I. COMPANY RELATED APPROVALS

Sr. No	Authorization Granted	Issuing Authority	Registration No:/ Reference No:/ License No:	Date of Issue/ Date of Renewal	Valid up to
1.	Certificate of Incorporation in the name of <i>"Aruna Sugars Limited"</i>	Registrar of Companies, Chennai, Tamil Nadu	004255	September 09, 1960	Valid until cancelled
2.	Certificate of Commencement of Business in the name of <i>"Aruna Sugars Limited"</i>	Registrar of Companies, Chennai, Tamil Nadu	004255	December 24, 1960	Valid until cancelled
3.	Fresh Certificate of Incorporation consequent upon change of name to <i>"Aruna Sugars &amp; Enterprises Limited"</i>	Registrar of Companies, Chennai, Tamil Nadu	004255	July 3, 1986	Valid until cancelled
4.	Fresh Certificate of Incorporation consequent upon change of name to <i>"Aruna Sunrise Hotels Limited"</i>	Registrar of Companies, Chennai, Tamil Nadu	L15421TN1960PLC004255	October 25, 2000	Valid until cancelled
5.	Fresh Certificate of Incorporation consequent upon change of name to <i>"Aruna Hotels Limited"</i>	Registrar of Companies, Chennai, Tamil Nadu	L15421TN1960PLC004255	January 14, 2003	Valid until cancelled

### II. APPROVALS FOR THE ISSUE

1. The Board of Directors has, pursuant to a resolution passed at its meeting held on August 17, 2018 authorized the Issue under Section 62(1)(c) of the Companies Act, 2013.
2. The Company has obtained in-principle listing approval from the BSE dated [●]
3. The Company has entered into an agreement dated April 18, 2017 with the Central Depository Services (India) Limited ("CDSL") and the Registrar and Transfer Agent, who in this case is MCS Share Transfer Agent Limited, for the dematerialization of its shares.
4. The Company has entered into an agreement dated April 19, 2017 with the national Securities Depository Limited ("NSDL") and the Registrar and Transfer Agent, who in this case is MCS Share Transfer Agent Limited, for the dematerialization of its shares.
5. The Company's International Securities Identification Number ("ISIN") is INE957C01019.

### III. BUSINESS RELATED APPROVALS

#### General Approvals

Sr. No.	Nature of License / Approval	Issuing Authority	Registration/ License No.	Date of granting License/ Approval	Validity
1.	Permanent Account Number (PAN)	Income Tax Department, GoI	AAACA3213A	September 09, 1960	Valid until cancelled
2.	Tax Deduction Account Number	Income Tax Department, GoI	CHEA00224A	-	Valid until cancelled
3.	Certificate of Registration for Goods and Service Tax	Government of India	33AAACA3213A1ZS	September 26, 2017	Valid until cancelled
4.	Certificate of Registration for Employee's Provident Fund	Regional Provident Fund Commissioner, Employee's Provident Fund Organization	TN/36215	-	Request made by Company to cancel the registration w.e.f. April 13, 2014

### IV. Approvals obtained in relation to Intellectual property rights


#### Trademark

NIL

#### Copyright

NIL

### V. Approvals applied for but not yet received / Renewals made in the usual course of business

Sr. No.	Trademark	Nature of License / Approval	Issuing Authority	Class of Trade mark	Application No. and date
1.		Certificate of Registration of Trade Mark under section 23(2), Rule 56 (1) of Trade Marks Act, 1999	Registrar of Trade Marks, Trade Marks Registry, Chennai	43	No. 4025264 December 13, 2018

**VI. Material licenses / approvals for which our Company is yet to apply for / Statutory Approvals / Licenses required:\* -**

- a. Star Classification Order from Ministry of Tourism, Government of India
- b. FSSAI Registration License
- c. Shops and establishments registrations for Hotel and registered office
- d. Liquor License for possession of liquor
- e. Consent to operate under Air (Prevention and Control of Pollution) Act, 1981
- f. Consent to operate under Water (Prevention and Control of Pollution) Act, 1974
- g. No Objection Certificates from police and fire department
- h. Renewal of Fire and Rescue Services License
- i. Bar License
- j. Catering License
- k. Public Performance License
- l. Registration certificate under Tamil Nadu Public Health Act, 1939
- m. Trade Restaurant License
- n. Certificate of Registration for Employee's Provident Fund
- o. Registration under Employees' State Insurance Act, 1948
- p. Registration under Tamil Nadu Tax on Professions, Trades, Callings and Employments Act, 1976

*\* As currently our Hotel is not operational on account of renovation work, our Company shall obtain the necessary approvals/licenses from the relevant authorities as required to carry on its operations.*

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

The Issue of Equity Shares to the Eligible Equity Shareholders is being made in accordance with the resolution passed by the Board of Directors under Section 62 and other provision of the Companies Act, at their meeting held on August 17, 2018.

The Board of Directors in their meeting held on [●] have determined the Issue Price at ₹ [●] per Equity Share and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] fully paid up Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received approval from the BSE under the SEBI Listing Regulations for listing of the securities to be allotted in the Issue pursuant to the letter dated [●].

### **Prohibition by SEBI or RBI**

Neither our Company, the Promoter, and members of our Promoter Group, the Directors nor the persons in control of the Promoter or our Company nor any other company in which our Directors hold directorship, have been prohibited from accessing or operating in the capital markets, or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority or court.

None of the Directors of our Company are associated with the capital markets in any manner. SEBI has not initiated action against any entities with which the Directors are associated or against the Directors of our Company in the past five years except as under. Further, none of our Company, the Promoters, Group Companies and relatives of our Promoter, has been declared as wilful defaulters by the RBI or any other authority. Further, no violations of securities laws have been committed by our Company, the Promoters and relatives of our Promoter and Promoter Group, in the past and no proceedings in relation to such violations are currently pending against them.

Our Company, its promoters, members of the promoter group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018.

### **Eligibility for the Issue**

Our Company is a listed company and has been incorporated under the Indian Companies Act, 1956. Presently, the Equity Shares of the Company are listed on the BSE. Our Company is eligible to offer the Rights Equity Shares pursuant to the Issue in terms of Chapter III of the ICDR Regulations.

Due to the provisions of clause 2(a) of Part B of Schedule VI of the SEBI ICDR Regulations, our Company is required to make disclosures as per Part A of Schedule VI of the SEBI ICDR Regulations.

### **Compliance with Regulation 61 & 62 of the SEBI ICDR Regulations**

Our Company is in compliance with requirements of Regulation 61 and 62 of the SEBI (ICDR) Regulations, 2018 to the extent applicable.

### **Disclaimer Clause of SEBI**

**AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS**

**MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, SYSTEMATIX CORPORATE SERVICES LTD. HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. 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 ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, SYSTEMATIX CORPORATE SERVICES LTD., HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 28, 2019 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 WHICH READS AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
  - I. THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**
  - II. ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY THE BOARD, THE CENTRAL GOVERNMENT AND OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COPLIED WITH; AND**
  - III. THE MATERIAL DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE 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, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID AND NONE OF THESE INTERMEDIARIES HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS - NOTAPPLICABLE**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER 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 PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER/ LETTER OF**

**OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER/ LETTER OF OFFER - NOT APPLICABLE**

- 6. WE CERTIFY THAT REGULATION 15 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER / LETTER OF OFFER - NOT APPLICABLE**
- 7. WE UNDERTAKE THAT SUB-REGULATION (3) OF REGULATION 14 AND CLAUSE (C) AND (D) OF SUB-REGULATION (9) OF REGULATION 25 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 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 ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE - NOT APPLICABLE**
- 8. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION - NOT APPLICABLE FOR A RIGHTS ISSUE. 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.**
- 9. WE CERTIFY THAT THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE 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 THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**
- 11. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**
  - I. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE (1) DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**
  - II. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**
- 12. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA**

**(ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 WHILE MAKING THE ISSUE.**

- 13. IF APPLICABLE, THE ENTITY IS ELIGIBLE TO LIST ON THE INSTITUTIONAL TRADING PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THESE REGULATIONS.  
– NOT APPLICABLE**

**WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US INCLUDING IN RELATION TO THE BUSINESS OF THE ISSUER, THE RISKS IN RELATION TO THE BUSINESS, EXPERIENCE OF THE PROMOTERS AND THAT THE RELATED PARTY TRANSACTIONS ENTERED INTO FOR THE PERIOD DISCLOSED IN THE DRAFT LETTER OF OFFER HAVE BEEN ENTERED INTO BY THE ISSUER IN ACCORDANCE WITH THE APPLICABLE LAWS.**

**WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

**THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 35 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS DRAFT LETTER OF OFFER.**

#### **Caution**

#### **Disclaimer clauses from our Company, our Directors and the Lead Manager**

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to us and Lead Manager and their respective directors, officers, employees, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

#### **Caution**

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer of rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

### **Disclaimer with respect to jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Tamil Nadu, India only.

### **Selling Restrictions**

The distribution of this Draft Letter of Offer and the issue of our Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Rights Equity Shares to its Eligible Equity Shareholders and Eligible Employees and will dispatch the Draft Letter of Offer and Composite Application Form ("CAF") Eligible Equity Shareholders and Employee Application Form ("EAF") to Eligible Employees, who have an Indian address.

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 this Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Draft 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, the Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the same in or into the US or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date. For further details, please see '*Notice to Overseas Shareholders*' on page **10** of this Draft Letter of Offer.

### **Designated Stock Exchange**

The Designated Stock Exchange for the purposes of this Issue will be the BSE Limited.

### **Disclaimer Clause of the BSE**

As required, a copy of this Draft Letter of Offer is being submitted to the BSE. The Disclaimer Clause as will be intimated by the BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchange.

### **Filing with SEBI**

This Draft Letter of Offer is being filed with the Southern Regional Office of the SEBI, located at the 7th Floor, 756-L, Anna Salai, Chennai - 600002, Tamil Nadu for its observations and BSE. After SEBI gives its observations, the Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

### **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or otherwise induces a company to allot, or register any transfer of shares therein to him, or any



other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”

### Issue Related Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] lakhs. The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, Banker(s) to the Issue, printing and stationery expenses, advertising, travelling and marketing expenses and other expenses.

The estimated Issue expenses are as under:

Particulars	Estimated Expenses (₹ in Lakhs)	% of Estimated Issue size	% of Estimated Issue expenses
Fees to Intermediaries (Lead Manager, legal counsel, Registrar to the Issue, Bankers to the Issue, Advisor to the Issue)	[●]	[●]	[●]
Advertising, traveling and marketing expenses	[●]	[●]	[●]
Printing, postage and stationery expenses	[●]	[●]	[●]
Miscellaneous and other expenses	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	[●]	[●]	<b>100%</b>

### Fees Payable to the Lead Manager to the Issue

The fees payable to the Lead Manager to the Issue are set out in the Memorandum of Understanding entered into by our Company with the Lead Manager, copy of which is available for inspection at the registered office of our Company.

### Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue are set out in the engagement letter dated [●] issued by our Company to the Registrar.

### Underwriting Fees

This Issue is not being underwritten.

### Previous Issues by our Company

Our Company has not undertaken any public or rights issue during the last five years.

### Commission and Brokerage on Previous Issues

The Company has not made any Public / Rights Issue during last five years, hence any commission or brokerage has not been paid.

### Outstanding Debentures/Bonds and Preference Shares

There are no outstanding debentures/ Bonds and preference shares as on the date of the Draft Letter of Offer have not been redeemed.

### Previous issue of Equity Shares for consideration other than cash

Except as disclosed in this Draft Letter of Offer in section titled ‘*Capital Structure*’ beginning on page 44 of this Draft Letter of Offer, the Company has not made any issue of shares for consideration other than cash.

### Previous Public or Rights Issue by group companies

None of our group companies have made any public or rights issue in the past three years.

### Performance vis-à-vis Objects

Neither the Company nor any of the Group Companies of our Company have undertaken any public or rights issue in the last five years preceding the date of this Draft Letter of Offer.

### Price information of past issues handled by the Lead Manager to the Issue:

**Table 1:**

Sr. No.	Issue Name	Issue Size (Rs. In Lakh)	Issue price (Rs.)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
					(Rs.)			
1	Jash Engineering Limited	4800.96	120	11 October 2017	144.00	27.12%	47.12%	-2.40%
						4.56%	6.53%	3.95%
2	CMM Infraprojects Limited	1818.00	40	12 October 2017	46.50	42.84%	115.27%	40.83%
						3.24%	5.31%	3.03%
3	Uniinfo Telecom Services Limited	1558.70	55	15 March 2018	56.00	-6.19%	-22.87%	-43.86%
						1.62%	4.79%	8.95%
4	AVG Logistics Ltd.	3306.30	107	11 April 2018	113.00	10.71%	-19.02%	-41.67%
						3.74%	5.09%	-0.66%

**Table 2:**  
**Summary Statement of Disclosure:**

Financial Year	Total no. of IPOs	Total Funds Raised (Rs. In Lakh)	Nos. of IPOs trading at discount- 30 <sup>th</sup> calendar days from listing			Nos. of IPOs trading at premium- 30 <sup>th</sup> calendar days from listing			Nos. of IPOs trading at discount- 180 <sup>th</sup> calendar days from listing			Nos. of IPOs trading at premium- 180 <sup>th</sup> calendar days from listing		
			Over 50 %	Between 25-50 %	Less than 25 %	Over 50 %	Between 25-50 %	Less than 25 %	Over 50 %	Between 25-50 %	Less than 25 %	Over 50 %	Between 25-50 %	Less than 25 %
F.Y 2017-2018	3	8177.66	-	-	1	0	2	-	-	1	1	-	1	-
FY 18-19*	1	3306.3						1	1	-	-	-	-	-

### Note:

- Disclosures are given for three financial years (current financial year and two financial years preceding the current financial year)
- Disclosures are subject to maximum 10 issues (initial public offerings) managed by the Lead Manager to the Issue in Table 1

3. In Table 1, percentage for benchmark indices to be provided in brackets with positive or negative sign, as applicable
4. In case the 30<sup>th</sup> /60<sup>th</sup> /90<sup>th</sup> calendar day is a holiday, data from previous trading day to be considered.

### **Listing on the Stock Exchange**

The existing Equity Shares of our Company are listed on the BSE. We had made an application to the BSE for obtaining 'in-principle' approval in respect of the Rights Equity Shares and have received the same from the BSE by way of its letter dated [●]. We will apply to the BSE for listing and trading approvals in respect of the Rights Equity Shares.

If the permission to deal in and for an official quotation of the securities is not granted by the BSE, we shall forthwith repay, without interest, all monies received from Applicants in pursuance of the Letter of Offer.

We will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the Allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 (fifteen) days from the Issue Closing Date.

If such money is not repaid beyond eligible days after our Company becomes liable to repay it, i.e. the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 (fifteen) days from the Issue Closing Date (on expiry of 70 days from the Issue Closing Date in case of devolvement of the underwriter), whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

### **IMPORTANT INFORMATION FOR INVESTORS**

- This Issue is made to Eligible Equity Shareholders as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and as appearing in the register of members of our Company in respect of Equity Shares held in the physical form, at the close of business hours on the Record Date i.e. [●], after giving effect to the valid share transfers lodged with our Company up to the Record Date; and to Eligible Employees (other than Promoters) who are permanent and full-time employee of our Company, as on the Record Date, who is an Indian national and is based, working and present in India as on the date of submission of the EAF and who continues to be in such employment till the finalisation of the basis of Allotment in consultation with the Designated Stock Exchange, but excludes persons not eligible under applicable laws, rules, regulations and guidelines.
- Your attention is drawn to the section titled '**Risk Factors**' on page **20** of the DLOF.
- Please ensure that you have received the CAF or EAF with the Abridged Letter of Offer.
- Please read the Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the CAF/EAF, and the instructions contained therein carefully before filling in the CAF/EAF. The instructions contained in the CAF are each an integral part of the Draft Letter of Offer and must be carefully followed. An application is liable to be rejected for any noncompliance of the provisions contained in the Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer or the CAF/EAF.
- All enquiries in connection with the Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer or the CAF should be addressed to the Registrar to the Issue, quoting the registered folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAF.
- All information shall be made available to the Investors by the Lead Manager and the Issuer, and no selective or additional information would be available by them for any section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports.
- The Lead Manager and our Company shall update the Draft Letter of Offer and keep the public informed of any material changes until the listing and trading commences.

