

PRIDE HOTELS LIMITED

We were incorporated as Pride Hotels Private Limited, a private limited company under the Companies Act, 1956 on February 1, 1983 in the State of Maharashtra with registration number 11-29226. Our Company became a public limited Company pursuant to a special resolution passed at the extraordinary general meeting of the Company held on December 26, 2005. The Registrar of Companies, Maharashtra at Mumbai has on June 13, 2007 issued a Fresh Certificate of Incorporation consequent to change of name to Pride Hotels Limited. Our Corporate Identity Number (CIN) is U55200MH1983PLC029226. For further details please refer to "Our History and Certain Corporate Matters" at page 110 of this Draft Red Herring Prospectus.

Registered and Corporate Office: 908, Dalamal Tower, 211, Nariman Point, Mumbai-400 021
Tel: +91 22 22844051; **Fax:** +91 22 22844052 **Website:** www.pridehotel.com; **Email:** ipo@pridehotel.com
Contact Person, Company Secretary and Compliance Officer: Mr. Anil Kumar Singla

PROMOTERS: OUR COMPANY IS PROMOTED BY MR. S.P. JAIN, MR. SATYEN JAIN, ASP ENTERPRISES PRIVATE LIMITED AND KOPRA ESTATES PRIVATE LIMITED

PUBLIC ISSUE OF 10,400,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●] AGGREGATING RS. [●] MILLION BY PRIDE HOTELS LIMITED ("THE COMPANY" OR "THE ISSUER") (THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 25.16% OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH.

THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and at the terminals of the Syndicate.

In terms of Rule 19(2) (b) (i) of the Securities Contracts (Regulation) Rules, 1957 ("SCRR"), as amended, this is an issue for at least 25% of the post-Issue capital. The Issue is being made through 100% Book Building Process wherein up to 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"). 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Company may allocate up to 30% of the QIB Portion, to Anchor Investors, on a discretionary basis (the "Anchor Investor Portion") out of which one-third shall be reserved for domestic Mutual Funds. Potential investors may participate in this Issue through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details see "Issue Procedure". For details, please see the section "Issue Procedure" beginning on page 217 of this Draft Red Herring Prospectus

RISK IN RELATION TO THE FIRST ISSUE

This being the first Issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the shares is Rs. 10 and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Price Band (as determined by the Company in consultation with the Book Running Lead Managers ("BRLMs") on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

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 the Company and the Issue including the risks involved. The Equity Shares offered in the 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 this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page X of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus 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 Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) and the Company has received in-principle approval from the stock exchanges for the listing of the Equity Shares pursuant to letters dated [●] and [●] respectively. [●] will be the Designated Stock Exchange for this Issue.

IPO GRADING

This Issue has been graded by [●] and has been assigned the "IPO Grade [●]" indicating [●]. The rationale furnished by the grading agency for its grading, will be updated at the time of filing of the Red Herring Prospectus with the RoC.

BOOK RUNNING LEAD MANAGERS



EDELWEISS CAPITAL LIMITED

14th Floor, Express Towers
Nariman Point
Mumbai 400 021, India
Tel: +91 22 4086 3535
Fax: +91 22 4086 3610
E-mail: pride.ipo@edelcap.com
Investor Grievance E-mail:
customerservice.mb@edelcap.com
Contact Person: Jai Baid / Niraj Mandhana
Website: www.edelcap.com
SEBI Registration No. INM0000010650



ICICI SECURITIES LIMITED

ICICI Centre, H.T. Parekh Marg,
Churchgate,
Mumbai - 400 020
Telephone: +91 22 2288 2460
Facsimile: +91 22 2282 6580
E-mail: pride.ipo@icicisecurities.com
Investor Grievance E-mail:
customercare@icicisecurities.com
Contact Person: Gaurav Gupta / Sumit Agarwal
Website: www.icicisecurities.com
SEBI Registration No.: INM000011179

REGISTRAR TO THE ISSUE



KARVY COMPUTERSHARE PRIVATE LIMITED

Plot No. 17 to 24,
Vittalrao Nagar,
Madhapur,
Hyderabad- 500081, India
Toll Free No. 1-800-3454001
Tel: +91 40 4465 5000
Fax: +91 40 2343 1551
Email: einward.ris@karvy.com
Contact Person: Murali Krishna
Website: http://karisma.karvy.com
SEBI Registration No.: INR000000221

BID/ISSUE PROGRAMME^{(1) (2)}

BID / ISSUE OPENS ON [●]

BID / ISSUE CLOSES (FOR QIB BIDDERS) ON [●]

BID / ISSUE CLOSES (EXCEPT FOR QIB BIDDERS) ON [●]

⁽¹⁾ The Company may consider participation by Anchor Investors in accordance with applicable ICDR Regulations on the Anchor Investor Bid/Issue Date, i.e., one day prior to the Bid/Issue Opening Date.

⁽²⁾ The Company may decide to close the Bidding Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the ICDR Regulation and this will be disclosed in the Red Herring Prospectus

TABLE OF CONTENTS

Section I – Definitions and Abbreviations	
Abbreviations	i
Issue Related Terms.....	i
Industry Terms.....	v
Conventional/General Terms	vi
Section II - General	
Certain Conventions; Use of Market Data.....	viii
Forward-Looking Statements	ix
Section III - Risk Factors	x
Section IV – Introduction	
Summary of Industry	1
Summary of our Business	5
The Issue.....	8
Summary Financial Information	9
General Information	20
Capital Structure	28
Section V – Objects of the Issue	
Objects of the Issue	43
Basis of Issue Price	49
Statement of Tax Benefits.....	52
Section VI - About Us	
Industry Overview.....	59
Our Business	76
Our Indebtedness	102
Regulations and Policies	107
Our History and Certain Corporate Matters	110
Our Management	123
Our Promoters	135
Our Group Entities.....	140
Related Party Transactions	152
Currency of Presentation.....	153
Dividend Policy	154
Section VII – Financial Information	
Financial Statements.....	155
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	156
Section VIII - Legal and Regulatory Information	
Outstanding Litigation and Material Development	174
Licenses and Approvals.....	183
Other Regulatory and Statutory Disclosures.....	198
Section IX - Issue related Information	
Terms of the Issue	208
Issue Structure.....	212
Issue Procedure	217
Restrictions on Foreign Ownership of Indian Securities.....	247
Section X - Description of Equity Shares and Terms of the Articles of Association	
Main Provisions of Articles of Association	248
Section XI - Other Information	
Material Contracts and Documents for Inspection	287
Section XII – Declaration	289

DEFINITIONS AND ABBREVIATIONS

COMPANY RELATED TERMS

Term	Description
Articles/ Articles of Association	The Articles of Association of Pride Hotels Limited.
Audit Committee	The audit committee of our Directors constituted at their Board meeting held on December 5, 2007 and reconstituted on September 17, 2010
Auditors	The statutory auditors of the Company, being J.G.Verma and Co, Chartered Accountants.
Board of Directors/Board	The board of directors of the Company or a committee constituted thereof.
CIN	Corporate Identity Number as allotted by the Registrar of Companies.
DIAL	Delhi International Airport Private Limited
“Issuer” or “Our Company” or “PHL” or “Pride Hotels Limited”	Pride Hotels Limited, a company incorporated under the Companies Act
IPO Committee	Committee constituted by our Board at its meeting held on December 5, 2007 and reconstituted on September 17, 2010
Memorandum/ Memorandum of Association	The Memorandum of Association of Pride Hotels Limited.
Group Companies/ Group Entities	Unless the context otherwise requires, refers to those companies mentioned in the section titled “Our Group Entities” on page 140 of this Draft Red Herring Prospectus.
Promoters	Mr. S.P. Jain, Mr. Satyen Jain, ASP Enterprises Private Limited and Kopra Estates Private Limited
Promoter Group	Includes such persons and entities constituting our promoter group pursuant to Regulation 2 (1)(zb) of the SEBI Regulations
Registered Office	The registered office of the Company being 908, Dalamal Tower, 211, Nariman Point, Mumbai-400 021.
“We” or “us” or “our”	Unless otherwise specified, these references mean Pride Hotels Limited and its subsidiaries
Subsidiaries	Indralok Hotels Private Limited, Somti Hotels Private Limited, and Pride Beach Resorts Private Limited

ISSUE RELATED TERMS

Term	Description
Allotment/ Allot/ Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to the Issue to the successful Bidder
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, with a minimum Bid of Rs. 100 million
Anchor Investor Bid/Issue Period	The day, one working day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the BRLMs
Anchor Investor Portion	Up to 30% of the QIB Portion which may be allocated by our Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors

Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by all Bidders other than Anchor Investors to make a Bid authorizing an SCSB to block the Bid Amount in their ASBA Account maintained with the SCSB
ASBA Account	An account maintained by the ASBA Bidders with the SCSB and specified in the ASBA Bid cum Application Form for blocking an amount mentioned in the ASBA Bid cum Application Form
ASBA Bid cum Application Form	The form, whether physical or electronic, used by a Bidder (other than Anchor Investor) to make a Bid through ASBA process, which contains an authorisation to block the Bid Amount in an ASBA Account and will be considered as the application for Allotment for the purposes of the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus
ASBA Bidder	Prospective investors (other than Anchor Investors) in this Issue who intend to Bid/apply through ASBA
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Form or any previous ASBA revision form(s)
Banker(s) to the Issue/Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Account will be opened and in this case being [●]
Basis of Allotment	The basis on which Equity Shares will be Allotted to successful Bidders under the Issue and which is described in “Issue Procedure – Basis of Allotment” on page 237 of the Draft Red Herring Prospectus
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder pursuant to submission of the Bid cum Application Form, or during the Anchor Investor Bid/ Issue Period by the Anchor Investors, to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form
Bid/Issue Closing Date	Except in relation to any Bids received from Anchor Investors, the date after which the Syndicate and the Designated Branches of the SCSBs will not accept any Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation
Bid/Issue Opening Date	Except in relation to any Bids received from Anchor Investors, the date on which the Syndicate and the Designated Branches of the SCSBs shall start accepting Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation
Bid cum Application Form	The form used by a Bidder (which, unless expressly provided, includes the ABSA Bid cum Application Form by an ABSA Bidder, as applicable) to make a Bid and which will be considered as the application for Allotment for the purposes of the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including ASBA Bidder.
Bid/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof
Book Building Process	Book building process as provided in Schedule XI of the SEBI Regulations, in terms of which the Issue is being made
BRLMs/Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being Edelweiss Capital Limited and ICICI Securities Limited.
Business Day	All days except for Saturdays, Sundays and public holidays

CAN/ Confirmation of Allotment Note	Note or advice or intimation of Allotment sent to the Bidders who have been Allotted Equity Shares after Basis of Allotment has been approved by the Designated Stock Exchange. In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Cut-off Price	Issue Price, finalised by our Company, in consultation with the BRLMS. Only Retail Individual Bidders, whose Bid Amount does not exceed Rs. 100,000 are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Forms used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account or the amount blocked by the SCSB is transferred from the ASBA Account, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	This Draft Red Herring Prospectus dated September 30, 2010 issued in accordance with Section 60B of the Companies Act and the SEBI Regulations, which does not contain complete particulars of the price at which the Equity Shares will be issued in the Issue
Edelweiss Capital	Edelweiss Capital Limited
Eligible NRI	NRI's from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement dated [●] entered into by our Company, the Registrar to the Issue, the BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof
Equity Shares	Equity shares of our Company of Rs. 10 each unless otherwise specified
Financial Year/ fiscal/ FY	Period of twelve months ended March 31 of that particular year, unless otherwise specified
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form or ASBA Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted
FVCI	Foreign venture capital investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000.
GIR Number	General Index Registry Number
ICICI Securities	ICICI Securities Limited
Issue	Public Issue of 10,400,000 Equity Shares of Rs. 10 each of our Company for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating to Rs. [●] million.
Issue Price	The final price at which Equity Shares will be issued and Allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date

Issue Proceeds	The proceeds of the Issue
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion (excluding the Anchor Investor Portion)
Net Proceeds	Proceeds of the issue that are available to our company excluding the issue related expenses.
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000 (but not including NRIs other than eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 1,560,000 Equity Shares available for allocation to Non-Institutional Bidders
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000
Price Band	Price band of a minimum price of Rs. [●] (Floor Price) and the maximum price of Rs. [●] (Cap Price) and includes revisions thereof. The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the Book Running Lead Manager and advertised at least two working days prior to the Bid/Issue Opening Date, in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation
Pricing Date	The date on which our Company in consultation with the BRLMS finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the number of Equity Shares and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account and from the SCSBs on the Designated Date
QIB Portion	The portion of the Issue being upto 5,200,000 Equity Shares of Rs. 10 each to be Allotted to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of Rs. 250 million, pension fund with minimum corpus of Rs. 250 million, 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 Government of India and insurance funds set up and managed by army, navy or air force of the Union of India
Red Herring Prospectus or RHP	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares are offered in the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date

Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding to the ASBA Bidder) shall be made
Refund bankers	[●]
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA process as applicable
Registrar to the Issue	Karvy Computershare Private Limited
Retail Individual Bidder(s)	Individual Bidders who have Bid for Equity Shares for an amount not more than Rs. 100,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Issue to the public being not less than 3,640,000 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders, (which, unless expressly provided, includes the ASBA revision form) to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies having address at Maharashtra, Everest 5th Floor, 100 Marine Drive, Mumbai – 400 002
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
Self Certified Syndicate Bank/ SCSB	A banker to the Issue registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in
Stock Exchanges	BSE and NSE
Syndicate or members of the Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	The agreement dated [●] entered into between the Syndicate, and the Company in relation to the collection of Bids in the Issue (excluding the Bidders applying through the ASBA process)
Syndicate Members	[●]
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The agreement among the Underwriters and the Company to be entered into on or after the Pricing Date
Venture Capital Funds/VCF	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time.
Working Day	All days excluding Sundays and bank holidays in Mumbai

INDUSTRY RELATED TERMS

Term	Description
ARR	Average Room Rental calculated by dividing the total room revenue by the number of rooms occupied
ESIC	Employees's State Insurance Corporation
ETP	Effluent Treatment Plant
F&B	Food and Beverage
FHRAI	Federation of Hotel and Restaurant Association of India
HRACC	Hotel Restaurant Approval and Classification Committee
ICAI	The Institute of Chartered Accountants of India
MIS	Management Information System
Occupancy	Total number of room days occupied divided by the total number of room days available.

CONVENTIONAL/GENERAL TERMS

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
Companies Act / Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
EGM	Extraordinary General Meeting
EPS	Earnings per share.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India.
Financial Year /fiscal year/ FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
FIPB	Foreign Investment Promotion Board.
FVCI	Foreign Venture Capital Investor
Government/ GOI	The Government of India.
HUF	Hindu Undivided Family.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
Mn, mn	Million
NAV	Net asset value.
NR	Non-Resident
NRE Account	Non-Resident External Account.
NRI/Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number Allotted under the Income Tax Act, 1961.
PAT	Profit After Tax
PBT	Profit Before Tax
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000.

Term	Description
PLR	Prime Lending Rate
RBI	The Reserve Bank of India.
Reserve Bank of India Act/ RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC	The Registrar of Companies, Maharashtra at Mumbai.
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
YoY/ Y-o-Y	Year on Year

CERTAIN CONVENTIONS; USE OF MARKET AND FINANCIAL DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Draft Red Herring Prospectus to “India” are to the Republic of India.

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our financial statements prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus. Our fiscal year commences on April 1 every year and closes on March 31 of the next year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus 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 Red Herring Prospectus should accordingly be limited. 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.

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

All references to “USD”; “U.S. Dollar” or “US Dollars” are to United States Dollars, the official currency of the United States of America

Any percentage amounts, as set forth in “Risk Factors”, “Business”, and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our consolidated financial statements prepared in accordance with Indian GAAP. The section on “Management’s Discussion and Analysis of Financial Condition and Results of Operations” has been calculated on the basis of our standalone financial statements prepared in accordance with Indian GAAP

For additional definitions, please see the section titled “Definitions and Abbreviations” starting on page i of this Draft Red Herring Prospectus.

Unless stated otherwise, industry data used throughout this Draft Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified.

FORWARD-LOOKING STATEMENTS

We have included statements in this Draft Red Herring Prospectus, that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this DRHP regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Draft Red Herring Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- general economic and business conditions in India and other countries;
- our ability to successfully implement our strategy, growth, new projects and expansion plans;
- our ability to successfully roll out our new hotel properties;
- changes in laws and regulations that apply to hotel, tourism and hospitality industry;
- changes in political conditions in India; and
- changes in the foreign exchange control regulations in India.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” on page x of this Draft Red Herring Prospectus. By their nature, certain 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. The Company, the members of the Syndicate and their respective affiliates do not have any obligation to, and do not intend 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 requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Draft Red Herring Prospectus including the sections titled “Financial statements”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 155, 76 and 156, respectively, included in this Draft Red Herring Prospectus before making any investment decision relating to our Equity Shares. The occurrence of any of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of our Equity Shares to fall significantly and you may lose all or part of your investment. These risks and uncertainties are not the only issues that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

Unless stated otherwise, the financial data in this section is as per our restated consolidated financial statements prepared in accordance with Indian GAAP.

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 implications of any of the risks mentioned herein.

Internal Risk Factors

- 1. *There are certain criminal proceedings pending against our Promoters, which if decided against them, could have a material adverse impact on our reputation, financial condition and results of operations.***

There are certain criminal proceedings against Mr. S.P. Jain and Mr. Satyen Jain, our Promoters. A summary of these legal proceedings is set out in the following table:

No.	Nature of cases/ claims	No. of complaints/ proceedings	Amount involved (In Rs. unless stated otherwise)
Proceedings initiated against our Promoter, Mr. S.P. Jain			
1.	Criminal proceedings under the Prevention of Food Adulteration Act, 1954 in the matter of a sample of food inspected and taken from the Pride Hotel, Ahmedabad which was allegedly found to be adulterated. The matter is presently pending.	1	Not Quantifiable
Proceedings initiated against our Promoter, Mr. Satyen Jain			
2.	The accused is charged with offence under sections 452, 506, 427, 294(b) and 114 of the Indian Penal Code, 1860 alleging inter alia the offence of trespass, criminal intimidation, and lurking on the premises adjacent to the Pride Hotel, Ahmedabad. A First Information Report (FIR) dated June 25, 2004 was registered against the accused. The court had granted anticipatory bail in favour of Satyen Jain vide order dated July 3, 2004 passed in Criminal Misc. Application No.610 of 2004. Further, Satyen Jain and the other accused have been granted exemption from appearing in Court vide an order passed under a criminal miscellaneous application filed in this regard.	1	Not Quantifiable
3.	Criminal proceedings under the Prevention of Food Adulteration Act, 1954 in the matter of a sample of food inspected and taken from the Pride Hotel, Ahmedabad which was allegedly	1	Not Quantifiable

No.	Nature of cases/ claims	No. of complaints/ proceedings	Amount involved (In Rs. unless stated otherwise)
	found to be adulterated. The matter is presently pending.		

We confirm that neither Mr. S.P. Jain nor Mr. Satyen Jain, the promoters of our Company, have been arrested at any time in respect of any case or judicial proceeding or investigation against either of them.

We cannot provide any assurance that these matters will be decided in favour of the Promoters. In case any of the charges pending against our Promoters are determined in an adverse manner, they may be required to pay monetary compensation and/or be imprisoned. Further, an adverse order in such proceeding may result in a loss of reputation and may have an adverse impact on our business, financial condition and results of operations. For further details of the cases mentioned above, please refer to "Litigation Relating to Our Promoters" on page 177 under the section "Outstanding Litigation and Material Developments".

2. *The equity shares of S.P. Capital Financing Limited, a group company, were suspended from trading on the Bombay Stock Exchange Limited for non compliance with the listing agreement. Further, the BSE has, from time to time, issued show cause notices against S.P. Capital Financing Limited for non-compliance with provisions of the listing agreements*

BSE vide their letter dated February 19, 1999 bearing ref. no. MOD/SUSP/UT/98-99 informed S.P. Capital Financing Limited that the securities of S.P. Capital Financing Limited, one of our group companies, have been suspended with effect from February 22, 1999 vide BSE notice no.375/99 dated February 16, 1999 on account of non-compliance of clauses 15 and 16 of the Listing Agreement with regard to shorter notice of closure of register of members and transfer books. S.P. Capital Financing Limited vide their letter dated February 22, 1999 forwarded to BSE the re-instatement fees and the undertaking from the directors of S.P. Capital Financing Limited as required by BSE. Subsequently, the securities of S.P. Capital Financing Limited resumed trading with effect from February 27, 1999.

Further, the BSE has, from time to time, issued show cause notices against S.P. Capital Financing Limited for non-compliance with provisions of the listing agreements. S.P. Capital Financing Limited has replied to the said notices, pursuant to which no further correspondence has taken place. No penalty has been imposed on S.P. Capital Financing Limited in this regard. For further details of the cases mentioned above, please refer section "Outstanding Litigation and Material Developments" at page 174 of this Draft Red Herring Prospectus.

3. *Our Company is subject to certain obligations and risks under the Development Agreement dated February 24, 2010 with Delhi International Airport Private Limited ("DIAL") for the proposed hotel project in New Delhi, which could adversely affect our expansion plans and thereby results of operations.*

Under the Development Agreement dated February 24, 2010 entered into by our Company with DIAL, we are exposed to certain obligations and risks as detailed herein.

- We are required to pay to DIAL an annual license fee for the initial term of 30 years, payable within 15 days of the commencement of each year. We are also required to pay to DIAL such charges, fees and deposits as detailed under the Infrastructure Development and Services Agreement as and when due and payable.
- We are obliged to achieve commercial operations within a period of six years from the effective date of the agreement.
- Our Company is also required to obtain certain insurance policies which shall be maintained by us during the term of the agreement which have not been obtained by us till date.

In the event that we are unable to fulfil any of the aforesaid or in the event of default of any other obligation which has not been cured by us within the stipulated time, DIAL has the right to terminate the agreement prior to the expiry of the term. Further, upon termination, all immovable property, assets, structures, buildings, etc. shall be transferred to DIAL or its nominee which is connected with the hotel project, upon DIAL making payment for the said assets at a price determined in accordance with the terms of the development agreement.

Further, the initial term of the development agreement extends until May 02, 2036. Renewal of the same for further periods is dependent on the renewal of the Operation, Management And Development Agreement (“OMDA”) between DIAL and the AAI, by the AAI. Consequently, in the event that the AAI does not renew the OMDA, we would not be able to extend our development agreement

The termination of the Development Agreement with DIAL for any reason shall have a material adverse effect on our expansion plans and may adversely affect our financial condition and results of operations.

For further details on the agreement with DIAL please refer to the section titled “History and Other Corporate Matters” beginning on page 110 of this Draft Red Herring Prospectus.

4. *We are involved in certain legal proceedings that our Company and Group companies are party to which, if determined against us or our Group companies, could have a material adverse impact on business operations, profitability and financial condition.*

Our Company and Group companies are party to various legal proceedings including suits, labour related proceeding, employee claims, etc. These proceedings are pending at different levels of adjudication before the appropriate forums and if determined against us, could have a material adverse impact on our business, financial condition and results of operations. The table below summarises the legal proceedings that we are involved in:

Category	Company		Group Companies	
	No.	Amount Involved in Rs. in Million (where quantifiable)	No.	Amount Involved in Rs. in Million (where quantifiable)
Criminal proceedings	Nil	Nil	Nil	Nil
Securities law proceedings	Nil	Nil	Nil	Nil
Civil proceedings	10	2.41	01	15.78
Tax proceedings	01	3.26	01	3.89
Labour cases	03	Not quantifiable	Nil	Nil
Consumer cases	Nil	Nil	Nil	Nil
Other proceedings/Notices etc.	08	2.69	Nil	Nil

Should any new development arise, such as a change in the Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which may increase our expenses and current liabilities. We can give no assurance that these legal proceedings will be decided in or in favour of our Company or our group companies. Any adverse decision may have a significant adverse effect on our business, financial condition and results of operations. For further information relating to these proceedings, see “*Outstanding Litigation and Material Developments*” on page 174.

5. ***There was a shortfall in the actual performance in comparison with the projections made in the prospectus in respect of the initial public offering of our group company, S.P. Capital Financing Limited.***

The following table shows the shortfall in the actual performance compared to the projections made in the prospectus:

(Rs in million)

Years	1995-96			1996-97			1997-98		
	Proj	Act	(Short)	Proj	Act	(Short)	Proj	Act	(Short)
Total Income	61.1	42.5	(18.60)	86	44.3	(41.70)	114.3	40	(74.30)
Profit Before Tax	26.0	26.3	-	34	12.3	(21.70)	41.7	4.6	(37.10)
Net Profit After Tax	26.0	26.0	-	30	11.1	(18.90)	36.7	3.52	(33.18)
EPS	4.33	4.33	-	5	1.8	(3.2)	6.11	0.58	(5.53)
Net Worth	114	116.42	-	130.8	122.5	(8.4)	152.5	156.19	-

(Rs in million)

Years	1998-99			1999-00		
	Proj	Act	Short	Proj	Act	Short
Total Income	140.3	31.5	(108.80)	164.7	74.9	(89.80)
Profit Before Tax	50	1.3	(48.70)	52.8	1.7	(51.10)
Net Profit After Tax	39	1.2	(37.8)	40.3	1.6	(38.7)
EPS	6.5	0.19	(6.31)	6.71	0.26	(6.45)
Net Worth	173.5	152.38	(21.12)	192.8	153.94	(38.86)

Note: “Proj” stands for Projections; “Act” stands for Actual and “(Short)” stands for shortfall in the table above.

The shortfall in the performance was due to prevalence of weak capital markets for the period under consideration that adversely affected the merchant banking activities and also due to the norms specified by RBI for Non-Banking Finance Companies that lead to decline in lending operations under Lease / Hire Purchase / Bills Discounting.

6. ***The purposes for which the Proceeds of this Issue are to be utilized have not been appraised by any bank or financial institution. In the event of any upward revision in the estimates there could be possible delays that could adversely affect our results of operations.***

We intend to use the Proceeds that we receive from the Issue for the purposes described in “Objects of the Issue” on page 43 of this Draft Red Herring Prospectus. The estimated project cost has not been appraised by any bank or financial institution. The fund requirement is based on management estimates and on the preliminary budget report dated April 10, 2010 issued by M/s I.M. Associates, Quantity Surveyors and by S.K. Singh & Associates, Chartered Engineers, Approved Valuers and Consulting Engineers vide their certificate dated September 21, 2010. These are based on current conditions. In view of the highly competitive nature of our industry we may have to revise our management estimates’ from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our project expenditure programmes or increase in our proposed expenditure for our project and our results of operations may be adversely impacted.

Further, the utilization of the proceeds of this Issue and other financings will be monitored by our Board and is not subject to any monitoring by any independent agency.

7. ***The Company is yet to place orders for the raw materials required for the construction of the hotel at New Delhi, plant and machinery, furniture and fittings amongst others. Delay in placing of such orders or delay in supply of the raw materials in particular, may lead to time and/or cost overruns which would adversely affect our business operations, financial condition and profitability.***

Of the estimated expenditure amounting to Rs 1,194.87 million anticipated towards site development, building and civil works, plant and machinery, furniture and fittings and other fixed assets, we are yet to place orders or enter into contracts for an amount of Rs 1,165.73 million. Delay in placing of such orders or delay in supply of the raw materials required for construction of our New Delhi hotel, may lead to time and/or cost overruns and would consequently, adversely affect our business operations, financial condition and profitability. For further details, please refer section “Objects of the Issue” beginning on page 43 of this Draft Red Herring Prospectus.

8. ***If we are unable to commence operations in our proposed hotel at New Delhi as per estimated schedule, there may be a cost or time overrun, which may adversely affect our project cost and the results of our operations.***

We have planned capital expenditure aggregating to Rs. 2,550.97 million towards construction of hotel in New Delhi. Please refer to the section titled “Objects of the Issue” beginning on page 43 of this Draft Red Herring Prospectus. Our capital expenditure plans are subject to a number of variables, including construction/development delays or defects; receipt of critical governmental approvals, force majeure events, availability of financing, unanticipated cost increases among others any of which could delay our implementation schedule. Failure to complete the project according to its specifications or schedule, if at all, may give rise to potential liabilities and / or cost overruns and as a result, our returns on investments may be lower than originally expected, which may have a material adverse impact on the business operations of our Company.

9. ***The implementation of our proposed expansion plans are subject to receipt of various statutory and regulatory approvals. We are yet to apply for certain approvals with respect to expansion in our existing hotels and there are certain approvals we have applied for which are pending. Failure or delay in obtaining these approvals may adversely affect our financial condition and results of operations***

In respect of our proposed expansion plans in New Delhi, we are yet to apply for and receive various approvals and permissions from jurisdictional, statutory, regulatory and municipal authorities. The following approvals with respect to our proposed project are presently pending:

License/ Approval	Status
Application Letter dated June 20, 2010 submitted by DIAL for submission of sanction of building plan for the proposed to the following authorities (a) Delhi Pollution Control Commissioner; (b) General Manager AAI, IGI Airport, (c) Secretary, Delhi Urban Arts Commission and (d) Chief Fire Officer.	The approval from Airport Authority of India has been received by the Company for height clearance vide letter dated September 7, 2010. The remaining applications are pending.
Application letter dated August 4, 2010 for Environmental Clearance to the Center of Environment Management of Degraded Ecosystems for the proposed hotel project at New Delhi.	Pending
Application letter dated August 25, 2010 to the Chief Fire Officer, New Delhi for fire clearance for the plans submitted for the proposed hotel project at New Delhi.	Pending

Further, in respect of our proposed expansion plans for our hotel in Nagpur we are yet to receive sanction of our building plans and for our hotel in Pune, we are yet to receive approval for an increase in the Floor Space Index. A summary of such approvals which we are yet to apply for or receive is described in the section titled “Licenses and Approvals” on page 183. Failure or delay in obtaining these approvals would adversely affect our expansion plans and business and may result in

significant cost over runs and hence could adversely affect our financial condition and results of operations.

- 10. *We have had negative cash flow from investing and financing activities (as per consolidated financial statements, as restated) in the past. Any negative cash flow in the future would adversely affect our business, results of operations and financial condition.***

We had negative net cash flow from investing activities in fiscal 2008, 2009 and 2010. In addition, in fiscal 2010 we had negative net cash flow from financing activities. Our cash flows from investing and financing activities are further detailed in the table below:

(Rs in million)

Particulars	FY 10	FY 09	FY 08
Net cash flows from investing activities	(134.79)	(333.53)	(708.68)
Net cash (used) in financing activities	(72.01)	129.02	506.59

There can be no assurance that our net cash flow from investing and financing activities will be positive in the future. Any negative cash flows from investing and/ or financing activities in future would adversely affect our business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 156 of this Draft Red Herring Prospectus.

- 11. *The Profit after Tax (PAT) of our Company has decreased by 18.19% for the financial year 2009-10 as against the PAT for the financial year 2008-09. We cannot assure you that the same would not continue or occur in the future.***

Our profit after tax for the financial year 2009-10 was Rs. 171.29 million as against Rs. 209.38 million for the financial year 2008-09, thereby reducing by 18.19%. There can be no assurance that we will not incur losses in the future. Our failure to generate profits may adversely affect the market price of our Equity Shares going forward, restrict our ability to pay dividends and impair our ability to raise capital and expand our business.

- 12. *We are party to two tax disputes amounting to approximately Rs.3.26 million. In the event of the matters being determined against our Company, our financial condition may be adversely affected.***

Our Company is party to two disputes relating to tax assessments for the financial years 2004 -05 and 2005-06 pertaining to the payment of GST and CST. The aggregate amount involved in the matters are approximately Rs. 3.26 million. In the event of orders being passed against our Company in the said matters, we will have to provide for the liability/liabilities which may have an adverse impact on our Company's financial condition. For details please refer to the section titled "Outstanding Litigations and Material Developments" at page 174 of this Draft Red Herring Prospectus.

- 13. *Our revenues include revenues from hotel properties situated on leasehold land and we are subject to the risks, including non-renewal, termination and disputes, associated with such contracts which could adversely affect our business operations and financial condition***

We have entered into lease agreements in respect of certain existing and proposed hotel properties. Our hotels at Nagpur and Chennai are situated on land leased to our Company by a Group entity and a Subsidiary respectively. Our hotel property in Bengaluru is also situated on leasehold land. These lease and licence agreements may not be renewed when they expire and in some events can be terminated prior to their expiration. Moreover, since the lease arrangements are subject to renewal from time to time in which case there may be an increase in lease rentals payable. Failure to renew the said lease agreements would adversely impact our revenues from business operations, financial condition and profitability. Further, the lease deeds pertaining to our hotels at Nagpur and Chennai have not been registered or stamped. Consequently, the said lease deeds may be inadmissible as evidence in a court of law, unless the defects are rectified. For further details in respect of the terms

of the lease agreements, please refer to the section titled 'Property Details of Currently owned/Leased Premises' at page 88 of this Draft Red Herring Prospectus.

For further details in respect of the said lease agreements please refer to the section titled 'Our Business' on page 76 of this Draft Red Herring Prospectus.

14. *Our inability to fulfil our export obligation under the the EPCG scheme could subject us to payment of customs duties together with interest thereby adversely impacting our financial condition.*

We presently import and shall continue to import machinery and furniture and fittings under Export Promotion Capital Goods Scheme (EPCG Scheme). One of the conditions subject to which license under EPCG Scheme is granted is to achieve export obligations based on concession in import duty availed. Further, for our existing business operations, we had imported machineries under EPCG Scheme. Our total export obligation as on date is Rs 1,292.17 million. The amount of foreign exchange earned by the Company (on a consolidated basis) over the last 3 financial years is as under:

Year	FOB Value of Exports (Rs in million)
2007-08	136.84
2008-09	140.18
2009-10	119.57

Any failure on our part to achieve required export obligation will subject us to an obligation to pay the customs duty saved amounting to approximately Rs. 93.51 million.

15. *We have entered into and expect to continue to enter into Related Party Transactions. There can be no assurance that such transactions, individually or in the aggregate will not have an adverse effect on our business, financial condition and results of operations.*

Our Company has entered into transactions with our Promoter and certain directors. The cumulative value of related party transactions for the years ended March 31, 2010 was Rs 288.68 million.

Summary of Related party transactions during the last 3 financial years on consolidated basis are as under:

Rs in million				
Sr. No	Particulars	FY 2010	FY 2009	FY 2008
1	Remuneration paid / provided:	7.61	7.04	6.89
2	Interest paid / provided:	6.41	7.88	9.2
3	Rent paid / provided:	3.78	3.78	4.69
4	Loans taken:	32.83	45.20	77.71
5	Loans given:	2.91		
6	Deposits given/ (received back)			18.00
7	Receivables (debit balance)	48.00	44.00	44.00
8	Payables (credit balance)	187.14	228.96	186.78
	Total	288.68	336.86	347.27

Whilst, we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that our Company could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our Company will 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 Company's financial condition and results of operations.

For further details, please refer to the notes to our financial statements relating to related party transactions in the section “Financial Statements” on page 155 of this Draft Red Herring Prospectus

16. *We are yet to apply for certain approvals with respect to our existing operations and there are certain approvals we have applied for which are pending. Failure or delay in obtaining these approvals may result in the appropriate authorities initiating penal action against us, restraining our operations, imposition of fines/ penalties or initiating legal proceedings.*

In respect of our existing operations, we are yet to apply for and receive various approvals and permissions from jurisdictional, statutory, regulatory and municipal authorities. A summary of such approvals which we are yet to apply for and receive is described in the section titled “Licenses and Approvals” on page 183 of the Draft Red Herring Prospectus. Failure or delay in obtaining these approvals would adversely affect our expansion plans and business and may result in significant cost over runs and hence could adversely affect our financial condition and results of operations.

The following licenses/consents/approvals have been applied for and are pending:

- Registrations under the Bombay Shops and Commercial Establishments Act, 1948 in respect of the Company’s registered office premises at Andheri and Nariman Point
- Application for sanction of building plan with respect to Pride Hotel, Nagpur.
- Application dated March 26, 2010 for renewing fire license with respect to Pride Hotel, Nagpur.
- Application dated June 23, 2010 made to the Regional Officer, Maharashtra Pollution Control Board, Nagpur for renewing consent under the Water (Prevention and Control of Pollution) Act, 1974.
- Letter dated September 20, 2010 to the Health Department, Nagpur seeking renewal of certificate of gradation.
- Applications dated December 18, 2003 and March 31, 2004, for grant of 0.5% additional FSI with respect to the Pune hotel.
- Consent from the Pollution Control Board with respect to the Pune hotel.
- Application made under Tamil Nadu Pollution Control Board seeking consents under the Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Act, 1974 with respect to the Chennai hotel.
- Application for renewal of the health license issued by District Health Officer, with respect to the Ahmedabad hotel.
- Application made for the renewal of the license issued by Chief Inspector of Lifts and Escalators .
- Application made to obtain the renewal of the license to work a lift.

Applications for the following licenses are to be made

- Consent from the Pollution Control Board to be issued by Environmental Officer, Gujarat Pollution Control Board with respect to the Ahmedabad hotel.
- Application for license under the Prevention of Food & Adulteration Act, 1954 for food license with respect to the Pune hotel.

The licenses and approvals required to be obtained by us for the purpose of carrying on our existing and proposed businesses are granted by governmental or statutory authorities. The grant of these licenses and approvals are affected under the due processes and procedures as prescribed by the applicable governmental/ municipal rules and regulations. Further, the grant of the licenses are contingent upon the satisfaction of certain norms and conditions as may be prescribed by the relevant authority as well as an inspection of the facilities of the Company. Consequently, there may be a substantial amount of delay in the receipt of the required approvals.

Failure or delay in obtaining these approvals may result in the appropriate authorities initiating penal action against us, restraining our operations, imposition of fines/ penalties or initiating legal proceedings. Consequently failure or delay to obtain the above approvals could have a material adverse effect on our business, financial condition and profitability.

- 17. *We intend to utilize [●] % of the Issue proceeds for general corporate purposes including brand building, strengthening of our marketing capabilities, prepayment or repayment of debt, meeting working capital requirements, etc. In the event that we are unable to identify and utilise the proceeds for appropriate purposes, our business, results of operations and profitability would be adversely affected.***

We intend to use [●]% of the Issue proceeds for general corporate purposes including but not limited to brand building, the strengthening of our marketing capabilities, prepayment or repayment of debt, meeting working capital requirements, funding project cost overruns (if any), strategic initiatives, partnerships, joint ventures and acquisitions and /or meeting exigencies. As we have not entered into any definitive agreements for the deployment of the funds from the proceeds of the Issue proposed to be utilized for general corporate purposes as approved by our Board, the deployment of such funds is entirely at the discretion of our management and our Board of Directors. In the event that we are unable to identify and utilise the proceeds for appropriate purposes, our business, results of operations and profitability would be adversely affected.

- 18. *We are subject to foreign currency exchange rate fluctuations. Any fluctuations that are not in our favour may adversely affect our financial condition and results of operations.***

During FY 2010, we earned approximately 15.26 % of our total income (on a consolidated basis) in foreign exchange. Changes in the value of currencies with respect to the rupee may cause fluctuations in our operating results expressed in rupees, and a possible depreciation of the aforementioned currencies with respect to the rupee may have an unfavorable impact on such results. Appreciation of the rupee against various foreign currencies in which we earn revenues, could adversely affect our financial condition and results of operations since we may not always be able to increase our tariffs quoted in foreign currencies to compensate for Rupee appreciation. In the course of normal business, we may cover foreign exchange risks using standard market instruments, however, we cannot assure that we will be able to effectively mitigate the adverse impact of currency fluctuations on our operating results.

- 19. *We are subject to restrictive covenants in the shareholders agreement executed by us which may affect our management decisions and have a potential impact on our results of operations***

There are restrictive covenants in the Share Subscription and Shareholders Agreement dated September 7, 2007, as amended by an Amendment Agreement dated September 27, 2010 executed with Kotak India Real Estate Fund – I, namely, no resolution shall be passed in respect of inter alia, acquisition of shares or assets of other businesses, creation of joint ventures/ partnerships, mergers, demergers, consolidations, divestment of or sale of assets of the business, lease license or creation of charge etc except with the affirmative vote of Kotak India Real Estate Fund – I. We cannot assure you that the affirmative vote of Kotak India Real Estate Fund – I will be cast in favour of the majority of the Board at all times, and consequently, our business and expansion plans may be adversely affected. The said Share Subscription and Shareholders Agreement stipulates that all the special rights, including those of the affirmative votes, shall cease and fall away upon the conclusion of the Company's public issue. However, until such time, we will be subject to restrictive covenants in the shareholders agreement which may affect our management decisions and have a potential impact on our results of operations

- 20. *We are subject to restrictive covenants in certain debt facilities provided to us by our lenders which may affect our management decisions and have a potential impact on our results of operations***

There are restrictive covenants in agreements we have entered into with certain banks for borrowings. These restrictive covenants require us to seek the prior permission of the said banks for various activities such as effecting any change in the capital structure, declaration of dividends for any year except out of profits relating to that year, implementing any scheme of expansion or acquire fixed assets, enter into borrowing arrangements with any bank, Financial Institution, company issuing new securities, changing the management, merger, consolidation, sale of assets, creating subsidiaries or making certain investments, and certain financial covenants may limit our ability to borrow additional money or to incur additional liens. We have been able in the past to obtain required lender consents for desired actions, but there can be no assurance that such consents will be obtained in the future.

21. *Increase in interest rates for loans availed by us from banks may adversely impact our results of operations.*

We avail term loans/ working capital loans from banks , from time to time to meet our expansion/ renovation or working capital requirements. These loans availed by us are subject to payment of interest. We are exposed to the risk of increase in interest rates by the banks for repayment of the loans availed by us. Any increase in expenses to be incurred by us while paying interest on the loans availed may have a material adverse effect on our business prospects, financial condition and result of operations.

22. *We have certain contingent liabilities not provided for and in the event that such liabilities materialise, our financial condition may be adversely affected.*

As on March 31, 2010 contingent liabilities not provided for appearing in our consolidated financial statements, as restated aggregated to Rs. 595.61million. The following table gives the details of the nature of contingent liabilities:

Rs.in Million	
Particulars	March 31, 2010
Counter Guarantees given to bankers	10.05
Estimated amount of pending Capital Commitments (net)	557.70
Interest on Luxury Tax under Maharashtra Tax on Luxury Act	Nil
Corporation tax of Chennai hotel Premises disputed by the Company through the land lord (against the appeal, the Company has paid Rs. 12.98 shown under “Loans and Advances)	23.29
Value Added Tax Assessment Dues, Ahmedabad hotel for 2005-2006 disputed by the Company	2.47
Legal cases pending	2.10

If a significant portion of these liabilities materializes, it could have a material adverse effect on our business, financial condition and results of operations. For further information on such contingent liabilities, please refer the section “*Financial Statements*” beginning on page 155 of this Draft Red Herring Prospectus.

23. *Our registered office is not owned by us. In the event we are unable to renew the lease agreements, our business operations could be adversely affected.*

Our registered office is not owned by us and has been taken on a tenancy basis for a sum of Rs. 20,000 per month from Meena Investments Corporation, a partnership firm which is a group entity in which Mr. S.P. Jain, one of our Promoters, is a partner. For further details please refer to section titled “Interest of our Directors” on page 129 of this Draft Red Herring Prospectus. In the event we are unable to renew the lease agreements, our business operations could be adversely affected.

24. *There exists a potential conflict of interest between us and certain group companies which could adversely affect our business and financial operations.*

Certain companies forming part of our Group namely Jagsons Hotels Private Limited, Executive Inn Limited and Rohan Hotels Limited are in the business of operating hotels and restaurants. Presently, the hotel owned by Jagsons Hotels Private Limited is operated and managed by us under the brand name of Pride Hotel, Nagpur and there is no hospitality business being presently carried out by Rohan Hotels and Executive Inn Limited. However, in the event that either of these group companies start any new hotel, there would arise a potential conflict of interest between us and these entities in the future.

25. ***One of our Subsidiaries, Indralok Hotels Limited and one of our Group entities, Rohan Hotels Private Limited have incurred losses in the past. In the event of the entities continuing to incur losses, our financial condition would be adversely affected.***

Our subsidiary, Indralok Hotels Limited and our Group entity, Rohan Hotels Private Limited have incurred losses in the past.

Sr. No.	Company	PAT (Rs in million)		
		FY 2008	FY 2009	FY 2010
1.	Indralok Hotels Private Limited	2.66	2.10	(0.42)
2.	Rohan Hotels Private Limited	(0.008)	(0.007)	(0.004)

In the event of our subsidiaries or any of our Group entities incurring losses in the future, our financial condition and results of operations would be adversely affected.

26. ***In the event that operations of hotels with whom we have entered into management service agreement are restricted or the hotel is party to a litigation, by reason of the owners defaulting on any of their obligations, our reputation, business, results of operations and financial condition may be adversely affected.***

We have entered into management services agreements for management and operation of certain hotels under our brand name “Pride Biznotel” and “Pride Resorts”. While we are responsible for the management of the said hotels, we do not own the said hotels. Consequently, in the event of operations of the hotels being restricted or the hotel being party to a litigation, by reason of the owner defaulting on any of its obligations, our reputation, business, and financial condition may be adversely affected.

27. ***The unsecured loans taken by our Company can be recalled by the lenders at any time. In the event of the lenders exercising their right to recall the said loans, our financial position would be adversely affected.***

As on March 31, 2010, our Company had, on a consolidated basis, availed of unsecured loans of Rs. 189.40 million. Unsecured loans are repayable on demand and may be recalled by our lenders at any time without notice, or with short notice, upon default or otherwise. If the lenders of such loans exercise their right to recall the said loans, it could have an adverse effect on the financial position of our Company.

28. ***One of our Directors, Mr. M. Narayanan, was a director on the Board of a company which appears as a wilful defaulter as per the Credit Information Bureau of India Limited.***

Mr. M. Narayanan, the chairman of our Company, was a director on the board of Gyan Leather Boards Limited in the past as a nominee of IFCI Limited and is no longer associated with the said company. Gyan Leather Boards Limited has been listed as a wilful defaulter in the database of the Credit Information Bureau of India Limited since December 31, 2008 till June 30, 2010 for default in payment of dues amounting to Rs.42.4 million to IDBI Bank Limited.

29. ***One of our Directors is also on the board of other companies engaged in the similar line of business as our Company which could lead to potential conflict of interest.***

A Director of our Company, Mr. M. Narayanan is a director of Gujarat Hotels Limited and Neesa Leisure Limited. The said companies are engaged in a similar line of activity as that of our Company which could lead to potential conflict of interest.

30. ***We have in the last twelve months issued equity shares at prices that would be lower than the Issue price.***

We have in the last twelve months issued equity shares at prices that would be lower than the Issue price as under :

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Name of Allottee
March 31, 2010	10,310,665	10	N.A.	Nil	Bonus issue to existing shareholders

For further details regarding such issuances, please refer to the section titled “Capital Structure” commencing from page 28 of this Draft Red Herring Prospectus.

31. ***While our Company has registered its logo and trademark “The Pride Hotel and applied for the registration of the logo ‘Pride Biznotel’”, we have not applied for registration of any of our other trademarks or tradenames that are identifiable with “the Pride Hotels” due to which we may not be able to effectively protect our intellectual property rights***

Our Company has registered its logo and trademark “The Pride Hotel”. We have also submitted an application for the registration of the logo ‘Pride Biznotel’ dated December 26, 2007 for trademark registration under class 42 for service, and the same is pending registration. However, we have not applied for registration of any of our other trademarks or tradenames that are identifiable with the Pride Hotels. Consequently in respect of the unregistered marks, we do not enjoy the statutory protections and are subject to the various risks arising out of the same, including but not limited to infringement or passing off our name and logo by a third party. Other than as mentioned above, we have not applied for any other form of intellectual property protection. Consequently, we may not be able to effectively protect our intellectual property rights.

32. ***The success of our business is dependent on our ability to anticipate and respond to client requirements. 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.***

Our company is in the hospitality industry and is driven by the quality of service we provide and meeting the expectations of our clients. We strive to keep up with the 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.

33. ***We are required to comply with various standards as prescribed by the HRACC from time to time. Failure to adhere to such requirements may result in the declassification of any of our hotels and consequently, adversely affect our business***

In order to obtain and maintain a star classification for our hotel properties, we are required to fulfil and continually comply with certain standards as prescribed by the HRACC. Such standards may relate to the quality of facilities and services provided. Failure to adhere to such requirements may result in the declassification of any of our hotels and consequently, adversely affect our business.

34. ***Our senior management team and other key team members in our business units are critical to our continued success and the results of our operations may be adversely affected by the departure of our senior management and key personnel.***

Our growth and success is highly dependant on the continuance and performance of our team of key managers. Competition for senior management in the industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. The loss of the services of our Promoters could seriously impair our ability to continue to manage and expand our business. Further, the loss of any other member of our senior management or other key

personnel may adversely affect our business, results of operations and financial condition. Our failure to attract and retain talented professionals or the resignation or loss of key management personnel may have an adverse impact on our business and financial performance. For details of our senior management team and key managerial personnel, please refer to the section titled “Our Management” on page 123 of this Draft Red Herring Prospectus.

- 35. *We may fail to attract and retain trained employees as competition for skilled personnel is intense. In the event that we are unable to retain our existing employees or attract new talent, the performance of our business and results of operations may be adversely affected***

The industry in which we operate is dependent on the quality of people and our success depends largely upon our ability to attract, hire, train and retain qualified employees, including our ability to attract employees with required skills in the geographic areas in which we operate. In the event that we are unable to retain our existing employees or attract new talent, the performance of our business and results of operations may be adversely affected.

- 36. *Our operations may be adversely affected if relations with employees were to deteriorate.***

Relations with employees could deteriorate due to disputes related to, among other things, wage or benefit levels. Our operations rely heavily on employees and on the employees' ability to provide high-quality personal service to guests. Shortage of skilled labour or stoppage caused by disagreements with employees could adversely affect our ability to provide these services and could lead to reduced occupancy or potentially damage our reputation thereby adversely affecting our financial condition and results of operations.

- 37. *The hotel industry is cyclical and sensitive to changes in the economy and this could have a significant impact on our operations and financial results.***

The hotel business is cyclical and sensitive to changes in the economy in general. The hotel sector may be unfavourably affected by such factors as changes in the global and domestic economies, changes in local market conditions, excess hotel supply or reduced demand for hotel rooms and associated services, competition in the industry, changes in interest rates, inflation the availability of finance and other natural and social factors. Since demand for hotels is affected by economic growth in India as well as globally, a global or domestic recession could lead to a downturn in the hotel industry. Such adverse developments in the hotel industry in India or in the cities where our hotels are located would have a negative impact on our profitability and financial condition.

- 38. *We are subject to operating risks common in the hotel industry. In the event that we are unable to manage operating risks, our profitability and financial position would be adversely affected.***

Our financial results are affected by occupancy and room rate achieved by our hotels, our ability to control cost of developing and running additional rooms and the success of our food and beverage operations. Further our operating margins would be adversely affected by increase in electricity, insurance and environmental compliance expenses. Our hotels would have to be renovated periodically to keep up with the changing trends and such renovation may involve significant development and maintenance costs. Our inability to manage the above operating risk would have a negative impact on our profitability and financial position.

- 39. *Increased competition in the hotel sector may adversely affect the operation of our hotels, the results of our operations and our financial conditions.***

Hotels owned, managed or operated by us compete for guests with other hotels in a highly competitive industry. Our success would be dependant on our ability to compete in areas such as room rates, quality of accommodation, service levels, brand recognition among others. Most of our current operations are in locations like Pune, Ahmedabad, Nagpur, Bengaluru and Chennai where we face competition from existing hotel players, international hotel chains and will also have to compete with any new hotel properties coming up in the city. We expect to face similar competition in the cities where we are expanding or have intentions of expanding. There can be no assurance that new or existing competitors will not significantly lower rates or offer greater convenience, services or amenities or significantly expand or improve facilities in the market in which we operate. Such

developments would affect our ability to compete with them and have a negative impact on our profitability and financial condition.

40. ***Our insurance coverage may not adequately protect us against certain operating hazards. To the extent that any uninsured risks materialize or we fail to effectively cover ourselves for any risks, we could be exposed to substantial costs and losses that would adversely affect results of operations.***

Operating and managing hotels involves many risks that may adversely affect our operations, and the availability of insurance is therefore important to our operations. For example, there is a risk of work accidents and equipment failure. Fire or other perils may cause injury and loss of life and damage to and destruction of property and equipment.

We maintain general liability insurance coverage in relation to our assets, stocks, and properties. We believe that our insurance coverage is generally consistent with industry practice. However, to the extent that any uninsured risks materialize or we fail to effectively cover ourselves for any risks, we could be exposed to substantial costs and losses that would adversely affect results of operations. In addition, we cannot be certain that our coverage will be available in sufficient amounts to cover one or more large claims, or that our insurers will not disclaim coverage as to any claims. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or that leads to adverse changes in our insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect our results of operations.

41. ***We may not be able to sustain effective implementation of our business and growth strategy. Our inability to manage our business and growth strategy could have a material adverse effect on our business, financial condition and profitability.***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Whilst we believe that we have successfully executed our business strategy in the past, there can be no assurance that we will be able to execute our strategy on time and within the estimated budget, or that we will meet the expectations of targeted customers. We expect our growth strategy to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and growth strategy could have a material adverse effect on our business, financial condition and profitability.

42. ***We are subject to risks associated with the domestic and regional hotel property markets. Consequently, factors adversely affecting property markets, such as changes in interest rates, availability of financing sources, the general cost of land and buildings, etc. would adversely affect our business operations and results of operations.***

Our operations involve participation in the hotel property market. As a participant in such market, we may be unfavourably affected by factors such as a change in the domestic and regional economic situation in the place where a hotel property is located, such as a surplus of hotel rooms, a reduction in local demand for rooms as well as the related services, or increased competition in the sector. In addition, we may be adversely affected by factors specific to property markets, such as changes in interest rates, availability of financing sources, the general cost of land and buildings, legislation in the construction industry and hotel location requirements.

43. ***We may continue to be controlled by our Promoters as long as they own a majority of our Equity Shares, and our other shareholders may not be able to affect the outcome of shareholder voting during such time.***

After the completion of this Issue, our Promoters and Promoter Group will own approximately 65.32% of our issued Equity Share Capital. As a result, our Promoters and Promoter Group will have the ability to appoint the majority of the members of the Board, in accordance with the Companies Act and our Articles of Association, and determine the outcome of actions requiring the approval of our shareholders. The interests of our Promoter may conflict with the interests of our other investors, and one may not agree with actions they may take. Further, the extent of the Promoters' shareholding

in us may result in delay or prevention of a change of management or control of the Company, even if such a transaction may be beneficial to our other shareholders.

44. *You will not be able to trade any of the Equity Shares you purchase in the Issue immediately on allotment, on an Indian Stock Exchange.*

The Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. As per SEBI Regulations, we are required to ensure the listing and trading of the Equity Shares within 12 working days from the Bid/Issue Closing Date. Trading can only commence upon receipt of final trading approvals of the stock exchanges. However, there can be no assurance that trading in the Equity Shares will commence, within the time period specified above.

45. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, and capital expenditure.*

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows and capital expenditures. There can be no assurance that we will be able to pay dividends.

46. *After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop*

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

- Volatility in the Indian and global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- Our profitability and performance;
- Perceptions about our future performance or the performance of Indian hospitality companies in general;
- Performance of our competitors in the Indian hotel industry and the perception in the market about investments in the hotel industry;
- Adverse media reports on the Company or the Indian hotel industry;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India's economic liberalisation and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.

There has been no public market for our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the prices at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue. Our share price is likely to be volatile and may decline post listing.

47. *Any future equity offerings by us could lead to dilution of your shareholding or adversely affect the market price of the Equity Shares.*

If we do not have sufficient internal resources to fund our investment requirements or working capital needs in the future, we may need to raise funds through equity financing. As a purchaser of the Equity Shares in the Issue, you could experience dilution to your shareholding in the event that we conduct future equity offerings. Such dilution can adversely affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our equity securities. In addition, any perception by investors that such issuance or sales will occur could also affect the trading price of the Equity Shares.

48. *There may be restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.*

Following the Issue, we may be subject to a daily 'circuit breaker' imposed by the stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the

Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers may be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker may limit the upward and downward movements in the price of the Equity Shares. As a result of this no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

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

The hotel industry is a service industry. Any disruption in basic infrastructure such as supply of electricity and water could affect the operations of our hotels and the services to our guests and hence could have an adverse effect on our business, results of operations and financial condition.

External Risk Factors

50. *Our profitability could decrease if the Government of India or the applicable state governments reduced or withdrew tax benefits and other incentives provided to us.*

There are certain incentives and concessions granted or provided by the Government of India or the applicable state governments that are currently being enjoyed by the hotel industry. There is no guarantee that such incentives or concessions will continue or will not be withdrawn by the Government of India or the applicable state governments in the future.

51. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

Under current Indian tax laws and regulations, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares

52. *The hotel industry is subject to significant regulations.*

We are subject to numerous laws and regulations in all of the jurisdictions in which we operate, including those relating to the preparation and sale of food and beverages, such as health and liquor licensing laws. Our properties are also subject to laws and regulations governing relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Furthermore, the success of our strategy to expand our existing properties, acquire new properties or to open newly-constructed properties is contingent upon, amongst other things, receipt of all required licenses, permits and authorisations, including local land use permits, building and zoning permits, environmental, health and safety permits and liquor licenses. Changes or concessions required by regulatory authorities could also involve significant costs and delay or prevent completion of the construction or opening of a project or could result in the loss of an existing license.

53. *Acts of violence or war, in India or other neighbouring countries, may affect Indian and worldwide economic markets.*

Acts of violence or war, in India or other neighbouring countries, may affect Indian and worldwide economic markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, profitability and financial condition through reduction in business activity and business travel. Increased volatility in the economic markets could have an adverse impact on the economies of India and other countries.

54. *Our operations could be affected by natural calamities at or in the vicinity of our hotel facility.*

Our operations are dependent on our ability to protect our properties from any natural calamity like fire, earthquakes, floods and similar events. The occurrence of a natural disaster or other unanticipated problems at our hotels can cause interruptions in our operations. Any damage or failure that causes interruptions in our operations could have a negative impact on our profitability and financial condition.

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

The role of the Indian central and State governments in the Indian economy with respect to producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The current Government in India, has continued policies and taken initiatives that support the continued economic liberalization policies that had been pursued by the previous governments. We cannot assure you that these liberalization policies will continue in the future. Protests against privatisation could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting hotels, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

56. *Recent global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which may cause a material adverse effect on our business and our financial performance and may have an impact on the price of our Equity Shares.*

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and recession in most major economies continuing into 2010. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for western and emerging economies. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. The performance and growth of our business is dependent on the health of the overall Indian economy. Any downturn in the rate of economic growth in India, economic slowdown elsewhere in the world or otherwise, may have a material adverse effect on our business.

57. *Outbreaks of epidemic diseases may adversely affect our operations.*

Pandemic disease, caused by a virus such as H5N1 (the "avian flu" virus), or H1N1 (the "swine flu" virus), could have a severe adverse effect on our business. A new and prolonged outbreak of such diseases may have a material adverse effect on our business and financial conditions and results of operations. Although the long-term effect of such diseases cannot currently be predicted, previous

occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. In the case of any of such diseases, should the virus mutate and lead to human-to-human transmission of the disease, the consequence for our business could be severe. An outbreak of a communicable disease in India or in the particular region in which our hotels are located would adversely affect our business and financial conditions and the results of operations

Prominent Notes to Risk Factors

- i. Issue of 10,400,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. [●] per share aggregating Rs. [●] million. The Issue will constitute 25.16% of the post Issue paid-up capital of the Company.
- ii. The Net asset value of our Company was Rs. 46.91 per Equity Share on a consolidated basis, as restated and Rs. 46.12 per Equity Share on a standalone basis, as restated as on March 31, 2010 as per our Restated Financial Statements included in this Draft Red Herring Prospectus.
- iii. The Net worth excluding revaluation reserves of our Company was Rs. 1,450.87 million on a consolidated basis as restated and Rs. 1,426.66 million on a standalone basis, as restated as of March 31, 2010 as per our “Restated Financial Statements”.
- iv. The average cost of acquisition of Equity Shares by our Promoters is as follows:

(Amount in Rupees)

Name of the Promoter	Average cost of acquisition
Mr. S.P. Jain	2.22
Mr. Satyen Jain	2.22
ASP Enterprises Private Limited	2.10
Kopra Estates Private Limited	2.16

The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the average of the amount paid by them to acquire the Equity Shares, including bonus shares.

- v. For details of our related party transactions, refer to the section titled “Related Party Transactions” on page 152. For details of the our Group Entities having business interests or other interests in the Issuer see “Our Group Entities” on page 140 and “Related Party Transactions” on page 152. For details of transactions by the Issuer with Subsidiary companies or Group Entities during the last year, see our annexure on “Related Party Transactions” in our section “Financial Statements” on page 155 of this Draft Red Herring Prospectus.
- vi. Our Promoters and certain of our Directors are interested in our Company by virtue of their shareholding. See “Capital Structure” and “Our Management” on page 28 and page 123 respectively.
- vii. There are no financing arrangements whereby our Promoters, Promoter Group, directors of our Corporate Promoters, our Directors and their immediate relatives have financed the purchase by any other person of securities of the Issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Draft Red Herring Prospectus.
- viii. Save and except for the bonus issuance of equity shares on March 31, 2010, the Company has not made any issue of securities at a price less than the Issue Price within a period of one year immediately preceding the date of filing the Draft Red Herring Prospectus.
- ix. Any clarification or information relating to the Issue shall be made available by the BRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs who have submitted the due diligence certificate to the Securities and Exchange Board of India, for any complaints pertaining to the Issue.
- x. For information on changes in our Company’s name, please refer to the section titled “Our History and Certain Corporate Matters” beginning on page 110 of this Draft Red Herring Prospectus.

- xi. Except as disclosed in this Draft Red Herring Prospectus, none of our Promoters/Directors/Key management personnel have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.

SUMMARY OF INDUSTRY

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites/publications. Industry websites/publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified.

Worldwide the Travel & Tourism (“T&T”) activity encompasses transport, accommodation, catering, recreation and services for visitors. This is one of the world’s priority industries and generates significant employment opportunity for the economies globally.

Global Industry Scenario and Key Statistics

Travel & Tourism's recovery - like that of the world economy - is expected to be a gradual one. Travel & Tourism Economy GDP is forecast to grow by just 0.5% in 2010 overall, but stronger second-half momentum will continue into 2011 to boost growth next year to 3.2% (*Source: WTTC, Progress And Priorities 2009-10*)

The economic impact of the industry on the global economics and the prospects for the future can be understood by highlighting its impact on some key economic parameters in 2010.

- **GDP:** The contribution of Travel & Tourism to GDP is expected to rise from 9.2% (USD 5,751 billion) in 2010 to 9.6% (USD 11,151 billion) by 2020.
- **Growth:** Real GDP growth for the Travel & Tourism Economy is expected to be 0.5% in 2010, up from (4.8%) in 2009, but to average 4.4% per annum over the coming 10 years.
- **Employment:** The contribution of the Travel & Tourism Economy to total employment is expected to rise from 8.1%, 235.7 million jobs or 1 in 12.3 jobs in 2010, to 9.2% of total employment, 303.0 million jobs, or 1 in every 10.9 jobs by 2020.
- **Visitor Exports:** Export earnings from international visitors are expected to generate 6.1% of total exports (USD 1,086 billion) in 2010, growing (in nominal terms) to USD 2,160 billion (5.2% of total) in 2020.
- **Investment:** Travel & Tourism investment is estimated at USD 1,241 billion, or 9.2% of total investment, in 2010. By 2020, this should reach USD 2,757 billion or 9.4% of total investment.

(Source: http://www.wttc.org/eng/Tourism_Research/Economic_Research/)

China’s and India’s high rankings, in terms of the annual growth in Travel & Tourism Economy GDP forecast from 2010-20, reflect their status as key drivers of the global economy over the next decade. With per capita incomes set to rise significantly, domestic tourism and investment in facilities for both domestic and international tourists to use are set to expand dynamically.

TRAVEL & TOURISM ECONOMY GDP			VISITOR EXPORT EARNINGS			TRAVEL & TOURISM ECONOMY EMPLOYMENT		
2010-20			2010-20			2020		
(% annualised real growth)			(% annualised real growth)			(000 jobs)		
1	China	9.0	1	Montenegro	11.4	1	China	89,055
2	Zimbabwe	8.8	2	Solomon Islands	10.1	2	India	58,174
3	Malawi	8.7	3	Brazil	9.7	3	USA	16,894
4	India	8.5	4	Chile	9.6	4	Indonesia	8,466
5	Mongolia	8.1	5	Zimbabwe	9.6	5	Brazil	7,790
6	Cape Verde	8.0	6	Oman	9.5	6	Mexico	7,272
7	Thailand	7.9	7	India	9.4	7	Japan	6,855
8	Qatar	7.7	8	Thailand	9.2	8	Thailand	5,862
9	Sio Tome and Principe	7.6	9	Romania	9.2	9	Vietnam	5,668
10	United Arab Emirates	7.4	10	Congo	9.2	10	Philippines	4,016

Customer Profile:

Business travel is the most important segment for revenues and profitability for the Indian hotel industry. More than 45% of occupancy of majority of hotel members comes from the business travel segment. The average room rate (ARR) realized from business travellers is normally higher than from leisure travellers (*Source: FHRAI & HVS international: Indian Hotel Industry survey 2008-09*)

With disposable incomes having gone up, the leisure destinations have benefited and with the heightened industrial activities, business destinations have witnessed a healthy surge in the tourist traffic. The table below indicates the composition of customers across all Hotel categories. As per the table below it can be observed that around 49% (including Airline crew and meeting participants) of the all India average for 2008-09, constituted of business travellers.

Market Segmentation:

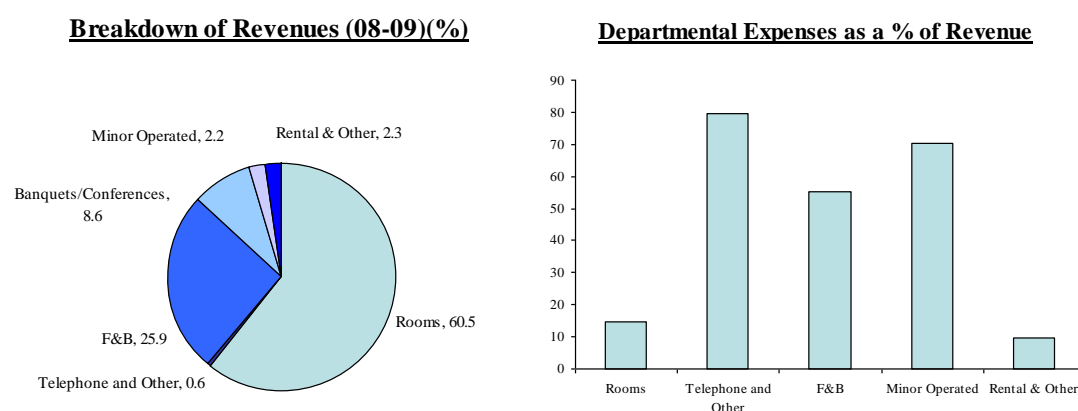
COMPOSITION	2008-2009								All India Average
	Five Star Deluxe	Five Star	Four Star	Three Star	Two Star	One Star	Heritage	Others	
Airline Crew	10.3	6.1	1.4	1.1	0.4	0.5	0.8	0.3	1.4
Business Traveller - Domestic	16.0	22.7	33.0	36.4	41.6	48.1	15.8	43.8	36.6
Business Traveller - Foreign	23.3	20.4	18.6	9.4	7.1	8.9	7.0	7.5	10.4
Complimentary Rooms	2.4	1.6	1.6	1.7	1.7	1.4	3.0	1.3	1.7
Domestic - Tourist / Leisure FIT	12.3	10.5	13.8	17.5	22.0	22.8	18.0	24.2	18.6
Foreign - Tourist / Leisure FIT	13.5	10.7	7.4	7.7	6.5	4.5	18.6	5.0	7.7
Meeting Participants (Less than 100 Attendees)	3.7	2.7	4.5	4.2	3.0	1.7	3.1	3.2	3.5
Meeting Participants (Over 100 Attendees)	9.5	9.4	6.1	7.3	5.2	4.0	3.8	5.8	6.4
Tour Groups - Domestic	2.0	2.7	4.3	6.8	7.5	5.2	5.3	5.1	6.2
Tour Groups - Foreign	5.7	7.5	5.9	5.2	3.2	1.4	23.5	1.1	5.0
Others	1.4	5.6	3.5	2.8	1.9	1.5	1.2	2.6	2.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: FHRAI & HVS international: Indian Hotel Industry survey 2008-09

Revenue and Cost Composition

Of the total revenue mix, the maximum revenue could be attributed to the revenue from rooms which amounted to 57.3% across all hotels for the year ended 2005-06 while revenue from Food and beverages was the second largest contributor amounting to 25.7%.