### **Consents**

Consents in writing of the Directors, the Statutory Auditors, the Lead Manager, the Legal Advisor to the Issue, the Registrar to the Issue to act in their respective capacities and Banker(s) to the Issue have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

### Expert Opinion

Except for the '*Financial Information*' and the '*Statement of Tax Benefits*' available to the Company and its Shareholders as certified by the Statutory Auditors, beginning on pages 118 and 64 respectively of this Draft Letter of Offer, the Company has not obtained any expert opinions under the Companies Act.

### Issue Schedule

<b>Issue Opening Date:</b>	[•]
<b>Last date for receiving requests for SAFs:</b>	[•]
<b>Issue Closing Date:</b>	[•]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

### Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints. Additionally, 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 the Company. A well-arranged correspondence system has been developed by the Company.

Our Company has a Stakeholders' Relationship Committee which meets as and when required, to deal with and monitor redressal of complaints from shareholders. The Company also has Share Transfer Committee to deal with matters related to Share Transfer/transmission/ issuance of duplicate shares, split-up and consolidation which meets every 10 days to deal with such matters. All these matters are resolved in consultation with MCS Share Transfer Agent Limited, our Registrar and Share Transfer Agent.

Complaints related to Unpaid dividend/ non-receipt of shares/ non- receipt of annual report are directly handled by the Company in consultation with RTA. These complaints are resolved within a time period of 15-30 days.

Investors may contact the Compliance Officer and/or Registrar to the Issue in case of any Pre-Issue/ Post-Issue related problems such as non-receipt of allotment advice/share certificates/demat credit/refund orders etc.

### Company Secretary and Compliance Officer

Name: Mr. Ajay Shukla

Address: Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai – 600034, Tamil Nadu

Tel: +91 44 2530 3404

Website: [www.arunahotels.com](http://www.arunahotels.com)

E-mail: cs@ahlchennai.com

### Status of Complaints of our Company

Period	Complaints received	Complaints disposed of
Financial Year 2018	NIL	NIL
Financial Year 2017	NIL	3
Financial Year 2016	7	4

As on date of this Draft Letter of Offer the status of complaints of our Company on the website of SEBI Scores is as under:

Total complaints received:	23
Total resolved complaints:	23
Total pending complaints:	0
Total complaints withdrawn:	0
ATR/Reply sent and pending with SEBI:	0

#### **Status of outstanding investor complaints of our Company**

As on date, there were no outstanding investor complaints.

#### **Investor Grievances arising out of the Issue**

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The agreement between the Company and the Registrar provides for a period for which records shall be retained by the Registrar in order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as Folio No. / Demat Account No., name and address, contact telephone/ cell numbers, email id of the first Applicant, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar to the Issue for attending to routine grievances will be within 30 (thirty) days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in)

The contact details of the Registrar and Share Transfer agent to the company are as follows:

#### **Registrar to the Issue**

MCS Share Transfer Agent Limited

Address: 209-A, C Wing, 2nd Floor, Gokul Industrial Estate,  
Marol Co-op Industrial Area, Sagbaug, Marol, B/H Times Square,  
Andheri (E), Mumbai 400 059, Maharashtra, India

Tel: +91 22 2851 6020

Facsimile: +91 22 2851 6021

E-mail: [helpdesknum@mcsregistrars.com](mailto:helpdesknum@mcsregistrars.com)

**Investor grievance e-mail:** [arunahotels.rightissue@mcsregistrars.com](mailto:arunahotels.rightissue@mcsregistrars.com)

Website: [www.mcsregistrars.com](http://www.mcsregistrars.com)

Contact Person: Mr. Subodh Vichare

SEBI Registration No.: INR000004108

CIN: U67120WB2011PLC165872

#### **Changes in the Auditors during the last three years**

There was no change in the Statutory Auditors of the Company during the last three years.

#### **Capitalization of Reserves or Profits /**

Our Company has not capitalized any of its reserves or profits.

#### **Issuance of Equity Shares for consideration other than cash**

Our Company has not issued shares for consideration other than cash.

## **Revaluation of Fixed Assets**

There has been no revaluation of our Company's fixed assets in the last five years.

## **Stock market data for Equity Shares**

For stock market data of our Company, please see section titled '*Stock market data for Equity Shares of our Company*' on page 173 of this Draft Letter of Offer.

## **IMPORTANT INFORMATION FOR INVESTORS - ELIGIBILITY AND TRANSFER RESTRICTIONS**

As described more fully below, there are certain restrictions regarding the Rights Shares and Equity Shares that affect potential Investors. These restrictions are restrictions on the ownership of Equity Shares by such persons following the offer.

**The Rights Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) (U.S. Persons) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.**

**The Rights Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Until the expiry of forty (40) days after the commencement of the Issue, an offer or sale of 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.

## **Eligible Investors**

The Rights Equity Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offer and sales occur. All persons who acquire the Rights Equity Shares are deemed to have made the representations set forth immediately below.

## **Equity Shares and Rights Offered and Sold in this Issue**

Each purchaser acquiring the Rights Equity Shares, by its acceptance of the Draft Letter of Offer, will be deemed to have acknowledged, represented to and agreed with us and the Lead Manager that it has received a copy of the Draft Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

1. The purchaser is authorized to consummate the purchase of the Rights Equity Shares in compliance with all applicable laws and regulations;
2. The purchaser acknowledges that the Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
3. The purchaser is purchasing the Rights Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

4. The purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Rights Equity Shares, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such Rights Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such Rights Equity Shares for the account or benefit of any U.S. Person or any person in the United States or entered into any arrangement for the transfer of such Rights Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;
5. The purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;
6. If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Rights Equity Shares, or any economic interest therein, such Rights Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the Rights Equity Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;
7. The purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any ‘directed selling efforts’ as defined in Regulation S under the Securities Act in the United States with respect to the Rights Equity Shares;
8. The purchaser understands that such Rights Equity Shares (to the extent they are in certificated form), unless our Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (SECURITIES ACT) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

9. The purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Rights Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Equity Shares being sold;
10. Our Company will not recognize any offer, sale, pledge or other transfer of such Rights Equity Shares made other than in compliance with the above-stated restrictions; and
11. The purchaser acknowledges that our Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such rights or Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such rights or Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Letter of Offer Directive (each, a “Relevant Member State”) who receives any communication in respect of, or who acquires any rights or Equity Shares under, the offers contemplated in this Draft Letter of Offer will be deemed to have represented, warranted and agreed to and with each Lead Manager and our Company that in the case of any rights or Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Draft Letter of Offer Directive:

12. The Rights Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified Investors, as that term is defined in the Draft Letter of Offer Directive, or in circumstances in which the prior consent of the Lead Manager has been given to the offer or resale; or
13. Where Rights Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified Investors, the offer of those Rights Equity Shares to it is not treated under the Draft Letter of Offer Directive as having been made to such persons.

For the purposes of this provision, the expression an ‘offer of Equity Shares to the public’ in relation to any of the rights or Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the rights or Equity Shares to be offered so as to enable an Investor to decide to purchase or subscribe for the rights or Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Draft Letter of Offer Directive in that Relevant Member State.



## SECTION VIII – OFFERING 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 this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the CAF, before submitting an Application Form. The Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of this Draft Letter of Offer.*

### OVERVIEW

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, including the CAF, the SAF, the MOA and AOA of our Company, the provisions of the Companies Act, 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.

Please note that in accordance with the provisions of the SEBI Circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB investors, Non-Institutional Investors and Non-Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009, can participate in the Issue only through the ASBA process. All Retail Individual Investors complying with the eligibility conditions may optionally apply through the ASBA process or apply through the non-ASBA process. The Investors (i) who are not QIBs or Non-Institutional Investors, or (ii) whose application amount is not more than Rs. 200,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process, irrespective of the application amounts.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see “**Terms of the Issue - Procedure for Application**” on page 222.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

**In terms of the ASBA Circular 2009, for being eligible to apply in the Issue through the ASBA process, an Eligible Equity Shareholder:**

- should hold the Equity Shares in dematerialized form as on the Record Date and applies for his/ her Rights Entitlement and/ or additional Equity Shares in dematerialized form;
- should not have renounced his/ her Rights Entitlement in full or in part;
- should not be a Renouncee; and
- must apply through blocking of funds in an account maintained with an SCSB.

Further, 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 their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in the Issue and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

## **Renouncees**

All rights or obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

## **Authority for the Issue**

This Issue to our Eligible Shareholders with a right to renounce is being made pursuant to a resolution passed by Board of Directors on August 17, 2018.

## **Basis for the Issue**

The Rights Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Issue in respect of the Equity Shares held in the electronic 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.

## **Rights Entitlement**

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Equity Shareholder of our Company, as on the Record Date, i.e. [●] you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, CAFs and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of Equity Shares on a rights basis to the Eligible Equity Shareholders and the Letter of Offer / Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer / the Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdiction. Persons who may acquire Rights Entitlements or come into possession of the Letter of Offer or Abridged Letter of Offer or CAF are advised to consult their own legal advisors as to restrictions applicable to them and to observe such restrictions.

For Eligible Equity Shareholders wishing to apply through the ASBA process for the Issue, kindly refer section titled “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page 222.

## **PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THE ISSUE**

### **Face Value**

Each Equity Share will have the face value of Rs. 10/-.

### **Issue Price**

Each Equity Share shall be offered at an Issue Price of ₹ [●] per Equity Share for cash (including a premium of [●] per Rights Equity Share).

### **Rights Entitlement Ratio**

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] of every Rights Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date.

## **Terms of Payment**

The full amount of Issue Price Rs. [●] is payable on application.

## **Fractional Entitlements**

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] ([●]) of every Rights Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date.

For Rights Equity Shares being offered in this Issue, if the shareholding of any of the Eligible Shareholders is less than [●] Equity Shares or not in the multiple of [●] fully paid-up Equity Shares, the fractional entitlement of such Eligible Shareholders shall be ignored in the computation of the Rights Entitlement. However, Eligible Shareholders whose fractional entitlements are being ignored as above would be given preference in the Allotment of [●] additional Rights Equity Share each if they apply for additional Rights Equity Shares over and above their Rights Entitlement, if any. However, they cannot renounce the same in favor of third parties and the CAF shall be non-negotiable.

Those Eligible Shareholders holding less than [●] Equity Shares, that is, holding up to [●] Equity Shares and therefore entitled to 'zero' Rights Equity Shares under this Issue shall be dispatched a CAF with zero entitlement. Such Eligible Shareholders are entitled to apply for additional Rights Equity Shares and would be given preference in the Allotment of [●] additional Rights Equity Share if, such Eligible Shareholders have applied for the additional Rights Equity Shares. However, they cannot renounce the same in favor of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

## **Ranking of the Equity Shares**

The Rights Equity Shares being issued and Allotted pursuant to the Issue shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares issued under the Issue shall rank *pari passu*, in all respects including dividends with our existing Equity shares.

## **Mode of payment of dividend**

In the event of declaration of dividends, we shall pay dividends to Eligible Shareholders as per the provisions of the Companies Act and the provisions of our Articles of Association.

## **Listing and trading of Rights Equity Shares proposed to be issued**

Our existing equity shares are currently listed and traded on BSE (Scrip Code: 500016) and under the ISIN INE957C01019. The Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular (no. CIR/MRD/DP/21/2012) by SEBI dated August 2, 2012, be Allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchange. 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 of our Company and be available for trading.

The listing and trading of the Rights Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. Upon Allotment, the Rights Equity Shares shall be traded on Stock Exchange in the demat segment only.

Our Company has received in-principle approval for listing of the Rights Equity Shares from BSE by way of a letter no. [●] dated [●]. Our Company will apply to the BSE for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or that the price at which the Equity Shares offered under the Issue will trade after listing on the Stock Exchange. All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares to be allotted pursuant to the Issue shall be taken in accordance with law. The Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE under the existing ISIN for Equity Shares.

## **Intention and extent of participation by our Promoter and Promoter Group in the Issue**

Our Promoter and some of our Promoter Group members have undertaken to (a) subscribe, to the full extent of their Rights Entitlement or subscribe to the full extent of any Rights Entitlement renounced in their favor by any other Promoter or member of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly, with any other Promoter or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to any unsubscribed portion (if any) in the Issue, in compliance with Regulation 10(4) of the SEBI Takeover Regulations and the applicable law. 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) shall be exempt in terms of Regulation 10(4)(b) of the SEBI Takeover Regulations subject to fulfilment of conditions mentioned therein 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.

For further details of subscription and Allotment to the Promoter and Promoter Group, see “*Terms of the Issue – Basis of Allotment*” on page 222.

## **Rights of the Equity Shareholder**

Subject to applicable laws, the Eligible Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll 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 shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles.

## **Arrangements for Disposal of Odd Lots**

Our Equity Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

## **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.

## **General Terms of the Issue**

### **Market Lot**

The Equity Shares of our Company are tradable only in dematerialised form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds Equity Shares in physical form, our Company would issue to the Allottees one certificate for the Rights Equity Shares allotted to each folio (“**Consolidated Certificate**”). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Equity Shareholder.

### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of joint holders, the Application Form would be required to be signed by all the joint holders to be considered as valid for allotment of Rights Equity Shares. In case such Eligible Equity Shareholders who

are joint holders wish to renounce their Rights Entitlement, all such Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

### **Nomination**

In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Eligible Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Equity Shares are held by more than one person jointly, the nominee shall become entitled to all rights in the Equity Shares only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014, or any other rules that may be prescribed under the Companies Act, any person who becomes a nominee, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holders of the Equity Shares himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Equity Shareholder.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

**In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant ("DP") of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.**

### **Offer to Non-Resident Eligible Equity Shareholders/Investors**

Applications received from NRs for Equity Shares under the Issue shall be, *inter alia*, subject to the conditions imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/allotment advice/share certificates, payment of interest and dividends. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 ("**FEMA 20, 2017**"). The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address

only. If an NR or NRI Investor has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

The Equity Shares purchased on a rights basis by Non-Residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original Equity Shares against which Equity Shares are issued on a rights basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

**DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF.**

**Notices**

All notices to the Equity Shareholder(s) required to be given by our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in the state where our registered office is located, in our case being, Tamil daily and/or, will be sent by ordinary post/registered post/speed post to the registered address of the Eligible Equity Shareholders in India or the Indian address provided by the Eligible Equity Shareholders, from time to time. However, the distribution of the Letter of Offer/Abridged Letter of Offer/CAF and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

**Procedure for Application**

The CAF for the Rights Equity Shares offered as part of the Issue would be printed in black ink for all Eligible Equity Shareholders. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit. Eligible Equity Shareholders should note that those who are making the application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Equity Shareholder violates any of these requirements, he/she shall face the risk of rejection of both applications.

**Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non-Institutional Investors must mandatorily make use of ASBA facility.**

All QIB applicants, Non-Institutional Investors and other Applicants whose Application Amount exceeds Rs. 2 Lakhs can participate in the Issue only through the ASBA process, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than ₹ 2 lakhs can participate in the Issue either through the ASBA process or the non ASBA process.

Please also note that by virtue of circular no. 14, dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been de-recognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas

Corporate Bodies) Regulations, 2003. Any Eligible Equity Shareholders being an OCB is required to obtain prior approval from RBI for applying in this Issue.

## **CAF**

The Registrar to the Issue will dispatch the CAF along with the Abridged Letter of Offer along to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date.

Applicants may choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, see "*Terms of the Issue - Application on Plain Paper*" on page 222.

### **The CAF consists of four parts:**

- Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;
- Part B: Form for renunciation of Rights Equity Shares;
- Part C: Form for application of Rights Equity Shares by Renouncee(s);
- Part D: Form for request for Split Application Forms.

### **Option available to the Eligible Equity Shareholders**

The CAFs will clearly indicate the number of Rights Equity Shares that the Equity Shareholder is entitled to.

An Eligible Equity Shareholder can:

- Apply for Rights Entitlement of Equity Shares in full;
- Apply for Rights Entitlement of Equity Shares in part (without renouncing the other part);
- Apply for Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares (by requesting for split forms);
- Apply for Rights Entitlement in full and apply for additional Equity Shares; and
- Renounce Rights Entitlement in full.

### **Acceptance of the Issue**

You may accept the offer to participate and apply for the Rights Equity Shares offered, either in full or in part without renouncing the balance, by filling Part A of the CAFs and submit the same along with the application money payable to the Banker(s) to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board of Directors in this regard. Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Mumbai, demand draft payable at Mumbai to the Registrar to the Issue by registered post/speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "*Mode of Payment for Resident Eligible Equity Shareholders/Investors*" and "*Mode of Payment for Non-Resident Eligible Equity Shareholders/ Investors*" on pages 222 and 222 respectively.