The following figure illustrates the revenue composition and costing of each individual component.



Source: FHRAI & HVS international: Indian Hotel Industry survey 2008-09

The coming years are expected to see a large quantum of new hotels and additional hotel rooms becoming available to customers in the Indian market. A substantial proportion of these hotels are expected to be international brands or large hotel chains offering quality hotel rooms and service offerings to customers. Indian hotel operators would need to prepare themselves for such competition by improving their operational efficiencies and also their products and service offerings.

The hotel industry is a service industry. Any disruption in basic infrastructure such as supply of electricity and water could affect the operations of hotels. Moreover, economic downturn, health scares, social disruptions, natural disasters, inflation and exchange rate fluctuations may have an adverse impact on the growth of the hotel industry in India.

SUMMARY OF OUR BUSINESS

We operate and manage a chain of hotels under the brand name “The Pride Hotel” in major cities in India. These include “The Pride Hotel, Pune” and “The Pride Hotel, Nagpur” in the state of Maharashtra; “The Pride Hotel, Ahmedabad,” in Gujarat, “The Pride Hotel, Chennai” in Tamil Nadu and “The Pride Hotel, Bengaluru” in Karnataka. We also undertake the management and operation of hotels on a management contract basis under the brand “Pride Biznotel” and “Pride Resorts”. We currently manage four such hotels at Ranipet, Salem, Gurgaon, and Jaipur.

All together, we operate 9 hotels offering 834 rooms across 9 cities in India. Of which, 5 hotels (2 owned and 3 on long term lease) offer 584 rooms across 5 cities in India while 4 hotels are on a management contract basis comprising of 250 rooms. Most of our existing hotels cater to the business class travellers while some of our hotels under management cater to leisure travellers. We plan to further expand our presence and are in the process of setting up a hotel in New Delhi comprising of 386 rooms.



The following table illustrates the capacity expansion of our 5 hotels (2 owned and 3 on long term lease) over the years.

No. of Rooms for	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
The Pride Hotel, Pune (Commenced operation from January, 1988)	111	112	112	112	112
The Pride Hotel, Ahmedabad (Commenced operation from August, 2004)	110	110	110	164	164
The Pride Hotel, Nagpur (Commenced operation from June, 2006)	-	93	93	93	93
The Pride Hotel, Chennai (Commenced operation from February, 2007)	-	60	115	115	115
The Pride Hotel, Bengaluru (Commenced operation from August , 2009)	-	-	-	-	100
Total	221	374	429	483	584

Hotel wise Average Room Rent (ARR) and the occupancy rate from Fiscal 2007 to Fiscal 2010 have been mentioned below:

Particulars	FY 2006-2007		FY 2007-2008		FY 2008-2009		FY 2009-2010	
	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)
The Pride Hotel, Pune	6139	80	7664	67	7219	51	5204	51
The Pride Hotel, Ahmedabad	4247	67	5080	73	5845	63	5232	59
The Pride Hotel, Nagpur	2309	72	3084	77	3922	78	4414	73
The Pride Hotel, Chennai	2847	24	3104	35	3154	27	3034	51
The Pride Hotel, Bengaluru	-	-	-	-	-	-	3431	37

Our competitive strengths

We have implemented a multi-pronged strategy for setting up and operating hotels

We have adopted a multi-pronged strategy for setting up and operating hotels. We have the experience in taking over under-performing hotel properties and turning them around using our management expertise. Our hotel properties at Nagpur, Chennai and Ahmedabad are based on this model. The competitive advantage that we derive from such acquisitions is that we are able to keep our capital costs low thereby improving our margins and also allowing us to reduce the impact of any down turn in the hotel business.

Further, we have also entered into various management contract agreements for management and operation of hotels under our brand name “Pride Biznotel” and “Pride Resorts” wherein there is no capital cost involved but we receive a management fee at a pre determined percentage of the gross revenues. Additionally, we are also entitled to receive a certain percentage share in the profits of the Company as per the terms of the agreement as an incentive fee.

Our hotels are conveniently located to cater to business and other guests

One of the key success metrics for operating in the hotel industry is the location of the hotel. Accordingly, all our existing hotel properties in Pune, Nagpur, Ahmedabad, Chennai and Bengaluru are located in prime business locations, within close proximity to commercial and shopping destinations and/ or airports and railway stations thus offering convenience to our guests. Our upcoming hotel in New Delhi is located very close to the new Terminal 3 of Indira Gandhi International Airport, one of the largest airports in India and is also easily accessible to both New Delhi and Gurgaon.

Focus on cost control leading to operating efficiencies

We believe that one of the most important aspects of our strengths is our focus on bringing cost efficiencies at each level. Our main source of revenue is room rent. Due to our strategy of taking over existing hotels and turning them around, we have relatively lower capital cost per room as against constructing new properties. We believe this places us in an advantageous position to offer similar standard of facilities at relatively lower rates without impacting our margins.

Focus on innovative marketing initiatives leading to additional sources of revenue other than room rentals.

We also focus on income other than room rentals such as food & beverage, banquets & social events. Our hotels have a popular array of food and beverage outlets namely “Casablanca”, “Puran-Da-Dhaba”, “Xtasy Grill Room & Bar” and “Fuel” that enjoy an independent brand value thereby attracting clientele other than room guests. We believe our 24 hour coffee shops namely “Seasons”, “Café Symphony” & “Cafe Treat” are popular among the public besides the room guests for its vast spread of breakfast and luncheon buffets

along with ambience. Besides, each of our hotels host a variety of banquet halls which cater to business meetings, conferences, seminars, marriages, and private parties and add to our income from food and beverage sales.

Experienced management team

Our Company is managed by a team of experienced and professional managers having background of hospitality industry in the areas of marketing and operations. Our Promoters and the management have several years of experience in the hotel industry. Our management has been providing a congenial and motivating environment for the staff. We have also started the Pride Institute of Hospitality and Business Management which is sponsored by the S.P.Jain Foundation trust. We have also recruited some of the professionals who have passed out from this institute.

Business Strategy

We aspire to be one of the leading brands among hospitality companies in India over the next few years. Our growth plans lay down a decisive strategy to enable us to achieve our business objective and goals.

Expand our presence in other major cities

We intend to establish our presence in major cities which are exhibiting current growth and future potential by way of new business and industrial ventures and development of leisure industry. In line with this endeavour, we are in the process of setting up a new hotel at New Delhi. We have further expanded our presence across cities by undertaking management of various hotels by entering into management contracts dated July 29, 2010 and December 9, 2009 for operating on a management contract basis of two hotels located at Munnar and Aurangabad respectively which are currently under construction.

Achieve growth through a combination of new hotels and increasing capacities at our existing properties

In line with our strategy for increasing capacities, we have recently acquired 50% shareholding in Rohan Hotels Private Limited. Rohan Hotels has entered into an agreement for sale with Bengal Greenfield Housing Development Company Limited and West Bengal Housing Board to acquire property which houses 81 service apartments. Rohan hotels plan to convert this property into a 144 room hotel subject to receipt of regulatory approvals. We also plan to expand our properties at Pune and Nagpur subject to receipt of the necessary building approvals. In this regard, we have applied for additional FSI for our Pune hotel and made an application for approval of building plans at our Nagpur hotel.

Focus on Corporate Clients

We will continue to maintain primary focus on providing business class hotels both for domestic and foreign corporate clients. With the growth in the Indian economy and our experience in successfully managing business class hotels we will continue to expand in these categories, while at the same time keeping ourselves open for assessing and evaluating opportunities in other categories like resorts, budget hotels, etc., as and when they arise. Our tie-up with Best Western International for our Pune hotel over the past five years, has led to increasing revenues from foreign clients. We have been awarded the status of “One Star Export House” on account of our foreign currency earnings.

Build image and awareness of the “The Pride” brand

All our existing hotels are operated under the umbrella brand of “Pride”, while the hotels under our management are operated under the brand “Pride Biznotel” and “Pride Resorts” Our vision is to build a reputation in providing premium class hotels thereby creating brand loyalty. We also publish a newsletter on a quarterly basis by the name of “Pride Trendz” which is sent to our corporate customers providing them an update on our business, achievements and events.

THE ISSUE

Fresh Issue	10,400,000 Equity Shares
Of which:	
Qualified Institutional Buyers portion ⁽¹⁾	Up to 5,200,000 Equity Shares
Of which:	
Mutual Funds (5% of QIB Portion) (excluding Anchor Investor Portion)	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
Non Institutional portion ⁽²⁾	Not less than 1,560,000 Equity Shares
Retail portion ⁽²⁾	Not less than 3,640,000 Equity Shares
Equity Shares outstanding prior to the Issue	30,931,995 Equity Shares
Equity Shares outstanding after the Issue	41,331,995 Equity Shares
Objects of the Issue:	(a) Construction of hotel in New Delhi; and (b) General corporate purposes
Use of Proceeds of the Issue	For information, please refer to the section titled “Objects of the Issue” beginning on page 43 of this Draft Red Herring Prospectus

⁽¹⁾ Our Company may allocate up to 30% i.e. 1,560,000 Equity Shares of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the net QIB Portion. For further details, please see the section titled “Issue Procedure” on page 217 of this Draft Red Herring Prospectus.

⁽²⁾ Subject to valid bids being received at or above the Issue Price, Under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

Allocation to all categories except Anchor Investor Portion, if any, shall be made on a proportionate basis.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated standalone and consolidated financial statements as of and for the years ended March 31, 2006, 2007, 2008, 2009 and 2010. These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI Regulations and presented under the section entitled “Financial Statements” on page 155. The summary financial information presented below should be read in conjunction with our restated standalone and consolidated financial statements, the notes thereto and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Statements” on pages 156 and 155, respectively.

STANDALONE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

						Rupees in million
						As at 31st March
	Particulars	2010	2009	2008	2007	2006
A	Fixed Assets:					
	Gross Block	1,718.57	1,282.86	1,139.72	1,061.59*	409.14
	Less: Depreciation	170.24	126.17	96.38	70.87	56.18
	Net Block	1,548.33	1,156.69	1,043.34	990.72	352.96
	Less: Revaluation Reserve	522.15	523.18	524.21	525.24	94.85
	Net Block after adjustment for revaluation reserve	1,026.18	633.51	519.13	465.48	258.11
	Add: Capital work in progress	505.85	348.71	162.50	42.49	53.92
		1,532.03	982.22	681.63	507.97	312.03
B	Investments	165.35	608.64	569.31	43.37	38.01
C	Current Assets, Loans & Advances:					
	Interest accrued	1.14	0.98	0.56	0.26	0.24
	Stocks	6.30	4.97	6.36	5.04	1.75
	Sundry Debtors	94.53	74.05	61.41	43.38	19.59
	Cash & Bank Balances	13.31	7.86	16.13	9.42	8.64
	Loans & Advances:	427.53	399.15	309.21	153.31	95.46
		542.81	487.01	393.67	211.41	125.68
D	Liabilities & Provisions:					
	Secured Loans	104.73	122.38	30.77	80.77	47.96
	Unsecured Loans	223.08	263.35	215.70	185.66	138.04

	Current Liabilities & Provisions		427.04	395.63	315.10	166.99	78.29
	Deferred Tax Liability		58.68	40.75	33.61	26.13	19.80
			813.53	822.11	595.18	459.55	284.09
E	Net Worth		1,426.66	1,255.76	1,049.43	303.20	191.63
F	Represented by:						
	Share Capital		309.32	206.21	206.21	60.00	60.00
	Reserves		1,123.69	1,055.90	849.57	243.20	131.69
	(Excluding Revaluation Reserve)						
			1,433.01	1,262.11	1,055.78	303.20	191.69
G	Miscellaneous Expenditure		6.35	6.35	6.35	-	0.06
	(To the extent not written off/adjusted)		6.35	6.35	6.35	-	0.06
H	NET WORTH		1,426.66	1,255.76	1,049.43	303.20	191.63

Note:-

* The substantial rise in the gross block of assets in Fiscal 2007 as compared to Fiscal 2006 was mainly due to revaluation of Land and due to the capitalisation of the hotel in Chennai hotel that commences its operations on February, 2007.

STANDALONE STATEMENT OF PROFITS AND LOSSES - AS RESTATED

					Rupees in million	
		As at 31st March				
	Particulars	2010	2009	2008	2007	2006
A	INCOME:					
	Room Income	485.58	480.33	490.30	353.45	191.12
	Banquet Revenue	118.35	95.54	103.59	66.13	47.01
	Food & Beverages Income	109.75	108.58	102.41	69.82	40.43
	Other Services	28.00	24.95	23.62	18.17	8.05
	Income from Hotel operations	741.68	709.40	719.92	507.57 [#]	286.61
	Other Income	41.66	54.39	24.85	2.44	0.47
B	Total Income	783.34	763.79	744.77	510.01*	287.08
C	EXPENDITURE					
	Food & Beverages consumed	81.24	69.44	70.19	42.66	31.42
	Employees Cost	143.24	112.60	98.06	67.74	38.91
	Other Operating Expenses	140.15	134.83	130.90	138.57	98.99
	General & Administrative Expenses	108.75	109.54	95.62	65.54	43.30
		473.38	426.41	394.77	314.51	212.62
D	PROFIT BEFORE DEPRECIATION, INTEREST AND TAX	309.96	337.38	350.00	195.50	74.46
E	DEPRECIATION & INTEREST					
	Depreciation	45.65	29.83	25.54	14.69	9.43
	Interest	14.13	10.48	14.44	8.69	4.43
		59.78	40.31	39.98	23.38	13.86
F	NET PROFIT BEFORE TAX, PRIOR PERIOD ADJUSTMENTS AND EXTRA-ORDINARY ITEMS	250.18	297.07	310.02	172.12	60.60
G	ADD: EXTRA-ORDINARY ITEMS (net of tax)	-	-	-	-	-
		-	-	-	-	-
H	NET PROFIT BEFORE TAX	250.18	297.07	310.02	172.12	60.60
I	Current Tax	(61.20)	(81.60)	(94.73)	(53.49)	(17.58)
	Fringe Benefit Tax	-	(1.84)	(2.19)	(0.71)	(0.11)
	Wealth tax	(0.17)	(0.15)	(0.13)	(0.08)	(0.07)
	Deferred Tax	(17.94)	(7.14)	(7.48)	(6.33)	(3.00)
		(79.31)	(90.73)	(104.53)	(60.61)	(20.76)
J	NET PROFIT AFTER TAX AS RESTATED:	170.87	206.34	205.49	111.51	39.84

K	APPROPRIATIONS:					
	Add: Balance brought forward from last year	17.41	11.07	6.98	(4.53)	15.63
	Less: Transfer to General Reserve	(150.00)	(200.00)	(201.40)	(100.00)	(60.00)
	Less: Proposed Dividend and tax thereon	-	-	-	-	-
		(132.59)	(188.93)	(194.42)	(104.53)	(44.37)
L	BALANCE CARRIED TO BALANCE SHEET	38.28	17.41	11.07	6.98	(4.53)

Note:-

* The substantial rise in the total income in Fiscal 2007 as compared to Fiscal 2006 was mainly due to the revenue of the Nagpur hotel which was taken over by Pride Hotels and secondly due to the Chennai hotel which got operational from February, 2007.

The increase in income from operations was due to (i) commissioning of an additional 54 rooms at Pride Hotel, Ahmedabad; and (ii) commencement of operations by Pride Hotel, Chennai from February 2007.

STANDALONE CASH FLOW STATEMENT AS RESTATED

					Rupees in million	
S.No.	Particulars	31st March, 2010	31st March, 2009	31st March, 2008	31 st March, 2007	31st March, 2006
A.	CASH FLOW FROM OPERATING ACTIVITIES:					
	Net Profit after tax but before adjustments as restated	170.87	206.34	205.49	111.51	39.84
	Adjustments for:					
	Provision for taxation	79.31	90.73	104.53	60.61	20.76
	Depreciation	45.65	29.83	25.54	14.69	9.43
	Provision for Retirement Benefits	3.42	2.43	1.45	0.27	0.21
	Loss / (Profit) on sale of assets	0.83	(0.04)	0.00	0.00	0.00
	Loss / (Profit) on sale of Investments	2.77	0.00	0.00	0.00	0.00
	Preliminary Expenses written off	0.00	0.00	0.00	0.08	0.00
	Interest received	(0.38)	(0.36)	(0.40)	(0.30)	(0.47)
	Dividend received	(21.02)	(36.44)	(15.84)	0.00	0.00
	Interest paid	14.13	10.48	14.44	8.68	4.43
	Operating profit before working capital changes:	295.58	302.97	335.21	195.54	74.20
	Adjustments for:					
	Trade & other receivables	(20.64)	(13.05)	(18.46)	(21.58)	(13.85)
	Decrease / (Increase) in Loans, Advances and Deposits	(14.85)	(5.74)	(37.15)	3.89	(23.88)
	Inventories	(1.33)	1.40	(1.32)	(3.29)	(0.05)
	Trade payable	20.83	(5.50)	48.59	40.60	19.61
	Cash generated from operations:	279.59	280.08	326.87	215.16	56.03
	Direct taxes paid	(67.74)	(84.18)	(119.05)	(37.28)	(10.48)
	Cash Flow before Extraordinary Items:	211.85	195.90	207.82	177.88	45.55
	Extraordinary items	0.00	0.00	0.00	0.00	0.00
	Net cash from Operating Activities:	211.85	195.90	207.82	177.88	45.55
B.	CASH FLOW FROM INVESTMENT ACTIVITIES:					
	Purchase of Fixed Assets incl. Capital work in progress	(597.81)	(330.62)	(199.19)	(245.89)	(115.95)
	Investments made in Shares/Mutual Funds	(0.01)	(39.33)	(525.94)	(6.07)	(26.44)
	Proceeds from disposal of investments	440.54	0.00	0.00	0.76	0.83
	Sale Proceeds of Fixed Assets	1.53	0.20	0.00	0.26	0.00
	Interest Income	0.38	0.36	0.40	0.30	0.47

	Dividend Income	21.02	36.44	15.84	0.00	0.00
	Net cash used in Investing Activities	(134.35)	(332.95)	(708.89)	(250.64)	(141.09)
C.	CASH FLOW FROM FINANCING ACTIVITIES:					
	Increase in share capital	0.00	0.00	26.21	0.00	10.81
	Miscellaneous Expenditure (IPO Expenses)	0.00	0.00	(6.35)	0.00	0.00
	Proceeds of Share Premium	0.00	0.00	522.32	0.00	0.00
	Proceeds / (Repayments) of Secured Loans	(17.65)	91.61	(50.00)	32.82	36.77
	Proceeds of Unsecured Loans	(40.27)	47.65	30.04	49.40	55.03
	Interest paid	(14.13)	(10.48)	(14.44)	(8.68)	(4.43)
	Net cash (used in) / generated from Financing Activities	(72.05)	128.78	507.78	73.54	98.18
D.	NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	5.45	(8.27)	6.71	0.78	2.64
E.	CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Opening Balance)	7.86	16.13	9.42	8.64	6.00
F.	CASH & CASH EQUIVALENTS AT THE CLOSING OF THE YEAR (Closing Balance)	13.31	7.86	16.13	9.42	8.64

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

			<i>Rupees in million</i>		
			As at 31st March		
	Particulars		2010	2009	2008
A	Fixed Assets:				
	Gross Block		1,823.66	1,387.95	1,244.81
	Less: Depreciation		172.09	127.43	97.05
	Net Block		1,651.57	1,260.52	1,147.76
	Less: Revaluation Reserve		522.15	523.18	524.21
	Net Block after adjustment for revaluation reserve		1,129.42	737.34	623.55
	Add: Capital work in progress		506.37	349.24	163.02
			1,635.79	1,086.58	786.57
B	Investments		108.03	550.88	510.94
C	Current Assets, Loans & Advances:				
	Interest accrued		1.14	0.98	0.56
	Stocks		6.30	4.97	6.36
	Sundry Debtors		94.53	74.05	61.41
	Cash & Bank Balances		13.35	7.90	16.17
	Loans & Advances		376.72	348.20	258.24
			492.04	436.10	342.74
D	Liabilities & Provisions:				
	Secured Loans		104.73	122.38	30.77
	Unsecured Loans		189.40	233.55	188.98
	Current Liabilities & Provisions		432.18	396.78	316.17
	Deferred Tax Liability		58.68	41.27	34.13
			784.99	793.98	570.05
E	Net Worth		1,450.87	1,279.58	1,070.20
F	Represented by:				
	Share Capital		309.32	206.21	206.21
	Reserves		1,148.10	1,079.92	870.54
	(Excluding Revaluation Reserve)				
			1,457.42	1,286.13	1,076.75
G	Miscellaneous Expenditure		6.55	6.55	6.55
	(To the extent not written off/adjusted)		6.55	6.55	6.55
H	NET WORTH		1,450.87	1,279.58	1,070.20

CONSOLIDATED STATEMENT OF PROFITS AND LOSSES - AS RESTATED

		<i>Rupees in million</i>		
		As at 31st March		
	Particulars	2010	2009	2008
A	INCOME:			
	Room Income	485.58	480.33	490.30
	Banquet Revenue	118.36	95.54	103.59
	Food & Beverages Income	109.75	108.58	102.41
	Other Services	28.00	24.95	23.62
	Income from Hotel operations	741.69	709.40	719.92
	Other Income	41.66	54.39	24.86
B	Total Income	783.35	763.79	744.78
C	EXPENDITURE			
	Food & Beverages consumed	81.24	69.44	70.19
	Employees Cost	143.25	112.74	98.10
	Other Operating Expenses	139.72	130.51	126.80
	General & Administrative Expenses	108.83	109.69	95.70
		473.04	422.38	390.79
D	PROFIT BEFORE DEPRECIATION,			
	INTEREST AND TAX	310.31	341.40	353.99
E	DEPRECIATION & INTEREST			
	Depreciation	46.24	30.42	26.13
	Interest	14.10	10.45	13.33
		60.34	40.87	39.46
F	Share of Profit of Associate Company	0.37	0.60	0.68
G	NET PROFIT BEFORE TAX, PRIOR PERIOD			
	ADJUSTMENTS AND EXTRAORDINARY ITEMS	250.34	301.13	315.21

H	ADD/(LESS): EXTRAORDINARY ITEMS (Net of tax)	-	-	-
		-	-	-
I	NET PROFIT AFTER EXTRAORDINARY ITEMS			
	BUT BEFORE TAX	250.34	301.13	315.21
J	Current Tax	(61.42)	(82.62)	(95.82)
	Fringe Benefit Tax	-	(1.84)	(2.20)
	Wealth tax	(0.17)	(0.15)	(0.13)
	Deferred Tax	(17.46)	(7.14)	(7.86)
		(79.05)	(91.75)	(106.01)
K	NET PROFIT AS RESTATED:	171.29	209.38	209.20
L	APPROPRIATIONS:			
	Add: Balance brought forward from last year	23.96	14.58	7.29
	Less: Adjustment made on eliminating carrying cost of investment in associate	-	-	(0.51)
	Less: Transfer to General Reserve	(150.00)	(200.00)	(201.40)
		(126.04)	(185.42)	(194.62)
M	BALANCE CARRIED TO BALANCE SHEET	45.25	23.96	14.58

CONSOLIDATED CASH FLOW STATEMENT AS RESTATED.

CONSOLIDATED CASH FLOW STATEMENT AS RESTATED FOR THE YEAR ENDED:			Rupees in million	
		31st March, 2010	31st March, 2009	31st March, 2008
S.No.	Particulars			
A.	CASH FLOW FROM OPERATING ACTIVITIES:			
	Net Profit after tax but before adjustments as restated	171.29	209.38	209.20
	Adjustments for:			
	Provision for taxation	79.05	91.75	106.01
	Depreciation	46.24	30.42	26.13
	Provision for Retirement Benefits	3.42	2.43	1.45
	Loss / (Profit) on sale of assets	0.83	(0.04)	0.00
	Loss / (Profit) on sale of Investments	2.77	0.00	0.00
	Interest received	(0.38)	(0.36)	(1.29)
	Dividend received	(21.02)	(36.44)	(15.84)
	Interest paid	14.13	10.48	14.22
	Operating profit before working capital changes:	296.33	307.63	339.87
	Adjustments for:			
	Trade & other receivables	(20.64)	(13.05)	(18.46)
	Decrease / (Increase) in Loans, Advances and Deposits	(17.27)	(10.04)	(50.89)
	Inventories	(1.33)	1.40	(1.32)
	Trade payable	22.89	(5.43)	58.64
	Cash generated from operations:	279.98	280.51	327.84
	Direct taxes paid	(67.74)	(84.26)	(119.05)
	Cash Flow before Extraordinary Items:	212.25	196.25	208.79
	Extraordinary items	0.00	0.00	0.00
	Net cash from Operating Activities:	212.25	196.25	208.79
B.	CASH FLOW FROM INVESTMENT ACTIVITIES:			
	Purchase of Fixed Assets incl. Capital work in progress	(597.81)	(330.63)	(199.19)
	Investments made in Shares/Mutual Funds	(0.44)	(39.93)	(526.62)
	Proceeds from disposal of investments	440.53	0.00	0.00
	Sale Proceeds of Fixed Assets	1.53	0.23	0.00
	Interest Income	0.38	0.36	1.29
	Dividend Income	21.02	36.44	15.84
	Net cash used in Investing Activities	(134.79)	(333.53)	(708.68)
C.	CASH FLOW FROM FINANCING ACTIVITIES:			
	Increase in share capital	0.00	0.00	26.21
	Miscellaneous Expenditure (IPO Expenses)	0.00	0.00	(6.35)
	Proceeds of Share Premium	0.00	0.00	522.32
	Proceeds / (Repayments) of Secured Loans	(17.65)	91.60	(50.00)
	Proceeds of Unsecured Loans	(40.24)	47.90	28.63
	Interest paid	(14.13)	(10.48)	(14.22)
	Net cash generated/(used) from/(in)Financing Activities	(72.01)	129.02	506.59

D.	NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	5.45	(8.27)	6.71
E.	CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Opening Balance)	7.90	16.17	9.46
F.	CASH & CASH EQUIVALENTS AT THE CLOSING OF THE YEAR (Closing Balance)	13.35	7.90	16.17

GENERAL INFORMATION

Registered and Corporate Office of the Company:

Pride Hotels Limited

908, Dalamal Tower,
211, Nariman Point,
Mumbai – 400 021

Maharashtra

Tel: + 91 22 228 44051

Fax: + 9122 228 44052

E-mail: ipo@pridehotel.com

Website: www.pridehotel.com

Registration Number of the Company: 11-29226

Corporate Identity Number: U55200MH1983PLC029226

Regional Registrar of Companies Office:

Registrar of Companies, Maharashtra
Everest 5th Floor,
100 Marine Drive,
Mumbai – 400 002

Present Board of Directors

S.No	Name, Designation and Occupation	Age	Address
1	M.Narayanan Chairman Non Executive Director Independent Director Occupation: Professional DIN: 00159288	65 years	2-C, K.G. Palam Land, House No. N 21/10, Lynwood Avenue, Mahalingapuram, Chennai 600034.
2	S.P. Jain, Managing Director Whole Time Director Non Independent Director Occupation: Business Executive DIN: 00004402	60 years	501/601-B Vikas Tower, 105/107, Walkeshwar Road Mumbai 400 006
3	Srinivasan Subramanian Director Non-Executive Director Non-Independent Director Occupation: Company Executive DIN: 00382697	46 years	204 Shantanu Building Plot No.19, St. Martins Road, Bandra (West) Mumbai 400 050
4	Arun Nayar Director (Operations) Executive Director Non-Independent Director Occupation: Company Executive DIN : 02015803	59 years	Flat N0. 241, Park view Apartments, South Main Road, Koregaon Park, Pune 411001
5	Satyen Jain Director and Chief Executive Officer	32 years	501/601-B Vikas Tower, 105/107, Walkeshwar Road

S.No	Name, Designation and Occupation	Age	Address
	Whole Time Director Non-Independent Director Occupation: Business Executive DIN: 00004486		Mumbai 400 006
6	Rajendra L. Jain Director Non-Executive Independent Director Occupation: Business DIN:00473752	55 years	9th floor, Novelty Chambers, Grant Road (E), Mumbai 400007

For more details regarding our Directors please refer to section titled “Our Management” on page 123 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer:

Mr. Anil Kumar Singla

Pride Hotels Limited
908, Dalamal Tower,
211, Nariman Point,
Mumbai – 400 021
Maharashtra
Tel : + 91 22 228 44051
Fax: + 9122 228 44052
Email : ipo@pridehotel.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA account number and the designated branch of the relevant SCSB where the ASBA Form was submitted by the ASBA Bidder.

Book Running Lead Managers:

Edelweiss Capital Limited

14th Floor, Express Towers
Nariman Point
Mumbai 400 021, India
Tel: +91 22 4086 3535
Fax: +91 22 4086 3610
E-mail: pride.ipo@edelcap.com
Investor Grievance E-mail: customerservice.mb@edelcap.com
Contact Person: Jai Baid / Niraj Mandhana
Website: www.edelcap.com
SEBI Registration No. INM0000010650

ICICI Securities Limited

ICICI Centre, H.T. Parekh Marg, Churchgate,
Mumbai - 400 020
Telephone: +91 22 2288 2460
Facsimile: +91 22 2282 6580
E-mail: pride.ipo@icicisecurities.com
Investor Grievance E-mail: customercare@icicisecurities.com
Contact Person: Gaurav Gupta / Sumit Agarwal
Website: www.icicisecurities.com

SEBI registration number: INM000011179

Syndicate Member:

[●]

Legal Counsel to the Issue:

ALMT Legal

Advocates & Solicitors

2, Lavelle Road,

Bengaluru 560 001.

Tel : +91 80 4016 0000

Fax: +91 80 4016 0001

Email : pride@almtlegal.com

ALMT Legal

Advocates & Solicitors

4th Floor, Express Towers,

Nariman Point, Mumbai 400 021

Tel : +91 22 4001 0000

Fax: +91 22 4001 0001

Email : pride@almtlegal.com

Registrar to the Issue

Karvy Computershare Private Limited

Plot No. 17 to 24, Vittalrao Nagar,

Madhapur,

Hyderabad- 500081, India

Toll Free No. 1-800-3454001

Tel: +91 40 4465 5000

Fax +91 40 2343 1551

Contact Person: Murali Krishna

Email : einward.ris@karvy.com

Website: <http://karisma.karvy.com>

Bankers to the Company

Citibank N.A

CitiTowers 1st Floor

61, Dr. S.S. Rao Road

Parel

Mumbai 400 012

Tel: + 91 22 4087 6345

Fax: + 91 22 2417 4203

Contact: Vijay P. Mandloi

Email: vijay.mandloi@citi.com

Website: www.citibank.com/india

Kotak Mahindra Bank Limited

6th Floor, Dani Corporate Park

158, CST Road

Kalina, Santacruz (E)

Mumbai 400 098

Tel: 91 22 6750 5000

Fax: 91 22 2281 7577

Contact: Ms. Runa Das

Email: runa.das@kotak.com

Website: www.kotak.com

Auditors to the Company

J.G. Verma & Co

Chartered Accountants

Regn No.111381W

301-B, Niranjan

99 Marine Drive

Mumbai 400 002

Tel: +91 22 2281 3868

Fax: +91 22 2283 8867
Contact: Mr. Arun G. Verma
Email: jgvandco@gmail.com

Escrow Collection Banks / Bankers to the Issue

[•]

Refund Bankers

[•]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI website.

Inter Se Allocation of Responsibilities among the BRLMs

S. No.	Responsibility	Responsibility	Coordinating
1.	Capital structuring with relative components and formalities etc.	Edelweiss Capital, ICICI Securities	Edelweiss Capital
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filings.	Edelweiss Capital, ICICI Securities	Edelweiss Capital
3.	Drafting and approval of all publicity material other than statutory advertisement including corporate advertisement, brochure etc.	Edelweiss Capital, ICICI Securities	ICICI Securities
4.	Appointment of other intermediaries viz., Registrar(s), Printers, Escrow Collection Banks, Advertising Agency, etc.	Edelweiss Capital, ICICI Securities	Edelweiss Capital
5.	Preparation of roadshow presentation and FAQs	Edelweiss Capital, ICICI Securities	ICICI Securities
6.	Institutional marketing strategy: <ul style="list-style-type: none"> International institutional which will cover, <i>inter alia</i>, finalizing the list and division of investors for one to one meetings, institutional allocation 	Edelweiss Capital, ICICI Securities	Edelweiss Capital
7.	Institutional marketing strategy: <ul style="list-style-type: none"> Domestic institutional which will cover, <i>inter alia</i>, finalizing the list and division of investors for one to one meetings, institutional allocation 	Edelweiss Capital, ICICI Securities	ICICI Securities
8.	Retail / HNI marketing strategy <ul style="list-style-type: none"> Finalise centers for holding conference for brokers etc. Finalise media, marketing & public relations strategy Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Issue material Finalise bidding centers/collection centres 	Edelweiss Capital, ICICI Securities	Edelweiss Capital
9.	Finalisation of pricing in consultation with Company	Edelweiss Capital, ICICI Securities	Edelweiss Capital

S. No.	Responsibility	Responsibility	Coordinating
		Securities	
10.	Managing the book and coordination with Stock-Exchanges for Book building software, Bidding terminals and mock trading	Edelweiss Capital, ICICI Securities	ICICI Securities
11	The post bidding activities including management of escrow accounts, co-ordinate non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The Post Issue activities for the Issue will involve essential follow up steps, which include the finalisation of basis of Allotment, dispatch of refunds, demat and delivery of shares, finalisation of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue, Escrow Collection Banks and Self Certified Syndicate Banks.	Edelweiss Capital, ICICI Securities	Edelweiss Capital

* *The designated coordinating Book Running Lead Manager shall be responsible for ensuring compliance with the SEBI Regulations and other requirements and formalities specified by the RoC, the SEBI and the Stock Exchanges*

The selection of various agencies like the Bankers to the Issue, Escrow Collection Bank(s), Brokers, Advertising Agencies, etc. will be finalized by the Company in consultation with the BRLMS in terms of the interse allocation of responsibilities. Even if many of these activities will be handled by other intermediaries, the designated BRLMS shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.

Credit Rating:

As the Issue is of equity shares, credit rating is not required.

Trustees:

As the Issue is of equity shares, the appointment of Trustees is not required.

Monitoring Agency:

As per Regulation 16 of the SEBI Regulations, monitoring agency is required to be appointed in case the public issue size exceeds Rs. 5000 million. Since our proposed IPO size shall not exceed Rs. 5000 million, we have not appointed a Monitoring Agency.

IPO Grading:

The Company will be seeking an IPO Grading from a credit rating agency registered with SEBI. Such rating and the rationale or description of the grading will be disclosed in the Red Herring Prospectus to be filed with the RoC.

Project Appraisal Details

None of the objects of the Issue have been appraised.

Book Building Process

Book building refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalised after the Bid Closing Date/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- The Company;
- Book Running Lead Managers;

- Syndicate Member who is an intermediary registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. Syndicate Member is appointed by the BRLMs;
- Escrow Collection Bank(s); and
- Registrar to the Issue.

In terms of Rule 19(2)(b)(i) of the SCRR, the Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue shall be allocated on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

We will comply with the SEBI Regulations for this Issue. In this regard, we have appointed the BRLMS to manage the Issue and to procure subscriptions to this Issue.

Illustration of Book Building and Price Discovery Process (Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1,500	50.00%
1500	22	3,000	100.00%
2000	21	5,000	166.67%
2500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e. Rs. 22 in the above example. The issuer, in consultation with the Book Running Lead Manager, will finalise the issue price at or below such cut off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

- Check eligibility for bidding, see the section titled “Issue Procedure-Who Can Bid?” on page 218 of this Draft Red Herring Prospectus; Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable.
- Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.
- Bids by QIBs (including Anchor Investors) will have to be submitted to the BRLMs other than Bids by QIBs who Bid through the ASBA process (other than Anchor Investors), who shall submit the Bids to the Designated Branch of the SCSBs.
- Bids by ASBA Bidders will have to be submitted to the Designated Branches. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.
- Ensure that the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable, is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable.

Withdrawal of the Issue

Our Company in consultation with the BRLMs reserves the right not to proceed with the Issue at any time including after the Bid/Issue Opening Date, without assigning any reason therefor. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

Bid/ Issue Programme

Bidding Period / Issue period ^{(1) (2)}

BID / ISSUE OPENS ON [●]	BID / ISSUE CLOSES (FOR QIB BIDDERS) ON [●]
	BID / ISSUE CLOSES (EXCEPT FOR QIB BIDDERS) ON [●]

⁽¹⁾ The Company may consider participation by Anchor Investors in accordance with applicable SEBI Regulations on the Anchor Investor Bid/Issue Date, i.e., one day prior to the Bid/Issue Opening Date.

⁽²⁾ The Company may decide to close the Bidding Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulation and this will be disclosed in the Red Herring Prospectus

Bids and any revision in Bids shall be accepted only between 10 a.m. and 5 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs, except that on the Bid Closing Date for QIBs, Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. On Bid Closing Date for Retail and Non Institutional Bidders, Bids shall be accepted only between 10 a.m and 3 p.m (Indian Standard Time) and uploaded until (i) 4.00 P.M in case of Bids by Non institutional Bidders; and (ii) until 5.00 p.m or until such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs.100,000. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 3 p.m (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLM and the Syndicate Member shall not be responsible. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

The Registrar to the Issue shall only look at the data entered in the electronic records and will not conduct any verification of data in the electronic book vis-a-vis the data contained in any physical Bid Cum Application Form for a particular Bidder.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/ Issue Closing Date. All times mentioned in the Draft Red Herring Prospectus are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, our Company, the BRLMs and Syndicate Members will not be responsible. Bids will be accepted only on Business Days.

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids submitted by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of time period for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges within half an hour of such closure.

We reserve the right to revise the Price Band during the Bidding Period/Issue Period in accordance with SEBI Regulations. The cap on the Price Band should not be more than 20% of the floor of the Price Band.

Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

In case of revision in the Price Band, the Bidding Period/Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that its Syndicate Member does not fulfill its underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the Registrar of Companies)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
[●]	[●]	[●]
[●]	[●]	[●]

The above-mentioned amount is indicative underwriting and this would be finalized after determination of the Issue Price. The above Underwriting Agreement is dated [●].

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is filed with the RoC.

CAPITAL STRUCTURE

Share capital of our Company as at the date of filing of this Draft Red Herring Prospectus with the SEBI is as set forth below:

	Share Capital	Aggregate Value at nominal value (Rs.)	Aggregate Value at Issue Price (Rs.)
A)	AUTHORISED		
	42,000,000 Equity Shares of Rs. 10 each	420,000,000	
B)	ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL		
	30,931,995 Equity Shares of Rs. 10 each	309,319,950	
C)	PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS		
	10,400,000 Equity Shares of Rs. 10 each fully paid up*	104,000,000	[●]
	QIB Portion of upto 5,200,000 Equity Shares		
	Non-Institutional Portion of not less than 1,560,000 Equity Shares		
	Retail Portion of not less than 3,640,000 Equity Shares		
D)	EQUITY SHARE CAPITAL AFTER THE ISSUE		
	41,331,995 Equity Shares of Rs. 10 each fully paid up	413,319,950	
E)	SHARE PREMIUM ACCOUNT		
	Before the Issue	419,212,640	
	After the Issue	[●]	

* The Issue has been authorized pursuant to a Board resolution dated July 30, 2010 and approved by our shareholders vide resolution passed at the Annual General Meeting held on September 17, 2010

All Equity Shares issued by our Company are fully paid-up.

Details of Increase and change in Authorized Share Capital of our Company

Date of General Meeting	Authorized Capital	Details of the Authorized Share Capital as approved at the General Meeting
February 1, 1983 (incorporation)	Rs. 0.1 million	1,000 equity shares of Rs 100 each
March 2, 1985	Rs. 0.5 million	5,000 equity shares of Rs 100 each
April 23, 1985	Rs. 2.5 million	25,000 equity shares of Rs 100 each
October 7, 1985	Rs. 5 million	50,000 equity shares of Rs 100 each
December 2, 1985	Rs. 7.5 million	75,000 equity shares of Rs 100 each
June 23, 1990	Rs. 10 million	100,000 equity shares of Rs 100 each
April 1, 1994	Rs. 10 million	Sub division of the authorized capital of the Company comprising of 100,000 equity shares of Rs. 100 each into 1,000,000 equity shares of Rs. 10 each
April 1, 1994	Rs. 30 million	3,000,000 equity shares of Rs. 10 each
August 12, 1997	Rs. 30 million	Consolidation of the authorized capital of the Company comprising of 3,000,000 equity shares of Rs. 10 each into 300,000 equity shares of Rs. 100 each
August 12, 1997	Rs. 40 million	400,000 equity shares of Rs. 100 each

Date of General Meeting	Authorized Capital	Details of the Authorized Share Capital as approved at the General Meeting
March 25, 2004	Rs. 45 million	450,000 equity shares of Rs. 100 each
December 30, 2004	Rs. 100 million	1,000,000 equity shares of Rs. 100 each
July 12, 2007	Rs. 100 million	Sub division of the authorized capital of the Company comprising of 1,000,000 equity shares of Rs. 100 each into 10,000,000 equity shares of Rs. 10 each
August 7, 2007	Rs. 210 million	18,750,000 equity shares of Rs. 10 each and 2,250,000 preference shares of Rs.10 each
October 31, 2007	Rs. 310 million	28,750,000 equity shares of Rs. 10 each and 2,250,000 preference shares of Rs.10 each
March 30, 2010	Rs. 310 million	Reclassification of the share capital 28,750,000 equity shares of Rs. 10 each and 2,250,000 preference shares of Rs.10 each, reclassified as 31,000,000 equity shares.
September 17, 2010	Rs. 420 million	42,000,000 equity shares of Rs. 10 each

NOTES TO THE CAPITAL STRUCTURE:

1. Share Capital History of our Company

Date of allotment of Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative Paid-up Capital (Rs.)	Cumulative Securities Premium (Rs.)	Consideration	Reasons for allotment
February 1, 1983	400	100	100	40,000	Nil	Cash	Subscription to the Memorandum of Association
March 31, 1983	600	100	100	100,000	Nil	Cash	Private Placement
March 25, 1985	4,000	100	100	500,000	Nil	Cash	Private Placement
April 29, 1985	10,000	100	100	1,500,000	Nil	Cash	Private Placement
September 25, 1985	10,000	100	100	2,500,000	Nil	Cash	Private Placement
March 31 1986	10,000	100	100	3,500,000	Nil	Cash	Private Placement
April 15 1986	15,000	100	100	5,000,000	Nil	Cash	Private Placement
January 15 1987	25,000	100	100	7,500,000	Nil	Cash	Private Placement
September 28, 1990	25,000	100	100	10,000,000	Nil	Cash	Private Placement
April 1, 1994	Sub division of the face value of the equity shares of Rs. 100 each into Rs. 10 each subsequent to which the paid up capital consists of 1,000,000 equity shares of Rs. 10 each						

Date of allotment of Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative Paid-up Capital (Rs.)	Cumulative Securities Premium (Rs.)	Consideration	Reasons for allotment
April 11, 1994	2,000,000	10	NA	30,000,000	Nil	Other than Cash	Bonus Issue 2:1 ⁽¹⁾
August 12, 1997	Consolidation of the face value of the equity shares of Rs. 10 each into Rs. 100 each subsequent to which the paid up capital consists of 300,000 equity shares of Rs. 100 each						
August 16 1997	100,000	100	100	40,000,000	Nil	Cash	Private Placement
October 15, 2004	50,000	100	100	45,000,000	Nil	Cash	Private Placement
March 31, 2005	41,896	100	NA	49,189,600	Nil	Other than cash	Pursuant to Scheme of Amalgamation ⁽²⁾
October 21, 2005	108,104	100	100	60,000,000	Nil	Cash	Private Placement
July 12, 2007	Sub division of the face value of the equity shares of Rs. 100 each, into Rs. 10 each subsequent to which the paid up capital consists of 6,000,000 equity shares of Rs. 10 each						
August 7, 2007	12,000,000	10	NA	180,000,000	Nil	Other than Cash	Bonus Issue 2:1 ⁽³⁾
September 24, 2007	1,000	10	10	18,0010,000	Nil	Cash	Preferential allotment to Kotak Real Estate Fund-1
December 17, 2007	2,249,950	10	200	202,509,500	427,490,500	Cash	Further allotment to Kotak Real Estate Fund-1 ⁽⁴⁾
December 17, 2007	362,500	10	270	206,134,500	521,740,500	Cash	Preferential allotment to Primary Real Estate Investments, Mauritius
December 17, 2007	7,880	10	270	206,213,300	523,789,300	Cash	Preferential allotment to Primary

Date of allotment of Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative Paid-up Capital (Rs.)	Cumulative Securities Premium (Rs.)	Consideration	Reasons for allotment
							Real Estate Advisors Private Limited
March 31, 2010	10,310,665	10	NA	309,319,950	523,789,300	Other than Cash	Bonus Issue 1:2 ⁽⁵⁾

Other than as mentioned in the table above, we have not made any issue of Equity Shares during the preceding one year.

⁽¹⁾ The bonus issue of shares in the ratio of 2: 1 was made by way of capitalisation of Company's revaluation reserves.

⁽²⁾ Pursuant to the Scheme of Amalgamation of Shubhlaxmi (Bodakdev) Properties Private Limited ("SPPL") with the Company sanction by the Bombay High Court and High Court of Gujarat vide Orders dated April 8, 2005 and March 31, 2006 respectively. For further details regarding the Scheme of Amalgamation, please refer to section "Our History and Certain Corporate Matters" and page 110 of this Draft Red Herring Prospectus

⁽³⁾ The bonus issue of shares in the ratio of 2: 1 was made by way of capitalisation of the Company's general reserves.

⁽⁴⁾ Pursuant to the conversion of 2,249,950 Redeemable Optionally Convertible Preference shares held by Kotak Real Estate Fund-1 in the ratio of 1:1. Under the Share Subscription and Shareholders Agreement dated September 7, 2007 executed with Kotak India Real Estate Fund – I (KIREF-I) and the Company, KIREF-I had agreed to invest an amount of Rs. 450 million by way of subscription to equity and convertible preferences. KIREF-I had under the agreement subscribed to 1000 equity shares and 2,249,950 convertible preference shares aggregating to an amount of Rs. 450 million. The equity shares were subscribed by KIREF-I so as to entitle them to attend Board and Shareholders meeting and also vote on all critical resolutions including shareholder resolutions pertaining to any further issuance of shares either by way of preferential allotment or public issue. The convertible preference shares were allotted on September 24, 2007 in favour of KIREF-I at a price of Rs. 200 (including a premium of Rs. 190). Subsequently, the convertible preference shares were converted into equity shares on December 17, 2007 at a ratio of 1:1.

⁽⁵⁾ The bonus issue of shares in the ratio of 1: 2 was made by way of capitalisation of the Company's securities premium.

The issues of bonus Equity Shares have been made by way of capitalization of revaluation reserves and general reserves as shown below.

Date of allotment of Bonus Shares	Ratio of the Bonus Issue	Number of Equity Shares issued as Bonus Shares	Face Value of Shares	Amount of reserves capitalized	Reserve Capitalised
April 11, 1994	2:1	2,000,000	Rs. 10	Rs. 20,000,000	Revaluation Reserve
August 7, 2007	2:1	12,000,000	Rs. 10	Rs. 120,000,000	General Reserve
March 31, 2010	1:2	10,310,665	Rs.10	Rs.103,106,650	Security Premium

2. Preference share capital build up

Date of allotment of Preference Shares	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative Preference share Paid-up Capital	Cumulative Share Premium (Rs.)	Consideration	Reasons for allotment
September 24, 2007	2,249,950	10	200	22,499,500	427,490,500	Cash	Allotment to Kotak Real Estate Fund-1
December 17, 2007	Conversion of 2,249,950 0% optionally convertible cumulative redeemable preference shares of Rs.10 each into Equity Shares in the ratio of 1:1.						

3. Build up of Promoter's shareholding, Promoter's Contribution and Lock – in

Pursuant to the SEBI Regulations, an aggregate of 20% of the post-Issue Equity share capital of our Company shall be locked in for a period of three years from the date of Allotment.

(a) Details of the build up of our Promoter's shareholding in our Company:

Promoter	Date of Allotment/ Acquisition/ Sale	No of Equity Shares	Face Value (Rs.)	Acquisition/ Sale Price (Rs.)	Consideration	Nature of transaction
S.P. Jain	1.2.1983	100	100	100	Cash	Subscription to Memorandum
	31.3.1983	100	100	100	Cash	Subscription
	25.3.1985	1,800	100	100	Cash	Subscription
	29.4.1985	400	100	100	Cash	Subscription
	25.9.1985	600	100	100	Cash	Subscription
	31.3.1986	2,500	100	100	Cash	Subscription
	15.1.1987	2,000	100	100	Cash	Subscription
	28.9.1990	2,250	100	100	Cash	Subscription
	12.8.1991	1,000	100	100	Cash	Purchase
	12.8.1991	1,000	100	100	Cash	Purchase
	12.8.1991	250	100	100	Cash	Purchase
		120,000		Subdivision of shares into face value of Rs. 10 with effect from 1.4.1994		
	11.4.1994	240,000	10	Nil	Bonus Issue	Bonus Issue
		36,000		Consolidation of shares into Face Value Rs. 100 with effect from 12.8.1997		
	30.6.1998	(36,000)	100	100	Cash	Sale
	31.3.2005	100	100	Nil	Other than Cash	Allotment under Scheme of Amalgamation
	21.10.2005	22,000	100	100	Cash	Further allotment
	31.3.2006	2,000	100	100	Cash	Purchase
	31.3.2006	1,000	100	100	Cash	Purchase
	31.3.2006	2,310	100	100	Cash	Purchase
	31.3.2006	550	100	100	Cash	Purchase
	31.3.2006	75	100	100	Cash	Purchase
	31.3.2006	1,350	100	100	Cash	Purchase

Promoter	Date of Allotment/ Acquisition/ Sale	No of Equity Shares	Face Value (Rs.)	Acquisition/ Sale Price (Rs.)	Consideration	Nature of transaction
	31.3.2006	150	100	100	Cash	Purchase
	31.3.2006	1,500	100	100	Cash	Purchase
	31.3.2007	5,955	100	100	Cash	Purchase
		369,900		Subdivision of shares into face value of Rs. 10 with effect from 12.7.2007		
	7.8.2007	739,800	10	Nil	Bonus issue	Bonus Issue
	31.3.2010	554,850	10	Nil	Bonus issue	Bonus Issue
	Total	1,664,550				

The Equity Shares were fully paid up at the time of allotment.

Promoter	Date of Allotment/ Transfer	No of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Transaction
Satyen Jain	25.9.1985	50	100	100	Cash	Subscription
	31.3.1986	1,000	100	100	Cash	Subscription
	15.1.1987	1,950	100	100	Cash	Subscription
	28.9.1990	2,000	100	100	Cash	Subscription
	25.11.1992	150	100	100	Cash	Purchase
	25.11.1992	350	100	100	Cash	Purchase
	1.3.1993	1,000	100	100	Cash	Purchase
		65,000		Subdivision of shares into face value of Rs. 10 with effect from 1.4.1994		
	11.4.1994	130,000	10	Nil	Bonus Issue	Bonus Issue
		19,500		Consolidation of shares into Face Value Rs. 100 with effect from 12.8.1997		
	30.6.1998	(19,500)	100	100	Cash	Sale
	15.10.2004	1,200	100	100	Cash	Subscription
	21.10.2005	7,000	100	100	Cash	Subscription
	21.10.2005	5,200	100	100	Cash	Purchase
	21.10.2005	3,000	100	100	Cash	Purchase
	21.10.2005	7,020	100	100	Cash	Purchase
		234,200		Subdivision of shares into face value of Rs. 10 with effect from 12.7.2007		
	7.8.2007	468,400	10	Nil	Bonus issue	Bonus Issue
	31.3.2010	351,300	10	Nil	Bonus issue	Bonus Issue
	Total	1,053,900				

The Equity Shares were fully paid up at the time of allotment.

Promoter	Date of Allotment/ Transfer	No of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Transaction
ASP Enterprises Private Limited	2.9.1996	50,000	10	10	Cash	Purchase
	2.9.1996	100,000	10	10	Cash	Purchase
		15,000		Consolidation of shares into face value of Rs. 100 each with effect from 12.8.1997		
	30.6.1998	36,000	100	100	Cash	Purchase
	30.6.1998	24,415	100	100	Cash	Purchase

Promoter	Date of Allotment/ Transfer	No of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Transaction
	31.3.1999	1,950	100	100	Cash	Purchase
	31.3.2005	4,600	100	Nil	Other than cash	Allotment pursuant to Scheme of Amalgamation
		819,650		Subdivision of shares into face value of Rs. 10 with effect from 12.7.2007		
	7.8.2007	1,639,300	10	Nil	Bonus issue	
	31.3.2010	1,229,475	10	Nil	Bonus issue	Bonus Issue
	Total	3,688,425				

The Equity Shares were fully paid up at the time of allotment.

Promoter	Date of Allotment/ Transfer	No of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Transaction
Kopra Estates Private Limited	30.6.1998	45,000	100	100	Cash	Purchase
	30.6.1998	17,250	100	100	Cash	Purchase
	30.6.1998	19,500	100	100	Cash	Purchase
	31.3.2005	2,460	100	Nil	Other than Cash	Allotment pursuant to Scheme of Amalgamation
		842,100		Subdivision of shares into face value of Rs. 10 with effect from 12.7.2007		
	7.8.2007	1,684,200	10	Nil	Bonus issue	
	31.3.2010	1,263,150	10	Nil	Bonus issue	Bonus Issue
	Total	3,789,450				

The Equity Shares were fully paid up at the time of allotment.

(b) Details of Promoter Contribution and Lock-in:

8,288,175 Equity Shares, aggregating to 20.05 % of the post-Issue equity paid up equity capital of our Company, held by the Promoter shall be locked in for a period of three years from the date of Allotment in the Issue. The contribution of the Promoter has been brought in to the extent of not less than the specified minimum lot and from persons defined as “Promoter” under the SEBI Regulations. The Equity Shares that are being locked-in are not ineligible for computation of Promoter’s contribution under Regulation 33 of the SEBI Regulations. In this connection, as per Regulation 33 of the SEBI Regulations, we confirm the following:

- The Equity shares offered for minimum 20% Promoter’s contribution do not consist of equity shares which have been acquired during the preceding three years that are (1) acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets is involved in such transaction or (2) resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the issuer or from bonus issue against equity shares which are ineligible for minimum promoter’s contribution;
- The minimum Promoter’s contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which Equity Shares are being offered to the public in the Issue;
- The Equity shares offered for minimum 20% Promoter’s contribution were not issued to the Promoter upon conversion of a partnership firm;

- The Equity Shares held by the Promoter and offered for minimum 20% Promoter's contribution are not subject to any pledge; and
- The minimum Promoter's contribution does not consist of Equity Shares for which specific written consent has not been obtained from the Promoter for inclusion of its subscription in the minimum Promoter's contribution subject to lock-in.

Name of the Promoter	Date of Allotment/ Acquisition	Mode of Allotment / Acquisition	Consideration (cash, bonus, Other than Cash)	No of Equity Shares	Face Value * (Rs.)	Issue /Acquisition Price* Per Equity Share (Rs.)	% of pre-Issue paid-up equity capital	% of post Issue paid-up equity capital	Lock in Period
S.P. Jain	31.3.2005	Allotment # under Scheme of Amalgamation	Other than Cash	1,000	10	Nil			
	21.10.2005	Further allotment	Cash	220,000	10	10			
	31.3.2006	Purchase	Cash	20,000	10	10			
	31.3.2006	Purchase	Cash	10,000	10	10			
	31.3.2006	Purchase	Cash	23,100	10	10			
	31.3.2006	Purchase	Cash	5,500	10	10			
	31.3.2006	Purchase	Cash	750	10	10			
	31.3.2006	Purchase	Cash	13500	10	10			
	31.3.2006	Purchase	Cash	1500	10	10			
	31.3.2006	Purchase	Cash	15,000	10	10			
	31.3.2007	Purchase	Cash	5,9550	10	10			
	7.8.2007	Bonus Issue	Bonus	739,800	10	Nil			
	31.3.2010	Bonus Issue	Bonus	554,850	10	Nil			
	Sub-Total			1,664,550			5.38%	4.03%	3 years
Satyen Jain	15.10.2004	Further Allotment	Cash	12,000	10	10			
	21.10.2005	Further Allotment	Cash	70,000	10	10			
	21.10.2005	Purchase	Cash	52,000	10	10			
	21.10.2005	Purchase	Cash	30,000	10	10			
	21.10.2005	Purchase	Cash	70,200	10	10			
	7.8.2007	Bonus Issue	Bonus	468,400	10	Nil			
	31.3.2010	Bonus Issue	Bonus	351,300	10	Nil			
	Sub-Total			1,053,900			3.41%	2.55%	3 years
ASP Enterprises Private Limited	2.9.1996	Purchase	Cash	50,000	10	10			

Name of the Promoter	Date of Allotment/ Acquisition	Mode of Allotment / Acquisition	Consideration (cash, bonus, Other than Cash)	No of Equity Shares	Face Value * (Rs.)	Issue /Acquisition Price* Per Equity Share (Rs.)	% of pre-Issue paid-up equity capital	% of post Issue paid-up equity capital	Lock in Period
	2.9.1996	Purchase	Cash	100,000	10	10			
	30.6.1998	Purchase	Cash	360,000	10	10			
	30.6.1998	Purchase	Cash	244,150	10	10			
	31.3.1999	Purchase	Cash	19,500	10	10			
	31.3.2005	Allotment pursuant to Scheme of Amalgamation	Other than Cash	46,000	10	Nil			
	7.8.2007	Bonus Issue	Bonus	1,639,300	10	Nil			
	31.3.2010	Bonus Issue	Bonus	1,229,475	10	Nil			
	Sub-Total			3,688,425			11.92%	8.92%	3 years
Kopra Estate s Private Limited	7.8.2007	Bonus Issue	Bonus	618,150	10	Nil			
	31.3.2010	Bonus Issue	Bonus	1,263,150	10	Nil			
	Sub-Total			1,881,300			6.08%	4.55%	3 years
TOTAL				8,288,175			26.79%	20.05 %	3 years

* Face value and Issue / Acquisition Price has been stated in terms of present face value of shares of Rs. 10 each

The Equity Shares were fully paid up at the time of allotment.

(c) Details of other Equity Shares locked in

Other than the above Equity Shares that are locked in for three years as stated above, the entire pre-Issue share capital of our Company will be locked-in for a period of one year from the date of Allotment of Equity Shares in the Issue in accordance with Regulation 37 of the SEBI Regulations.

Further, Equity Shares allotted to Anchor Investors, in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

(d) Other requirements in respect of lock-in

As per Regulation 39 read with Regulation 36 (b) of the SEBI Regulations. The locked in Equity Shares held by the Promoter, as specified above, may be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Provided that if any Equity Shares are locked in as minimum Promoter's contribution under Regulation 36(a) of the SEBI Regulations, the same may be pledged, only if, in addition to fulfilling the above requirement, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the Objects of the Issue.

As per Regulation 40 of the SEBI Regulations, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding Equity Shares which are locked-in as per Regulation 37 of the SEBI Regulations, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

In terms of Regulation 40 of the SEBI Regulations, the Equity Shares held by the Promoter may be transferred inter se any Promoter or persons constituting the Promoter Group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

4. Shareholding pattern of our Company

Category of shareholder	No. of shareholders	Total No. of shares	Total No. of shares held in dematerialized form	Total shareholding as a % of total no. of shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of total no. of shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	12	4,136,175	3416,200	13.37	13.37	-	-
Bodies Corporate	12	22,860,825	13,642,050	73.91	73.91	-	-
Sub Total	24	26,997,000	17,058,250	87.28	87.28	-	-
(2) Foreign							
Bodies Corporate	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-
Total shareholding of Promoter and Promoter Group (A)	24	26,997,000	17,058,250	87.28	87.28	-	-
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	-	-	-	-	-	-	-
Financial Institutions / Banks	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-
Foreign Institutional Investors	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-

Category of shareholder	No. of shareholders	Total No. of shares	Total No. of shares held in dematerialized form	Total shareholding as a % of total no. of shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of total no. of shares
(2) Non-Institutions							
Bodies Corporate	3	3,931,995	-	12.71	12.71	-	-
Individuals							
Individual shareholders holding nominal share capital up to Rs. 1 lakh	1	3,000	-	0.01	0.01	-	-
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-
Any Others (Specify)							
Sub Total	4	3,934,995	-	12.72	12.72	-	-
Total Public shareholding (B)	4	3,934,995	-	12.72	12.72	-	-
Total (A)+(B)	28	30,931,995	-	100.00	100.00	-	-
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
Total (A)+(B)+(C)	28	30,931,995	-	100.00	100.00	-	-

5. The details of the shareholding of the Promoter and the Promoter Group as on the date of filing of this Draft Red Herring Prospectus:

Category	Equity shares held Pre-Issue		Equity shares held Post-Issue*	
	Number of Shares	% of equity share capital	Number of Shares	% of equity share
A. Promoters				
Mr. Sureshchand	1,664,550	5.38	1,664,550	4.03
Mr. Satyen Jain	1,053,900	3.41	1,053,900	2.55
ASP Enterprises Private	3,688,425	11.92	3,688,425	8.92
Kopra Estates Private	3,789,450	12.25	3,789,450	9.17
Sub Total (A)	10,196,325	32.96	10,196,325	24.67

Category	Equity shares held Pre-Issue		Equity shares held Post-Issue*	
	Number of Shares	% of equity share capital	Number of Shares	% of equity share
B. Promoter Group				
Arvind P Jain	67,500	0.22	67,500	0.16
D.P. Jain	45,000	0.15	45,000	0.11
Kamal C Jain	22,500	0.07	22,500	0.05
Kantibai K Jain	22,500	0.07	22,500	0.05
Kapil K Jain	22,500	0.07	22,500	0.05
Somtibai P Jain	483,750	1.56	483,750	1.17
Sureshchand Dhannalal	771,000	2.49	771,000	1.87
Executive Hsg Finance Co	1,005,750	3.25	1,005,750	2.43
S.P.Realtors Private	2,245,950	7.26	2,245,950	5.43
Pride Plaza (India) Private	3,645,000	11.78	3,645,000	8.82
S.P.Capital Consultants	949,500	3.07	949,500	2.30
The Executive Inn Limited	3,505,050	11.33	3,505,050	8.48
Sanjay Raja Jain	2,250	0.01	2,250	0.01
Premchand Chatrural HUF	900,000	2.91	900,000	2.18
Meena S Jain	717,975	2.32	717,975	1.74
S.P.Capital Financing	1,633,950	5.28	1,633,950	3.95
Pride Paradise &	225,000	0.73	225,000	0.54
Maya S Jain	22,500	0.07	22,500	0.05
Pride Centre &	501,750	1.62	501,750	1.21
Namrata Jain	11,250	0.04	11,250	0.03
Sub Total (B)	16,800,675	54.32	16,800,675	40.65
Promoter and Promoter Group Total (A+ B)	26,997,000	87.28	26,997,000	65.32

* None of our promoters or members of our promoter group shall participate in the Issue.

6. The list of top ten shareholders of our Company and the number of Equity Shares held by them is as under:

(a) Top ten shareholders of our Company as on date of filing this Draft Red Herring Prospectus with the SEBI, are as follows:

Sr. No.	Shareholder	No. of Equity Shares (Rs.10 each)	% of Shareholding
1.	Kopra Estates Private Limited	3,789,450	12.25
2.	ASP Enterprises Private Limited	3,688,425	11.92
3.	Pride Plaza (India) Private Limited	3,645,000	11.78
4.	The Executive Inn Limited	3,505,050	11.33
5.	Kotak Real Estate Fund – 1	3,376,425	10.92
6.	S.P.Realtors Private Limited	2,245,950	7.26
7.	Mr. S.P. Jain	1,664,550	5.38
8.	S.P.Capital Financing Limited	1,633,950	5.28
9.	Mr. Satyen Jain	1,053,900	3.41
10.	Executive Housing Finance Co Limited	1,005,750	3.25
	Total	25,608,450	82.79

(b) Top ten shareholders of our Company ten days prior to filing this Draft Red Herring Prospectus with SEBI are as follows:

Sr. No.	Shareholder	No. of Equity Shares (Rs.10 each)	% of Shareholding
1.	Kopra Estates Private Limited	3,789,450	12.25
2.	ASP Enterprises Private Limited	3,688,425	11.92
3.	Pride Plaza (India) Private Limited	3,645,000	11.78
4.	The Executive Inn Limited	3,505,050	11.33
5.	Kotak Real Estate Fund – 1	3,376,425	10.92
6.	S.P.Realtors Private Limited	2,245,950	7.26
7.	Mr. S.P. Jain	1,664,550	5.38
8.	S.P.Capital Financing Limited	1,633,950	5.28
9.	Mr. Satyen Jain	1,053,900	3.41
10.	Executive Housing Finance Co Limited	1,005,750	3.25
	Total	25,608,450	82.79

(c) Top ten shareholders as of two years prior to the date of filing of this Draft Red Herring Prospectus with SEBI are as follows:

Sr. No.	Shareholder	No. of Equity Shares (Rs.10 each)	% of Shareholding
1.	Kopra Estates Private Limited	2,526,300	12.25
2.	ASP Enterprises Private Limited	2,458,950	11.92
3.	Pride Plaza (India) Private Limited	2,430,000	11.78
4.	The Executive Inn Limited	2,336,700	11.33
5.	Kotak Real Estate Fund – 1	2,250,950	10.92
6.	S.P.Realtors Private Limited	1,497,300	7.26
7.	Mr. S.P. Jain	1,109,700	5.38
8.	S.P.Capital Financing Limited	1,089,300	5.28
9.	Mr. Satyen Jain	702,600	3.41
10.	Executive Housing Finance Co Limited	670,500	3.25
	Total	17,072,300	82.78

7. None of our Promoters, Promoter Group, directors of our Corporate Promoters, our Directors and their immediate relatives and the BRLMs have purchased or sold any Equity Shares during a period of six months preceding the date on which this Draft Red Herring Prospectus has been filed with SEBI.
8. Our Company, Promoters, directors of our Corporate Promoters, our Promoter Group, our Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.
9. The BRLMs and their associates currently do not hold any Equity Shares in our Company.
10. There has been no financing arrangement whereby our Company, our Promoters, Promoter Group, directors of our Corporate Promoters and our Directors and their relatives have financed the purchase by any other person of the Equity Shares 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 filing Draft Red Herring Prospects with SEBI.
11. The Equity Shares held by the Promoters are not subject to any pledge.
12. We have not granted any options or issued any shares under any employee stock option or employees stock purchase scheme.

13. The Issue is being made through a 100% Book Building Process wherein upto 50% of the Issue will be allocated to Qualified Institutional Buyers ("QIBs") on a proportionate basis. Out of the portion available for allocation to the QIBs, 5% will be available for allocation on a proportionate basis to Mutual Funds (excluding Anchor Investor Portion). Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
14. Under-subscription, if any, in any category would be met with spill over from other categories or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange
15. Our Promoters and members of our Promoter Group will not subscribe to or apply for Equity Shares in this Issue.
16. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
17. Except as disclosed on page 128 and 133 in this Draft Red Herring Prospectus, none of our Directors and key managerial employees holds any Equity Shares in our Company.
18. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
19. We presently do not intend or propose nor have we entered into any negotiations or consideration to alter our capital structure within a period of six months from the date of 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) on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement or otherwise. We may, subject to necessary approvals and in line with the relevant statutes/ regulations, consider raising additional capital to fund our business requirements or use Equity Shares as currency for acquisition or participation in any joint ventures with the consent of the shareholders, if applicable.
20. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
21. The Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.
22. As on date of filing this Draft Red Herring Prospectus, the total number of shareholders in our Company is 28.
23. We have not raised any bridge loans against the proceeds of the Issue.
24. Our Company has not issued any equity shares for consideration other than cash or out of revaluation reserves other than as given below:

Date of allotment of Equity Shares	No. of Equity Shares	Face Value (Rs.)	Persons to whom issued	Consideration	Reasons for allotment
April 11, 1994	2,000,000	10	Existing shareholders on record date	Bonus shares	Bonus Issue 2:1 ⁽¹⁾

Date of allotment of Equity Shares	No. of Equity Shares	Face Value (Rs.)	Persons to whom issued	Consideration	Reasons for allotment
March 31, 2005	41,896	100	Shareholders of Shubhlaxmi (Bodakdev) Properties Private Limited	Other than cash	Pursuant to Scheme of Amalgamation ⁽²⁾
August 7, 2007	12,000,000	10	Existing shareholders on record date	Bonus shares	Bonus Issue 2:1 ⁽³⁾
March 31, 2010	10,310,665	10	Existing shareholders on record date	Bonus Shares	Bonus Issue 1:2 ⁽⁴⁾

⁽¹⁾ The bonus issue of shares in the ratio of 2: 1 was made by way of capitalisation of Company's revaluation reserves.