An Eligible Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the "*Terms of the Issue-Application on Plain Paper (non - ASBA)*" and "*Terms of the Issue-Application on Plain Paper under the ASBA process*" on pages 222 and 222, respectively.

### **Additional Rights Equity Shares**

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered

without renouncing them in whole or in part in favor of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary, with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue-Basis of Allotment*” on page 222.

Under the foreign exchange regulations currently in force in India, transfers of shares between Non-Residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required. FVCIs, Category - I AIFs and VCFs are not permitted to participate in the rights issue by listed companies. For details on restrictions on eligibility by FPIs and FVCIs, see “*Terms of the Issue - Investment by FPIs and NRIs*” and “*Terms of the Issue - Investment by AIFs, FVCIs and VCFs*” on pages 222 and 222, respectively.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favor may also apply for additional Rights Equity Shares.

Non Resident investors who are not existing Eligible Shareholders may not apply for Equity Shares in addition to their Rights Entitlement, i.e., Non Resident Renouncees cannot apply for additional shares.

Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

## **Renunciation**

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favor of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register any Equity Shares in favor of the following Renouncees: (i) more than three persons (including joint holders), (ii) partnership firm(s) or their nominee(s), (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositories), (iv) HUF (however, you may renounce your Rights Entitlements to the Karta of an HUF acting in his capacity of Karta), or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorized under its constitutions or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favor of persons or entities which would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities or other laws. Eligible Equity Shareholders may also not renounce in favor of persons or entities in the United States or to the account or benefit of a U.S. person (as defined in Regulation S) or to who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

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 Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing 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 favor of Renouncee shall not renounce the same (whether for consideration or otherwise) in favor 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 under the adverse notice of 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 FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Shareholders renouncing their rights in favor of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favor this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting



branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for our Company of the fact of renunciation to the person(s) applying for Rights Equity Shares in Part 'C' of the CAF for the purpose of Allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favor may also apply for additional Rights Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any Rights Equity Shares in favour of any other person. The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the application from the Renouncees without assigning any reason thereof.

### **Procedure for renunciation**

#### **To renounce all the Rights Equity Shares offered to an Equity Shareholder in favor of one Renouncee**

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favor renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

#### **To renounce in part/or the whole to more than one person(s)**

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favor of two or more Renouncees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Company/DP, the application is liable to be rejected.

### **Renouncee(s)**

The person(s) in whose favor the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Banker to the Issue on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

### **Change and/or introduction of additional holders**

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three (including you), who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof. All such applications will be treated as applications from Renouncees and shall have to be made through the non-ASBA process only to be considered valid for allotment. Please also see section titled "*Terms of the Issue*" on page 222.

## **APPLICATIONS FOR NON-ASBA INVESTORS**

### **Eligible Equity Shareholders who are eligible to apply under the Non – ASBA process**

The option of applying for Equity Shares through non – ASBA process is available only to Eligible Equity Shareholders whose application amount does not exceed Rs. 2 Lakhs as well as Renouncees. All Applicants who are QIBs and Non – Institutional Investors can apply in the Issue only through the ASBA process.

### Instructions for Options for Non-ASBA Investors

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the CAF:

No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A ( <i>All joint holders must sign in the same sequence</i> )
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares ( <i>All joint holders must sign in the same sequence</i> )
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)  OR  Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D ( <i>all joint holders must sign in the same sequence</i> ) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once.  On receipt of the SAF take action as indicated below:  (a) For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A.  (b) For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee.  Each of the Renouncees should fill in and sign Part C for the Rights Equity Shares accepted by them.
4.	Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one)	Fill in and sign Part B ( <i>all joint holders must sign in the same sequence</i> ) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C ( <i>All joint Renouncees must sign in the same sequence</i> )
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

In case of Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

#### Please note that:

- Options 3, 4 and 5 will not be available for Eligible Equity Shareholders applying through ASBA process.
- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for SAF should be made for a minimum of one Rights Equity Share or, in either case, in multiples thereof and one SAF for the balance Rights Equity Shares, if any.

- Request by the Investor for the SAFs should reach the Registrar on or before last date for receiving request for SAF(s).
- Only the Eligible Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor (s) by post at the Applicant's risk.
- Eligible Equity Shareholders may not renounce in favor of persons or entities in the restricted jurisdictions including the United States or to or for the account or benefit of a "U.S. Person" (as defined in Regulations of the U.S Securities Act, 1933), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for the Rights Equity Shares in Part 'C' of the CAF to receive Allotment of such Rights Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Eligible Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- Non-resident Eligible Equity Shareholders: Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of this Issue shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
- Applicants must write their CAF number at the back of the cheque/demand draft.
- The Reserve Bank of India has issued standard operating procedure in terms of paragraph 2(a) of RBI circular number DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, detailing the procedure for processing CTS 2010 and Non-CTS 2010 instruments in the three CTS grid locations. As per this circular, processing of non-CTS cheques shall be done only once a week. In order to enable to ensure listing of Equity Shares issued and allotted pursuant to this Issue in a timely manner, Applicants are advised to use CTS cheques or use ASBA facility to make payment.
- Applicants using non-CTS cheques are cautioned that applications accompanied by such cheques are liable to be rejected due to any clearing delays beyond six working days from the date of the closure of the Issue.

#### **Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/DP and Client ID number and his/her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/found subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications.

Our Company or the Registrar to the Issue or the Lead Manager, shall not be responsible for postal delays or loss of duplicate CAFs in transit, if any.

### **Application on Plain Paper- Non ASBA**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft, net of bank and postal charges payable at Mumbai which should be drawn in favour of the “Aruna Hotels Limited– Rights Issue – R” in case of the resident shareholders and “Aruna Hotels Limited– Rights Issue – NR” in case of the non-resident shareholders applying on repatriable basis and send the same by registered/speed post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date.

The envelope should be super scribed “Aruna Hotels Limited– Rights Issue” and should be postmarked in India.

The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being **Aruna Hotels Limited**;
- Name and Indian address of the Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- 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;
- Total amount paid at the rate of ₹ [●] per Rights Equity Share;
- Particulars of cheque/demand draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form (Rights Equity Shares will be allotted in physical form only if the Equity Shares held on the Record Date are in the physical form);
- Allotment option preferred - physical or demat form, if held in physical form;
- Signature of the Eligible Equity Shareholders to appear in the same sequence and order as they appear in our records or the Depositories’ records
- In case of Non-Resident Eligible Equity Shareholders, NRE/FCNR/NRO A/c No. name and address of the bank and branch;
- If payment is made by a draft purchased from an NRE/FCNR/NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/NRO A/c; and
- 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 (the “**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 (the “**United States**”) or to, or for the account or benefit of a “U.S. Person” as defined in Regulation S under 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 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 understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has 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 Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised 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 Rights Equity Shares is/are, outside the United States, (ii) am/are not a “U.S. Person” as defined in Regulation S, and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.*

*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.”*

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon and no liability shall arise on part of our Company, Lead Manager and its Directors.

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the 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 to the Issue at [www.mcsregistrars.com](http://www.mcsregistrars.com).

### **Last date for Application**

The last date for submission of the duly filled in CAF or plain paper application is [●]. Our Board of Directors may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF together with the amount payable is not received by the Banker to the Issue/Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been

declined and the Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered.

### **Mode of payment for Resident Eligible Equity Shareholders/Investors**

All cheques/demand drafts accompanying the CAF should be drawn in favor of “Aruna Hotels Limited – Rights Issue - R”, crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Bankers to the Issue or the Collecting Bank or to the Registrar on or before the Issue Closing Date.

Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favor of “Aruna Hotels Limited – Rights Issue - R”, crossed ‘A/c Payee only’ payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants are requested to strictly adhere to these instructions.

### **Mode of payment for Non-Resident Eligible Equity Shareholders/Investors**

As regards the application by non-resident Eligible Equity Shareholders, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Rights Equity Shares by applicable local securities laws can obtain application forms from the following address:

#### **Registrar to the Issue**

#### **MCS Share Transfer Agent Limited**

**Address:** 209-A, C Wing, 2nd Floor, Gokul Industrial Estate, Marol Co-op Industrial Area, Sagbaug, Marol, B/H Times Square, Andheri (East), Mumbai 400 059, Maharashtra, India

**Telephone:** +91 22 2851 6020

**Email:** [helpdeskmm@mcsregistrars.com](mailto:helpdeskmm@mcsregistrars.com)

**Investor grievance e-mail:** [arunahotels.rightissue@mcsregistrars.com](mailto:arunahotels.rightissue@mcsregistrars.com)

**Website:** [www.mcsregistrars.com](http://www.mcsregistrars.com)

**Contact Person:** Mr. Subodh Vichare

**SEBI Registration No.:** INR000004108

**CIN:** U67120WB2011PLC165872

***Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.***

- All non-resident Investors should draw the cheques/demand drafts in favor of “Aruna Hotels Limited– Rights Issue – R” in case of non-resident shareholders applying on non-repatriable basis and in favor of “Aruna Hotels Limited– Rights Issue – NR” in case of the non-resident shareholders applying on repatriable basis, crossed “A/c Payee only” for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue.
- Non-resident Investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges drawn in favor of Banker to the Issue, crossed “A/c Payee only” and marked as “Aruna Hotels Limited– Rights Issue – NR” payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

#### **Application with repatriation benefits**

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);
- By cheque/draft on a Non-Resident External Account (“NRE”) or Foreign Currency Non-Resident (“FCNR”) Account maintained in India;
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable at par;
- Non-resident Investors applying with repatriation benefits should draw cheques/drafts in favor of and marked “Aruna Hotels Limited– Rights Issue – NR” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue;
- FPIs registered with SEBI must utilize funds from special non-resident rupee account;
- Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected;
- In the case of NRI Investors who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any, shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRI Investors who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any, will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor’s bankers;
- Payments through NRO accounts will not be permitted; or

#### **Application without repatriation benefits**

- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favor of “Aruna Hotels Limited– Rights Issue – R” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges. The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Investors may note that where payment is made by drafts purchased from NRE/FCNR/NRO accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected.

#### **Notes:**

- 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 IT Act.

- In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

#### **General instructions for non-ASBA Investors**

- Please read the instructions printed on the enclosed CAF carefully.
- Applicants that are not QIBs or are not Non - Institutional Investor or those whose application money does not exceed ₹2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- Application should be made on the printed CAF, provided by our Company except as mentioned under the head "*Application on Plain Paper – non ASBA*" on page 222 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer or Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
- The CAF together with the cheque/demand draft should be sent to the Banker to the Issue/Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by our Company for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.
- Applications where separate cheques/demand drafts are not attached for amounts to be paid for Rights Equity Shares are liable to be rejected.
- Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the IT Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
- Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- 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 English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.



- j. In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and/or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.
- k. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- l. Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- m. 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 to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialised form.
- n. SAFs cannot be re-split.
- o. Only the person or persons to whom Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
- p. Investors must write their CAF number at the back of the cheque/demand draft.
- q. Only one mode of payment per application should be used. The payment must be by cheque/demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- r. A separate cheque/draft must accompany each CAF. Outstation cheques/demand drafts or post-dated cheques and postal/money orders will not be accepted and applications accompanied by such cheques/demand drafts/money orders or postal orders will be rejected.
- s. No receipt will be issued for application money received. The Banker to the Issue/Collecting Bank/Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- t. The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

**Do's for non-ASBA Investors:**

- Check if you are eligible to apply i.e. you are an Eligible Equity Shareholder on the Record Date;
- Read all the instructions carefully and ensure that the cheque/draft option is selected in part A of the CAF and necessary details are filled in;
- In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialised form only;
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- Ensure that the CAFs are submitted at the collection centres of the Banker to the Issue only on prescribed forms;
- Ensure that the value of the cheque/draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;
- Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the IT Act with the Application Form, except for Application on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF 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 CAF; and
- Ensure that the Demographic Details are updated, true and correct, in all respects.

**Don'ts for non-ASBA Investors**

- Do not apply if you are not eligible to participate in this Issue in terms of the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground; and
- Do not submit Application accompanied with Stock invest.

**Grounds for Technical Rejection for non-ASBA Investors**

Investors are advised to note that applications may be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialised holdings) or with the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renouncees);

- Application for Allotment of Rights Entitlements or Additional Rights Equity Shares in physical form (in case the existing holding is in dematerialised form);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renouncee(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs / SAFs by OCBs without specific RBI approval;
- CAFs accompanied by outstation cheques/post-dated cheques/money order/postal order/outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other things, the subscriber is not located in restricted jurisdictions and is authorised to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws);
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renouncees who are 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;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application;
- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected;
- QIBs and other Eligible Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold Equity Shares in dematerialised form, applying through the non-ASBA process; and
- Renunciation involving a non-resident should only be on the floor of the Stock Exchanges. Application on renunciation forms where renunciation is not carried out on the floor of the Stock Exchanges, and without regulatory approvals, if any, are liable to be rejected.
- Eligible Equity shareholders not being individuals or HUFs applying for Equity Shares in this Issue for a value not exceeding Rs. 2,00,000 who would hold Equity Shares in dematerialized form, applying through the non-ASBA process.

**Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.**

Please note that Eligible Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.

## **PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS**

*This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Manager and we are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.*

*The Lead Manager, we, our Directors, affiliates, Associates and their respective directors and officers and the Registrar to the Issue 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. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.*

Please note in accordance with the provisions of SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are (i) QIBs, (ii) Non-Institutional Investors or (iii) other applicants whose application amount exceeds ₹ 2 lakhs shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹2 lakhs can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Further, 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 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 issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

**ELIGIBLE SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA ACCOUNT ON THE RECORD DATE.**

### **Self-Certified Syndicate Banks**

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yesand/or> such other website(s) as may be prescribed by the SEBI / Stock Exchange from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the abovementioned SEBI link.

### **ASBA Investors who are eligible to apply under the ASBA Process**

An ASBA Investor is an investor (Equity Shareholder) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs. The option of applying for Rights Equity Shares through the ASBA Process is available only to the Eligible Equity Shareholders on the Record Date.

All QIBs and Non-Institutional Investors and investors making an application for a value of more than ₹2,00,000 and complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process.

Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non-ASBA process.

**To qualify as ASBA Applicants, Eligible Equity Shareholders:**

- are required to hold Rights Equity Shares in dematerialized form as on the Record Date and apply for: (i) their Rights Entitlement; or (ii) their Rights Entitlement and Rights Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue

**CAF**

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI circular dated December 30, 2009.

**Acceptance of the Issue**

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

**Mode of payment under ASBA process**

The ASBA Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorising the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company as per the provisions of section 40(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be either unblocked by the SCSBs or refunded to the Investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Investor applying under the ASBA Process 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 CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

### **Options available to the ASBA Investors applying under the ASBA Process**

The summary of options available to the ASBA Investors is presented below. You may exercise any of the following options with regard to the Rights Equity Shares, using the respective CAFs received from Registrar:

<b>Option Available</b>	<b>Action Required</b>
Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A of the CAF ( <i>All joint holders must sign</i> )
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares ( <i>All joint holders must sign</i> )

The ASBA Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Equity Shareholder have selected to apply through the ASBA process option.

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process

### **Additional Rights Equity Shares**

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that you are eligible to apply for Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favor of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue - Basis of Allotment*” on page 222.

If you desire to apply for additional Rights Equity Shares please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. The Renouncee applying for all the Rights Equity Shares renounced in their favor may also apply for additional Rights Equity Shares.

### **Renunciation under the ASBA Process**

ASBA Investors can neither be Renouncees nor can renounce their Rights Entitlement.

### **Application on Plain Paper - ASBA**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the Designated Branch of SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank

account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be superscribed “Aruna Hotels Limited– Rights Issue – R” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “Aruna Hotels Limited– Rights Issue – NR” in case of non-resident shareholders applying on repatriable basis and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with our Company, must reach the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being **Aruna Hotels Limited**;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- 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;
- Total amount to be blocked at the rate of ₹ [●] per Rights Equity Share;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, 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;
- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and
- 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 (the “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 (the “United States”) or to or for the account or benefit of a “U.S. Person” as defined in Regulation S under 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 Rights Equity Shares or Rights Entitlement in the United States. I/we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is, a resident of the United States or a “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 Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised 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 Rights Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" as defined in Regulation S, and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.*

*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."*

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

The plain paper application format will be available on the website of the Registrar to the Issue at [www.mcsregistrars.com](http://www.mcsregistrars.com)

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

#### **Option to receive Equity Shares in Dematerialised Form**

**ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.**

#### **Issuance of Intimation Letters**

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in this Issue, along with:

- The number of Rights Equity Shares to be allotted against each successful ASBA Application;
- 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;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

#### **General instructions for Eligible Equity Shareholders applying under the ASBA Process:**

- a. Please read the instructions printed on the CAF carefully.
- b. Application should be made on the printed CAF only and should be completed in all respects. The CAF 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 the Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c. ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorising the SCSB to block an amount equal to the Application



Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.