⁽²⁾ Pursuant to the Scheme of Amalgamation of Shubhlaxmi (Bodakdev) Properties Private Limited ("SPPL") with the Company sanctioned by the Bombay High Court and High Court of Gujarat vide Orders dated April 8, 2005 and March 31, 2006 respectively. For further details regarding the Scheme of Amalgamation, please refer to section "Our History and Certain Corporate Matters" and page 110 of this Draft Red Herring Prospectus

⁽³⁾ The bonus issue of shares in the ratio of 2: 1 was made by way of capitalisation of the Company's general reserves.

⁽⁴⁾ The bonus issue of shares in the ratio of 1: 2 was made by way of capitalisation of the Company's general reserves.

25. Save and except as stated herein below, we have not revalued any of our assets nor have we issued any Equity Shares out of revaluation reserves:

Our Company has revalued its assets on two occasions:

- On March 28, 1994 the revaluation reserve was credited with Rs.127,194,380; and
- On March 31, 2007 the revaluation reserve was credited with Rs.112,413,575.

Further, our company had, on April 11, 1994, allotted 2,000,000 equity shares to the then existing shareholders of the Company by way of a bonus issue in the ratio of 2:1. The issuance of bonus shares was effected out of our company's revaluation reserve.

26. Our Company has made the following allotment of Equity Shares which may be at a price lower than the Issue Price during the preceding year:

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Name of Allottee
March 31, 2010	10,310,665	10	N.A.	Nil	Bonus issue to existing shareholders

27. As of the date of this Draft Red Herring Prospectus, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoters or Shareholders, or any other person any option to receive Equity Shares after the offering.

28. An over-subscription to the extent of 10% of this Issue size can be retained for the purpose of rounding off to the nearer multiple of minimum allotment.

29. There are certain restrictive covenants in the agreements that we have entered into with our lenders. These restrictive covenants require us to seek the prior permission of the said bank for various activities, including amongst others, entering into any scheme of expansion, taking any new activity, invest or lend money except in the normal course of business, confining our Company's entire banking with the lender, investing by way of share capital, change in the management, change in capital structure etc. In this regards, our company has received our lenders consent for this Issue.

OBJECTS OF THE ISSUE

We intend to use the net proceeds of the Issue after deducting underwriting and management fees, selling commissions and other expenses associated with the Issue (the “Net Proceeds”) for the following purposes:

- (a) Construction of hotel in New Delhi; and
- (b) General corporate purposes.

The main objects clause of our Memorandum of Association and objects incidental or ancillary to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us in the Issue.

The fund requirements and the intended use of the proceeds as described herein are based on management estimates, and have not been appraised by any bank or financial institution. The fund requirements are based on current conditions and are subject to change on account of changes in external circumstances or costs or in our financial situation, business or strategy. In addition, the estimated date of completion of the project as described herein are based on management’s current expectations and are subject to change due to various factors, some of which may not be in our control. In the event of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements, if any, may be financed through internal accruals and /or debt.

The gross proceeds of the Issue are Rs.[●] million. The details of the Net Proceeds of the Issue are summarized in the table below:

(Rs. in million)

Particulars	Amount
Proceeds from the Issue*	[●]
Issue related expenses*	[●]
Net Proceeds from the Issue*	[●]

*To be finalised upon determination of the Issue Price.

The details of the utilization of funds that will be available to the Company, including the Net Proceeds of the Issue, are as follows:

(Rs. in million)

Particulars	Estimated Total Cost
Construction of hotel in New Delhi	2,550.97
General Corporate Purposes	[●]
Total	[●]

Means of Finance

(Rs. in million)

Sr. No.	Particulars	Amount
1.	Issue proceeds	[●]
2.	Term loan	700.00
3.	Internal accruals	614.05
	Total	[●]

The Issue amount will be determined based on the Issue price discovered through the book building process

We confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through this proposed Issue and existing identifiable internal accruals, have been made.

Schedule of Implementation/Utilization of Net Proceeds

The breakdown of the proposed utilization of the Net Proceeds and the deployment of the Net Proceeds, as currently estimated by the Company, during fiscals 2011 and 2012, and the expenditure incurred as of September 15, 2010 is set forth below.

(Rs. in million)

Particulars	Expenditure incurred as of September 15, 2010	Schedule of Deployment of Funds as of		
		September 16, 2010 to FY 2011	FY 2012	Total
Construction of hotel in New Delhi	764.05	588.25	1,198.67	2,550.97

Project Details:

1. Construction of hotel in New Delhi, India

We plan to set up a 386 room hotel in New Delhi located in the area forming part of the Indira Gandhi International airport site.

Delhi International Airport Private Limited (“DIAL”) has been granted the right to operate, manage and develop the Indira Gandhi International airport at Delhi for a period of 30 years, extendable by additional 30 years by Airports Authority of India through the Operation, Management and Development agreement dated April 4, 2006. As part of the development at the airport site, DIAL had conducted a competitive bidding process, pursuant to which DIAL has permitted our Company to undertake the development of a hotel at Asset Area 5A which is a part of the airport site area leased to DIAL by AAI in accordance with the terms of the lease deed entered into by them.

In this regard, our Company has entered into a Development Agreement dated February 24, 2010 (“**Development Agreement**”) with DIAL for the purpose of developing, designing, financing, constructing, owning, operating and maintaining of the hotel upon the said Asset Area 5A. Pursuant to the said Development Agreement, we have acquired the exclusive right and authority to undertake and implement the construction of the hotel in New Delhi. The grant of the said rights is irrevocable for the term, except in accordance with the provisions of the Development Agreement. The term of the Development Agreement extends till May 02, 2036, and such term may be extended additionally for a period of 30 years at the option of our Company subject to the AAI extending the lease term for DIAL.

In consideration of the grant, our Company has to make the following payments:

License Fees : Our Company has to pay an annual license fee in accordance with the agreed schedule as specified in the Development Agreement for the initial term of 30 years. Our Company is required to pay the license fee in advance within 15 days of the commencement of each year.

Security deposit: In addition to the license fee and in order to secure the payment of the annual license fee and all other obligations under the development agreement, our Company has agreed to pay a sum equal to 3 times the average aggregate annual license fees for the term as a refundable security deposit amounting to Rs 641.20 million. Security deposit is payable to DIAL in three tranches, with the payment of 50% of the security deposit being made concurrently with the execution of development agreement. 25% is payable within 6 months from the date of agreement while the remaining 25% shall be payable within the end of one year from the date of the development agreement. For further details on terms of the agreement, please refer chapter titled “History and Other Corporate matters” on page 110 of the DRHP.

Advance Development Cost: We have also entered into an Infrastructure Development and Services agreement with DIAL dated February 24, 2010 where in DIAL has undertaken to develop the infrastructure facilities for the hotel including power supply, raw water infrastructure, road networks, fire fighting, storm water, sewage treatment, facility management etc. In lieu of this, our Company shall pay DIAL an advance

development cost amounting to Rs 264.00 million in three tranches from a year of the date of this agreement. For further details on terms of the agreement, please refer chapter titled “History and Other Corporate matters” on page 110 of the DRHP.

The estimated built up area of the hotel is 33,359 sq.mtrs. The facilities proposed at the hotel include restaurants, a coffee shop, a bar, banquet halls, swimming pool, health club and fitness centre, a business centre, meeting rooms with conference facility, retail outlets.

The detailed break up of the expenditure to be incurred with respect to the New Delhi hotel is as follows:

Sr No.	Particulars	Amount (Rs in Millions)
1	Security deposit towards License fees	641.20
2	Advance development cost	264.00
3	License fees to be paid until the commencement of hotel operations	79.10
4	Site Development	14.67
5	Building & Civil Works	564.18
6	Plant & Machinery	
	- Plumbing & Fire fighting	58.00
	- Electrical	73.50
	- Air conditioning	87.00
	- Other (Lift, Miscellaneous works like mechanical car parking, public address system, Security, Laundry and equipment)	87.72
7	Furniture & Fittings	237.50
8	Other Fixed Assets	72.30
	Vehicles / Gym. Equipments, Linen / uniforms, kitchen equipments, crockery, room interiors	
9	Professional/ Consultancy Fees	62.00
10	Preliminary & pre-operative expenses	
	- Interest during construction	160.00
	- Pre-operative expenses	59.60
	- Project Approval	11.90
11	Contingencies	78.30
	TOTAL	2,550.97

We expect the hotel to commence commercial operations in March 2012. The license fees amounting to Rs. 79.10 million for the period from January 2010 to March 2012, being expenses incurred/ to be incurred before commencement of commercial operations, have been included as a part of the project cost.

The estimated break up of cost towards Site development, Building and civil works, Plant and Machinery, Furniture and Fittings, other Fixed assets and Professional fees is as per the Preliminary Budget Report dated April 10, 2010 by M/s I. M. Associates, Quantity Surveyors. The cost of the project amounting to Rs 2550.97 million including the preliminary and pre operative expenses is also certified by S.K. Singh & Associates, Chartered Engineers, Approved Valuers and Consulting Engineers vide their certificate dated September 21, 2010.

We have awarded several work orders in relation to our New Delhi hotel project, details of which are as under:

(Rs in million)		
Date of work order/ appointment	Scope of service	Amount of contract
February 8, 2010	Architecture services	11.50 plus applicable taxes
February 8, 2010	Structural Services	1.30 plus applicable taxes
February 25, 2010	Work order for civil survey work at Delhi aerocity	0.02 plus applicable taxes

Date of work order/ appointment	Scope of service	Amount of contract
March 2, 2010	Mechanical, electrical, plumbing drainage, and fire services	4.00
March 19, 2010	Facility planning services	0.50 plus applicable taxes
March 13, 2010	Soil investigation and soil analysis of land	0.10
March 24, 2010	Budget preparation and monitoring	0.60 plus applicable taxes
March 26, 2010	Fencing work at Delhi aerocity	0.07 plus applicable taxes
April 1, 2010	Project management and development involving awarding of contracts/ work orders to ensuring the timely commissioning of the project	22.50 plus applicable taxes
April 13, 2010	Consultant for Environment clearance services	0.28 plus applicable taxes
April 23, 2010	Consultant for Acoustics and Audio visual services	0.75 plus applicable taxes and reimbursement of out of pocket on actuals
April 23, 2010	Fire and life safety consultant services	0.50 plus applicable taxes
April 23, 2010	Landscape architect services	0.60 plus applicable taxes

Implementation Schedule:

Sr No.	Activity	Start Date	Completion Date	Status
1	Land & Site Development	February 2010	July 2010	Completed
2	Building Plans & Drawings	January 2010	April 2010	Completed
3	Municipal and other approvals	April 2010	March 2012	Commenced
4	Civil Work	July 2010	October 2011	Commenced
5	Plant & Machinery	January 2011	January 2012	
6	Interior	May 2011	January 2012	
7	Commercial Operations	March 2012		

2. General Corporate Purposes

Our management, in accordance with the policies set up by our Board, will have the flexibility in applying the remaining Net Proceeds of this Issue, for general corporate purposes including but not limited to brand building, the strengthening of our marketing capabilities, prepayment or repayment of debt, meeting working capital requirements, funding project cost overruns(if any), strategic initiatives, partnerships, joint ventures and acquisitions and /or meeting exigencies.

Issue Related Expenses

The Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Issue expenses are as follows:

Activity	Expense (Rupees in million) ⁽¹⁾	As a % of Total Issue Expenses	As a % of Issue Size
Fees payable to Book Running Lead Managers (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Fees payable to the Registrar to the Issue	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Advertising and Marketing expenses	[●]	[●]	[●]
Others (listing fees, legal counsel fees, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

⁽¹⁾ To be completed after finalization of the Issue Price.

Details of Means of finance

(i) Initial Public Offer

Our Company proposes to raise Rs. [●] million by way of Public Issue of 10,400,000 Equity Shares of Rs.10 each of the company at a price of Rs. [●] in terms of this Draft Red Herring Prospectus.

(ii) Term loan

Kotak Mahindra Bank Limited has sanctioned us a term loan aggregating Rs 700.00 million vide its letter dated September 28, 2010.

The salient features of the term loan are as mentioned hereunder:

Interest Rate: 11.00% p.a. floating over the tenure of the facility.

The interest rate has been arrived at on the basis of the Bank's Base Rate plus 3.75% p.a.

The Bank's Base Rate currently is 7.25% p.a. or at such rates of interest that may be re set from time to time.

Type: Revolving

Purpose: Towards part financing of project cost for Delhi hotel project at Delhi Aerocity (DIAL project).

Tenor: Maximum 10 years including moratorium of 11 months.

Funds deployed

Our company's statutory auditors, M/s J.G.Verma and Co., Chartered Accountants have certified vide their letter dated September 27, 2010 that an amount of Rs 764.05 million has been incurred up to September 15, 2010 towards the objects of the issue.

Funds deployed up to September 15, 2010:

Particulars	Amount (Rs. in million)
Expenditure incurred on ongoing hotel project at Delhi:	
(1) Security deposit towards Licence fees	515.46
(2) Advance development cost	198.00
(3) Licence fees paid during construction	8.08

Particulars	Amount (Rs. in million)
(4) Site Development	6.10
(5) Building and civil works	22.66
(6) Other fixed assets	0.38
(7) Professional /Consultancy fees	10.88
(8) Preliminary & Pre-Operative expenses	2.49
Total	764.05

Sources of Funds deployed

	Rs. in million
Particulars	Amount
Secured Term Loan from Kotak Mahindra bank	150.00
Internal accruals	614.05
Total	764.05

Further, if required, we may consider availing short term loans from scheduled banks and financial institutions to fund our Project, from time to time, depending on the funding requirements at various stages of the project schedule. These short term financing arrangements would be repaid by us from the Issue proceeds once received.

Interim use of proceeds

We, in accordance with the policies established by the Board, will have flexibility in deploying the Net Proceeds received by us from the Issue. The timing and schedule of deployment of the Net Proceeds will be determined by us based upon the development of the project. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in interest/dividend bearing liquid instruments including bank deposits, investments in mutual funds, such as principal protected funds, listed debt instruments and rated debentures.

Working capital requirement

The Net Proceeds of this Issue will not be used to meet our working capital requirements as we expect sufficient internal accruals to meet our existing working capital requirements.

Monitoring of Utilisation of Funds

Our Board of directors will monitor the utilization of the Net Proceeds. Our Company will disclose the utilization of the Net Proceeds under a separate head in its balance sheet for such fiscal periods as required under the SEBI Regulations and the listing agreements with the Stock Exchanges, clearly specifying the purposes for which such Net Proceeds have been utilized.

Pursuant to Clause 49 of the Listing Agreement, we shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, we shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made by us only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by the statutory auditors of our Company. Further, we shall, on a quarterly basis, prepare a statement indicating material deviations, if any, in the use of Issue proceeds. Such statement shall be furnished by us to the Stock Exchanges along with the interim and / or annual financial statements and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before our Audit Committee.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter Group or our group companies or key managerial personnel, except in the normal course of our business.

BASIS OF ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares through the Book Building Process. The face value of the Equity Shares is Rs. 10 each. The Issue Price at the lower band is [●] and at the higher band is [●]. The financial data presented in this section are based on the Company's restated financial statements. Investors should also refer to the sections "Risk Factors" and "Financial Statements" on pages x and 155 respectively, of this Draft Red Herring Prospectus to get a more informed view before making the investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the price are:

We have implemented a multi-pronged strategy for setting up and operating hotels

We have adopted a multi-pronged strategy for setting up and operating hotels. Our first hotel at Pune which started operations in the year 1988 is completely owned and operated by us. We have the experience in taking over under-performing hotel properties and turning them around using our management expertise. Our hotel properties at Nagpur, Chennai and Ahmedabad are based on this model. The competitive advantage that we derive from such acquisitions is that we are able to keep our capital costs low thereby improving our margins and also allowing us to reduce the impact of any down turn in the hotel business.

Our hotels are present across various cities

We are presently operating hotels in Pune, Nagpur, Ahmedabad, Bengaluru and Chennai. We are also managing hotels under the Pride brand at Ranipet, Jaipur, Gurgaon and Salem on a management contract basis. Further, we are presently in the process of setting up a hotel in New Delhi which is scheduled to begin commercial operation by March 2012. Our hotel properties in various cities give us access to larger base of corporate customers and different categories of travellers. Presence in various locations also helps us to reduce the dependence on a particular city or state.

Our hotels are conveniently located to cater to business and other guests

One of the key success metrics for operating in the hotel industry is the location of the hotel. Accordingly, all our existing hotel properties at Pune, Nagpur, Ahmedabad, Chennai and Bengaluru are located in prime business locations, within close proximity to commercial and shopping destinations and/ or airports and railway stations thus offering convenience to our guests. Our upcoming hotel in New Delhi is located very close to the new Terminal 3 of Indira Gandhi International Airport.

Focus on innovative marketing initiatives leading to additional sources of revenue other than room rentals.

We also focus on income other than room rentals such as Food & Beverage, banquets & events. Our restaurants are known for their specialised cuisine and distinctive ambience. Besides, each of our hotels host a variety of banquet halls which cater to business meetings, conferences, seminars, marriages, and private parties and add to our income from food and beverage sales.

Experienced management team

Our Company is managed by a team of experienced and professional managers having background of hospitality industry in the areas of marketing and operations. Our Promoters and the management have several years of experience in the hotel industry.

Quantitative Factors

1. Basic and diluted Earnings Per Share (EPS):

On Consolidated basis

Period	Basic & Diluted EPS (Rs.)	Weightage
Year ended March 31, 2010	5.54	3
Year ended March 31, 2009	6.77	2
Year ended March 31, 2008	7.43	1
Weighted Average	6.27	

On Standalone basis

Period	Basic & Diluted EPS (Rs.)	Weightage
Year ended March 31, 2010	5.52	3
Year ended March 31, 2009	6.67	2
Year ended March 31, 2008	7.30	1
Weighted Average	6.20	

Note:

The earning per share has been computed by dividing net profit, as restated, after tax and after excluding extra ordinary items attributable to equity shareholders by weighted average number of diluted Equity Shares outstanding during the year. Weighted average number of Equity Shares has been computed as per Accounting Standard -20 "Earning per Share" issued by Institute of Chartered Accountants of India.

2. Price to Earnings (P/E) ratio in relation to Issue Price of Rs. [●]:

- Based on the basic & diluted EPS of Rs. 5.54 as per Consolidated financials for the year ended March 31, 2010, the P/E ratio is [●]
- Based on the basic & diluted EPS of Rs. 5.52 as per Standalone financials for the year ended March 31, 2010, the P/E ratio is [●]
- Based on the weighted average basic & diluted EPS of Rs. 6.27, as per Consolidated financials the P/E ratio is [●]
- Based on the weighted average basic & diluted EPS of Rs. 6.20, as per Standalone financials the P/E ratio is [●]
- Industry P/E[#]
 - Highest: 56.9
 - Lowest: 7.7
 - Average: 35.1

Source: Capital Market Volume XXV/15 Sep 20 – Oct 03, 2010

Industry Classification: Hotels

3. Return on Net Worth

As per Consolidated financials

Period	Return on Net Worth (%)	Weightage
Year ended March 31, 2010	11.81	3
Year ended March 31, 2009	16.36	2
Year ended March 31, 2008	19.55	1
Weighted Average	14.62	

As per Standalone financials

Period	Return on Net Worth (%)	Weightage
Year ended March 31, 2010	11.98	3
Year ended March 31, 2009	16.43	2
Year ended March 31, 2008	19.58	1

Period	Return on Net Worth (%)	Weightage
Weighted Average	14.73	

Note: Net worth has been computed by aggregating share capital, reserves and surplus and adjusting for revaluation reserves, intangible assets and deferred tax assets as per our audited restated financial statements.

4. Minimum Return on Increased Net Worth Required to maintain pre-Issue EPS.

The minimum return on increased net worth required to maintain pre-Issue EPS of Rs.5.54:

Based on Consolidated Restated Financial Statements:

- At the Floor Price – [●]%
- At the Cap Price – [●]%

The minimum return on increased net worth required to maintain pre-Issue EPS of Rs. 5.52:

Based on Standalone Restated Financial Statements:

- At the Floor Price – [●]%
- At the Cap Price – [●]%

5. Net Asset Value per Equity Share

- Our NAV share as of March 31, 2010, as per our Consolidated Financial Statements, as Restated is Rs. 46.91
- Our NAV per share as of March 31, 2010, as per our Standalone Financial Statements, as Restated is Rs. 46.12
- Issue Price per Equity Share is Rs. [●]*
- NAV per Equity Share after the Issue on consolidated basis is Rs. [●]
- NAV per Equity Share after the Issue on a standalone basis is Rs. [●]

*Issue Price per Equity Share will be determined on conclusion of book building process.

#Net Asset Value per Equity Share represents Net Worth excluding revaluation reserve at the end of the year / period, as restated divided by the number of Equity Shares outstanding at the end of the period/ year.

6. Comparison of Accounting Ratios

	EPS (Rs.)	P/E	Return on Net Worth (%)	Net Asset Value/ Share
Pride Hotels Limited as of March 31, 2010	5.52	[●]	11.98	46.12
Royal Orchid Hotels	3.0	25.4	4.3	73.1
Kamat Hotels	1.2	26.4	1.1	126.0
Taj GVK Hotels & Resorts	5.5	24.4	12.9	46.7
Bhagwati Banquets & Hotels	3.5	36.8	7.4	49.2
Viceroy Hotels	-	-	1.5	57.8

Source: Capital Market Volume XXV/15 Sep 20 – Oct 03, 2010

Industry Classification: Hotels

Note: EPS, RONW and NAV based on March 31, 2010 and P/E based on trailing twelve months and market data

The peer group above has been determined on the basis of listed companies comparable in size to our company whose business portfolio is comparable with that of our business. The Issue Price of Rs. [●] is determined by the Company, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. See the section titled “Risk Factors”, “Our Business” and “Financial Statements” on pages x, 76 and 155 of this Draft Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

27th September, 2010

The Board of Directors,
Pride Hotels Limited
908, Dalamal Tower,
211, Nariman Point,
Mumbai 400 021

Dear Sirs,

RE: STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND IT'S SHAREHOLDERS

We have been requested by the Management of Pride Hotels Limited to prepare a Statement of key tax benefits, which are available to the Company and the prospective shareholders under income-tax laws and other direct tax laws presently in force in India.

The tax benefits listed below are the possible benefits available under the current tax laws presently in force in India. 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 entirely dependent upon fulfilling such conditions, which based on business imperative it faces in the future, it may or may not choose to fulfill.

This Statement is only intended to provide broad tax benefits to the company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the possible provisions or tax consequences of the subscription, purchase, ownership or disposal etc. of these shares. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult his/her own tax adviser with respect to specific tax implications arising out of their participation in the issue.

1. Special benefits available to the company under the Income Tax Act, 1961 ("the Act")

1.1 Deduction under Section 80-ID of the Act for setting up new hotels in certain specified area

As per section 80-ID, with effect from 1st April, 2009 (assessment year 2009-10 and onwards) a deduction is allowed for five consecutive years in respect of profits and gains derived by an undertaking from any business of hotel in specified districts having a World Heritage Site if such hotel is constructed and has started or starts functioning at any time during 1st April, 2008 to 31st March, 2013, subject to fulfillment of certain conditions. The company will be eligible for deduction of an amount equal to hundred percent of the profits and gains derived from such business, for five assessment years, for setting up new hotel projects in certain areas specified in that section subject to the fulfillment of the conditions specified in that section.

1.2 Deduction under Section 35-AD of the Act for deduction of capital expenditure on setting up new hotels:

As per Section 35-AD, which was introduced with effect from assessment year 2010-11, 100% deduction is allowed for capital expenditure (other than land, goodwill and financial instruments) in certain specified businesses in the year of commencement of business. The scope of this section has been enlarged effective from assessment year 2011-12 by including business of building and operating, anywhere in India, a new hotel of two star or above category as classified by the Central Government subject to the fulfillment of conditions specified in that section. The company will be eligible for deduction of entire capital expenditure (other than land, goodwill and financial instruments) incurred on setting up a hotel project in any part of India, if operations of such hotel

are commenced on or after 1st April,2010 subject to the fulfillment of the conditions specified in that section

2. General benefits available to the Company under the Income Tax Act, 1961 ("the Act")

A) BUSINESS INCOME:

I. Depreciation

The Company is entitled to claim depreciation under Section 32 of the Act on specified tangible and intangible assets owned by it and used for the purpose of its business.

Unabsorbed depreciation, if any, for Assessment Year (AY) can be carried forward and set off against any source of income in the subsequent AYs as per section 32 of the Act.

II. As per Section 35DD expenditure on amalgamation or demerger of any undertaking is allowed to be amortised over a period of five successive accounting years beginning with the year in which the amalgamation / demerger takes place.

III. As per Section 35-D as amended by the Finance Act, 2008, a deduction is allowed for specified expenditure incurred after the commencement of business, in connection with extension of undertaking or in connection with setting up a new unit. The deduction is allowed in ten instalments for each of the ten successive years beginning with the previous year in which the business commences or extension of business is completed or new unit commences production or operations.

IV. Expenditure incurred on voluntary retirement scheme:

As per Section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement of an amount equal to 1/5th of such expenses over five successive AYs subject to conditions specified in that section.

V Deduction for interest on borrowed capital

In accordance with the provisions of section 36(I)(iii) of the Act and subject to conditions mentioned therein, The Company is eligible for a deduction for interest paid by it in respect of capital borrowed for the purpose of the business and profession.

In case borrowings are utilized for acquisition of assets for extension of company's existing business, then, interest attributable to such borrowing, from the date of acquisition of the asset till the date on which such asset was first put to use shall not be allowed as a deduction.

VI. Carry forward of business loss:

Business losses, if any, for any AY which cannot be set off against income of the year under any other head, can be carried forward and set off against business profits for eight subsequent AYs.

VII. MAT Credit:

As per Section 115JAA (1A), the company is eligible to claim credit for Minimum Alternate Tax ("MAT") paid for any AY commencing on or after April 1, 2006 against normal income-tax payable in subsequent AYs, MAT credit shall be allowed for any AY to the extent of difference of the tax paid for any AY under 115JB and the amount of tax payable as per the normal provisions of the Act for that AY. Such MAT credit will be available for set-off upto seven (ten years with effect from AY 2010-11) years succeeding the AY in which the MAT credit is allowed.

B) CAPITAL GAINS:

I a) Long Term Capital Gain (LTCG)

LTCG means capital gain arising from the transfer of a capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a zero coupon bond, held by an assessee for more than 12 months.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

b) Short Term Capital Gain (STCG)

STCG means gain arising out of transfer of capital asset held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a zero coupon bonds, held by an assessee for twelve months or less.

In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for thirty six months or less.

II. LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined) which has been set up under a scheme of a mutual fund specified under Section 10 (23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10 (38) of the Act provided the transaction is chargeable to Securities Transaction Tax (STT) and subject to conditions specified in that section,

With effect from AY 2007-2008, income by way of long term capital gain exempt u/s 10(38) of a company is to be taken into account in computing the Book profit and income-tax payable under section 115JB, if attracted.

III. As per second proviso to section 48, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by Government), is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

(a) As per section 112, LTCG is taxed @ 20% plus applicable surcharge thereon and 3% education cess on tax plus Surcharge (if any) (hereinafter referred to as applicable SC + EC).

(b) However as per proviso to section 112(1), if such tax payable on transfer of listed securities/units/Zero coupon bonds exceed 10% of the LTCG, without availing benefit of indexation, the excess tax is to be ignored.

IV. As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(23D), on a recognized stock exchange are subject to tax at the rate of 15 per cent (plus applicable SC + EC), provided the transaction is chargeable to STT. Transactions not exigible to STT are taxable @ 30 per cent (plus applicable SC + EC).

V. As per section 71 read with section 74, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains for subsequent 8 years.

VI. As per section 71 read with section 74, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long term capital gains for subsequent 8 years.

VII. Under section 54EC of the Act, capital gains arising on the transfer of a long term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by the following and subject to the conditions specified therein - National Highways Authority of India (NHAI) constituted under

Section 3 of National Highway Authority of India Act, 1988, Rural Electrification Corporation Limited (RECL), a company formed and registered under the Companies Act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced.

However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable as Capital Gains in the year of transfer/ conversion.

The investments in the Long Term Specified Asset made by the company on or after April 1, 2007 during the financial year should not exceed 50 Lakhs rupees. These are also subject to countrywide absolute limits of Rs. 1500 crores for NHAI and Rs. 4,500 crores for RECL.

C) Income from Other Sources:

Dividend Income:

Dividend (both interim and final) income, if any, received by the company on its investments in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-0 of the Act subject to disallowances, if any, under Section 14A, for expenditure incurred in relation to earning such income.

Income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of units in such mutual fund) shall be exempt from tax under Section 10(35) of the Act also subject to disallowance as above in case of dividend income.

3. Special benefits available to the Shareholders of the Company

There are no special benefits available to the members of the Company.

4. General benefits available to the Shareholders of the Company

4.1 Resident Members

a) Dividend income:

Dividend (both interim and final) income, if any, received by the resident shareholders from a domestic company is exempt under Section 10(34) read with Section 115-O of the Act.

b) Interest Income:

Tax at Source under section 193 of the Act shall be deducted at applicable rates only in case the amount of interest or, as the case may be, the aggregate of the amounts of such interest paid or likely to be paid during the financial year to an individual, exceeds two thousand five hundred rupees. Due credit for such taxes deducted would be available under section 199 of the Act to the Debenture holder.

c) Capital gains:

i) Benefits outlined in Paragraph 2(B) above are also applicable to resident shareholders; additionally the following benefits are also available to resident shareholders.

ii) As per Section 54F of the Act, LTCG arising from transfer of shares to individuals and Hindu Undivided Families will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

d) Rebate:

In terms of Section 88 E of the Act, STT paid by a shareholder in respect of taxable securities transactions (i.e. transaction which is chargeable to STT) entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession arising from taxable securities transactions subject to conditions and limit specified in that section.

4.2 General Benefits available to Non-Resident Shareholder

a) Dividend Income:

Dividend (both interim and final) income, if any, received by the non-resident shareholders from a domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act.

b) Debenture Interest Income:

Tax at source at applicable rates will be deducted under section 195 of the Act for which due relief under Sections 90 or 91 of the Act read with section 199 would be available.

c) Capital gains:

Benefits outlined in Paragraph 41 c) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result, of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-resident shareholders.

d) Rebate:

Benefits outlined in Paragraph 4.1 d) above are also applicable to the non-resident shareholders.

e) Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation if any as per the provision of the applicable double taxation avoidance agreements.

f) Special provision in respect of income / LTCG from specified foreign exchange assets available to non-resident Indians under Chapter XII-A

- i. Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin **if** he, or either of his parents or any of his grandparents, were born in undivided India.
- ii. Specified foreign exchange assets include shares of an Indian company acquired/purchased/ subscribed by NRI in convertible foreign exchange.
- iii. As per section 115E, LTGC arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable SC + EC) without deduction under Chapter VI A or benefit of indexation.
- iv. As per section 115F, LTCG on transfer of a foreign exchange asset shall be exempt under Section 115F; in the proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from date of such transfer, subject to further conditions specified under Section 115F.

- v. As per section 115G, if the income of an NRI taxable in India consists only of investment income/LTCG from such shares and tax has been properly deducted at source in respect of such income in accordance with the Act, it is not necessary for the NRI to file return of income under Section 139.
- vi. As per section 115H, where the NRI becomes assessable as a resident in India, he may furnish a declaration in writing to the assessing officer, along with his return of income, for the assessment year, in which he is first assessable as a resident, under section 139 of the Act to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent years until such assets are converted into money.
- vii. As per section 115I, the NRI can opt not be governed by the provisions of chapter XII-A for any AY by declaring the same in the return of income filed under Section 139 in which case the normal benefits as available to non-resident shareholders will be available.

4.3 General Benefits available to Foreign Institutional Investors (FIIs)

a) Dividend Income:

Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115O of the Act.

b) Interest Income:

The tax at source will be deducted under section 193 at the appropriate rate in force.

c) Capital Gains:

Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115 AB), shall be taxable as follows:

As per section 111 A, STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 15% (plus applicable SC & EC). STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable SC & EC).

LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable SC & EC). The benefit of indexation of cost of acquisition, as mentioned under 1st and 2nd proviso to section 48 would not be allowed while computing the capital gains.

d) Exemption of capital gains from income-tax

- i. LTCG arising on transfer of a long term capital asset, being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act.
- ii. Benefit of exemption under Section 54EC shall be available as outlined in Paragraph 2.B VII above.

e) Rebate:

Benefits as outlined in Paragraph 4.1 d) above are also available to FIIs.

f) Tax Treaty Benefits:

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements,

4.4 General Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income-tax, subject to the prescribed conditions.

5 Wealth Tax Act, 1957

Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

Notes:

- a) All the above benefits are as per the current facts and tax laws and will be available only to the sole/first named holder in case joint holders hold the shares.
- b) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreements, if any, between India and the country in which the non-resident shareholder has fiscal domicile and in case the nonresident shareholder has fiscal domicile in a country with which no such agreement exists, then due relief under Section 91 of the Act may, in given circumstances, get attracted.
- c) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

For J. G. Verma & Co.
Chartered Accountants
Registration No. 111381W

J. G. Verma
Partner
Membership No. 5005

INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites/publications. Industry websites/publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified.

Worldwide the Travel & Tourism (“T&T”) activity encompasses transport, accommodation, catering, recreation and services for visitors. This is one of the world’s priority industries and generates significant employment opportunity for the economies globally.

In line with the trend in other sectors in 2009, Travel & Tourism activity was hit hard by the credit and housing market collapses experienced in many countries, with households cutting back on leisure travel and corporations reducing business travel budgets. The impact on Travel & Tourism investment was also significant. Even though Travel & Tourism activity was so depressed, it still employed over 235 million people across the world last year, generating 9.4% of global GDP (*Source: World Travel and Tourism Council (WTTC), Travel & Tourism Economic Impact*).

Global Industry Scenario and Key Statistics

Travel & Tourism's recovery - like that of the world economy - is expected to be a gradual one. Travel & Tourism Economy GDP is forecast to grow by just 0.5% in 2010 overall, but stronger second-half momentum will continue into 2011 to boost growth next year to 3.2% (*Source: WTTC, Progress And Priorities 2009-10*)

The economic impact of the industry on the global economics and the prospects for the future can be understood by highlighting its impact on some key economic parameters in 2010.