- d. The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- e. All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs 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 credit” and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.
- f. All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment or payment by cheque or demand draft or pay order is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- g. 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 English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.
- h. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. 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.
- i. 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 to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- j. Only persons outside the United States and other restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws and not Renouncees(s) are eligible to participate.
- k. ASBA Investors who intend to subscribe the Rights Equity Shares of our Company under this Issue shall be eligible to participate under the ASBA Process.
- l. All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities/centres where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.
- m. In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “*Application on Plain Paper - ASBA*” on page 222.
- n. In terms of SEBI circulars dated September 13, 2012 and January 2, 2013, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.
- o. Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2 lakhs shall mandatorily make use of

ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs subject to their fulfilling the eligibility conditions to be an ASBA Investor.

- p. Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- q. Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

**Do's:**

- Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialised form only.
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to [number of Equity Shares as the case may be applied for] X [Issue Price of Equity Shares, as the case may be]) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF 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 CAF.
- Ensure that the Demographic Details are updated, true and correct, in all respects.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under applicable law.

**Don'ts:**

- Do not apply if you are not eligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on application in cash, by money order or by postal order.

- Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB)/to a branch of the SCSB which is not a Designated Branch of the SCSB/Company; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has been used for five applicants.
- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct your respective banks to release the funds blocked under the ASBA Process.

#### **Grounds for Technical Rejection for ASBA Investors**

In addition to the grounds listed under “*Grounds for Technical Rejection for non-ASBA Investors*” on page 222, applications under the ASBA Process are liable to be rejected on the following grounds:

- Application for Allotment of Rights Entitlements or Additional Rights Equity Shares in physical form (in case the existing holding is in dematerialised form).
- Application on a SAF;
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Sending CAF to a Lead Manager/Registrar/Collecting Bank (assuming that such Collecting Bank is not a SCSB)/to a branch of a SCSB which is not a Designated Branch of the SCSB/Company.
- Renouncee applying under the ASBA Process.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- Account holder not signing the CAF or declaration mentioned therein.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorised to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Submission of more than five CAFs per ASBA Account.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR instead of the PAN.
- An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor and is not a renouncer or a Renouncee not applying through the ASBA process applying through the ASBA process.

- Applications by SCSBs not complying with the SEBI circulars dated September 13, 2012 and January 2, 2013, whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.
- If an Investor is (a) debarred by SEBI and/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 Entitlement.
- Non-Institutional Investors or Non-Retail Individual Investors who have a bank account with an SCSB providing ASBA facility in the location of the Non-Institutional Investors or the Non-Retail Individual Investors and the application by the Non-Institutional Investors or the Non Retail Individual Investors is not made through that SCSB providing ASBA facility in such location.

#### **Depository account and bank details for Eligible Equity Shareholders applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF 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 CAF OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**

Eligible Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("**Demographic Details**"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Eligible Equity Shareholder. The Demographic Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Eligible Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Eligible Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account linked to the DP ID. Eligible Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Eligible Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Eligible Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Eligible

Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

### Issue Schedule

Issue Opening Date	[●]
Last date for receiving requests for Split Application Forms	[●]
Issue Closing Date	[●]
Finalisation of basis of allotment with the Designated Stock Exchange	On or about [●]
Date of Allotment	On or about [●]
Initiation of Refunds	On or about [●]
Credit of Rights Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of Rights Equity Shares on the Stock Exchange	On or about [●]

Investors are advised to ensure that the CAFs 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 CAFs or on before the Issue Closing Date.

The Board of Directors or a duly authorised 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 be kept open in excess of 30 days from the Issue Opening Date.

### Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the 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 their favor, in full or in part.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement would be given preference in Allotment of [●] additional Rights Equity Share each if they apply for additional Rights Equity Share. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after Allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head is more than the 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 and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will 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 is an under-subscribed portion after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board or any committee thereof in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

- (d) Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from one of the promoter's entitlement.
- (e) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favor 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 will be at the sole discretion of the Board or any committee thereof in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.
- (f) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full Allotment under (a), (b), (c) and (e) above, and the decision of the Board in this regard will be final and binding.
- (g) 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'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The amount to be transferred from the (a) ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- 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.

### **Underwriting**

This Issue is not being underwritten.

### **Allotment Advices / Refund Orders**

Our Company will issue and dispatch Allotment advice/share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted Rights Equity Shares to the respective beneficiary 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 such rate and within such time as specified under applicable law.

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") or such other mode as maybe decided by the Company, the Registrar and the Lead Manager.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialised form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately. 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 case of those Investors who have opted and are entitled to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding share certificates will be issued within two months from the date of allotment under Section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post/speed post to the sole/first Investors registered address. 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 to the Issue for this purpose.

In the case of non-resident Shareholders or Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The share certificate(s) will be sent by registered post or speed post to the Indian address of the Non-Resident Shareholders or Investors as provided to our Company.

### **Payment of Refund**

#### ***Mode of making refunds***

The payment of refund, if any, would be done through any of the following modes:

- 1) **NACH** – National Automated Clearing House 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 centres 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 centres 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 applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- 2) **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, the same 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.
- 3) **Direct Credit** – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- 4) **RTGS** – If the refund amount exceeds ₹ 2 lakhs, the 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 CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- 5) For all other Investors, the refund orders will be despatched through speed post/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.
- 6) Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and are permitted by the SEBI from time to time.

#### ***Refund payment to Non- resident***

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian Rupees based on the U.S. dollars equivalent which ought to be refunded. Indian Rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

### **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/refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

### **Allotment advice/Share Certificates/Demat Credit**

Allotment advice/share certificates/demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the relative share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- 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;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

### **Option to receive Equity Shares in Dematerialised Form**

Investors shall be allotted the Rights Equity Shares in dematerialised (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL on April 19, 2017 and with CDSL on April 18, 2017 which enables the Investors to hold and trade Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates. The ISIN number of the Equity Shares is INE957C01019.

In this Issue, the allottees who have opted for Equity Shares in dematerialised form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/or dematerialised form should be made. If such CAFs are made, the CAFs for physical Rights Equity Shares will be treated as multiple CAFs and is liable to be rejected.

**INVESTORS MAY PLEASE NOTE THAT THE RIGHTS 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 the Rights Equity Shares in this 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 such holdings. *Those Eligible Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*
- For Eligible Equity Shareholders already holding Equity Shares in dematerialised form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-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 CAF should be the same as registered with the Investor's depository participant.
- If incomplete/incorrect beneficiary account details are given in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by our Company as specified in the SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.
- The Rights Equity Shares allotted to applicants opting for issue in dematerialised form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue 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. It may be noted that Rights Equity Shares in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Rights Equity Shares held in dematerialised form would be paid to those Eligible 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.

### **Investment by FPIs and NRIs**

On January 7, 2014, the SEBI (Foreign Portfolio Investors) Regulations, 2014 ("**SEBI FPI Regulations**") were notified by SEBI pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'.

Under the SEBI FPI Regulations, purchase of equity shares by an FPI or an investor group should be below 10% of the total issued capital of an Indian company.

Under the FEMA 20, 2017, no single FPI can hold more than 10% of the paid up capital of an Indian company and the total equity share holding of all FPIs put together in a company is subject to a cap of 24% of the paid up capital of the company. The aggregate limit of 24% can be increased up to the applicable sectoral cap by passing a resolution by the board of the directors followed by passing a special resolution to that effect by the shareholders of the company.

The investments by NRIs are governed by the Regulation 5(3) and Regulation 3(4) of the FEMA 20, 2017.

Under the FPI Regulations and subject to compliance with all applicable Indian laws, FPIs may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to

be listed on any recognised stock exchange in India, as its underlying security), directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms and (iii) shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by residents Indian or NRIs.

Further, Category II FPIs under the SEBI FPI Regulations which are unregulated broad based funds and Category IIIFPIs under the SEBI FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

### **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.

### **Procedure for Applications by Mutual Funds**

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

### **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) 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.

### **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who—*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) 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*
- (c) 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 Rs. 1.00 million or 1.00% 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 10 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. In case the fraud involves (i) an amount which is less than Rs. 1.00 million or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to Rs. 2.00 million or with both.

### **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.

### **Disposal of application and application money**

No acknowledgment will be issued for the application moneys received by our Company. However, the Banker to the Issue/Registrar to the Issue/SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The 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 received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

### **Utilisation of Issue Proceeds**

The Board of Directors declares that:

- a. All the monies received out of the Issue shall be transferred to a separate bank account.
- b. Details of the all monies utilised out of the Issue, referred to in sub-item (a), shall be disclosed and continue to be disclosed till 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 utilised.
- c. Details of all unutilised monies out of the Issue, if any, referred to in sub-item (a), shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.
- d. Our Company shall utilise the funds collected in this Issue only after the approval of the Basis of Allotment is finalised.

## Undertakings by our Company

Our Company undertakes the following:

- a. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- b. All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are to be listed will be taken within seven working days of finalisation of basis of allotment.
- c. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in this Draft Letter of Offer shall be made available to the Registrar to the Issue by our Company.
- d. 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.
- e. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.
- f. The certificates of the securities/refund orders to the non-resident Indians shall be dispatched within the specified time.
- g. No further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through this Draft Letter of Offer Issue are listed or till the application monies are refunded on account of non-listing, under-subscription etc.
- h. At any given time, there shall be only one denomination of Equity Shares of our Company.
- i. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

## Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

## Important

- Please read this Draft Letter of Offer and the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Draft Letter of Offer and the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Draft Letter of Offer or the Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed “**Aruna Hotels Limited -Rights Issue**” on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

### **MCS Share Transfer Agent Limited**

Address: 209-A, C Wing, 2nd Floor, Gokul Industrial Estate, Marol Co-op Industrial Area, Sagbaug, Marol B/H Times Square, Andheri (East), Mumbai 400 059, Maharashtra, India

Telephone: +91 22 2851 6020

Email: [helpdesknum@mcsregistrars.com](mailto:helpdesknum@mcsregistrars.com)

**Investor grievance e-mail:** [arunahotels.rightissue@mcsregistrars.com](mailto:arunahotels.rightissue@mcsregistrars.com)

Website: [www.mcsregistrars.com](http://www.mcsregistrars.com)  
Contact Person: Mr. Subodh Vichare  
SEBI Registration No.: INR000004108  
CIN: U67120WB2011PLC165872

It is to be specifically noted that the Issue of Rights Equity Shares is subject to the risk factors mentioned in section titled “*Risk Factors*” on page 20.

The Issue will remain open for minimum 15 days. However, the 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.

## **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 Foreign Exchange Management Act, 1999 ("**FEMA**"). While the Industrial Policy, 1991 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. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of 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. The government bodies responsible for granting foreign investment approvals are the Reserve Bank of India ("**RBI**") and Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**") and the concerned Ministry/ Department as laid out in the FDI Policy 2017.

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment ("**FDI**") through press notes and press releases. The DIPP, has issued consolidated FDI Policy Circular of 2017 ("**FDI Policy 2017**"), with effect from August 28, 2017, which consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

Under the current FDI Policy of 2017, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present, FDI is permitted upto 100 % in hotel/hospitality sector under the automatic route.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, subject to fulfilment of certain conditions as specified by DIPP/RBI, from time to time. Such conditions include:

- (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does
- (ii) not attract the provisions of the SEBI Takeover Regulations;
- (iii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and
- (iv) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI.

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As per the existing policy of the Government of India, OCBs cannot participate in this Offer and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of Our Company. Investors will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

## **INVESTMENT CONDITIONS/RESTRICTIONS FOR OVERSEAS ENTITIES**

Under the current FDI Policy 2017, the maximum amount of Investment (sectoral cap) by foreign investor in an issuing entity is composite unless it is explicitly provided otherwise including all types of foreign investments, direct and indirect, regardless of whether it has been made for FDI, FII, FPI, NRI, FVCI, LLPs, DRs and Investment Vehicles under Schedule 1, 2, 2A, 3, 6, 9, 10 and 11 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations. Any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap.

Portfolio Investment upto aggregate foreign investment level of 49 % or sectoral/statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to conditions of Government approval and compliance of sectoral conditions as per FDI Policy. The total foreign investment, direct and indirect, in the issuing entity will not exceed the sectoral/statutory cap.

**(i) Investment by FIIs under Portfolio Investment Scheme (PIS):**

With regards to purchase/sale of share/s convertible debentures by a registered FII under PIS the total holding by each FII/SEBI approved sub-account of FII shall not exceed 10 % of the total paid-up equity capital or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs/sub-accounts of FIIs put together shall not exceed 24 % of paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body. For arriving at the ceiling on holdings of FIIs, shares/ convertible debentures acquired both through primary as well as secondary market will be included. However, the ceiling will not include investment made by FII through off-shore Funds, Global Depository receipts and Euro- Convertible Bonds. With regard to convertible debentures, these investments permitted to be made shall not exceed 5 % of the total paid-up equity capital or 5% of the paid-up value of each series of convertible debentures issued by an Indian Company and shall also not exceed the over-all ceiling limit of 24 % of paid-up equity capital or paid up value of each series of convertible debentures.

**(ii) Investment by Registered Foreign Portfolio Investor (RFPI) under Foreign Portfolio Investment (FPI) Scheme**

With respect to purchase/sale of shares or convertible debentures or warrants, a RFPI registered in accordance with SEBI (Foreign Portfolio Investors) Regulations, 2014 as amended in regular intervals may purchase shares or convertible debentures or warrants of an Indian company under FPI scheme. The total holding by each RFPI shall be below 10 % of the total paid-up equity capital or 10 % of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all RFPI put together shall not exceed 24 % of paid-up equity capital or paid up value of each series of convertible debentures. The said limit of 24 % will be called aggregate limit. However, the aggregate limit of 24 % may be increased up to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its General Body. For arriving at the ceiling on holdings of RFPI, shares or convertible debentures or warrants acquired both through primary as well as secondary market will be included. However, the ceiling will exclude investment made by RFPI through off-shore Funds, Global Depository Receipts and Euro-Convertible Bonds but include holding of RFPI and deemed RFPI in the investee company for computation of 24 % or enhanced limit.

**(iii) Investment by NRI under PIS:**

With respect to purchase/sale of shares and/or convertible debentures by an NRI and Overseas Citizen of India (OCI) put together on a stock exchange in India on repatriation and/or non-repatriation basis under PIS is allowed subject to certain conditions under Schedule 3 of the FEMA (Transfer or Issue of security by a person resident outside India) Regulations, 2017.

The total holding by an individual NRI or OCI cannot exceed 5% of the total paid-up equity capital on a fully diluted basis or 5% of the paid-up value of each series of preference shares or debentures issued by Indian company and the total holdings of all NRIs and OCIs put together does not cannot exceed 10 % equity capital on a fully diluted basis or 5% of the paid-up value of each series of preference shares or convertible debentures. However, this 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 concerned.

**(iv) Investment by NRI on Non-repatriation basis**

As per current FDI Policy 2017, schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations, 2017 – Purchase and sale of shares and convertible debentures or warrants by an NRI on Non-repatriation basis – will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**US Securities Act**") or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of "US Persons" as defined in Regulation S of the U.S. Securities Act, except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.

Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offer and sale occur.

Further, no offer to the public (as defined under Directive 2003/71/EC, together with any amendments) and implementing measures thereto, (the —Prospectus Directive) has been or will be made in respect of the Offer in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Offer.

Any forwarding, distribution or reproduction of this document in whole or in part may be unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions and the information contained in this Draft Red Herring Prospectus.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bid-cum-Application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder, and the Lead Manager(s) are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the Bid- cum-Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.



## **SECTION IX – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION**

### **ARTICLES OF ASSOCIATION OF ARUNA HOTELS LIMITED**

1. The following Articles shall constitute the regulations of this Company and the regulations contained in Table A in Schedule I of the Companies Act, 1956 shall not apply to this Company except to the extent they stand adapted in the following Articles.