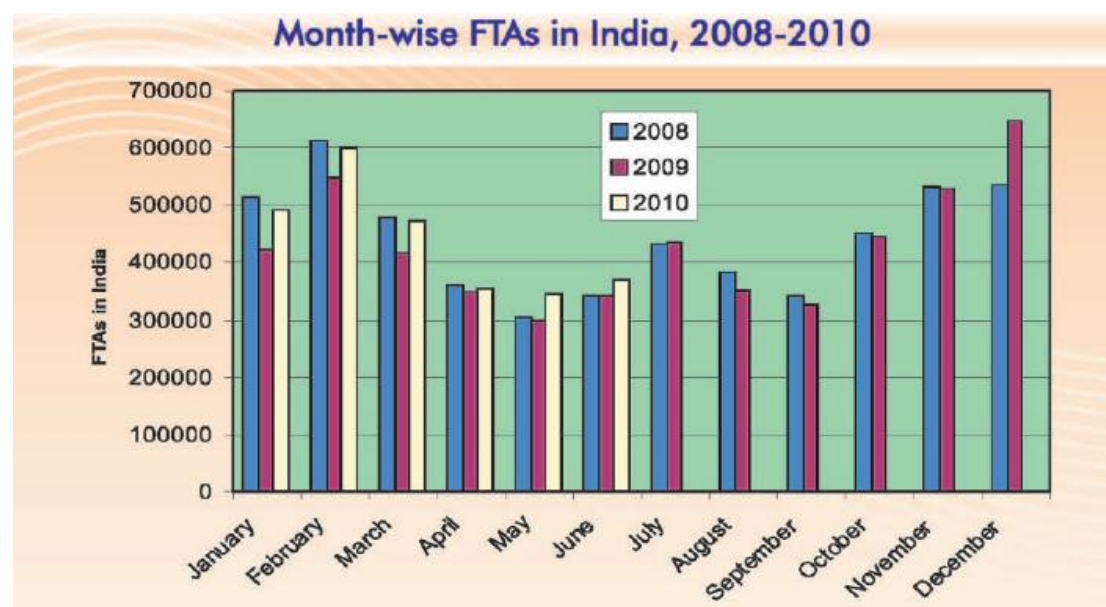
- **GDP:** The contribution of Travel & Tourism to GDP is expected to rise from 9.2% (USD 5,751 billion) in 2010 to 9.6% (USD 11,151 billion) by 2020.
- **Growth:** Real GDP growth for the Travel & Tourism Economy is expected to be 0.5% in 2010, up from (4.8%) in 2009, but to average 4.4% per annum over the coming 10 years.
- **Employment:** The contribution of the Travel & Tourism Economy to total employment is expected to rise from 8.1%, 235.7 million jobs or 1 in 12.3 jobs in 2010, to 9.2% of total employment, 303.0 million jobs, or 1 in every 10.9 jobs by 2020.
- **Visitor Exports:** Export earnings from international visitors are expected to generate 6.1% of total exports (USD 1,086 billion) in 2010, growing (in nominal terms) to USD 2,160 billion (5.2% of total) in 2020.
- **Investment:** Travel & Tourism investment is estimated at USD 1,241 billion, or 9.2% of total investment, in 2010. By 2020, this should reach USD 2,757 billion or 9.4% of total investment.

(Source: http://www.wttc.org/eng/Tourism_Research/Economic_Research/)

China’s and India’s high rankings, in terms of the annual growth in Travel & Tourism Economy GDP forecast from 2010-20, reflect their status as key drivers of the global economy over the next decade. With per capita incomes set to rise significantly, domestic tourism and investment in facilities for both domestic and international tourists to use are set to expand dynamically. Other countries are building from a small base but have great potential.

TRAVEL & TOURISM ECONOMY GDP			VISITOR EXPORT EARNINGS			TRAVEL & TOURISM ECONOMY EMPLOYMENT		
		2010-20			2010-20			2020
		(% annualised real growth)			(% annualised real growth)			(000 jobs)
1	China	9.0	1	Montenegro	11.4	1	China	89,055
2	Zimbabwe	8.8	2	Solomon Islands	10.1	2	India	58,174
3	Malawi	8.7	3	Brazil	9.7	3	USA	16,894
4	India	8.5	4	Chile	9.6	4	Indonesia	8,466
5	Mongolia	8.1	5	Zimbabwe	9.6	5	Brazil	7,790
6	Cape Verde	8.0	6	Oman	9.5	6	Mexico	7,272
7	Thailand	7.9	7	India	9.4	7	Japan	6,855
8	Qatar	7.7	8	Thailand	9.2	8	Thailand	5,862
9	Sio Tome and Principe	7.6	9	Romania	9.2	9	Vietnam	5,668
10	United Arab Emirates	7.4	10	Congo	9.2	10	Philippines	4,016

2009 as compared to 5.28 million from 2008 registering a decline of (3.3%). Though the growth rate for 2009 was (3.3%), it is better than The World Tourism Organization's (UNWTO's) projected growth rate of (6.0%) to (4.0%) for the world. With global economy moving into recovery phase, FTAs during the Month of December 2009 increased to 6.46 lakh as compared to FTAs of 5.34 lakh in December 2008 and 5.97 lakh in December 2007, a 21% increase: highest positive growth registered in any month of 2009. The total foreign exchange earnings (FEE) during 2009 stood at US\$ 11.39 billion against US\$ 11.75 billion in 2008. FEE in US\$ terms during the month of December 2009 were US\$ 1,510 million as compared to US\$ 1,046 million in December 2008. Whereas, the domestic tourists visits recorded in 2009 were 650 million as against 563 million visits in the year ended 2008 (*Source: Statistics - Ministry of tourism website (www.tourism.gov.in).*)



Source: Statistics-Ministry of Tourism website (www.tourism.gov.in)

The economy's buoyancy, initiatives to improve infrastructure, the growth in aviation and real estate, easing of restrictions on foreign investment and, perhaps, most importantly, efforts to communicate the Brand India message is expected to continue to fuel demand for hotels across star categories in the majority of leisure markets. Niche markets such as medical tourism, culture tourism, the Great Indian Temple circuit, ayurveda and yoga, and adventure tourism, are expected to continue growing.

Recent developments within the industry, backed with a growing economy with an average GDP growth of over 8 % for the period in last four years, have resulted in accelerated growth in demand for hotel accommodation over the last two years.

Classification of Hotels in India

Hotels in India may be segregated in different categories depending on their location, facilities, infrastructure, and amenities provided. All the star hotels in India are government approved with periodic monitoring on the quality of services offered.

Five Star Deluxe Hotels

The most luxurious and conveniently located hotels in India are grouped under Five Star Deluxe Hotel Category. Five Star Deluxe hotels in India are globally comparable in the quality of service provided, facilities offered, and accommodation options. These hotels are located primarily in metropolitan cities like New Delhi and Mumbai and major tourist destinations like Jaipur, Agra, and Goa.

Five Star Hotels

These are top of the line hotels located mostly in the big cities. These hotels provide all the modern facilities for accommodation and recreation matching international standards in hospitality. Many of these hotels are situated in the Central Business Districts of the metropolitan cities or near the centers of transportation providing exceptional value for the business travelers.

Four Star Hotels

A rung below five star hotels, these hotels provide all the modern amenities to the travelers with a limited budget. Quality of the services is almost as high as the five stars and above categories. These kinds of hotels cater to travelers with a limited budget or for the places which might not be getting as much tourist traffic as that associated with larger cities.

Three Star Hotels

These are mainly economy class hotels located in the bigger and smaller cities and catering to the needs of budget travelers. Lesser in amenities and facilities, these hotels are value for money and give accommodation and related services on the reduced price. Services would be the stripped down version of higher categories of hotels but sufficient to fulfill one's basic needs.

Two Star Hotels

These hotels are most available in the small cities and in particular areas of larger cities. Catering to the backpacker tourist traffic and junior business employees, these hotels provide all the basic facilities needed for general accommodation and offers lowest prices.

One Star Hotels

The hotels with most basic facilities, small number of rooms, and location in the far flung areas are grouped under One Star Hotel category. These hotels are best when you are looking for cheapest available accommodation option (apart from camps and hostels).

Heritage Hotels

Heritage hotels in India are best if one is looking for sheer elegance, luxury, and royal treatment. They are not just another accommodation options but tourist attractions in themselves. Exquisitely designed and decorated, meticulously preserved, high standards of service, and ethnic cultural motifs helps the tourists get the complete experience of India's heritage and history.

Beach Resorts Hotels

Peninsular India bounded by Arabian Sea, Bay of Bengal, Indian Ocean and the two emerald archipelagos of Lakshwadeep and Andaman and Nicobar have a long coastline of around 7500 km, offering an amazing array of beaches, some popular, some not so well known.

Customer Profile:

The customer mix of a hotel is largely governed by its product offerings, brand positioning, segmentation and location.

The clientele of Hotels can be broadly classified as Leisure travellers (Domestic & Foreign) and Business travellers (Domestic & Foreign).

Business travel is the most important segment for revenues and profitability for the Indian hotel industry. More than 45% of occupancy of majority of hotel members comes from the business travel segment. The average room rate (ARR) realized from business travellers is normally higher than from leisure travellers (*Source: FHRAI & HVS international: Indian Hotel Industry survey 2008-09*)

With disposable incomes having gone up, the leisure destinations have benefited and with the heightened industrial activities, business destinations have witnessed a healthy surge in the tourist traffic. The table below indicates the composition of customers across all Hotel categories. As per the table below it can be observed that around 49% (including Airline crew and meeting participants) of the all India average for 2008-09, constituted of business travellers.

Market Segmentation:

COMPOSITION	Five Star								2008-2009 All India Average
	Deluxe	Five Star	Four Star	Three Star	Two Star	One Star	Heritage	Others	
Airline Crew	10.3	6.1	1.4	1.1	0.4	0.5	0.8	0.3	1.4
Business Traveller - Domestic	16.0	22.7	33.0	36.4	41.6	48.1	15.8	43.8	36.6
Business Traveller - Foreign	23.3	20.4	18.6	9.4	7.1	8.9	7.0	7.5	10.4
Complimentary Rooms	2.4	1.6	1.6	1.7	1.7	1.4	3.0	1.3	1.7
Domestic - Tourist / Leisure FIT	12.3	10.5	13.8	17.5	22.0	22.8	18.0	24.2	18.6
Foreign - Tourist / Leisure FIT	13.5	10.7	7.4	7.7	6.5	4.5	18.6	5.0	7.7
Meeting Participants (Less than 100 Attendees)	3.7	2.7	4.5	4.2	3.0	1.7	3.1	3.2	3.5
Meeting Participants (Over 100 Attendees)	9.5	9.4	6.1	7.3	5.2	4.0	3.8	5.8	6.4
Tour Groups - Domestic	2.0	2.7	4.3	6.8	7.5	5.2	5.3	5.1	6.2
Tour Groups - Foreign	5.7	7.5	5.9	5.2	3.2	1.4	23.5	1.1	5.0
Others	1.4	5.6	3.5	2.8	1.9	1.5	1.2	2.6	2.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: FHRAI & HVS international: Indian Hotel Industry survey 2008-09

Sales & Distribution

The various sales and distribution channels used for Hotel Reservations are:

- **Central Reservation System** - Central Reservation System offers a central reservation capability to companies with multiple properties. Reservations can be made at either the central reservation office, at the property, or both.
- **Direct Enquiries** – This is the oldest and most popular medium used for making reservations
- **Global Distribution System** - a Global Distribution System (GDS) is a network of electronic reservation systems used by buyers (travel agents and public) and sellers (hotels, airlines, car rental companies, etc) to exchange travel-related services. Globally GDS systems account for majority of hotel reservations but their usage is relatively lower in India.
- **Travel agents & Tour Operators** - Travel agents are intermediaries between the visitors and Hotels
- **Internet** – Internet as a medium of making reservations is gaining popularity due to its ease of operation and cost effectiveness.

Modes of Marketing

As presented in the following table, there are various modes of marketing such as Print Media, Direct mail, Internet, Radio Advertising etc. While print advertising continues to be the most popular marketing medium used by hotels across India (86.4 %), there has been an increase in the use of hotel websites as effective marketing media, across all segments of hotels. Direct mail is also the preferred marketing media for all categories (70.0 %).

Print advertising, hotel website and promotions are the most preferred marketing mediums for the Chain

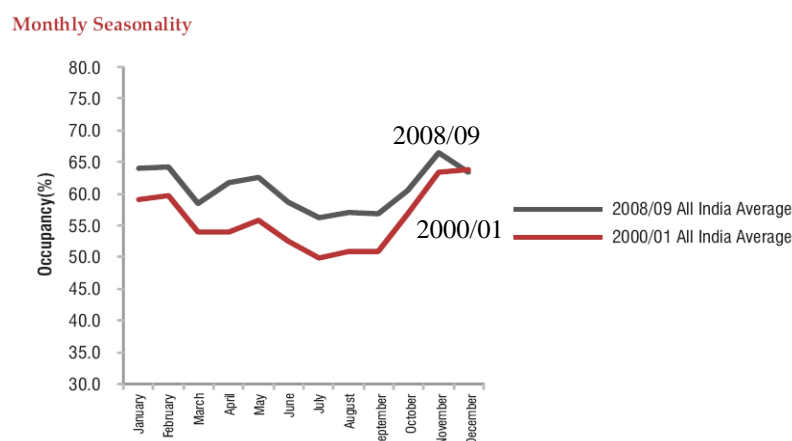
COMPOSITION	Five Star								2008-2009 All India Average
	Deluxe	Five Star	Four Star	Three Star	Two Star	One Star	Heritage	Others	
Consumer Generated Media	28.6	16.3	8.8	7.5	5.1	0.0	13.8	6.3	7.8
Direct Mail	85.7	79.1	82.4	83.4	72.1	70.8	86.2	71.9	79.0
Hotel Website	100.0	97.7	92.7	87.4	73.1	58.5	96.6	59.4	82.2
Loyalty Card Program	92.9	88.4	51.5	30.1	16.8	9.2	27.6	12.5	31.4
Merchandising	46.4	34.9	25.0	21.5	12.2	10.8	24.1	12.5	20.0
Other Internet Site	87.6	69.8	66.2	60.2	55.8	47.7	82.8	43.8	59.9
Outdoor Advertising	71.4	79.1	57.4	64.5	52.8	56.9	51.7	46.9	60.3
Pay Per Click	25.0	11.6	2.9	7.7	3.6	1.5	17.2	6.3	6.9
Print Advertising	96.4	95.4	85.3	88.5	85.8	81.5	89.7	56.3	86.4
Promotions	96.4	90.7	83.8	67.9	48.7	43.1	82.8	40.6	64.2
Radio Advertising	35.7	32.6	29.4	17.2	6.6	6.2	6.9	6.3	15.4
Telemarketing	64.3	74.4	60.3	53.9	32.5	35.4	44.8	31.3	48.0
TV Advertising	32.1	37.2	26.5	26.9	19.8	13.9	13.8	15.6	23.9
Viral Marketing	17.9	9.3	1.5	7.2	2.5	4.6	13.8	12.5	6.3

Affiliated hotels while print advertising, direct mail and the hotel website are the most preferred marketing mediums for the Independent hotels. Internet, e-mail and website systems used by hotels as distribution channels continued to gain importance (59.9%).

Source: FHRAI & HVS international: Indian Hotel Industry survey 2008-09

Seasonality

Historically, the Hotel Industry was seasonal with revenues generally being higher during the second half (October to March) of each fiscal year as compared to the first half (April to September) of the fiscal year. Business from tourist and business travellers was generally higher during the second half of the fiscal year. The variance in monthly seasonality has been reducing over the past few years as is evident from the following graph, which compares the monthly seasonality of hotel occupancies between 2000-01 and 2008-09. Hotels in India are introducing innovative offerings in order to improve performance in the shoulder period (May to August). This includes targeting the conferencing segments, offering cheaper travel packages among others.

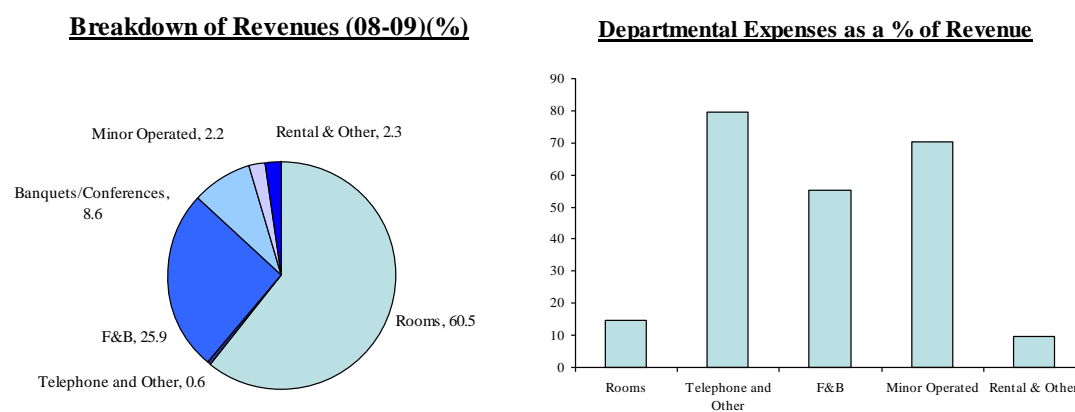


Source: FHRAI & HVS international: Indian Hotel Industry survey 2008-09

Revenue and Cost Composition

Of the total revenue mix, the maximum revenue could be attributed to the revenue from rooms which amounted to 57.3% across all hotels for the year ended 2005-06 while revenue from Food and beverages was the second largest contributor amounting to 25.7%.

The following figure illustrates the revenue composition and costing of each individual component.



Source: FHRAI & HVS international: Indian Hotel Industry survey 2008-09

City wise Trends in Indian Hotel Industry:

The table below indicates the average Occupancy and Average rate per room across major cities in India for the last three years.

Summary of Hotel Performance (2007 - 2009)												
Cities	ARR (in INR)			AOR			RevPAR (in INR)			Supply (in 00s)		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2009	2013	% Change
Ahmedabad	5,400	5,000	4,100	73%	60%	59%	3,900	3,000	2,400	7	20	193%
Bangalore	8,500	7,500	6,600	67%	65%	62%	5,700	4,900	4,100	56	122	120%
Chandigarh	2,300	2,500	2,700	68%	70%	69%	1,600	1,800	1,800	18	40	126%
Chennai	4,500	5,600	5,800	73%	65%	65%	3,300	3,700	3,800	40	119	200%
Goa	4,900	5,100	5,100	76%	74%	75%	3,700	3,800	3,800	48	89	84%
Hyderabad	4,500	4,800	4,300	71%	68%	69%	3,100	3,300	3,000	32	76	138%
Indore	1,900	2,300	2,500	62%	63%	70%	1,200	1,500	1,700	8	17	125%
Jaipur	8,000	7,300	7,900	60%	55%	57%	4,800	4,000	4,500	22	36	66%
Kolkata	6,800	6,700	6,300	80%	78%	74%	5,400	5,300	4,600	19	49	155%
Mangalore	1,700	2,000	2,300	69%	63%	65%	1,200	1,300	1,500	7	11	45%
Mumbai	8,800	8,500	7,300	72%	62%	59%	6,300	5,300	4,300	92	157	70%
Mysore	3,600	3,500	3,500	70%	69%	70%	2,500	2,400	2,400	7	12	81%
Nasik	1,600	1,900	1,800	61%	57%	56%	1,000	1,100	1,000	10	14	39%
NCR	9,300	9,500	10,100	73%	67%	74%	6,800	6,400	7,500	95	199	110%
Pune	5,500	5,100	4,700	68%	67%	59%	3,800	3,400	2,800	36	80	123%
Total	6,800	6,700	6,600	71%	66%	66%	4,800	4,400	4,300	496	1,042	110%

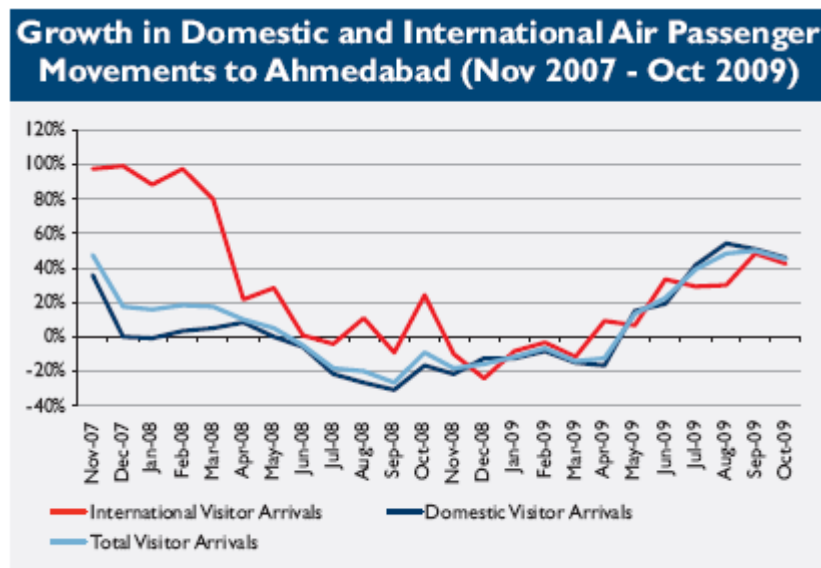
Source: C&W Hospitality

Note: The above data is based on primary market research

(Source: Cushman & Wakefield Almanac Hospitality Hotspots Across India 2010)

Ahmedabad

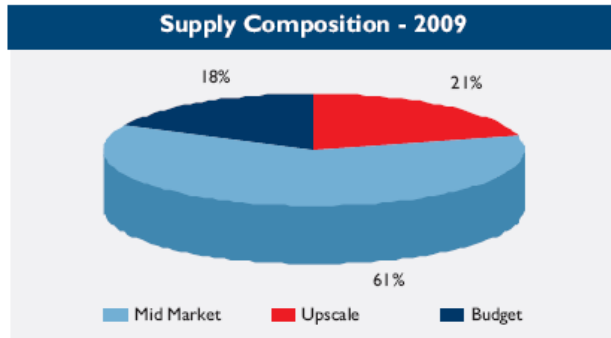
Ahmedabad is the largest city in the state of Gujarat and, with a population of almost 5.3 million, the seventh largest urban agglomeration in India. A rising centre for education, information technology and scientific industries, Ahmedabad remains the cultural and commercial centre of Gujarat, and much of western India. The city has a thriving textiles, petrochemicals, chemicals and pharmaceuticals industry. The city enjoys strategic location advantage of proximity to Mumbai, commercial capital of the country.



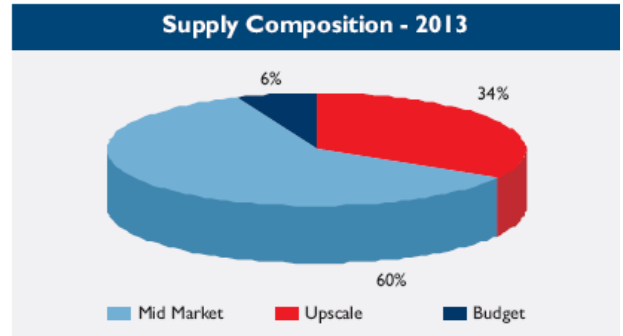
Source: AAI

(Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010)

Positive growth in airline passenger traffic is likely to facilitate an increase in room night demand in the short to medium term. The Rooms supply is anticipated to grow from 681 rooms to nearly 2,000 rooms by 2013, reflecting a 195% increase on current inventory. (Source: Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010)



Source: C&W Hospitality

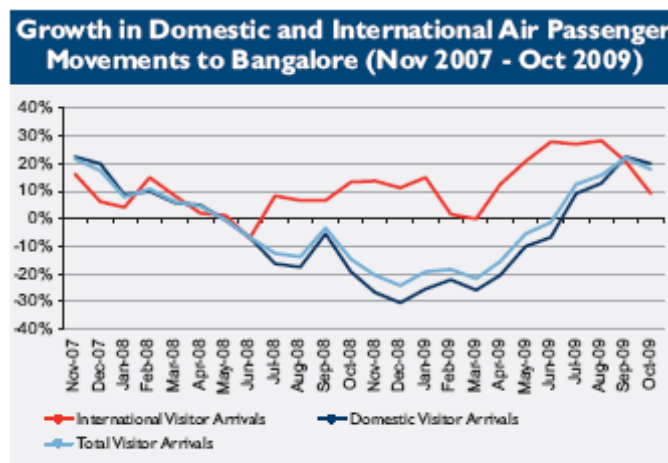


Source: C&W Hospitality

Market mix includes 76% business demand, 12% MICE (Meetings, Incentives, Conferences and Exhibitions) demand and 12% leisure and other demand. The stable and proactive government is likely to improve business sentiment and facilitate further growth in the commercial and industrial sectors in the city.

Bengaluru (Bangalore)

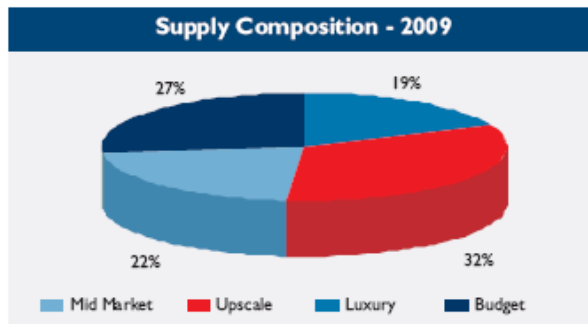
Bengaluru is one of Asia's fastest growing cosmopolitan cities. It is India's third most populous city and the world's fifth largest and most populous metropolitan area. Bengaluru was traditionally known for its public sector enterprises, particularly in light engineering, electronics and aerospace. However, The current wave of growth emanates from the information technology and biotechnology sectors where Bengaluru is preeminent in India. Bengaluru is now popularly called the "Silicon Valley of India" because of the large number of Information Technology companies located in the city (Source: Cushman & Wakefield - *Almanac Hospitality Hotspots Across India 2010*)



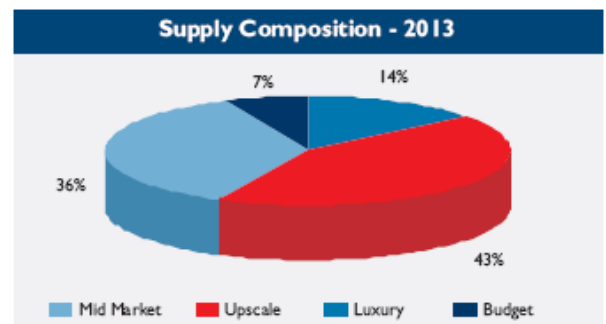
Source: AAI

(Cushman & Wakefield - *Almanac Hospitality Hotspots Across India 2010*)

It is anticipated that the number of rooms in Bengaluru would increase from 5,570 to nearly 12,230 rooms by 2013.



Source: C&W Hospitality



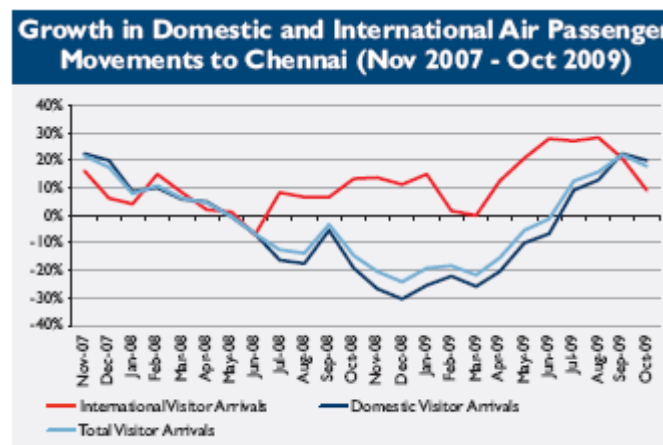
Source: C&W Hospitality

Bengaluru is a business destination with business travellers accounting for 80% of demand. The MICE and Leisure segments account for 5% and 3% of the accommodated demand. The MICE (Meetings, Incentives, Conferences and Exhibitions) segment is yet to be explored to its true potential in Bengaluru due to its lack for sufficiently large and purpose built meeting facilities (comparable to Delhi or Hyderabad) (*Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010*).

Chennai

Chennai is the fourth largest metropolitan city in India. Chennai is also one of the important commercial and industrial destinations of India. Chennai is a major base for India's automobile industry (30% of the output) and is called the Detroit of India. It also has become the second centre for high-end IT services and ITES outsourcing after Bengaluru.

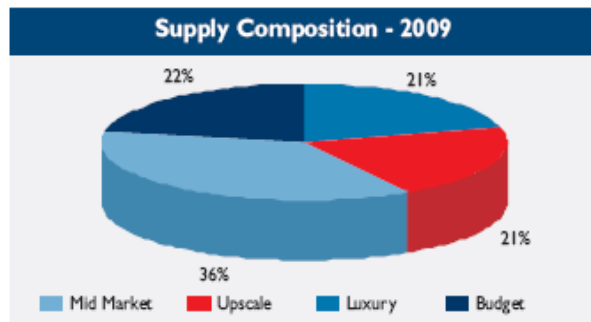
Availability of land at reasonably lower rates compared to other metros, relatively low cost of operations and favourable government initiatives have facilitated rapid growth in the last two-three years. Several international companies have large scale production units here including Nokia, BMW, and Saint Gobain to name a few (*Source: Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010*).



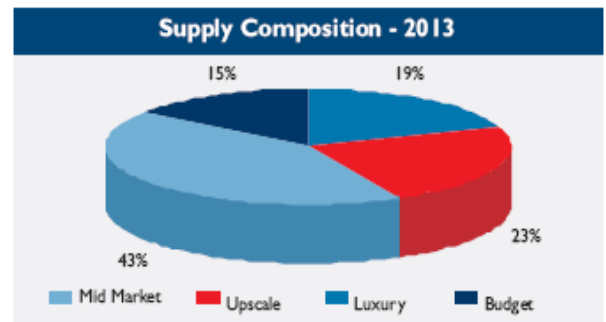
Source: AAI

(*Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010*)

The Rooms supply is anticipated to grow from 4,100 rooms (a mix of organised and unorganised hotels) to nearly 12,100 rooms by 2013, reflecting a 195% increase on current levels.



Source: C&W Hospitality

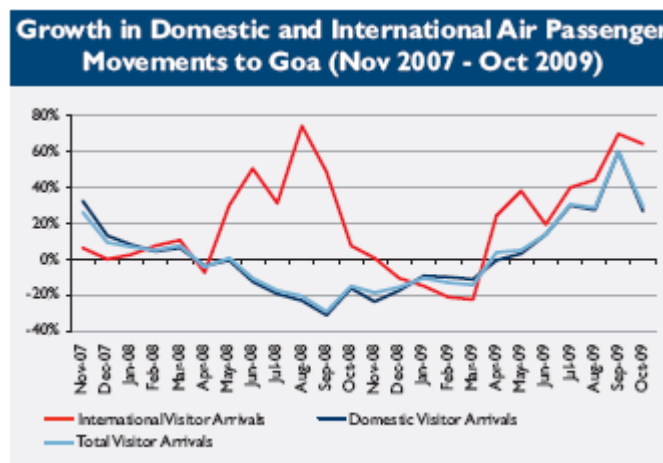


Source: C&W Hospitality

Market mix includes 60% business demand, 15% MICE demand, and 25% leisure and other demand. Despite the economic slump, the Chennai hotel market appears to be showing signs of positive growth in relation to hotel performance and hotel development activity. A number of developers are currently exploring new hotel development options in the city.

Goa

Goa is India's smallest state in terms of area and the fourth smallest in terms of population. Goa has a coast line of about 105 km and inland water ways up to 250 km, resulting in an active fishing and shipping industries, which are major contributors to the state economy. Given its extremely efficient and useful sea network and its rich iron ore deposits, Goa is also an important export gateway. Its Mormugao sea port, one of India's oldest sea ports is a major iron ore exporting Port of India with an annual throughput of 18 million tonnes of iron ore, which is 50% of India's iron ore export. Tourism industry has made significant contribution to drive the economic growth as Goa attracts about 1.5 million tourists every year. In order to improve employment and further growth of the economy, the government is planning to attract large investments for industrialization and developing hospitality infrastructure in the state (*Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010*)

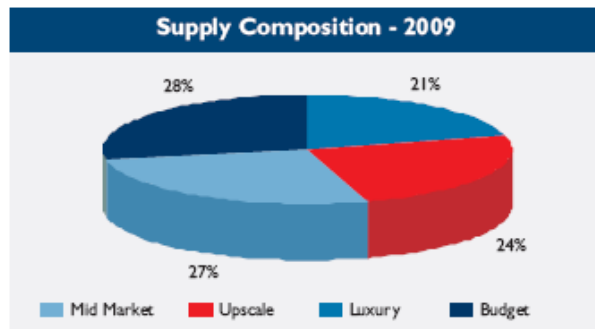


Source: AAI

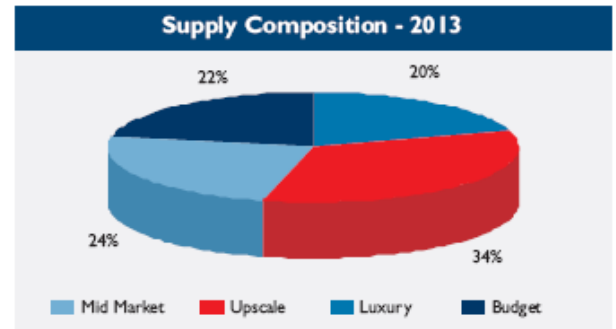
(*Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010*)

An evident trend in Goa is the increasing number of casino properties in Goa, including standalone ones as well as those located within a hotel adding to the host of leisure activities in the destination and adding to the economic impact on the region.

The Planned rooms supply is anticipated to grow from 4,820 rooms in 2009 (a mix of organised and un-organised hotels) to nearly 8,880 rooms by 2013, reflecting an 85% increase on current levels.



Source: C&W Hospitality

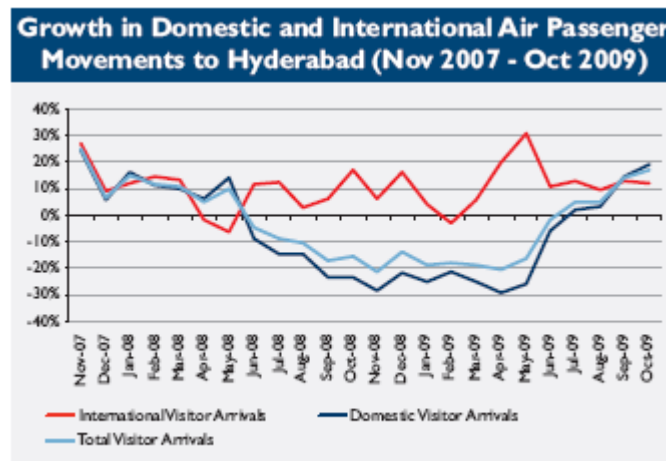


Source: C&W Hospitality

Market mix for Goa is dominated closely by Domestic Leisure (39%) and International Leisure (38%), followed by MICE (6%) and other demand (6%).

Hyderabad

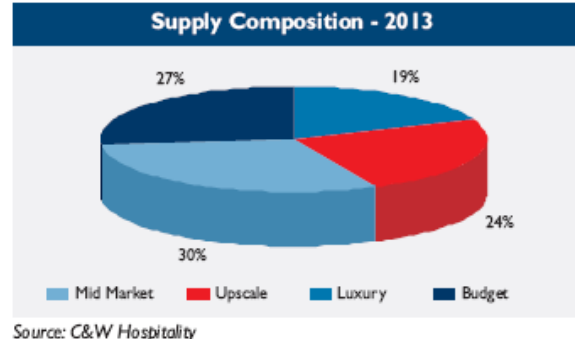
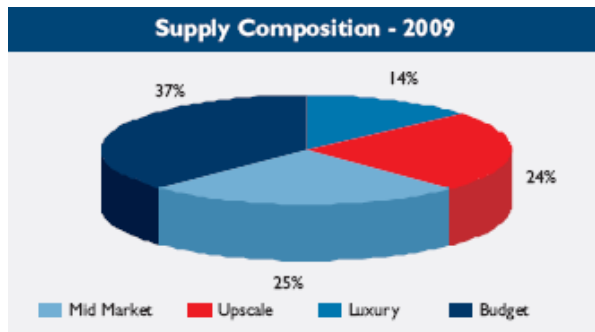
Hyderabad, the capital city of the state of Andhra Pradesh, has an estimated metropolitan population of 6.1 million, making it India's sixth largest metropolitan area and now also one of India's most rapidly developing cities. The development of HITEC City, a township with state-of-the-art facilities has encouraged several IT and ITES companies to set up operations in the city. Hyderabad is also a major centre for pharmaceuticals with some of India's biggest pharmaceutical companies operating from the city. The city houses several technologically-focused townships including Hardware Parks, Software Parks, Apparel Export Parks, Special Economic Zones and Industrial Promotion Parks (*Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010*)



Source: AAI

(*Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010*)

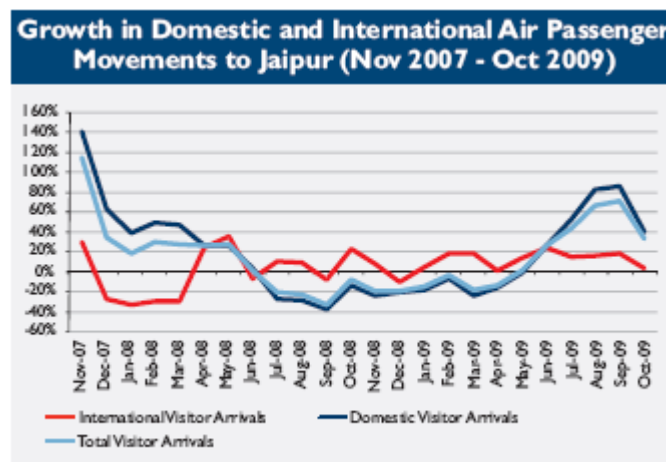
Approximately 10,000 rooms are expected to come up by 2013, over a base of existing rooms of approximately 2,000. The proposed supply is expected to be top heavy, which implies an anticipated competitive market in the luxury and first class hotel segments, exerting downward pressure on rates.



Being the commercial hub of Andhra Pradesh, about 85% of total demand is corporate in nature. Of this, around 10% comes from the extended stay segment, while the MICE segment accounts for approximately 12% of the city's demand.

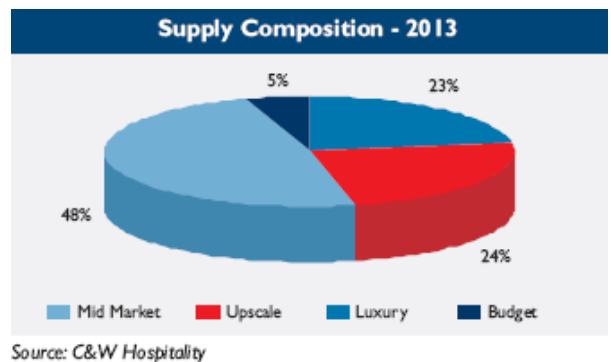
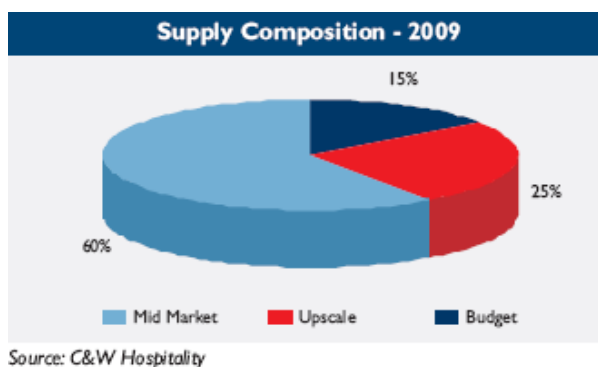
Jaipur

Jaipur, the capital of Rajasthan, is a major international and domestic tourist destination. Jaipur is fast transforming into a cosmopolitan city. Over the last 15 years, Jaipur has undergone major economic transformation. Economic growth has led to expansion of urban space in the region. With increasing disposable incomes and changing socio-economic environment, suburban and peripheral locations have become the focus of development (*Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010*)



(*Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010*)

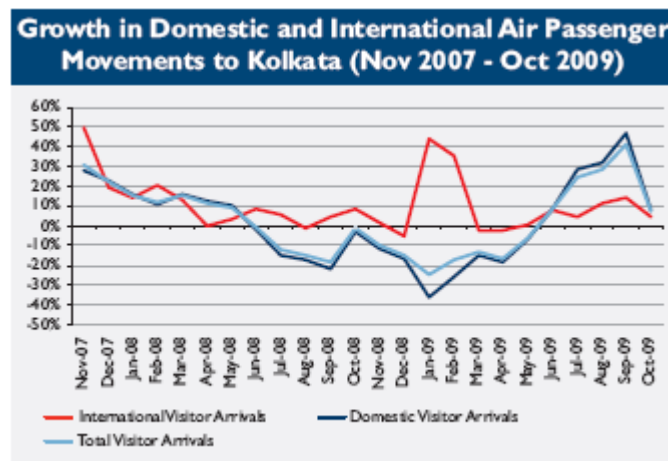
Room supply is anticipated to grow from 2,200 rooms to nearly 3,650 rooms by 2013, reflecting a 66% increase on current levels.



The city's market mix is dominated by business demand (45%), followed closely by international and domestic leisure demand (41%), and by MICE demand (14%).

Kolkata

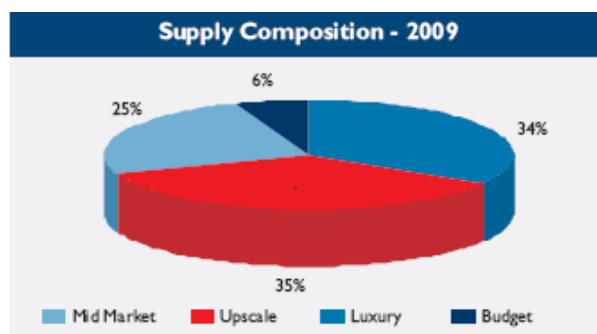
Kolkata (formerly Calcutta) is the capital of the Indian state of West Bengal. The city has a population of almost 4.5 million, with an extended metropolitan population of over 14 million, making it the third-largest urban agglomeration and the second largest city in India. Kolkata's industrial sector consists of engineering products, leather, steel, automobiles and pharmaceuticals.



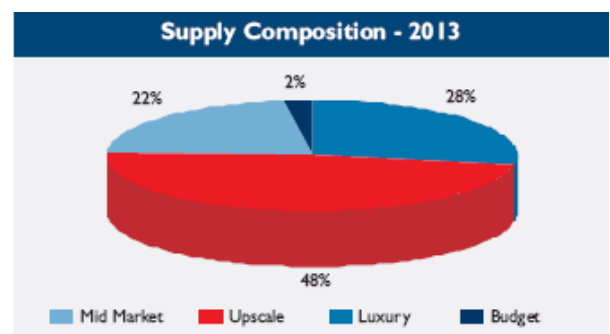
Source: AAI

(Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010)

Twelve industrial parks are planned in and around areas of Rajahart, Salt Lake and EM Bypass that are likely to facilitate an increase in room night demand in the short to medium term. Room supply is anticipated to grow from 1,900 rooms to nearly 4,800 rooms by 2013, reflecting a 150% increase on current levels.



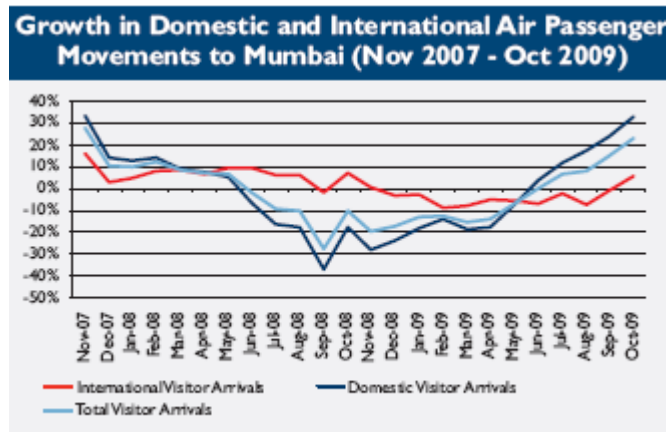
Source: C&W Hospitality



Source: C&W Hospitality

Mumbai

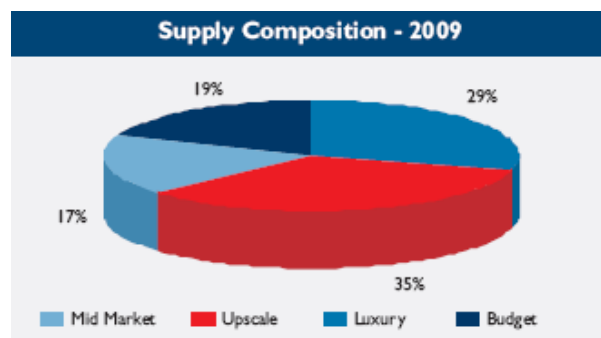
Mumbai is India's most populous city with an estimated population of about 20 million, of which 7 million live in the suburbs. It is also the world's fifth most populous metropolitan area. Mumbai is the commercial capital of India and houses important financial institutions and the corporate headquarters of many other Indian and multinational companies.



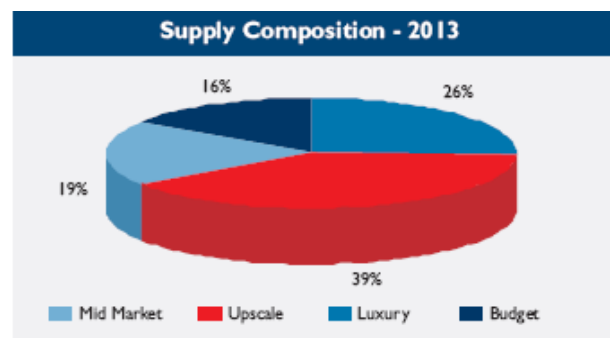
Source: AAI

(Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010)

The ongoing release of mill land presents an opportunity for future hotel development in the city; In addition, the provision of additional FSI also provides an opportunity for developers to look at hospitality as an asset on smaller land parcels. Rooms supply is anticipated to grow from 9,200 rooms in 2009 to nearly 15,700 rooms by 2013, reflecting an increase of 70% on current levels.



Source: C&W Hospitality



Source: C&W Hospitality

Mumbai's market mix is dominated by business demand (65%), followed by domestic and international leisure demand (30%), and other demand (5%).

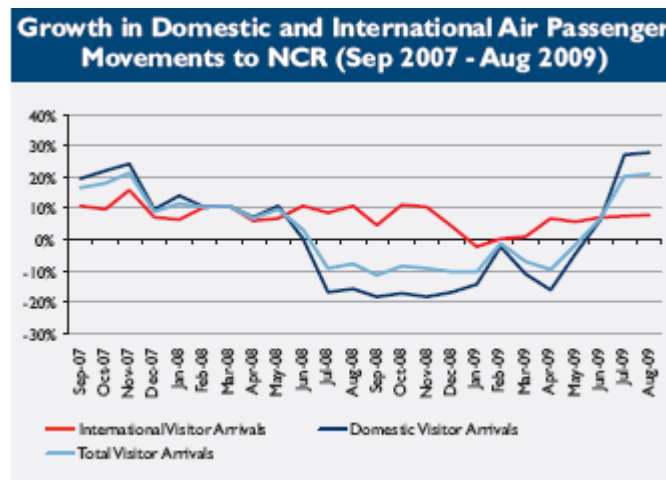
Nagpur

Nagpur is the second largest city in Maharashtra. It is also the second greenest in India and is located at the very center of the heartland, almost equidistant from Kolkata, Chennai and New Delhi and Mumbai. Nagpur is India's primary transport hub with all the nation's main highways intersecting there. Government of Maharashtra has decided to develop a composite project called 'Multi-Model International Passenger and Cargo Hub Airport at Nagpur' (MIHANTM). The project comprises of developing the existing domestic airport of Nagpur as an international passenger and cargo hub airport, along with a Multi Product Special Economic Zone (SEZ). The SEZ would be largest multi-product SEZ in India, spread over an area of 2,086 hectares. Out of 2086 hectares, 1472 hectares would be used by various processing units to be set-up and remaining 614 hectares for service sector unit. Like all SEZs it will have financial incentives and soft taxation policy to attract investment (Source: www.maharashtratourism.gov.in; www.madecindia.org).

National Capital Region

National Capital Region (NCR) is the second largest metropolis in India. NCR comprises of Delhi (including 9 districts and 27 tehsils) and four major satellite cities - Gurgaon, Faridabad, NOIDA and Ghaziabad. Its good connectivity with other national and international cities has made Delhi a major attraction for global investors to set up their operations in the city. For the same reason, there has been tremendous growth in the infrastructure and economy of these cities. States like Haryana, Uttar Pradesh

have benefitted a lot from these recent developments in sectors like real estate, IT/ITES, manufacturing and other service industries (*Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010*)



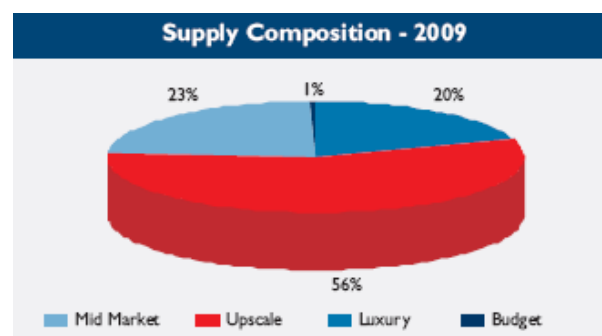
Source: AAI

(*Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010*)

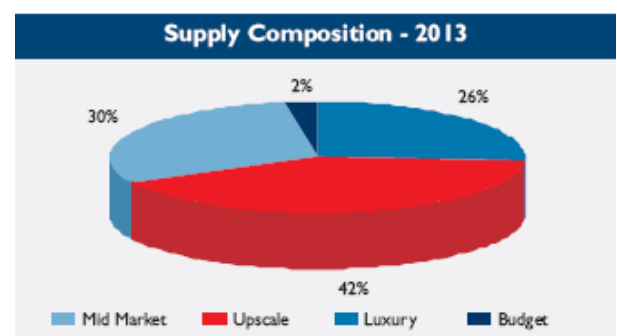
Delhi also acts as a major transit point for leisure destinations along the Northern zone, such as Jaipur, Agra, Shimla/Musoorie, Haridwar/Rishikesh, Kullu/Manali, etc. In the recent past the city has also been able to attract domestic and international tourists as a MICE destination.

Government initiatives to develop heritage hotels, steps taken to promote tourism, improved connectivity, along with airport moderation projects indicate a healthy growth for the hospitality sector in the region. With the upcoming Commonwealth Games in 2010, NCR is expected to witness an inflow of around 800,000 international tourists and nearly 3.6 million domestic tourists.

The Rooms supply is anticipated to grow from 9,490 rooms in 2009 to nearly 19,900 rooms by 2013, reflecting a 110% increase on current levels. Operators likely to enter the market with new hotel product include Taj, Accor, Carlson, Sarovar, Hilton, Golden Tulip, Dusit Thani, InterContinental, Marriott, EIH, Krism, etc.



Source: C&W Hospitality



Source: C&W Hospitality

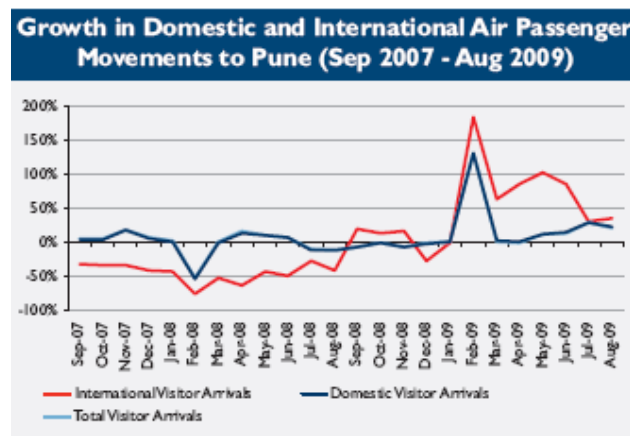
Market mix includes 67% business demand, 10% MICE demand, and 21% leisure and 2% airline demand.

Pune

Pune is the seventh largest city in India and has the sixth largest metropolitan economy. Apart from having the highest per capita income in India, with the least income disparity, Pune is strategically located in the heart of one of the richest industrial belts in Maharashtra (*Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010*).

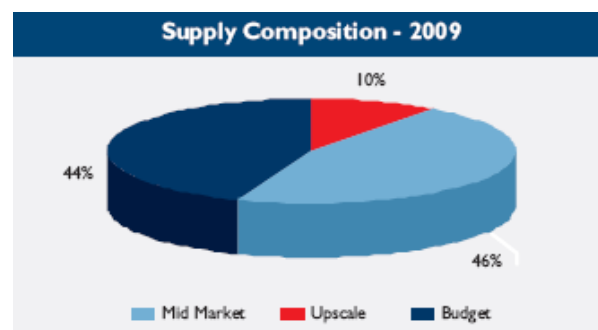
Pune has now become one of India's major industrial centres. It is the home to the world's second largest auto manufacturers. Multinational companies also have their presence in Pune, in the form of either manufacturing or research and development plants. Pune is also a major BPO hub due to the availability of

skilled manpower. There is also a strong presence of national as well as foreign banks in the city while retail is also setting pace with many brands recognizing the potential of Pune as an important market for India expansion. With the construction of the six-lane Mumbai-Expressway, accessibility to Pune from Mumbai is greatly enhanced.

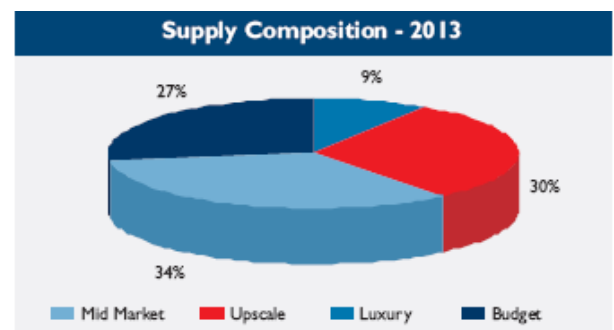


Source: AAI
(Cushman & Wakefield - Almanac Hospitality Hotspots Across India 2010)

Rooms supply is anticipated to grow from 3,570 rooms in 2009 to nearly 7,980 rooms by 2013, reflecting approximately a 125% increase on current levels.



Source: C&W Hospitality



Source: C&W Hospitality

Market mix includes 76% business demand, 7% MICE demand, and 17% leisure and other demand.

Future Outlook:

India is no longer a city of metros alone, with the growth having spread to newer regions. On the back of the service sector spreading, its reach to smaller towns, clusters of manufacturing hubs emerging across the country and SEZs in the process of being established across states, the demand for hotels in these regions have increased. Over the last few years, information technology focused cities like Pune and Hyderabad, satellite towns of Faridabad, Gurgaon, Noida and Ghaziabad and tourist destinations like Jaipur and Goa are witnessing faster growth in room rates and occupancy than the metros. Each city will have different factors that will drive revenue growth for hotels. For instance, the Commonwealth games in Delhi, IT industry in Hyderabad and Pune would drive the demand for rooms going forward. Due to the shortage of hotel stock, over 100,000 hotel rooms need to be added over the next five years. (Source: Investment commission of India- Tourism overview)

(www.investmentcommission.in)

Besides, the growth momentum in domestic and international travel is expected to receive a further boost with more budget airlines/lower air-fares, open sky policies and expected improvements in travel infrastructure (roads, airports, railways).

The Government has also recognized the importance of the hospitality industry, and, over the past two to three years, has enacted or announced several initiatives which are expected to give further impetus to the industry:

- The “Incredible India” campaign was the first major public/private global campaign from India and was very well received, helping to showcase India as a leading tourist destination, globally;
- Planned upgrade of Mumbai and Delhi airports and the construction of new airports at Chennai and Bengaluru;
- Announcement of the establishment of international convention centers in Delhi, Mumbai, Goa and Jaipur in an effort to attract more business travellers to India;
- Reduction in cost of air travel due to budget airlines and the resulting competition in the civil aviation sector
- Extension of infrastructure status to the hospitality industry.

Source: *Investment commission of India- Tourism overview* (www.investmentcommission.in)

As per section 80-ID, with effect from 1st April, 2009 (assessment year 2009-10 and onwards) a deduction is allowed for five consecutive years in respect of profits and gains derived by an undertaking from any business of hotel in specified districts having a World Heritage Site if such hotel is constructed and has started or starts functioning at any time during 1st April, 2008 to 31st March, 2013, subject to fulfillment of certain conditions. The company will be eligible for deduction of an amount equal to hundred percent of the profits and gains derived from such business, for five assessment years, for setting up new hotel projects in certain areas specified in that section subject to the fulfillment of the conditions specified in that section.

The coming years are expected to see a large quantum of new hotel supply entering the Indian market. A substantial proportion of these hotels are expected to be branded and of international quality in product and service offerings. Indian hotel operators would need to prepare themselves for this coming competition by improving their operational efficiencies and also their products and service offerings.

OUR BUSINESS

Overview

We operate and manage a chain of hotels under the brand name “The Pride Hotel” in major cities in India. These include “The Pride Hotel, Pune” and “The Pride Hotel, Nagpur” in the state of Maharashtra; “The Pride Hotel, Ahmedabad,” in Gujarat, “The Pride Hotel, Chennai” in Tamil Nadu and “The Pride Hotel, Bengaluru” in Karnataka. We also undertake the management and operation of hotels on a management contract basis under the brand “Pride Biznetel” and “Pride Resorts”. We currently manage four such hotels at Ranipet, Salem, Gurgaon, and Jaipur.

All together, we operate 9 hotels offering 834 rooms across 9 cities in India. Of which, 5 hotels (2 owned and 3 on long term lease) offer 584 rooms across 5 cities in India while 4 hotels are on a management contract basis comprising of 250 rooms. Most of our existing hotels cater to the business class travellers while some of our hotels under management cater to leisure travellers. We plan to further expand our presence and are in the process of setting up a hotel in New Delhi comprising of 386 rooms.

During FY 2010, our operating revenue (on a consolidated basis) from our hotel properties under operation was Rs. 741.68 million while our PAT was Rs 171.29 million for the same year. The revenue break-up from our main operations for FY 2008, FY 2009 and FY 2010 is as follows:-

(Rs. in million)

	FY 2008		FY 2009		FY 2010	
Particulars	Amt.	%	Amt	%	Amt	%
Room Revenue	490.30	65.83	480.33	62.89	485.58	61.99
Food & Beverage (including banquet income)	206.00	27.66	204.12	26.72	228.10	29.12
Other Service Charges	23.62	3.17	24.95	3.27	28.00	3.57
Total Operating Income	719.92	96.66	709.40	92.88	741.68	94.68
Management Fee	0	0	3.70	0.48	3.66	0.47
Other Income	24.86	3.34	50.69	6.64	38.00	4.85
Total	744.78	100.00	763.79	100.00	783.35	100.00

The following table illustrates a break-up of operating revenue (on consolidated basis) earned by the different hotels during FY 2010:-

Hotel	Room Revenue (Rs.in million)	Food & Beverage Revenue (including banquet income) (Rs.in million)	Other Service Charges (Rs.in million)	Total
The Pride Hotel, Pune	106.13	67.54	7.30	180.98
The Pride Hotel, Ahmedabad	186.26	75.44	10.55	272.25
The Pride Hotel, Nagpur	99.65	47.67	5.57	152.89
The Pride Hotel, Chennai	61.51	23.51	3.66	88.68

Hotel	Room Revenue (Rs.in million)	Food & Beverage Revenue (including banquet income) (Rs.in million)	Other Service Charges (Rs.in million)	Total
The Pride Hotel, Bengaluru	32.03	13.94	0.92	46.89
Total	485.58	228.10	28.00	741.68

Though our hotels cater to all segments of guests for business trips, social events or leisure tourism, our prime focus remains the business customers. Our hotels are especially geared to cater to the needs of corporate customers at senior and middle management levels. Airline crew also forms an important customer category.

We have three subsidiaries namely Indralok Hotels Private Limited, Somti Hotels Private Limited and Pride Beach Resorts Private Limited. We also have an associate concern, Jagsons Hotels Private Limited, in which Pride Hotels Limited holds 22.34% of the equity share capital. Further, we have acquired 50% shareholding in Rohan Hotels Private Limited which has become our associate company with effect from August 25, 2010.

Our competitive strengths

We believe that the following are our primary competitive strengths:

We have implemented a multi-pronged strategy for setting up and operating hotels

We have adopted a multi-pronged strategy for setting up and operating hotels. Our first hotel at Pune which started operations in the year 1988 is completely owned and operated by us. We have the experience in taking over under-performing hotel properties and turning them around using our management expertise. Our hotel properties at Nagpur, Chennai and Ahmedabad are based on this model. The competitive advantage that we derive from such acquisitions is that we are able to keep our capital costs low thereby improving our margins and also allowing us to reduce the impact of any down turn in the hotel business. We believe our promoters ability to identify the right value in distressed properties has proved to be beneficial for us over the years.

Further, we have also entered into various management contract agreements for management and operation of hotels under our brand name “Pride Biznotel” and “Pride Resorts” wherein there is no capital cost involved but we receive a management fee at a pre determined percentage of the gross revenues. Additionally, we are also entitled to receive a certain percentage share in the profits of the Company as per the terms of the agreement as an incentive fee.

Our hotels are present across various cities

We are presently operating hotels in Pune, Nagpur, Ahmedabad, Bengaluru and Chennai. We are also managing hotels under the Pride brand at Ranipet, Jaipur, Gurgaon and Salem on a management contract basis. Further, we are presently in the process of setting up a hotel in New Delhi which is scheduled to begin commercial operation by March 2012.

Our effort is to make the presence of our brand name in major cities by providing hotels which provide ambience and comfort at competitive rates. Our hotel properties in various cities give us access to larger base of corporate customers and different categories of travellers. Presence in various locations also helps us to reduce the dependence on a particular city or state. Further with the increase in the number of hotels under our brand name across various cities, we believe we are able to create better brand recall amongst our customers.

Our hotels are conveniently located to cater to business and other guests

One of the key success metrics for operating in the hotel industry is the location of the hotel. Accordingly, all our existing hotel properties at Pune, Nagpur, Ahmedabad, Chennai and Bengaluru are located in prime business locations, within close proximity to commercial and shopping destinations and/or airports and

railway stations thus offering convenience to our guests. Further, our upcoming hotel at New Delhi is also planned keeping business customers as the epicentre. The New Delhi hotel is located very close to the new Terminal 3 of Indira Gandhi International airport, one of the largest airports in India and is also easily accessible to both New Delhi and Gurgaon.

Focus on innovative marketing initiatives leading to additional sources of revenue other than room rentals.

We also focus on income other than room rentals such as Food & Beverage, banquets & events. Our hotels have a popular array of food and beverage outlets that enjoy an independent brand value thereby attracting clientele other than room guests. Our restaurants namely “Casablanca”, “Puran-Da-Dhaba”, “Xtasy Grill Room & Bar” and “Fuel” are known for their specialised cuisine and distinctive ambience. We believe that our 24 hour coffee shops namely “Seasons”, “Café Symphony” & “Cafe Treat” are popular among members of the public besides the room guests for its vast spread of breakfast and luncheon buffets along with ambience. Besides, each of our hotels host a variety of banquet halls which cater to business meetings, conferences, seminars, marriages, and private parties and add to our income from food and beverage sales.

We also organise various events at our hotels such as food festivals, swimming camps and other events for festivals and occasions like New Year’s celebration, Children’s day and such other events. We also participate in various domestic and international trade fairs and exhibitions.

Experienced management team

Our Company is managed by a team of experienced and professional managers having background of hospitality industry in the areas of marketing and operations. Our Promoters and the management have several years of experience in the hotel industry. Our management has been providing a congenial and motivating environment for the staff. The members of the staff are given adequate opportunities by deputing them to regular in-house training sessions and to other professional institutions to improve and broaden their skills, from time to time. We have also started the Pride Institute of Hospitality and Business Management which is sponsored by the S.P. Jain Foundation Trust. We have also recruited professionals who have passed out from this institute.

Focus on cost control leading to operating efficiencies

We believe that one of the most important aspects of our strengths is our focus on bringing cost efficiencies at each level. Our main source of revenue is room rent. Due to our strategy of taking over ownership of existing hotels in distress and turning them around, we have relatively lower capital cost per room as against constructing new properties. We believe this places us in an advantageous position to offer similar standard of facilities at relatively lower rates without impacting our margins. Further, we believe that our operating discipline and standardised internal processes have contributed significantly to our growth over the years.

Business Strategy

We aspire to be one of the leading brands among hospitality companies in India over the next few years. Our growth plans lay down a decisive strategy to enable us to achieve our business objectives and goals.

Expand our presence in other major cities

We presently operate hotels in Pune, Ahmedabad, Nagpur, Chennai and Bengaluru. We further intend to establish our presence in major cities which are exhibiting current growth and future potential by way of new business and industrial ventures and development of leisure industry. In line with this endeavour, we are in the process of setting up a new hotel at New Delhi.

We have further expanded our presence across cities by undertaking management of various hotels by entering into management contracts with them. Currently we have four hotels wherein we are providing management services located at Ranipet, Salem, Gurgaon, and Jaipur. We have also entered into agreements dated July 29, 2010 and December 9, 2009 for operating on a management contract basis of two hotels located at Munnar and Aurangabad respectively which are currently under construction.

Achieve growth through a combination of new hotels and increasing capacities at our existing properties

Our first hotel in Pune which began operations in the year 1988 was a green field venture. Our recently commissioned hotel at Bengaluru is also a green field venture. Our next three hotels at Nagpur, Ahmedabad and Chennai were acquired by taking over existing properties. The average gestation period for setting up a new hotel ranges between 30 to 36 months whereas the average time period required for hotels to come into operation subsequent to an acquisition or capacity enhancement is around 10-12 months. Further, the capital costs involved in setting up new hotels are much higher. Hence, our strategy involves a combination of setting up new hotels, taking over properties or making capacity enhancements for the existing properties in order to leverage on the advantages of each route of expansion. In line with this strategy, we have also recently acquired 50% shareholding in Rohan Hotels Private Limited. Rohan Hotels has entered into an agreement for sale with Bengal Greenfield Housing Development Company Limited and West Bengal Housing Board to acquire property which houses 81 service apartments. Rohan Hotels Private Limited plans to convert this property into a 144 room hotel subject to receipt of regulatory approvals.

We also plan to expand our properties at Pune and Nagpur subject to receipt of the necessary building approvals. In this regard, we have applied for additional FSI for our Pune hotel and made an application for approval of building plans at our Nagpur hotel.

Leverage our expertise and experience by increasing the number of hotels under our management

Our Promoters and the management have several years of experience in the hotel industry. Our Company is managed by a team of experienced and professional managers having background of hospitality industry in the areas of marketing and operations. We currently operate 9 hotels offering 834 rooms across 9 cities in India. Of which, 5 hotels (2 owned and 3 on long term lease) offer 584 rooms across 5 cities in India while 4 hotels are on a management contract basis comprising of 250 rooms. We plan to leverage on this expertise and experience by further increasing the number of hotels being managed by us on a management contract basis under our brand name. We believe, this will not only enable us to expand our presence across cities but also help create better brand recall.

Focus on Corporate Clients

We will continue to maintain primary focus on providing business class hotels both for domestic and foreign corporate clients. With the growth in the Indian economy, there has been a substantial increase in business activities from both domestic and international organizations. With our experience in successfully managing business class hotels we will continue to expand in these categories, while at the same time keeping ourselves open for assessing and evaluating opportunities in other categories like resorts, budget hotels, etc. as and when they arise. Our tie-up with Best Western International for our Pune hotel over the past five years, has led to increasing revenues from foreign clients. We have been awarded the status of One Star Export House on account of our foreign currency earnings.

The following table provides details about Income in Foreign Currency of the different Hotel units over the last 3 years.

Particulars	Rs in million		
	FY 2010	FY 2009	FY 2008
Pride Hotel – Ahmedabad	52.00	39.08	20.72
Pride Hotel – Pune	39.76	89.01	95.86
Pride Hotel – Nagpur	10.68	6.32	13.35
Pride Hotel - Bengaluru	6.90	--	--
Pride Hotel - Chennai	10.23	2.42	10.24

Build image and awareness of the “The Pride” brand

All our existing hotels are operated under the umbrella brand of “Pride”, while the hotels under our management are operated under the brand “Pride Biznotel” and “Pride Resorts” Our vision is to build a reputation in providing premium class hotels thereby creating brand loyalty. We are working to accomplish this vision by delivering a consistent level of product and service that aims to be innovative and customer-driven. We also intend to maintain a high standard of quality for our guest facilities and services with

regular renovation and refurbishment of our existing properties. We also publish a newsletter on a quarterly basis by the name of “Pride Trendz” which is sent to our corporate customers. This newsletter mainly provides an update on our business, achievements and events.

Operations

We currently operate five hotels which include two hotels in the state of Maharashtra and one hotel each in the states of Gujarat, Tamil Nadu and Karnataka and 4 hotels by way of management contracts under the brand “Pride Biznotel” and “Pride Resorts” at Ranipet, Salem, Gurgaon, and Jaipur.