#### **Definitions**

2. In the following Articles, the following words and expressions shall have the meaning assigned against them unless the context otherwise requires:

- (a) “The Act” means the Companies Act I of 1956 and every statutory modification thereof, including the Act that may be in force for the time being relating to Joint Stock Companies.
- (b) “The Company” shall mean ARUNA HOTELS LIMITED,
- (c) “The SEAL” mean the Common Seal of the Company approved by the Directors from time to time.
- (d) 'Directors' shall mean the Directors including Alternative Directors for the time being of the Company whether in a meeting assembled or not.
- (e) 'Board' means the Board of Directors of the Company for the time being,
- (f) 'Dividend' includes Bonus.
- (g) 'Members' means the person whose name is duly entered in the Register of Members of the Company.
- (h) 'Register of Members' means the register maintained by the Company in accordance with Sections 156 and 157 of the Act.
- (i) 'Month' shall mean the English calendar month.
- (j) ₹Paid-up' shall include "credited as paid up.”
- (k) 'Person' shall include any partnership, association, corporation, company as well as individual,
- (l) 'Writing' includes printing, lithography, typewriting and any other normal or usual substitute for writing.
- (m) Words importing a singular number shall include the plural and words importing the plural shall include the singular.
- (n) Words importing the Masculine gender shall also include the feminine gender end vice versa.
- (o) 'Sugarcane Growers' Association means the Association consisting of Sugarcane Growers Members

recognized as such by the Company and defined as follows:-

'Supreme Grower Members' means shareholders of the Company who for the time being are Growers of Sugarcane on their land or lands held or leased by them as tenants and who have been registered in the books of the Company as suppliers of Sugarcane grown to the Company.

### **Preliminary Agreements**

3. The Company shall, soon after incorporation, convenes an Extra-ordinary General Body Meeting for appointing Messers, Essellem & Company, a partnership firm, duly registered under the Indian Partnership Act, carrying on business in the State of Madras, as Managing Agents of the Company on terms and conditions contained in the Draft Agreement expressed to be made between the Company and Messers, Essellem & Company which for purpose of Identification has been signed by Sri A.R. Krishnaswami, Advocate, and shall give effect to the said appointment on the General-Body of the Company approving of the said appointment as at the aforesaid meeting and subsequent to the approval of the Central Government.

### **Commencement of Business**

4. The Company shall commence business only after complying with the requirements contained in Section 149 of the Act.

5. Except as provided by Section 77 of the Act, no part of the funds of the Company shall be employed in the purchase of, or in loans on the security of the shares of the Company.

### **Minimum Subscription**

6. The minimum subscription on which the Directors may proceed to allot shall only be, after applications have been received for the issue of the shares of any description of the Company, totaling in face value of not less than Rs.25,00,000 and after 25% of the nominal amount of each share has been paid on each application.

### **Share Capital of the company**

7. The Authorized Capital of the Company shall be Rs. 32,00,00,000/-divided into 2,40,00,000 Equity Shares of Rs. 10 each and 8,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each. The Preference Share Capital shall carry with it a preferential right to be paid with a fixed cumulative dividend as such rate or rates as the Company may decide from time to time (subject to the deduction of tax) and shall rank in priority to the Equity Share Capital of the Company and shall in the event of winding up of the Company, have a preferential right to be repaid the amount of the capital paid-up inclusive of all arrears of dividend, whether declared or not, upto the commencement of winding up, out of the amounts of the Company.

The Company shall be entitled to deduct from the dividends payable to any holder of shares of the Company amounts which the Company is required or may be entitled to deduct there from in respect of Indian Income Tax or Super-Tax and dividends paid subject to such deductions shall be deemed to be a sufficient discharge of the Company's liability in respect thereof.

The Company shall, at the time of redemption/repayment, of the principal to the Cumulative Redeemable Taxable Preference Shareholders, provide for payment of all arrears of dividend accrued till the date of redemption/repayment, whether declared or not, payable to the holders of such redeemed/repaid preference shares, when the dividend is declared under the Act, irrespective of the date of redemption.

7. A. The preference shares shall be redeemable at par at the option of the Company by giving three months' notice of such redemption to holders thereof, on expiry of 12 years from the date of their issue but before the expiry of 15 years from the date of their issue.

The Board of Directors may, at their discretion, redeem the whole or part of the outstanding Preference Shares, provided that:

(i) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made by the Company for the purpose of

such redemption.

(ii) No such shares shall be redeemed unless they are fully paid-up,

(iii) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account, before the shares are redeemed.

(iv) Where any such shares are redeemable otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to Reserve Fund, to be called 'The Capital Redemption Reserve Fund a sum equal to the nominal amount of the shares redeemed) and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if such Capital Redemption Reserve Fund were paid-up share capital of the Company.

(v) Where the option to redeem a part of outstanding redeemable preference shares is, exercised, the particular shares to be so redeemed shall be determined by drawing of lots.

(vi) No further shares ranking in priority to, or pari passu with, the cumulative (free of Company's Income-tax but subject to deduction of tax at source at the prescribed rates) redeemable preference shares shall at any time be created without the consent or sanction of the holders of not less than 3/4ths of the cumulative (free of Company's income-tax but subject to deduction of tax at source at the prescribed rates) redeemable preference shares that are issued and outstanding.

In calculating any fixed percentage on the capital paid-up on any shares for, the purpose of these Articles, such percentage shall be calculated upto and as on the date of close of accounting year of the Company next prior to the date of the declaration of dividend at a General Meeting and in respect of Interim Dividend, such fixed percentage shall be calculated upto and as on the date or the close of the period for which such dividend is declared by the Board of Directors.

(vii) That the First Set of 10000 Cumulative Redeemable Preference shares of the net value of Rs. 100/- each, which stand fully paid carrying dividend at  $9 \frac{1}{296}$  per annum, numbered from 1 to 10000 (both inclusive), be redeemed by a fresh issue of 10000 Cumulative Redeemable Preference Shares of the face value of Rs. 100/--each carrying with it a preferential right to be paid with a fixed Cumulative dividend equal to 11% per annum (free of Company's Income tax but subject to deduction of tax at source at the prescribed rates) ranking pari passu with the Second set of 5000 Cumulative Redeemable Preference shares numbered from 10001 to 15000 (both inclusive), excepting with regard to the date of redemption of such Preference Shares.

(viii) That the Second Set of 5000 Cumulative Redeemable Preference Shares of the face value of Rs. 100/- each referred to in Article 7(A) (vii) be entitled to be paid a Fixed Cumulative dividend equal to 11% per annum (free of Company's income tax but subject to deduction of tax at source at the prescribed rates) instead of  $9 \frac{1}{296}$  per annum, effective from 10th Jan 1976

(ix) That the date of redemption of the Second Set of 5000 - 11% Redeemable Cumulative Taxable Preference shares of Rs. 100/-- each shall be extended by 3 years i.e. from 31st October 1981 to 31st October 1984.

That effective from 1st November 1981, the rate of dividend on the Second Set of 5000, - 11% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each be enhanced to 13.5% or such increased rate as may be permitted by the Controller of Capital Issues from time to time which the Board of Directors is hereby authorised to agree.

In calculating any fixed percentage on the capital paid-up on any shares for the purpose of these Articles, such percentage shall be calculated up to and as on the date of close of accounting year of the Company next prior to the date of the declaration of dividend at a General Meeting and in respect of Interim Dividend, such fixed percentage shall be calculated upto and as on the date of the class of the period for which such dividend is declared by the Board of Directors.

8. Subject, to the other provisions of these Articles, the shares shall be under the control of the Board who may allot, grant option over or otherwise dispose of the same at such time, to such persons in such manner and upon such terms

as it may think proper, either at premium or at par provided that option or right to call of shares shall not be given, to any person except with the sanction of the Company in General Meeting,

9. Where at any time after the first allotment of the shares of the Company the Board proposes to increase the subscribed capital of the Company by the issue of new shares, such new shares shall be offered to persons who at the date of offer are holders of equity shares of the Company in proportion as nearly as circumstances permit to the capital paid upon those shares at that date. The offer shall be made by notice specifying the number of shares altered and limiting the time, not less than 15 days from the date of the offer, within which the offer is to be accepted and intimating that, if not accepted, in writing to offer will be deemed to have been declined. After the expiration of the time so fixed or on receipt of an intimation from the Member to whom such notice is given that he declines to accept the shares offered, the Board may dispose of the shares in such manner as it thinks most beneficial to the Company.

10. If at any time the share capital is divided into different classes of shares; the rights attached to any class (unless provided by the terms of issue of the share of that class) may, subject to the provisions of sections 106 and 107 of the Act, and whether or not the Company is being wound up, be varied, modified, commuted, affected, abrogated or dealt with by the consent in writing of the holders of three-fourths of the Issued shares of that class or with the sanction of special resolution passed at a separate General Meeting of the holders of the shares of that class. To every such General Meeting the provisions of these Articles relating to General Meetings shall mutatis mutandis apply, but the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of that class in question.

11. The rights, conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms at issue of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

12. The Board may allot and issue shares of the Company as payment or part-payment for any property purchased by the Company or in respect of goods sold or transferred of machinery or appliances supplied at far services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares and, if so Issued, shall be deemed as fully, paid-up shares,

13. No allotment of shares can be made by the Board except in conformity with section 69 and 70 of the Act.

14. No person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound or be compelled in any way to recognize even on having notice thereof, any equitable, contingent, future, or partial interest in any share or any interest in an/ fractional part of the share or (except as may be provided by the articles), any other rights in respect of any Share excepting the absolute right to the entirety thereof in the registered holder except when the declaration in respect of such shares as being held in trust conforms to the statutory requirements laid down in Section 153 (B) of the Companies Act, 1956-are complied with.

### **Alteration of Share Capital**

15. The Company may alter the Share Capital as follows:

That is:

- (a) It may increase the Share Capital by such amount as it thinks expedient by issuing new shares;
- (b) It may consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;
- (c) It may convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (d) It may sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the share from which the reduced share is derived ;

(e) It may cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of its share so cancelled.

16. Subject to confirmation by Court, the Company may, by special resolution, reduce its Share Capital in any way; and in particular and without prejudice to the generality of the foregoing power, may-

(a) extinguish or reduce the liability on any of its shares in respect of Share Capital not paid up;

(b) either with or without extinguishing or reducing liability on any of its shares cancel any paid-up Share Capital which is lost, or is unrepresented by available assets; or

(c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up Share Capital which is in excess of the wants of the Company;

and may, if and so far, as is necessary, alter its Memorandum by reducing the amount of its Share Capital and of its shares accordingly.

### **Payment of Commission**

17. The Board may exercise the power of paying commission conferred by section 76 of the Act at a rate not exceeding 5% of the nominal amount of the shares and not exceeding 2 1/2% In the case of debentures, provided that the amount or rate of the commission shall be disclosed In the manner required by that section.

18. The commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company also may in any issue of shares pay such brokerage as may be lawful.

### **Share Certificates**

19. The Share Certificates shall be issued under the Seal of the Company and shall bear the signature of at least two Directors of the Company.

20. Every member shall be entitled to receive, within three months after the date of allotment of shares to him or within two months after the application for the registration of any such shares in his name one certificate for all the shares held by him under such allotment or transfer without any payment.

21. Every member shall, however, be entitled to apply for and receive several certificates, each for one or more of his shares, upon the payment of such fee or fees or without payment of fee as the Directors may from time to time determine.

22. In respect of shares registered in the joint names of more than one person, the Company Shall be bound to issue more than one certificate and the delivery of a certificate relating to the said shares to one of the several joint holders shall be sufficient delivery to all the holders.

23. If a share certificate is defaced, lost, destroyed, then or otherwise rendered unfit for handling, then, upon production and surrender thereof to the Company by the member holding the share certificate, the member may obtain a duplicate certificate thereof from the Company free of any charge. If any certificate be lost or destroyed, then, upon proper proof to the satisfaction of the Board of such loss or destruction and an such indemnity as the Board may require being given, a duplicate certificate may be Issued by the Board to the member applying for the issue of such certificate and on payment of Re. 1/- for the issue of such duplicate certificate.

### **Lien**

24. The Company shall have a first and paramount lien upon all the shares (other than fully, paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares. And such lien shall extend to all the dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of shares shall operate as a waiver of the Company's lien If any on such shares.

The Board may, however, at any time declare any share to be wholly or partly exempt from the operation of this Article.

25. The Board may enforce the lien conferred under the preceding Article by selling the said shares in such form and manner as it may think fit, subject, nevertheless, that no sale shall be made unless a notice in writing under the hand of the Secretary or Manager of the Company has been sent by prepaid post to a member demanding payment of the amount outstanding in respect of which the lien is claimed, and default has been made by the member in complying with the said notice for a period of 10 days after the date of the said notice. In the event of death or insolvency of the member against whose shares the lien is claimable, the notice shall be issued by the Company to the person that will be entitled to the shares whether in whole or part by reason of the death or insolvency of the said member.

26. The proceeds realised from any such sale shall be applied first in discharge of the expenses incurred in connection with the said sale and next in payment, or discharge of the amount which the lien was enforced and the residue, if any, shall be paid to the person entitled to the shares on the date of sale.

27. The Board can empower any officer of the Company to execute the transfer deed relating to shares sold to confer title on the purchaser and shall register him as the holder of the shares purchased by him on his submitting the transfer deed with the requisite fee, and the Board may issue thereupon a duplicate certificate in his favour showing him as the holder of the shares covered by the said transfer. The purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

### **Calls**

28. The Board may from time to time subject to provisions contained in Section 91 of the Companies Act 1956 make calls upon the members in respect of any money unpaid on their shares (on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. Each member shall be subject to receiving at least 14 days' notice specifying the time and place of payment of the said call amount pay to the Company at the time and place so specified the amount called on his shares. Each member will be deemed to have been served with the said notice. If the notice has been issued in the manner contemplated in Section 63 of the Act. The calls shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed.

29. A call may be revoked or postponed or can be made payable by instalments as may be determined by the Board,

30. The joint holders shall be jointly and severally liable to pay all calls in respect thereof.

31. If a sum called in respect of the Shares is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate fixed by the Board, not exceeding Six per cent per annum from the day appointed for the payment thereof, to the time of actual payment, but the Board may waive payment of that interest wholly or in part.

32. Any sum which by the terms of issue of a share becomes payable on allotment or any date whether on account of nominal value of the share or by way of premium shall for purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

33. In the case of non-payment of any such sum all the relevant provisions of those articles relating to payment of interest on the overdue amount and expenses, forfeitures or otherwise shall apply as if such sum has become payable by virtue of a call duly made and notified.

34. The Board may if it thinks fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by them and upon all or any of the moneys so advanced may (until the same would but for such advance become presently payable) pay interest at such rate not exceeding 4% per annum as may be agreed apart between the Board and the member paying the sum in advance. Money paid up in advance of calls shall not confer a right to participate in profits or dividend or confer voting rights.

34. A. Neither a judgement nor a decree in favor of the company nor calls or moneys due in respect of any shares or any part payments or satisfaction there under, nor the receipt by the company of a portion of any money which shall from time to time be due from any member in respect of any share, either by way of principal or interest, nor any Indulgence granted by the company in respect of the payment of any such moneys shall preclude the company from taking action for the forfeiture of the shares or otherwise affect the legality of the action taken by the company in that behalf.

34. B. On the trial or hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the member sued is entered in the Register of Members as the holder or any of the holders of the shares in respect of such debt accrued that the resolution making the call is duly recorded in the Minutes Books of the company, that notice of such call was duly given to the member sued ; it shall not be necessary to prove the factum of appointment of the Directors who made such calls and It shall not also be necessary to prove that the meeting at which such call was made was duly convened and constituted. The proof of the matters hereinafter mentioned shall be treated as conclusive evidence of the debt for which the action has been laid,

35. The Instrument of Transfer of any share of the Company shall be executed both by the transferor and transferee. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is registered in the register of members in respect thereof. In the case of shares held jointly and in cases where shares have been transferred to more than one person jointly, the transfer deed shall be signed by all of the said joint holders or by all the transferees as the case, may be.

36. The instrument of transfer of any share shall be in writing and all the provisions of Section 108 of the Act and of any statutory amendments thereof for the time being shall be duly complied with in respect of all-transfers of shares and of the registration of such shares.

37. An application for the registration of the transfer of the shares may be made either by the transferor or by the transferee.

38. Where the application is made by the transferor and relates to partly paid shares, the share shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice. Notice to the transferee shall be deemed to have been given if it is dispatched by prepaid registered post to the transferee at the address given in the Instrument of Transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

39. The Board may, at any time in their absolute discretion and without assigning any reason decline to register any proposed transfer of shares whether fully paid up at par and whether the Transferee is a member of the company or not and may also decline to register any transfer of share on which the company has a lien. The decision of the Board will, however, be subject to right of appeal conferred under Section 111 of the Companies Act, 1956. Provided, however, that the registration of ' transfer shall not be refused on the grounds that the transferor is either alone or jointly with any other person or persons indebted to the company on any account whatsoever except a lien on shares.

40. The Board may also decline to recognize register any Instrument of Transfer unless: -

(a) " The Instrument of Transfer is duly stamped.

(b) A fee of Rs.2/— is paid to the Company in respect thereof along with the transfer application. Unless the Board resolves to remit the fee or any portion thereof.

(c) The Instrument of Transfer is accompanied by certificate of shares of which it relates and

(d) Such other evidence as the board may reasonably require to prove the title of the transferor his right to transfer the same. Further the instrument of transfer should relate to only one class of shares.

40. A. The Directors shall not accept applications for transfer of less than Ten Equity Shares of the Company provided however that this restriction shall not apply to;

(a) The transfer of equity shares made in pursuance of a statutory provision or an order of a Court of Law;

(b) The transfer of the entire equity shares by an existing Equity; shareholder of the Company, holding less than Ten Equity shares, by a single transfer to a single or joint names

(c) The transfer of more than Ten Equity shares in the aggregate in favor of the same transferee under two or more transfer deeds, out of which one or more relate to the transfer of less than Ten Equity shares.

40.B. The Directors shall not accept the applications of sub-division of equity shares of the Company into lots of less than 50 equity shares provided, however, that this restriction shall not apply to;

(a) sub-division of equity shares required to be made in pursuance of any statutory provision or an order of a Court of Law; and

(b) sub-division of larger holdings which, while splitting into lots of 50 shares, naturally results in residual quantum of less than 50 shares.

41. The company, may, after giving not less than 7 days previous notice by advertisement in some newspaper circulating in the district in which the Registered office of the company is situated, Close the register of members for any period not exceeding In the aggregate 45 days in each year but not exceeding 30 days at any one time and during the period the register is closed, the registration of transfer will not be entertained.

41. The Company shall maintain register relating to the transfers and transmission of shares noting therein the details relating to every transfer or transmission of any share.

### **Transmission of Shares**

42. On the death at a member the survivor or survivors where the member was joint holder and his legal representatives where the member is sole holder shall be the any person recognized by the Company as having any title to his interests in the shares. Nothing herein contained shall release the estate of deceased joint holder from any liability In respect of any share which had been jointly held by him with other persons. It shall be open to the Board in their absolute discretion to dispense with the production, or probate or letter of administration or other legal representation upon such terms to indemnity or otherwise as the Board may decide.

43. Any person becoming entitled to a share in consequence of the death' or insolvency of a member may upon producing such evidence as may be required by the Board, apply to the Board either to be registered, as the holder of the said share or shares or to make such transfer of the share as the deceased or insolvent member could have made,

44. The Board shall in either case referred in the preceding article have the same right to decline or suspend registration as it would have had if the deceased or insolvent member had transferred the share before his death or insolvency.

45. A person becoming entitled to a share by reason of death or insolvency of the holder shall be entitled to claim the same rights and advantages which the said holder enjoyed prior to his death or insolvency except that the said person shall not, before being registered as n member in respect of the share, be entitled to exercise any right conferred by the membership in relation to the meetings of the company.

46. The Board may at any time further require by notice in writing in the event of such person claiming dividends at other advantages in relation to the said share, to elect whether such person desires to apply for registration of the shares in his own name or to transfer the shares within 30 days from the date of the said notice and in default of compliance may withhold the payment of all dividends, bonus or other benefits payable in respect of the share and prevent the enjoyment of other advantages enjoyable in respect of the said shares until compliance of the said notice.

47. The Board may register as holder of any shares any person to whom the right to such shares stand transmitted by operation of Law on the Board being satisfied by such documentary evidence as it may think fit regarding such transmission.

48. The Company shall incur a liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made, by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title or Interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right or title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred



thereto in any book of the Company and the Company shall not be bound required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability -whatsoever for refusing or neglecting to do it, though it may have been entered or referred to in the back of the Company ; but the Company shall nevertheless be at liberty to have regard and attend to any such notice and give effect thereto, if the Directors shall think fit.

### **Forfeiture of Shares**

49. If a member fails to pay any call amount or instalment of a call amount on the day appointed for payment thereof, the Board may at any time thereafter during such time, as the call or instalment or any part of such call or instalment remains due, serve a notice on him requiring payment of so much of the call or instalment as is due together with any interest which may accrue and all expenses that may be incurred by the Company in connection therewith.-

50. The Notice aforesaid shall:

- (a) Name a further day (not earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
- (b) State that in the event of non-payment on or before the days so named, the shares in respect of which the call was made will be liable to be forfeited.

51. If the member commits default in complying with the terms of the said notice any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect Such forfeiture shall include all dividends declared in respect of the shares as forfeited and not actually paid before the date of forfeiture.

52. A forfeited share may be sold or otherwise disposed of on such terms used in such manner as the Board thinks fit , At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

53. The person or persons in whose name shares stand registered in the books of the Company as on the date of forfeiture shall cease to be member or members of the Company in respect of the shares so forfeited but shall , notwithstanding the forfeiture, remain liable to pay to the Company all moneys which on the date of forfeiture were presently payable by him/them to the said Company in respect of the said shares, The liability of such person or persons shall cease if any when the company shall have received the full face value of the said share,

54. A duly verified declaration in writing that the declarant is a Director of the Company or the Managing Agent or Secretary of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and that declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof, shall constitute a good title to the share, and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money(if any) nor shall his title to the share be affected by any irregularity or. Invalidity in the proceedings in reference to the forfeiture sale or disposal of the share.

55. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether an account of the amount of the share or by way of premium or otherwise as If the same had been payable by virtue of a call duly made and notified.

55. A. The Board may apply any money due from the company to any member without the consent of such member in or towards payment of any money due by him, along or jointly with any other person, to the company in respect of calls or otherwise.

### **Conversion of Shares into Stock**

56. The Company may, by ordinary resolution: -

- (a) Convert any paid up shares into stock; and

(b) Reconvert any stock into paid-up shares of any denomination,

57. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit;

Provided that the Board may, from time to time fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

58. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they hold the shares from which the stock arose ; but no such privileges or advantage (except participation In the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not , if existing in shares, have conferred that privilege or advantage.

59. Such of the regulations of the Company (other than those relating to share warrants) as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholders" respectively.

### **Share Warrants**

60. The Company may, with the previous approval of the Central Government in respect of its fully Paid-up shares, issue under Its Common Seal, Share Warrants in accordance with the provisions contained in Sections 114 and 115 of the Act,

61. The bearer of the Share Warrant shall not be entitled to sign as a requisition for the calling of any meeting of the Company, nor is he entitled to receive from the Company any notices. He will, however, be permitted to attend or vote at any meeting of the company provided he lodges the Share warrant at the office of the Company ant less than one week before the date appointed for the meeting. Not mare than one person shall be recognized as the depositor of the Share Warrant. After the completion of the meeting, the company shall, on two days<sup>₹</sup> written notice return the deposited Shore Warrant to the depositor.

### **General Meeting**

62. The Statutory Meeting of the Company shall be held at such place and time as the Directors may determine: in accordance with the provisions contained in Section 165 of the Act.

63. The first annual meeting of the company shall be held within 18 months after its incorporation. Thereafter an annual general meeting of the company shall be held within nine months after the expiry of each financial year not, however, exceeding more than 15 months from the date of its last preceding annual general meeting.

64. All other meetings of the company shall be termed Extraordinary General Meetings.

65. The Board may, whenever it thinks fit, call no Extraordinary General Meeting of the company and an Extraordinary General Meeting shall also be held whenever there is a requisition from the members of the company under Section 169 of the Act,

66. If at any time there are not within India, Directors capable of acting, who are sufficient in number to form a quorum, any Director or any two members of the company may call an Extraordinary General Meeting, in the same manner as nearly as possible as that in which such a meeting may be called -by the Board.

67. A General Meeting shall be held by giving not less than 21 days' notice in writing, specifying the place, day and hour of the meeting and containing a statement of the business to be transacted thereat. Every notice shall be given to every member of the company and to the persons entitled to a share in consequence of the death or insolvency of o member and to the Auditor of the company. Accidental permission to give notice to or the non-receipt of notice by any member or person so whom it should be given, shall not invalidate the proceedings at the meeting.

68, With the consent of all the members entitled to vote thereat, an annual general meeting may be Convened by giving a shorter notice and in case of any other meeting, with the consent of the members of the company holding not less than 95 per cent of the paid-up capital of the company.

69. The following business transacted at the Annual General Meetings of the company shall be deemed to be ordinary business

- (i) Consideration of the Accounts, Balance Sheet and the reports of the Board of Directors and Auditors.
- (ii) The declaration of Dividends,
- (iii) Appointment of Directors In the place of those retiring,
- (iv) Appointment of Auditors.
- (v) Fixing the remuneration of Auditors,

All other business transacted at the Annual General Meeting and all business transacted at any other meeting shall be deemed Special.

70. Where any items of business to be transacted at a meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting statement setting out all material facts concerning each such item of business, including in particular, the nature and extent of the interest, if any of any director, the Managing Agent, if any, the Secretaries and Treasurers, if any, and the Manager, if any. Where any Item of business consists of the according of approval to any document by the Meeting, the time, and place where the document can be inspected shall be specified in the statement aforesaid.

71. No business shall be transacted at any General Meeting unless a quorum of members Is present at time time when the meeting proceeds to business, & 5 members present in person shall form the quorum for a meeting of the company,

72. The Chairman, if any, of the Board of Directors, or any other Directors, who may be appointed by the Board to preside at any General Meeting of the Company shall preside as Chairman at the meeting of the Company.

73. If within half an hour from the time appointed for holding a meeting of the company, a quorum is not present the meeting, if called upon the requisition of members, shall stand dissolved, in any other case, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and to such other time and place as the Board may determine, If, at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding of Meeting, the members present shall be quorum.

74. if at any meeting there is no Chairman, or if at any meeting, the appointed Chairman is not present within 15 minutes after the time fixed for holding of the meeting or is unwilling to act as Chairman the 'numbers present shall choose another Director as Chairman and if no Directors be present or, if all the Directors decline to take the Chair, then the members present shall choose same one of their number to be Chairman.

75. The Chairman may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting adjourn the meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned, for 30 days or more notice of the adjourned meeting shall be given, as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of at adjournment or of the business to be transacted at an adjourned meeting.

76. At any general meeting a resolution put to the vote of the meeting shall, unless a poll is demanded, before or on the declaration of the result of the voting, be decided on a show of hands,

77. Before or on the declaration of the result of the voting on any resolution by show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him made in that behalf by at least 5 members having the right to vote on the resolution and present in person or by proxy or by any members present in person or by proxy having not less than 1/10th of the total power in respect of the said resolution. The demand for a poll may be withdrawn at any time by the person or persons who make

the demand.

78. If a poll is demanded on the election of the Chairmen or on the question of an adjournment of the meeting,, it shall- be taken forthwith. In all Other cases the poll shall be taken at such time not later than 48 hours from the time when the demand was made.

79. When a poll is to be taken the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report, thereon to him.

The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause. One of the scrutinizer appointed under this Section shall always be a member of the company, not being an officer or employee of the company.

80. In the case of equality of votes on any resolution whether on a show of hoods or a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll was directed to be held, shall be entitled to a second or a casting vote,

### **Special Notice**

81. Special notice, in accordance with Sec. 190 of the Act shall be required to be given for the passing of the following resolutions:

- (i) For the removal of any Director,
- (ii) For the appointment of an Auditor other than a retiring auditor.
- (iii) That a retiring auditor shall not be re-appointed.
- (iv) Any resolution which any member of the company desires to move at any meeting or Extraordinary General meeting of the Company,

### **Ordinary Resolution**

82. A resolution shall be an Ordinary Resolution when at a general meeting of which notice under the has been duly given, the votes cast in favor of the resolution (including the casting vote of the chairman) by members entitled to vote exceed the votes, if any cast against the resolution be members so entitled and voting.

### **Special Resolution**

83. A resolution shall be a Special Resolution when the Intention is propose the resolution as a Special Resolution has been duly specified in the notice calling the general meeting or other intimation given to the members or the resolution and the notice has been duly given of the general meeting and where the votes cast in favor of the resolution by the members entitled to vote are not less than three times the number of votes, if any, cast against the resolution.

84. A declaration by the Chairman that a resolution has or has not been carried or has or has not been carried unanimously or by n particular majority and an entry to that affect in the books containing the Minutes of the proceedings of. the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast not in favor of or against such resolution

### **Votes of Members**

85. Every member of the company shall have the right to vote on every resolution placed before the company at any meeting, provided that on a show of hands, the member must be personally present. On a show of hands, every member present in person shall have one vote, His voting right on a poll shall be as regulated in Sec,87 of the Act.

86. In the case of joint holders the vote of the senior holder who tenders the vote whether is person or by proxy

shall accepted, to the exclusion of the votes of the other joint members, the seniority being determined by the Order in which the names of the shareholders appear in the Register of the Company.

87. A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote whether on show of hands or on a poll by its committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy,

88. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of the shares in the company have been paid prior to the date of the meeting.

89. In every notice calling a meeting of the Company it shall be stated with reasonable prominence that a member entitled to attend and vote at the meeting can appoint a proxy and that the proxy need not be a member.

90. The instrument appointing a proxy shall be in writing and be signed by the appointor or his attorney duly authorised in writing or, if the appointer be a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

91. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notorially certified copy or other authority shall be deposited at the registered office of the company not less than 48 hours before the time fixed for holding the meeting in order to be effective at the said meeting,

92. An instrument appointing a proxy shall be in the following form or in any other usual form as prescribed in schedule IX to the Act or as near thereto as circumstances permit which the Board may approve.

#### Arun Hotels Limited

I/We ... of,... in the district of .being a member/members of the above - named Company hereby appoint .....of .....in the district of..... or failing him,..... of.....in the district of,... as my/ our proxy to vote for me/us on my/our behalf at the annual general meeting (not being an annual general meeting) of the company to be held on the..... day of ....and at any adjournment thereof Signed this..... day of

#### Directors

93. Until otherwise 'determined by a General Meeting, the number of Director shall not be less than 3 and not more than 15, including any ex-office directors.

94. The first directors of the company are

1. Sri. C.S. Loganathan 2. Sri. P. Maruthal Filial 3. Sri. J.H.Tarapore 4. Khan Bahadur P. Sharfuddin
- 5.
- 6.

95. Deleted

96. Notwithstanding anything to the contrary contained in these Articles, no long as any moneys shall be owing by the Company to Industrial Finance Corporation of India (IFCI) or The Industrial Credit and Investment Corporation of India or Life insurance Corporation of India (LIC) or The Tamil Nadu Industrial Investment corporation Limited (TUC) or Unit Trust of India (UTI) or any other financing Corporation or Company or Body (hereinafter referred to as the 'Financial Institutions') or as long as the Financial Institutions hold any shares/debentures in the Company as a result of direct subscription or underwriting, or conversion of loans/debentures into equity capital of the Company or so long as any guarantee given by the Financial Institutions on behalf of the Company remains outstanding, each such Financial Institution shall have a right to appoint from time to time one or more person as Director(s) on the Board of Directors of the Company (which Director is hereinafter referred to as 'the Nominee Director), The Nominee Director shall not be required to held qualification shares and shall not be liable to retire by rotation. The Financial institutions may at any time and from time to time remove the Nominee Director appointed by it and may, in the event of such removal and also in case of death; or resignation of the Nominee Director, appoint another in his place and also fill any vacancy which may accrue as a result of the Nominee Director ceasing to hold office for any reasons whatsoever. Such appointment or removal shall be

made in writing by the Financial institutions and shall be delivered to the Company at its registered office. The Board of Directors of the Company shall have no power to remove the Nominee Director from office. Each such Nominee Director shall be entitled to attend all General Meetings, Board meetings and Meeting; of the Committee of which he is a member, and he and the Financial institutions appointing him shall also be entitled to receive notice of all such meetings as also the Minutes of all General Meetings. The Nominee Director shall be paid all remuneration, fees, allowances, expenses and other moneys to which other Directors are entitled to. Subject as aforesaid, the Nominee Directors shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company. The Nominee Director shall ipso facto vacate his office Immediately the moneys owing by the Company to the Financial Institutions are paid off or on the Financial Institutions ceasing to hold shares/debentures of the Company.

97. The Directors, including any ex-officio directors, shall be Paid a sitting fee of Rs.250/— for every meeting of (directors or of any committee of the directors attended by him.

In addition to the remuneration payable to the directors as above-stated, the directors may be paid all travelling, hotel and other expenses properly incurred by them:

(a) in attending and returning from the meeting of the Board of Directors Or any Committee thereof or general meetings of the Company and/or

(b) in connection with the business of the Company.

98. The Board shall have power at any time and from time to time to appoint a person as an additional director, provided that the number of the directors and additional director together shall not exceed the maximum number fixed under Art. No. 93, Any person appointed as additional director under this Article shall hold office until the next following General meeting. Tire additional director shall be eligible for appointment as a director and be elected as such at the next following General Meeting.

99. No body corporate, association or a firm shall be appointed as a director of the company,

100. If the office of any director appointed by the company in general meeting is vacated before his term of office will expire in the normal course, the resulting' casual vacancy may be filled by the Board of Directors, and any person so appointed shall hold office only upto the date upto which the director in whose place he was appointed, would have held office, if it had not been vacated as aforesaid,

101. The Board of Directors may appoint an alternate director to set for a director hereinafter called the original Director, during the latter's absence for a period of not less than three months from the State in which the meetings of the Board are normally held. An alternate director appointed under this clause, need not be a member of the company and shall not be required to obtain any qualification shares. Any alternate director appointed under this clause shall vacate office if and when the original director returns to the State in which the meetings of the Board are ordinarily held, If the term of office of the original director is determined before he so returns to the State aforesaid, any provision for the automatic re-appointment of retiring directors in default of another appointment shall apply to the original and not to the alternate director.

102. The office of a director shall be vacated if

(a) he fails to obtain his qualification shares within two months from the date of his appointment as a director;

(b) after acquiring Ike qualification-shares he parts with his interests therein or ceases to hold the share qualification specified in these articles;

(c) he is found to be of unsound mind by a court of competent jurisdiction;

(d) he applies to be adjudicated art insolvent;

(e) he is adjudged insolvent;

(f) he is convicted by a Court in India of any offence and is sentenced in respect thereof to imprisonment for not

less than six months in respect of an offence involving moral turpitude;

(g) he fails to pay any call-in respect of shares of the company held by him alone or jointly with others, within six months from the last date fixed for the payment of the call Unless the Central Government by notification in the official Gazette removes the disqualification incurred by such failures;

(h) he absents himself from three consecutive meetings of the Board of Director or front all meetings of the Surd for a continuous period 'of three months, whichever is longer, without obtaining leave of absence from the Board

(i) he or any firm in which he (whether by himself or by any person for his benefit or on his account) is a partner or any private company of which he is director, accepts a loan or any guarantee or security for loan from the company in contravention of Sec, 293 of the Act;

(j) he acts in contravention of Sec 299;

(k) he in disqualified under See, 203 of the Act;

(l) he is removed in pursuance of Sec, 204 of the Act;

(m) Having been appointed as a Director by virtue of his holding any office or other employment in the company oras a nominee of the Managing Agent of the company, he ceased to hold such office or other employment In the company or as the case may be, the Managing Agency comes to on end Provided that the disqualification under Clauses (e), (f) and

(k) shall not take effect for the duration of the period'-referred to in Section 283 of the Companies Act, 1956 or any statutory modifications thereof.

### **Rotation of Directors**

103. 2/3rds of the total number of Directors in office shall be persons whose period of office is liable to determination by retirement of directors by rotation and shall be appointed by the company in General Meeting. The remaining 1/3<sup>rd</sup> of the directors may be appointed by the- Board for such period as the Baud may determine.

104. At the first Annual Genera! Meeting of the company, 2/3rds of the total number of Directors in office shall retire from office and their places shall be filled up by the company at the first annual general meeting, The Directors so retiring shall be eligible to stand for re-election or reappointment.

105. At the next Annual General Meeting of the company and at every subsequent annual general meeting, -1/3<sup>rd</sup> of such of the directors for time being as are liable to retire by rotation or, if their number Is not three or a multiple, of three, then the number nearest to 1/3<sup>rd</sup>, shall retire from office

106. The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who became directors on the same day, those who are to retire shall, in default of, and subject to any agreement among themselves, be determined by lot.

107. At the Annual General Meeting at which a director retires as aforesaid, the company may fill up the vacancy by appointing the retiring director or some other person thereto,

108. Any person other than a retiring director shall be eligible for appointment to the office of a director at any General Meeting if he or some member intending to propose him has, not less than 14 days before the meeting, left at the office of the company a notice in writing under his hand signifying his candidature for the office of director or the intention of such member to propose hint as a candidate for that Office, as the case may be,

109. The company in General Meeting may by ordinary resolution increase or reduce the number of directors within the limits fixed in that behalf by its Articles.

110. The company may, by ordinary resolution, remove a director before the expiry of its period of office and

appoint another person in his place. Special notice, however, should be required of any resolution to remove a director or to appoint somebody in the stead of a director so removed and company with the requirements laid down in Section 284 of the Act.

110.A. The Sugarcane Grower Members of the Company shall be entitled to nominate one Director to the Board of the Company who shall hold office for a period of two years such appointment shall be made at a meeting of the Sugarcane Grower Members and provisions of the Act and the Articles of the Company regarding, the meetings shall apply, to such meetings of the Grower Members.

### **Powers & Duties of Directors**

111. Subject to the provisions of the Act and those Articles,' the Board of Directors shall be entitled to exercise all such powers and to do all such acts and things as the company is authorised to exercise and to do, excepting such powers and acts which are to be exercised or done by the company in general meeting under the Act or these Articles. No regulation made by the company in general meeting shall invalidate any prior act of the Board which should have been, valid if that regulation had not been anode.

112. Notwithstanding the general powers conferred under preceding clause the Board shall exercise the following powers only by means of resolutions passed at the meetings of the Board.

- (a) Make calls on Shareholders in respect of money unpaid on their shares;
- (b) Issue Debentures;
- (c) Borrow moneys otherwise than a Debentures;
- (d) Invest the funds of the Company;
- (e) Grant loans,

Provided the Board may by a resolution passed at the, meeting delegate any Committee of Directors, the "Managing Agents or any other Principal officers of the company or in case of a Branch of the company e Principal officer of the Branch Office,, the powers specified in Clauses (e), (d) and (e) specifying the total amount upto which money may be borrowed by the delegate and the total amount upto which the funds stay be invested and nature; of investment to be made by the delegate and the total amount upto which loans may be made by... the delegate, the purpose for which the loans may be made and the maximum amount of loans ; which may be made for each such purpose in individual cases.

113. The board cannot, except with the consent of the General Body;

- (a) Sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company;
- (b) Remit or give time for the repayment of any debt due by a Director;
- (c) Invest, otherwise than in trust security, the amount of compensation, received by the company in respect of the compulsory acquisition of the undertaking referred to in Clause (a) above or of any premises or properties used for any such undertaking and without which, it cannot be carried on or can be carried only with difficulty or only after a considerable time,
- (d) Borrow money, where the money is to be borrowed, together with the money.; already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of die company and its free reserves, i.e., reserves not set apart for any specific purpose ; and every resolution passed by the Company in General Meeting shall specify the total amount upto which moneys may be borrowed by the Board of Directors. The expression 'temporary loan' occurring in this clause means loans repayable on demand or within six months from the date of the loan or other loans of seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature or
- (e) Contribute to charitable and other funds not directly relating to the business of the Company or the welfare or its employees, any amounts the aggregate of which will, in any financial year exceeds Rs,- 25,000/- or 5 percent of its average net profits during the three financial years immediately preceding, whichever is greater and the



resolution passed by the company in the General Meeting shall specify the total amount which may be contributed to charitable and other funds in any financial year.

(f) Subject to the provisions of the Act, the Directors may from time to time, at their discretion raise, or borrow or secure the repayment of any sum/sums of money for the purposes of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes, or by opening current 'accounts, or by receiving deposits and advances, with or without security, or by issue of bonds, perpetual or redeemable debentures or debenture stock of the company charged upon all or any part of the property of the company (both present and future) including its uncalled Capital- for the time being, or by mortgaging or charging any lands, buildings, goods or other property and securities of the Company,; or by such other means as to them may seem expedient.

Any such debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawings, allotment of shares and attending at general Meeting of the Company, appointment of Directors or otherwise.

Subject to the provisions of the Act, debentures or other securities may be made assignable free from any equities between the company and the person or persons to whom the same may be issued,

114. Subject to the restrictions contained in the Act, the Board may delegate its powers from time to time to any Committee or to any single director on such terms and subject to such conditions as the Board may think fit.

115. The Board may appoint at any time and from time to time by a Power of Attorney under the Company's Seal any person to be the Attorney of the Company for such purposes and with powers, authorities and discretions and for such period and subject to such conditions as the Board may think fit, with power to authorize such delegate or Attorney to subdelegate all or any of the powers so conferred on him-

116. The Directors may raise or secure the repayment of such money or discharge and satisfy such banking credits or facilities in such manner and upon such terms and conditions in all respects as they may think fit, and in particular by, the issue of bonds, mortgage debentures or debenture-stock of the Company to bearer or otherwise, whether charged or not charged upon all or any part of its undertaking, property and rights of the Company (present and future) including its uncalled capital and repayable by annual drawings or instalments or otherwise or by giving accepting or enforcing on behalf of the Company and promissory notes or bills of exchange, or in any other manner.

117. The Directors may out of the annual profits of the Company or otherwise, set aside such as they may think fit for the purpose of providing a redemption fund for the repayment of any bonds, mortgage debentures or debenture stock which may be issued by the Company in such amounts and such premium and at such period as they may think expedient.

118., Any Bonds, mortgage, debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise with any special privileges as to assignment redemption, surrender drawing, or in exchange or allotment of shares or otherwise, and any debenture or debenture- stock created by the Company may be so framed that the same shall be assignable free from any equities between the Company and the original or any Intermediate holders, subject nevertheless that this power may be exercised by the Board only, in accordance with the provisions of the Act, provided that debentures with the right to allotment of or conversion into shares shall not be issued except the sanction of the Company in General Meeting.

119. A meeting of the Board of Directors shall be held at least once in every three months and at least four such meetings shall be held in every year.

120. The Board may Adjourn and otherwise regulate the meetings of the board as it thinks fit and may determine the quorum necessary for the transaction of business. Two directors of 1/3rd of the total number of directors, any fraction of that 1/3 being rounded as one functioning as –directors for the time being, whichever is higher, shall form a quorum.

121. If by reason of Sec. 300 the number of Directors whose presence cannot count for the purpose of forming the quorum exceeds or is equal to 2/3rds of the total number of directors in office, the number of the remaining

'directors shall be the quorum during such time. '

122. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as the number is reduced below the number fixed by or pursuant to the regulations of the Company as the minimum number of Directors, the continuing Directors may act for the purpose of Increasing, the number of Directors, to that number or of summoning a general meeting of the Company, but for no other purpose, .

123. The Chairman of the Board of Directors shall be elected at the first meeting of the Board of Directors, who shall determine the period for which is to hold the office as Chairman. The Chairman shall be paid such remuneration as the Board of Directors may, from time to time, lawfully determine, Whenever the office of Chairman falls vacant, the Board shall fill up the vacancy by choosing one of their number to be the Chairman for such period and on such terms as it thinks fit.

124. Questions arising at any meeting of the Board shall be determined by a majority of votes of the Directors present and in case of any equality of votes the Chairman shall have a second or a casting vote.

125. All resolutions which are not required by the Act or these Articles to be passed at a meeting of the Board, shall be deemed to have been passed if the resolution has been circulated in draft together with the necessary papers to all the directors then in **India** and has been approved by the majority of such directors as are entitled to vote on the resolution,

126. All acts done by any meetings of the Directors or by the Board shall be valid, notwithstanding that It may afterwards be discovered that appointment of any director was invalid by reason of say defect or disqualification or by reason, of the fact that the office of the Director had been vacated by virtue of any provision contained In the Act or in the Articles.

#### **Common Seal**

127. The Board shall provide a Common Seal of the Company for use both inside the Union of India and outside and the Board shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, The Common Seal for use in the Union of India shall be kept at the Registered Office of the Company.

128. Every Deed or other instrument to which the common seal of the company is required to be affixed shall, unless the Deed or instrument is executed by duly constituted Attornies of the company, be signed by one Director at least, in whose presence the Seal shall have been affixed, and countersigned by another Director, Secretary or such Other parson as may from time to time, be authorized by the Board, Provided nevertheless that any instrument bearing the seal of the company and issued for valuable consideration shall be binding on the company notwithstanding any irregularities touching the authority to issue the same.

#### **Managing Director**

128. (a) The General Meeting of the Board of Directors may from time to time appoint one or more Directors to the Office of Managing Director or Whole time Director for such period and on such terms as they think fit and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. The Director(s) so appointed shall not whilst holding that office be subject to retirement by rotation or be taken into account in determining the rotation by retirement of Directors but his or their appointments shall be automatically determined if he or they ceases or cease from any cause to be Director or- Directors,

(b) in the event of there being more than one Managing Director or whole time Director at any time holding office then unless otherwise provided by the terms of their appointment or unless otherwise directed by the Board of Directors; all the powers vested In the Managing Director or in the Managing Directors or In the Whole time Director(s) by or under these presents shall be exercisable by either of them severally. They shall be deemed to hold their office, under separate contract of service. Notwithstanding the termination of the office of one of the Managing Directors or Whole time Directors, the other Managing Director or Whole time Director shall be entitled to act and exercise all the powers conferred under these presents on the Managing Directors or Whole time Directors.

(c) The Managing Director(s) or Whole time Director(s) shall receive such remuneration (whether by way of

salary, commission or participation in the profits or partly in one way or partly in another) as the Company in General' Meeting may determine and as may be approved by the Central Government.

### **Managing Agencies**

Special Resolution passed at the Extraordinary General Meeting of the Shareholders of the Company held on 2nd February 1970.

RESOLVED that in the existing Articles wherever the term Managing Agents occurs, the term Managing Directors) or Whole time Director(s) shall be substituted thereafter as far as they, are applicable to the Managing Director(s) or Whole director(s).

129. Subject to the approval of the Central Government, the business of the company shall be managed by Messrs. Essellem and Company as Managing Agents, subject to the supervision of Board of Directors and they shall have the powers and duties provided under the Managing Agency Agreement. The Managing Agents shall be entitled to continue in office for a period of 15 years from the date of the appointment and may be re-appointed in accordance with section, 328 of the Act, The Board or Directors are hereby empowered to enter into agreement with the Managing Agents embodying the terms of the appointment of the Managing Agents as approved by the Central Government.

129. A The Managing Agents have the power to appoint not more than two directors where the total number of directors of the Company exceeds five and one director, where the total number of directors of the Company does not exceed five and to remove, at any time, any director: so appointed and upon the removal, or retirement or resignation of any such person to appoint any other person in his place. The directors so appointed shall be ex-officio directors of the company and they need not be members of the company and will not retire by relation.

130. Subject to the provisions contained in Secs, 334, 335, 336, 337 and 338; of the Act. the Managing Agents shall not be liable to be removed from their office as Managing Agents during the said period of 15 years. They shall be however be entitled at any time by a notice to the Board, to resign the office of the Managing Agents with effect from such date as may be specified in the notice.

131. The Managing Agents shall be paid and subject to the provisions of the; Act so long as they hold the said office of Managing Agents, the remuneration calculated at the rate of commission allowable under S'34g of the Act on the net profits of the Company, the net profits being computed in the manner laid down in S. 349 of the Act and that towards the remuneration so payable to them, the Managing Agents will be entitled to draw from the company a sum of Rs. 4,008/- per month from the date of their appointment and that the said Sum shall be payable according to the English Calendar month, on the first day of the month next following the date of the appointment and the succeeding payments on the first day of each succeeding month, The year referred-to shall be the year of account of the company. The Commission shall be payable to the Managing Agents on the audited balance sheet for the year being certified by the Company's, auditors, and laid down before the company in general meeting, Notwithstanding the provisions herein before contained, it shall be open to the Board of Directors to allow the Managing Agents a minimum remuneration of Rs. 58,808/- per annum, which shall be payable to the Managing Agents In such instalments as detailed In the Managing Agency agreement, In the absence of or inadequacy of profits of the Company during say financial year.

132. The managing Agents shall be entitled to charge and be paid for all actual expenses, if any which they may incur, in connection with the business of the Company.

133. Subject to the restrictions set forth in Sec. 368 of the Act, the managing Agents shall have power to do all acts and things which the Managing Agents shall think usual, necessary or desirable, in the management of the affairs at the company" and that the exercise of such powers shall be subject to the superintendence, control and direction of the Board of Directors of the company.

134. Without prejudice to the general powers conferred under the preceding clause, the Managing Agents shall, subject to the restrictions contained in Schedule VII of the Act, exercise the following powers;

(a) To pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company and the cost of advertising, printing, stationery, brokerage, legal charges,,

furniture and fittings of office and all other casts that may be incurred in the conduct of the business of The Company,

(b) To sell for cash or on credit wholesale or in retail and for ready or future delivery and realize the proceeds of sale of property movable or immovable or any rights or privileges belonging to the Company or In which the Company is interested or over which the Company may have any such power of disposal and to exchange any such property or rights belonging to the Company for other property or rights.

(c) To determine from time to time who shall be entitled to sign on the Company's dividend warrants, releases, contracts, and documents and to give the necessary authority for such purposes,

(d) To execute all deeds, agreements, contracts, receipts and other documents that may be necessary or expedient for the purposes of the Company and to make and give receipts, releases and other discharges for money or goods or property received in the usual course of business of the Company payable to or belonging to the Company and for the- claims and demands of the Company,

(e) To institute conduct, defend; compound or abandon any actions, suits, and legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound or compromise or submit to arbitration the same suits. and legal proceedings.

(f) To enter into to vary or cancel all manner of contract behalf of the Company

(g) To engage and in their discretion to remove, suspend, dismiss and remunerate bankers, legal advisers, accountants, managers, cashiers, clerks, agents, commission agents, dealers, brokers, foremen, servants, employees of every description and to employ such professional or technical or skilled assistants as from time to time may, in their opinion, be necessary or advisable in the interest of the Company and upon such terms as to duration of employment, remuneration or otherwise and may require security In such instances and to such amounts as the Managing Agents think fit,

(h) To acquire by purchase, lease, exchange, pledge, hypothecation or otherwise transfer lands, estates, fields, buildings, office showrooms, godowns other buildings In the State of Madras or elsewhere machinery, engine, plant, rolling stock, tools, machine tools, outfits; stores, hardware and any other materials of whatever description either on credit or for cash and for present or future

(i) To plant, develop, improve, cut down, process, sell or otherwise dispose of the products of the Company and to incur all expenses in this behalf,

(j) To erect, maintain; repair, equip, alter and extend buildings and machinery in rite State of Madras or in any other place.

(k) To enter into all such negotiations and to contract and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

(l) To pay all moneys due by the Company and look after the finance of the Company.

(m) To open current and time-deposit accounts or other accounts with banker or bankers of their choice and to operate on such amounts and also when necessary to, avertdraw or take loans an such accounts on the security of the Company or any of its assets.

(n) To draw, accept, endorse, discount, negotiate and discharge an behalf-of the Company all bills of exchange, promissory notes , cheques; hundies, drafts, railway receipts, deck warrant, delivery orders, Government promissory notes, other Government instruments, bonds, debenture, stock of Corporation, , Local Bodies, Port Trust, improvement Trusts or other Corporate Bodies end to execute transfer deeds far transferring stocks, shares or stock certificates of the Government and other local or corporate bodies in connection with any business or any object of the Company.

(o) Subject to Article 114 to borrow from time to time such sums of money for the purpose of the Company upon such terms as may be expedient and with or without security.

(p) To receive and give effectual receipts and discharge on behalf of and against the Company for moneys, funds, goods or property lent, payable or belonging to the Company or for advances against the goods of the company.

(q) To make or receive advance of money on goods, machinery, plant and other things by way of sale, mortgage, hypothecation, lien pledge, deposit or otherwise in such manner and on such terms as the Managing Agents may deem fit.

(r) To submit to arbitration and enforce the fulfilment of awards regarding 'any claims in which the Company may be interested; to adjust, settle or compromise any claims due etc or by the Company and to give to debtors of the Company time for payment.

(s) To institute, appear in or defend any legal proceedings in the name of and on behalf of the Company, to sign any pleading and other documents, engage and to instruct any Advocate, Solicitors and Lawyers and to execute any vakalat or other authority in their favor and to compound and to compromise any claim, suit or proceedings.

(t) To make all manner of insurances,

(u) To delegate all or any of the powers, authorities and discretions for the time being vested in the Managing Agents and also from time to time, to provide by the appointment of an Attorney or Attorneys to sign, seal, execute, deliver, register or cause to be registered all instruments, deeds, documents, or writings, usually necessary or expedient for any of the purposes of the Company not requiring the Common Seal of the Company.

(v) Provided that the Directors may from time to time revoke, withdraw alter or vary all or any of the above powers.

### **Secretaries**

135. The Board may appoint secretary or secretaries to do such functions and open such conditions and for such period as maybe prescribed in the agreement appointing the secretary or secretaries.

### **Dividends and Reserves**

136. The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. No dividends shall be declared or paid except out of profits of the Company,

137. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper, as a reserve which shall: at the discretion of the Directors, be applicable for repayment of debentures, meeting contingencies or for equalizing dividends, or for any other purpose to which the profits of the Company may be properly applied and pending such application, may at the like discretion either be employed in the business of the Company, or be invested in such investment (other than share of the Company) as the Directors may from time to time think fit.

138. Subject to the rights of persons (if any), entitled to shares with special rights as to dividends, all dividends shall be paid according to the amount paid up on the shares, no amount paid on a share in advance of calls shall be treated for the purpose of this Article as paid on the share.

139. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company.

### **Capitalization of Reserves**

140. The Company in General Meeting may at any time and from time to time pass a Resolution that any sum not required for the payment of provision of any fixed preferential dividend, and for the time being standing to

the credit of any reserve or reserve account of the Company including any sum carried to reserve as the result of a sale or revaluation of the assets of the Company or any part thereof, or any premia received on the issue of any shares or debentures of the Company, or being undivided net profits in the hands of the Company,, be capitalized and that such sum be appropriated as capital to and amongst the shareholders in the shares and proportions to which they would have been entitled thereto if the name had been distributed by way of dividend, and in such manner as the Resolution may direct and such Resolution shall be effective and the Directors shall in accordance with such Resolution apply such sum in paying up in full any unissued shares in the Capital of the Company on., behalf of the shareholders aforesaid, and appropriate such shares to, and distribute the same credited as fully paid up amongst such shareholders in the proportions aforesaid in satisfaction of their shares and interests in the said capitalized sum, or shall apply such sum or any part thereof on behalf of the shareholders aforesaid in paying up the whole or part of any uncalled balance which shall for the time being be unpaid in respect of any issued shares held by such shareholders or otherwise deal with such sums as directed by such Resolution, and when any difficulty arises in regard to the distribution, they may settle the same as they think expedient and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any specific assets in trustees upon such trust for the persons entitled to the dividend as may seem expedient to the Directors. Where required the Directors may appoint any person to sign any contract thereby required on behalf of the persons entitled to the dividend and such appointment shall be effective.

141. if several persons are registered as joint holders of any shares, any one of them may be given an effectual receipt for any dividend payable on the shares,

142. Notice of any dividend that may have been declared shall be given in the manner hereinafter mentioned, to the persons entitled to the shares therein mentioned and all dividends unclaimed for one year after having been declared may be diverted or otherwise made use of by the Directors for the benefit of the Conway until claimed. No unclaimed dividend will be forfeited unless the claim thereto has become barred by law. Provided however the Directors may at any time annul such forfeiture and pay any such dividend.

143. No dividend shall bear interest against the Company.

144. The Directors shall cause to be kept proper books of account with respect. (a) All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place (b) All sales and purchases by the Company; and (c) The assets and of the Company.

145. The books of account shall be kept at the Registered Office of the Company or at such other place as the Board shall decide and shall always be open to the inspection of the Board during business hours,

146. The Board shall, from time to time, determine whether, and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection. of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or books or document of the Company except as conferred by law or authorized by the Board or by the Company in-General Meeting.

147. The Board shall cause the annual accounts and balance sheet to be prepared and laid before the Company in General Meeting in accordance with Section 210 and 211 of the Act.

148. There shall be attached to every balance sheet the report of the Board in compliance with the Section 217 of the Act. A copy of every Balance sheet including the profit and loss account, the auditors' report and every document required by law to be annexed or attached to the balance sheet shall be sent to every member of the Company and to all other persons entitled to receive the same under the Act not less than 21 days before date of the meeting.

#### **Auditors**

149. The Company shall, at each Annual General Meeting, appoint an auditor or auditors to hold office until the next Annual General Meeting,

150. The Board may fill any casual vacancy in the office of auditor but while any such vacancy continues, the surviving or continuing auditor or auditors, if any may act,

151. The remuneration of the auditors shall be fixed by the Company in General Meeting; except that the remuneration of any auditors appointed to fill up any casual vacancy may be fixed by the Board,

152. The Auditors shall be appointed and their duties regulated in accordance with Section 224 to 229 of the Act or any statutory modification thereof for the time being in force

153. (a) Any notice or other document may be served by the company on any member thereof either personally or by sending it by post to him to his registered address or if he has no registered address in India, to the address if any within India, supplied by him in the Company for the giving of notices to him. Any document or notice may be served on a company or on officer thereof by sending it to the company or officer at the registered office of the company by post under a of pasting or by registered post or by leaving it at the registered office of the company.

(b) When a document or notice is sent by post service thereof shall be deemed to be effected by properly addressing prepaying and pasting a letter containing the document and shall be deemed to have been duly served on the addressee at the time at which the letter would be delivered in the ordinary course of post, except in the case of the notice of meeting in which case such service shall be deemed to have been effected on the member concerned at the expiration of 48 hours after the letter containing the same is posted

(c) Where a member has intimated to the company in advance that, documents should be sent to him under a certificate of pasting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall be deemed to be effected only if sent in the manner intimated by the Member.

154. If a member has no registered address within India and has not supplied to the Company an address within India for the giving of notices to him, a notice addressed to him and advertised in a newspaper circulating in the neighborhood of the Registered Office of the Company shall be deemed to be notice duly given to him on the day on which advertisement appears.

155. A notice may be given by the Company to the joint holders of a share by giving it to the joint holder named first in the register in respect of the share.

156. A notice may be given by the Company to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased or assignees of the insolvent or by any like description, at the address (if any) in India supplied for the purpose of the persons claiming to be so entitled (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.

157. Notice of every General Meeting shall be given in some manner herein before authorized to (a) every member of the Company except those members, who having no registered address within India have not supplied to the Company an address within India for the purpose of giving notices to them and also to (b) every person entitled to a share in consequence of the death or insolvency of a member who, but for his death or insolvency, would be entitled to receive notice of the meeting.

### **Winding up**

158. If the Company shall be wound up and, the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital or capital deemed to be paid up, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up or deemed to be paid-up at the commencement of the winding up, on the shares held by them respectively; and If on winding up the assets available for distribution amongst the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital paid-up or deemed to be paid up at the commencement of the

winding up on the-shares held by them respectively. Where capital Is paid-up on any shares in advance' of calls upon the footing that the same shall carry interest, such capital shall be excluded and shall be re-payable in full before any distribution is made on the paid-up capital or capital: deemed to be paid-up together with interest at the -rate agreed upon. The provisions of this article shall be subject to any special rights or attached to any special class of shares forming part of the capital

159. The liquidator may with the sanction of a special resolution divide amongst the members the whole or any part of the assets of the Company, indemnity-,

160. Every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against any liability, incurred by him in defending any proceedings, where civil or criminal. In which judgement is given in his favor or in which he is acquitted or in connection with any application under section 633 of the Act in which relief is granted to him by' the Court.

#### **Secrecy Clause**

161. No Member shall entitled to visit or inspect the Company's Works without the permission of the director or Managing Agents or to require discovery of any information respecting any detail of the Company's trading of any matter which is or may be in the nature of a trade secret, mystery or r trace or secret process, which may relate to the conduct of the business of the Company and which, in opinion of the Directors or Managing Agents it will be inexpedient in the Interest of the members of the Company to communicate to the public.



## **SECTION X – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered into by our Company.

The contracts together with the documents referred to in para (B) below may be inspected at the registered office of our Company between 11.00 a.m. to 2.00 p.m. on any working day from the date of this Letter of Offer until the closure of the subscription list.

#### **(A) MATERIAL CONTRACTS**

1. Issue Agreement dated January 28, 2019 between our Company and Systematix Corporate Services Limited, Lead Manager to the Issue;
2. Issue Agreement dated January 22, 2019 between our Company and MCS Share Transfer Agent Limited, Registrar to the Issue;
3. Tripartite Agreement dated April 19, 2017 between our Company, National Securities Depository Ltd. (NSDL) and MCS Share Transfer Agent Limited;
4. Tripartite Agreement dated April 18, 2017 between our Company, Central Depository Services (India) Limited (CDSL) and MCS Share Transfer Agent Limited;
5. Banker to the Issue Agreement dated [●] between our Company, HDFC Bank Limited, Systematix Corporate Services Limited and MCS Share Transfer Agent Limited.

#### **(B) DOCUMENTS FOR INSPECTION**

1. Memorandum & Articles of Association of our Company;
2. Certificate of incorporation dated September 09, 1960. Fresh certificates of incorporation dated July 3, 1986, October 25, 2000 and January 14, 2003 pursuant to change of name of Company to 'Aruna Sugars & Enterprises Limited', 'Aruna Sunrise Hotels Limited' and 'Aruna Hotels Limited' respectively.
3. Certificate of commencement of business of our Company dated December 24, 1960.
4. Resolution of the Board of Directors under section 62 of Companies Act, 2013 passed in its meeting dated August 17, 2018 authorizing the Issue;
5. Consents of the Directors, Company Secretary and Compliance Officer, Statutory Auditors, Lead Manager to the Issue, Legal Advisor to the Issue, Bankers to our Company and Registrar to the Issue to include their names in the Draft Letter of Offer to act in their respective capacities;
6. Annual reports of our Company for the financial year ended March 31, 2018 and the limited review report for the six months period ended September 30, 2018;
7. A Statement of tax benefits dated January 23, 2019 received from M/s. Bala & Co., Chartered Accountants, Statutory Auditors regarding tax benefits available to our Company and its shareholders;
8. Certificate dated January 28, 2019 from M/s. Bala & Co., Chartered Accountants, Statutory Auditors regarding "Sources & deployment of funds";
9. Resolution of Board dated January 28, 2019 approving this Draft Letter of Offer;
10. Memorandum of Agreement for the Architect cum Project Management Consultancy Services dated December 01, 2017 entered between the Company and M/s. Transform, a proprietorship concern;

11. Loan agreement dated September 24, 2018 between the Company and Subasri Realty Private Limited
12. Loan agreement dated February 02, 2017 and September 24, 2018 between the Company Gay Travels Private Limited
13. Due Diligence Certificate dated January 28, 2019 by Systematix Corporate Services Ltd., Lead Manager to the Issue;
14. In-principle listing approval dated [●] from BSE;
15. Observation letter dated [●] received from SEBI.

Any of the contracts or documents mentioned in the Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

## DECLARATION

We hereby certify that no statement made in the Offer Document contravenes any of the provisions of the Companies Act, the SEBI Act and the rules made there under or regulations issued thereunder as the case may be. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in the Offer Document is true and correct.

Name	Signature
Vaithyalingam Anbalagan	
<i>Managing Director</i>	Sd/-
Murlidharan Ramasamy	
<i>Chairperson, Non-Executive Non-Independent Director</i>	Sd/-
Rajakumar Kumaruvelayathanadar	
<i>Non-Executive Non-Independent Director</i>	Sd/-
Suyambu Narayanan	
<i>Non-Executive Independent Director</i>	Sd/-
Freeda Gnanaselvam Kanagiah	
<i>Non-Executive Independent Director</i>	Sd/-
P. Nagrajan	
<i>Chief Financial Officer</i>	Sd/-
Ajay Shukla	
<i>Company Secretary &amp; Compliance Officer</i>	Sd/-

**Place:** Chennai

**Date:** January 28, 2019.

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