The Pride Hotel Pune

This was the first hotel set up by us and commenced operations in the year 1988. The Pride Hotel Pune caters to upscale business travellers both domestic and foreign, providing a mix of amenities and comforts, suited to their requirements.

Ownership

The hotel is owned and managed by us and is constructed on a plot of land admeasuring 4,198.80 Sq. mtrs.

Location

The Pride Hotel, Pune is located on the University Road, Shivaji Nagar, Pune which is around 1 kilometre from the Shivajinagar railway station, 2 kilometres from the city centre and about 11 kilometres from Pune airport.

Rooms

The Pune hotel property has 112 rooms which are currently operational, including 4 Suites. All the rooms are equipped with facilities like Wi-Fi connectivity, digital safe, mini bar and coffee/tea maker.

Particulars	FY2008		FY 2009		FY 2010	
	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)
The Pride Hotel, Pune (Commenced from January, 1988)	7,664	67	7,219	51	5,204	51

Food and Beverage outlets:

The Pride Hotel, Pune has three food and beverage outlets:

Casablanca: Casablanca is a 24 hour coffee shop combined with a fine dining restaurant. It offers buffet breakfast, buffet lunch, snacks and dinner.

Puran-Da-Dhaba: Set in a rustic village ambience, this restaurant is known for its Punjabi cuisine and beverages. This restaurant is patronised by the local public apart from hotel guests.

Xtasy Grill Room & Bar: Xtasy Grill Room & Bar provides grilled food along with a wide range of alcoholic and non-alcoholic beverages.

Banquet halls

The Pride Hotel, Pune has four banquet halls in operation with a combined area of 3,100 sq. feet. The banquet halls are available in convenient sizes to meet the appropriate occasions like company meetings, social events, conferences, etc.

Other facilities:

The hotel also has a fully equipped business centre, health club, swimming pool, a travel desk and a fully equipped business centre providing internet facilities and secretarial support.

The Pride Hotel, Ahmedabad:

The Pride Hotel, Ahmedabad is a five star rated hotel located at Judges Bungalow Road, off S. G. Road, Ahmedabad. It is a business hotel directed towards middle and senior level corporate executives.

Ownership:

The hotel is owned and managed by us and commenced operations from August 2004. The land on which the Pride hotel Ahmedabad is located was acquired by our company under a scheme of amalgamation with Shubhlaxmi (Bodakdev) Properties Private Limited. For further details please refer to section titled “History and Certain Corporate Matters” on page 110 of the Draft Red Herring Prospectus.

Location:

The Pride Hotel, Ahmedabad is located on the upmarket Judges Bungalow Road. It is surrounded by clubs, shopping malls, multiplexes and a commercial complex. The hotel is at a distance of 19 kms. from the airport, 1 kilometre from the City Centre and 13 kms. from the Ahmedabad railway station.

Rooms:

The Pride Hotel, Ahmedabad features 164 guest rooms including 6 suites

Particulars	FY 2008		FY 2009		FY 2010	
	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)
The Pride Hotel, Ahmedabad (Commenced from August, 2004)	5,080	73	5,845	63	5,232	59

Food and Beverage:

The hotel has 2 Food and Beverage outlets namely:

Seasons: Seasons is a 24 hour coffee shop which serves local and continental cuisines and is patronised by the hotel guests as well as the local public. It serves breakfast, lunch, snacks and dinner.

Casablanca: Casablanca is a fine dining restaurant offering food items from different provinces of India

Banquet Halls

The Pride Hotel, Ahmedabad has 7 banquet halls spread across a combined area of approximately 18,597 sq. ft. The banquet halls offer exclusive layouts for seating in theatre style or casual style and are equipped with communication and presentation systems which are normally used during conferences, seminars, weddings or get-togethers.

Other facilities:

The hotel also offers a swimming pool, health and fitness club equipped with steam, sauna, jacuzzi and ayurvedic massage services.

The Pride Hotel, Nagpur

The Pride Hotel, Nagpur is a five star rated, business hotel targeted towards middle and senior level business executives.

Ownership:

Our Company has entered into lease agreements dated June 24, 2006 and September 19, 2007 with its associate company Jagsons Hotels Private Limited (which is the owner of the Nagpur Hotel). By virtue of the lease agreements dated June 24, 2006 and September 19, 2007, our Company will operate and manage the Nagpur hotel, which is now called the Pride Hotel, Nagpur. For further details please refer to section titled "Property" on page 88 of the Draft Red Herring Prospectus.

Location:

The Pride Hotel, Nagpur is strategically located between the city and the industrial belt of Buti Bori on National Highway 6, which is very convenient especially for the business travellers. It is in close proximity to the airport and railway station.

Rooms:

The Pride Hotel, Nagpur features 93 rooms including 6 suites.

Particulars	FY2008		FY 2009		FY 2010	
	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)
The Pride Hotel, Nagpur (Commenced from July, 2006)	3,084	76	3,922	77	4,414	73

Food and Beverage:

Pride Hotel, Nagpur has 4 food and beverage outlets as under:

Casablanca: Casablanca is a multi cuisine restaurant offering Indian, Continental and Chinese fare with live instrumental music.

Café Symphony: Café Symphony is a 24 hour coffee shop which offers breakfast and snacks.

Royal Lancers: Royal Lancers has a warm and snug ambience. It has capacity to accommodate approximately 56 guests at a time.

Puran Da Dhaba: Puran Da Dhaba offers North Indian Food with a rustic village ambience and with live music performance.

Banquet Hall: The Pride Hotel, Nagpur has 6 banquet halls spread across a combined area of 8,234 sq ft.

The convention halls are ideally placed for conferences, get-togethers and meetings. The hotel also provides two open lawns which can together accommodate between 1500 to 2000 persons and is an ideal venue for wedding ceremonies and other social functions.

Other facilities:

The other facilities at the Pride Hotel, Nagpur are business centre with executive cabins, internet facility in each room, and swimming pool and health and fitness club.

The Pride Hotel, Chennai

The Pride Hotel, Chennai has commenced operations since February 2007 and caters mainly to the business executives at the middle and senior management levels.

Ownership:

We have entered into a lease deed dated September 10, 2007 with Indralok Hotels Private Limited for land admeasuring 9,904.25 sq. ft along with hotel building of 80,000 sq. ft. comprising ground plus ten floors thereon, located at 216, Poonamallee High Road, Kilpauk, Chennai for our Chennai Hotel. We have also taken on lease, land from Somti Hotels Private Limited admeasuring 4,147.5 sq. ft., by way of an lease agreement dated September 18, 2007 which is utilised towards car parking and other amenities. For further details, please refer section titled "Our Business" on page 76 of the Draft Red Herring Prospectus.

Location:

The Pride Hotel, Chennai is located at a distance of about 3 kilometres from Mount Road, which is one of the main business centres in Chennai. The property is in close proximity to the Chennai Central, railway

station and is about 18 kilometres from the airport. It is about 5-7 kms away from the Marina beach, one of the main tourist and leisure spot of Chennai.

Rooms:

The Pride Hotel Chennai has 115 rooms of various categories including 2 suites.

Particulars	March 31, 2008		March 31, 2009		March 31, 2010	
	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)
The Pride Hotel, Chennai (Commenced from 15th February, 2007)	3104	35	3,154	27	3034	51

Food & Beverage: -The Pride Hotel, Chennai presently has four food and beverage outlets:

Cafe Treat - Cafe Treat is a 24 hours coffee shop, which serves breakfast and varied food and beverage items.

Casablanca - Casablanca is a fine dining restaurant which serves a variety of cuisines including Indian and Continental

Fuel - Fuel is a resto bar. It offers a range of spirits, wines, cocktails and mocktails.

Puran Da Dhaba - Puran Da Dhaba offers North Indian Food with a North Indian setting and ambience.

Banquet Halls: The Pride Hotel, Chennai has two banquet halls spread across an area of 2,010 Sq. ft. The hotel also has a board room measuring 175 sq. ft. which can accommodate 10-15 persons for small meetings.

The Pride Hotel, Bengaluru

The Pride Hotel, Bengaluru is a business hotel directed towards middle and senior level corporate executives and is centrally located

Ownership:

The hotel is owned and managed by us and commenced operations from August 2009. The Company entered into a Lease Deed and a supplemental deed dated October 7, 2004 and October 8, 2004 with the owner of the land. The same is for an area of 28,592 sq. ft. The term of the Lease is for a period of 29 years commencing from October 7, 2004 until October 6, 2033.

Location:

The Pride Hotel, Bengaluru is located on the busy Richmond Road of Bengaluru. It is surrounded by many corporate and shopping destinations. The Hotel is situated at a distance of 40 kilometres from the Bengaluru International airport and at a distance of 5 kilometres from the city railway station.

Rooms:

The Pride Hotel, Bengaluru features 100 guest rooms including 5 suites.

Particulars	FY 2010	
	ARR (Rs.)	Occupancy (%)
The Pride Hotel, Bengaluru (Commenced from August, 2009)	3,431	37

Food and Beverage:

The hotel has 2 Food and Beverage outlets:

Café Treat: This is a 24 hour coffee shop which serves an array of classic Indian and contemporary international cuisine. It is also known for its vast spread of breakfast and lunch buffets amongst the hotel guests as well as the local public.

Casablanca: Casablanca is a fine dining restaurant offering food items of Mediterranean cuisine. It also houses a lounge bar offering spirits, wines and cocktails.

Banquet Halls

The Pride Hotel, Bengaluru has 5 banquet halls spread across a combined area of approx. 3,950 sq. ft. The banquet halls offer exclusive layouts for seating in theatre style or “U” style and are equipped with communication and presentation equipments which are normally used during conferences, seminars, weddings or get-togethers.

Other facilities:

The hotel also offers a swimming pool, a health and fitness club equipped with steam, sauna, jacuzzi and ayurvedic massage services.

Hotels operated under management contracts:

Apart from our owned hotels, we also operate a chain of hotels on a management contract basis under our brand names “Pride Biznotel” and “Pride Resort”.

Pride Amber Vilas Resort, Jaipur:

We have entered into an agreement with K. G. Recreational and Tourist Centre Private Limited dated March 20, 2008 for management, operation and sales of the hotel located 12 miles, Vatika Moad, Tonk Road, Jaipur.

The hotel is a resort that primarily targets the leisure travellers and comprises of 45 rooms. The hotel also hosts a restaurant, bar, party lawns and conference halls.

This agreement is valid for a period of 3 years and can be further extended by another 3 years on mutual consent. For further details, please refer to the section titled “Our History and Other Corporate Matters” at page 110 of this Draft Red Herring Prospectus.

Pride Biznotel, Ranipet

We have entered into an agreement dated March 12, 2009 with Geekay Residency for the management and operation of their hotel G.K. Residency located at 69, Sipcot Road, Ranipet.

The hotel comprises of 48 rooms and mainly caters to the business class travellers.

This agreement is valid for a period of 5 years from the date of the agreement which may be further renewed for a period of 5 years on mutual consent. For further details, please refer to the section titled "Our History and Other Corporate Matters" at page 110 of this Draft Red Herring Prospectus.

Pride Park Premier, Gurgaon

We have entered into an agreement dated June 25, 2010 with Hotel Park Premier for the management and operation of their hotel located at Gurgaon comprising of 94 rooms.

This agreement is valid for 60 months from the date of the agreement. The Company is required to give Park Premier at least 6 months notice for renewing the agreement. For further details, please refer to the section titled "Our History and Other Corporate Matters" at page 110 of this Draft Red Herring Prospectus.

Pride Biznotel, Salem

We have entered into an agreement dated November 30, 2009 with Southson Private Limited for the management and operation of their hotel located at A/4, Bharathi Street, Swarnapuri, Salem. The hotel comprises of 63 rooms and is centrally located and well connected to the city. The agreement is valid for a period of 5 years from the date of the agreement which may be further renewed for a period of 5 years on mutual consent. For further details, please refer to the section titled "Our History and Other Corporate Matters" at page 110 of this Draft Red Herring Prospectus.

We have also entered into the following management contract agreements:

1. Pride Biznotel Aures, Aurangabad

We have entered into an agreement dated December 09, 2009 with Automatic Hotels & Restaurants for the management and operation of their hotel located at CTS 18273, Kohanwadi, P.O. Kranti Chowk, station Road, Aurangabad 431001.

The hotel is presently under construction and shall comprise of 65 rooms. The agreement is valid for a period of 5 years from the date of the agreement, with a provision for a 6 months notice by the Company for renewing the agreement.

For further details, please refer to the section titled "Our History and Other Corporate Matters" at page 110 of this Draft Red Herring Prospectus.

2. Pride Eagle County Resorts, Munnar

We have entered into an agreement dated July 29, 2010 with Eagle County Resorts Private Limited for managing and operating a hotel located at Velak Junction, Chinnakanal Post, Suryanelli, Munnar. The hotel is presently under construction and shall comprise of 80 rooms.

The agreement is valid for a period of 5 years from the date of the agreement which may be further renewed for a period of 5 years on mutual consent. For further details, please refer to the section titled "Our History and Other Corporate Matters" at page 110 of this Draft Red Herring Prospectus.

Overview of Hotel Operations

Each of our hotels is headed by a General Manager who reports to the Director (Operations) based at Pune. Each General Manager is in turn reported to by the respective heads for each department in the hotel. The operations are broadly segregated into various departments namely housekeeping, food & beverage, human resources, maintenance & engineering, front office, sales & marketing and accounts & administration.

Sales & Marketing Set up:-

We use various innovative forms of advertising and marketing with a view to constantly create more awareness of our brand in the market and to reach out to more and more customers. The following are the initiatives put in place to drive incremental business, adequate marketing and client satisfaction:

Sales offices and agents - Each of our hotels is equipped with a dedicated sales office. We also have regional sales offices in New Delhi, Hyderabad, Mumbai and Kolkata. The sales and marketing departments at our existing hotel units have a dedicated sales team for selling of banquets and conferences, catering for wedding receptions, etc.

We have a corporate sales team stationed at Pune which manages the sales and marketing activities of all the hotels. The corporate Sales team is entrusted with the work of tying up and managing corporate rates and contracts with business houses, airlines, banking institutions and other corporate bodies.

Corporate branding and advertising: Our marketing department also looks after corporate branding and advertising. Our services are advertised widely through hoardings at prominent places, regular advertisements in in-flight journals and business magazines, travel and hospitality magazines and by organizing local and international food festivals at our various hotels periodically. As a part of our strategy for attracting foreign clientele, we have entered into a strategic tie up with M/s. Best Western International for our Pune Hotel. The Pride Hotel, Bengaluru is a member of The Preferred Hotel Group. This association provides the hotel an exposure to the international sales & marketing and ecommerce technology and support for the hotel.

Central reservation office: We have set up a Central reservation office at Pune, thus extending an easy and more effective one point contact for all our guests. Further we also have a central reservation system through which reservations can be made across the group. We provide online booking facilities, thereby giving the end user flexibility to make/amend and cancel reservations or to simply check availability across the group. We have a separate E-Marketing department that concentrates on driving business through our website.

Revenue Cell: Our Company has a revenue department headed by the corporate revenue manager. The primary responsibility of this department is to handle the electronic distribution channels. This is a single point from where all the rates and inventories are loaded on the different websites and global distribution system. The best rates are decided by the revenue department and varied from time to time depending on the occupancy levels of the different units.

Tie ups/ alliance: We also partner with various car rental companies and others to reach to various sectors of customers. We also have a tie up with certain banks, wherein various customers holding debit or credit cards can avail certain discounts on the food & beverage at across our hotels.

Competition:

Our competition comes from existing international and domestic hotels at all the locations where we presently operate. As we expand our operations to New Delhi and other cities over the coming years, we expect to face competition from hotels which are already established at these places. The extent of competition we face depends on a number of factors such as room rates, quality of accommodation, brand recognition, service level, convenience of location, and the quality and scope of amenities.

We believe that our internal processes, systems for designing, constructing and operating our hotels combined with our marketing network will provide us with the required competitive advantage to deal with the market competition.

Human Resources

We are a professionally managed company that has sought to build for itself a stimulating work culture that empowers people, promotes team building, encourages new ideas and motivates performance. We believe in meritocracy and this policy commences with hiring individuals with the right expertise and experience while ensuring that progress in the organization is not dependent solely on tenure, but also on performance, initiative and leadership skills.

We believe the training and motivation of staff at all levels to be of strategic importance in achieving our Company's goal of providing a personalized, efficient and anticipatory service, which our Company believes is essential for successful hotel operations.

The Company currently employs 904 employees in its 5 operating hotels. The following table illustrates the department wise break up of our employees:

Department	Total
Sales & Marketing	34
Front office	102
F&B (Production and Services)	403
House Keeping	122
Accounts & Admin	53
HR	18
Stores & Purchases	21
Engineering	89
Security & Drivers	44
Manager	6
EDP	5
Fitness Centre	7
TOTAL	904

For our proposed hotel operations in New Delhi, we would be recruiting personnel with the necessary qualifications and experience at the appropriate time.

Training and Development

We place a lot of emphasis on training and development of our employees. Employees in all the departments undergo regular training programs to upgrade their skills to the changing requirements of the hotel industry and in accordance to modern and up to date standards.

Employee Relations

Our employees at the Pride Hotel, Pune are represented by the Bharatiya Kamgar Sena, a trade union. The management of the Pride Hotel Pune had entered into an agreement of settlement with its workmen represented by the Bharatiya Kamgar Sena, the terms of which were in force from July 1, 2007 till June 30, 2010. The said agreement of settlement is under renewal. The Agreement provides for the terms and conditions of employment including wages and allowance, increments and promotions, incentives, leave, bonus, discipline, etc of the employees.

Other than as stated above, none of our employees are represented or affiliated to any trade or workman's union.

Property Details of Currently Owned/ Leased Premises:

S. No.	Type of interest in property	Description of the Property	Salient Features
Mumbai			
1.	Leave and License	Location: Mumbai Area: 726 sq. ft. (approximately) carpet area Description: Premises situated at 307, 3 Floor, Acme Plaza Building, Andheri Kurla Road,	Document: Leave & License Agreement dated November 26, 2008 Term: License for a period of 33 months commencing from September 1, 2008 Licensor: Mohan Wadhwani Licensee: Pride Hotels Limited

S. No.	Type of interest in property	Description of the Property	Salient Features
		Mumbai – 400 059 + 1 car parking space in the basement of the said building (included in the rent) and 1 open car parking in the compound of the said building along with facilities as mentioned in the agreement Purpose- Sales Office	Consideration: Rs.125,000 per month for the first 11 months, Rs.135,000 per month for the second 11 months and Rs.145,000 per month for the last 11 months. In addition Rs.1,000 per month or any fees as prescribed by the society for the open car park.
<p>Important terms</p> <p>The Licensee has placed an amount of Rs.750,000 with the Licensor as an interest free refundable deposit.</p> <p>Neither party shall terminate this license for a period of 11 months from the date of commencement of the license (Lock in period).</p>			
2.	Tenancy	<p>Location: Mumbai</p> <p>Area: 400 sq. ft. (approximately) along with parking space for 1 car.</p> <p>Description: Premises situated at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021</p> <p>Purpose- Registered Office</p>	<p>Document: Leave and License Agreement dated April 01, 2006</p> <p>Term: 10 years commencing from April 01, 2006</p> <p>Licensor: Meena Investment Corporation</p> <p>Licensee: Pride Hotels Limited</p> <p>Consideration: Rs.20,000 per month</p>
<p>Important terms</p> <p>The Tenant has placed an amount of Rs.25,00,000 with the Owner as an interest free refundable deposit which shall continue to be placed during the currency of the tenancy.</p>			
3.	Tenancy	<p>Location: Mumbai</p> <p>Area: 300 sq. ft. (approximately)</p> <p>Description: Premises situated at 907, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021</p> <p>Purpose – Corporate Office</p>	<p>Document: Leave and License Agreement dated April 01, 2006</p> <p>Term: 10 years commencing from April 01, 2006</p> <p>Licensor: S.P. Jain</p> <p>Licensee: Pride Hotels Limited</p> <p>Consideration: Rs.15,000 per month</p>

S. No.	Type of interest in property	Description of the Property	Salient Features
Important terms			
The Tenant has placed an amount of Rs.2,500,000 with the Owner as an interest free refundable deposit which shall continue to be placed during the currency of the tenancy.			
Nagpur			
4.	Lease	<p>Location: Nagpur</p> <p>Area: 5709.426 sq. mtrs</p> <p>Description: Premises being plot of land admeasuring 3784.026 sq. mtrs. together with hotel building and Plots of land bearing nos. 9 to 17 admeasuring in aggregate 1725.40 sq. mtrs. together with 200 sq. mtrs. of built up area constructed thereon form out of layout of the Rishi Co-operative Housing Society Limited Together referred to the leased premises.</p> <p>Purpose- Hotel property</p>	<p>Document: Lease Deed dated September 19, 2007.</p> <p>Term: Lease for a period of 29 years commencing from June 24, 2006 ending on the June 23, 2035.</p> <p>Lessor: Jagsons Hotels Private Limited</p> <p>Lessee: Pride Hotels Limited</p> <p>Consideration: Rs.250,000 per month excluding currently applicable service tax /value added tax.</p> <p>Important Terms: Upon the expiry of a period of ten years from June 24, 2006, the Lease Rent shall stand enhanced to Rs.375,000 per month. The Lease Rent shall be Rs.500,000 per month for the last term of ten years.</p>
Important Terms			
<p>The Lessee shall have sole and exclusive option to renew the lease upon the expiry of 10 years from the date of commencement i.e. June 24, 2006, for a single term of additional 20 years, or two additional terms of 10 years each.</p> <p>The Lessee shall place with the Lessor a refundable security deposit of rupees two crores, which shall be refunded to the Lessee on the expiry of the Lease.</p> <p>Either party has a right to terminate the Lease by giving 30 days notice in writing to the other, upon breach happening of the following:</p> <ul style="list-style-type: none"> - breach of its obligations - either party goes into liquidation - either party is unable to pay its debts or is insolvent 			
Chennai			

S. No.	Type of interest in property	Description of the Property	Salient Features
5.	Lease	<p>Location: Chennai</p> <p>Area: 2 grounds and 3147.5 sq. ft.</p> <p>Description: Premises being plot of land admeasuring 2 grounds and 2147.5 sq. ft. at 216 (old no.869), Poonamalle High Road, Kilpauk, Chennai, Tamil Nadu.</p> <p>Purpose- Hotel property</p>	<p>Document: Lease Deed dated September 18, 2007.</p> <p>Term: Lease for a period of 29 years commencing from June 1, 2006 ending on May 30, 2035.</p> <p>Lessor: Somti Hotels Private Limited</p> <p>Lessee: Pride Hotels Limited</p> <p>Consideration: Rs.50,000 per month excluding currently applicable service tax /value added tax.</p>
<p>Important terms</p> <p>Upon the expiry of a period of Ten years from June 01, 2006, the lease rent shall stand enhanced to Rs.75,000 per month. . The Lease Rent shall be Rs.100,000 per month for the last term of ten years.</p> <p>The Lessee shall have sole and exclusive option to renew the lease upon the expiry of 10 years from the date of commencement i.e. June 01, 2006, for a single term of additional 20 years, or two additional terms of 10 years each</p> <p>The Lessee shall place with the Lessor a refundable security deposit of Rupees Ten Lakhs, which shall be refunded to the Lessee on the expiry of the Lease.</p> <p>Either party has a right to terminate the Lease by giving 30 days notice in writing to the other, upon breach happening of the following:</p> <ul style="list-style-type: none"> - breach of its obligations - either party goes into liquidation - either party is unable to pay its debts or is insolvent 			
6.	Lease	<p>Location: Chennai</p> <p>Area: 9904.25 sq. ft.</p> <p>Description: Premises being plot of land admeasuring 9904.25 sq. ft. together with a hotel building of 80,000 sq. ft. comprising of ground plus 10 floors and car parking facility to the extent of 8000 sq. ft. for accommodating 35 cars and 25 2-wheelers known as “King’s Park” at</p>	<p>Document: Lease Deed dated May 06, 2010.</p> <p>Term: Lease for a period of 2 years commencing from April 20, 2010. The Lessee shall have the exclusive option for the renewal of the lease within one month prior to the expiry of the 2 year term.</p> <p>Lessor: Indralok Hotels Private Limited</p> <p>Lessee: Pride Hotels Limited</p> <p>Consideration: Rs.100,000 per month along with a refundable security deposit of Rs. 100,000</p>

S. No.	Type of interest in property	Description of the Property	Salient Features
		216 (old no.869), Poonamalle High Road, Kilpauk, Chennai, Tamil Nadu. Purpose Hotel property	
<p>Important terms</p> <p>During the Term, the Lessor shall not create encumbrance on the property. The Lessee has the option of assigning its rights and obligations under the agreement to any of its group companies without the prior permission of the Lessor. Either party has a right to terminate the Lease by giving 30 days notice in writing to the other, upon breach happening of the following: - breach of its obligations - either party goes into liquidation - either party is unable to pay its debts or is insolvent</p>			
Pune			
7.	Ownership	Location: Pune Area: 22,000 sq. ft. ie.2131.80 sq. mtrs. Description: Land situated at Poona admeasuring 1 Acre 1 Guntha 9 Annas and 8 Prati Annas measuring in all 45,296 sq. ft. within the registration district of Poona, City Survey Nos. Purpose- Hotel property	Document: Deed of Dissolution of Partnership dated August 12, 1985 Partnership Firm: M/s. Mutha Bafna & Co. The firm M/s. Mutha Bafna & Co. was dissolved and the immovable properties situate lying at Pune with CTS Nos. 1676 and 1677 purchased by the said firm was transferred in the name of M/s. Pride Hotels Private Limited against payment of consideration to the remaining partners.
Ahmedabad			
8.	Ownership	Location: Ahmedabad Area: 3235 sq. mtrs. + 4180 sq. mtrs. Description: All the undivided 3235 sq. mtrs. situated at Nr. Judges Bungalow, Char Rasta. Bodakdev, Purpose- Hotel property	Document: Under Scheme of Amalgamation of Shubhlaxmi (Bodakdev) Properties Private Limited ("SPPL") with the Company. Bombay High Court vide order dated April 8, 2005 sanctioned the scheme of amalgamation. Ahmedabad High Court vide order dated March 31, 2006 sanctioned the scheme of amalgamation.

S. No.	Type of interest in property	Description of the Property	Salient Features
9.	Ownership	<p>Location: Ahmedabad</p> <p>Area: 2620 sq. ft.</p> <p>Description: Premises being Unit Nos. 601 & 605 of commercial complex known as Orchid Plaza on 945 sq. mtrs. of land forming part of the Plot No.350/B of Bodakdev T.P. Scheme No.1/B</p> <p>Purpose-Hotel property</p>	<p>Document: Deed of Conveyance dated September 12, 2006</p> <p>Vendor: Kapiladhara Owners Association</p> <p>Buyer: Pride Hotels Limited</p> <p>Consideration: Rs.1,540,000</p>
10.	Ownership	<p>Location: Ahmedabad</p> <p>Area: 2795 sq. ft.</p> <p>Description: Premises being Unit Nos. 702p, 703 & 705 of commercial complex known as Orchid Plaza on 945 sq. mtrs. of land forming part of the Plot No.350/B of Bodakdev T.P. Scheme No.1/B</p> <p>Purpose-Hotel property</p>	<p>Document: Deed of Conveyance dated September 12, 2006</p> <p>Vendor: Kapiladhara Owners Association</p> <p>Buyer: Pride Hotels Limited</p> <p>Consideration: Rs.1,646,000</p>
11.	Ownership	<p>Location: Ahmedabad</p> <p>Area: 996 sq. ft.</p> <p>Description: Premises being Unit No. 603 of commercial complex known as Orchid Plaza on 945 sq. mtrs. of land forming part of the Plot</p>	<p>Document: Deed of Conveyance dated September 11, 2006</p> <p>Vendor: Kapiladhara Owners Association and M/s. Pegasus Semiconductor Private Limited</p> <p>Buyer: Pride Hotels Private Limited</p> <p>Consideration: Rs.860,000</p>

S. No.	Type of interest in property	Description of the Property	Salient Features
		No.350/B of Bodakdev T.P. Scheme No.1/B Purpose-Hotel property	
12.	Ownership	Location: Ahmedabad Area: 2476 sq. ft. Description: Premises being Unit Nos. 701, 702p, & 704 of commercial complex known as Orchid Plaza on 945 sq. mtrs. of land forming part of the Plot No.350/B of Bodakdev T.P. Scheme No.1/B Purpose-Hotel property	Document: Deed of Conveyance dated December 20, 2006 Vendor: Kapiladhara Owners Association Buyer: Pride Hotels Private Limited Consideration: Rs.1,463,000
13.	Ownership	Location: Ahmedabad Area: 980 sq. mtrs. + 182 sq. mtrs. of undivided land area of 8th and 9th floor Description: Premises on 8th and 9th floor of the commercial complex known as Orchid Plaza on 945 sq. mtrs. of land forming part of the Plot No.350/B of Bodakdev T.P. Scheme No.1/B Purpose-Hotel property	Document: Deed of Conveyance dated December 20, 2006 Vendor: Kapiladhara Owners Association Buyer: Pride Hotels Private Limited Consideration: Rs.6,215,000
14.	Ownership	Location: Ahmedabad Area: 156 sq. mtrs.	Document: Deed of Conveyance dated December 20, 2006 Vendor: Kapiladhara Owners

S. No.	Type of interest in property	Description of the Property	Salient Features
		<p>along with 30 sq. mtrs.of undivided land area.</p> <p>Description: Premises being Unit Nos. 602 & 604 of commercial complex known as Orchid Plaza on 945 sq. mtrs. of land forming part of the Plot No.350/B of Bodakdev T.P. Scheme No.1/B</p> <p>Purpose-Hotel property</p>	<p>Association</p> <p>Buyer: Pride Hotels Limited</p> <p>Consideration: Rs.993,000</p>
15.	Ownership	<p>Location: Ahmedabad</p> <p>Area: 1476 sq. mtrs. along with 273 sq. mtrs. of undivided land area on the 2nd to 4th floor</p> <p>Description: Premises on the 2nd to the 4th floor of commercial complex known as Orchid Plaza on 945 sq. mtrs. of land forming part of the Plot No.350/B of Bodakdev T.P. Scheme No.1/B</p> <p>Purpose-Hotel property</p>	<p>Document: Deed of Conveyance dated December 20, 2006</p> <p>Vendor: Kapiladhara Owners Association</p> <p>Buyer: Pride Hotels Private Limited</p> <p>Consideration: Rs.9,322,500</p>
16.	Ownership	<p>Location: Ahmedabad</p> <p>Area: 90 sq. mtrs. along with 17 sq. mtrs. of undivided land area</p> <p>Description: Premises being Unit Nos. 502 of commercial</p>	<p>Document: Deed of Conveyance dated December 20, 2006</p> <p>Vendor: Kapiladhara Owners Association</p> <p>Buyer: Pride Hotels Limited</p> <p>Consideration: Rs.571,500</p>

S. No.	Type of interest in property	Description of the Property	Salient Features
		complex known as Orchid Plaza on 945 sq. mtrs. of land forming part of the Plot No.350/B of Bodakdev T.P. Scheme No.1/B Purpose-Hotel property	
17.	Ownership	Location: Ahmedabad Area: 996 sq. Ft on the fifth floor in Unit No. 503 Description: Plot No.350/B of Bodakdev T.P. Scheme No.1/B, Taluka Dascroi, Ahmedabad 3 Purpose-Hotel property	Document: Agreement to Sell dated September 08, 2007 Vendor: Rasilaben L. Patel, Priyank L. Patel and Lalji B. Patel H.U.F Purchaser: Pride Hotels Limited Consideration: Rs.3 800,000
18.	Ownership	Location: Ahmedabad Area: 1310 sq. Ft on the fifth floor in Unit No. 501 Description: Plot No.350/B of Bodakdev T.P. Scheme No.1/B, Taluka Dascroi, Ahmedabad 3 Purpose-Hotel property	Document: Deed of Conveyance dated August 29, 2007 Vendor: Tarunkumar Tyagi and Manju Tarunkumar Tyagi Purchaser: Pride Hotels Limited Consideration: Rs.1,500,000
Goa			
19.	Lease	Location: Goa Area: 28,375 sq. mtrs. Description: Vacant piece of land known as "Mobor Quarto Lote das Parias-Terca Parte de	Document: Lease Deed dated September 18, 2007. Term: Lease for a period of 29 years commencing from July 1, 2007 ending on the June 30, 2036. Lessor: Pride Beach Resorts Private Limited Lessee: Pride Hotels Limited

S. No.	Type of interest in property	Description of the Property	Salient Features
		Notrte” or “Mobar” at survey No. 106/1 of village Cavelossim situated in the village of Cavelossim, District South Goa	<p>Consideration: Lessee shall pay monthly rental in the following manner the rent excluding currently applicable service tax /value added tax –</p> <p>Rs.10,000 from commencement date to December 31, 2009</p> <p>Rs.200,000 from January 1, 2010 to June 30, 2017</p> <p>Rs.250,000 from July 1, 2017 to June 30, 2027</p> <p>Rs.300,000 from July 1, 2027 to June 30, 2036.</p> <p>The Agreement was further amended vide an Amendment Agreement dated February 06, 2010 to the Lease Deed dated September 18, 2007.</p>
<p>Main agreement important terms</p> <p>The Lessee shall have sole and exclusive option to renew the lease upon the expiry of 10 years from the date of commencement i.e. July 01, 2007, for a single term of additional 20 years, or two additional terms of 10 years each</p> <p>The Lessee shall place with the Lessor a refundable security deposit of Rupees One Crore, which shall be refunded to the Lessee on the expiry of the Lease.</p> <p>Either party has a right to terminate the Lease by giving 30 days notice in writing to the other, upon breach happening of the following:</p> <ul style="list-style-type: none"> - breach of its obligations - either party goes into liquidation - either party is unable to pay its debts or is insolvent <p>Amendment agreement important terms</p> <p>Under the clause 2 of the Deed of Lease executed on the September 18, 2007, the lessee had agreed to construct a resort on the premises within a period of two and half years. Due to non availability of approvals from the State Government and concerned departments, the Lessor has not been able to commence the construction on the premises. As such the terms of the earlier deed has been decided to be amended and the same reads as follows:</p> <p>During this period the Lessee shall pay a monthly lease rent of Rs.10,000 for a period till such time the Resort is developed and commissioned.</p> <p>For the period of 10 years from the date of the commissioning of the report, the Lease Rent shall be Rs.200,000 per month. For the period of 10 years expiring the first 10 years from the date of the commissioning of the report the Lease Rent shall stand enhanced to Rs.250,000 per month. Such enhanced Lease Rent shall remain in force for a period of ten years commencing from the last day of the first ten year term. The Lease Rent shall be Rs.300,000 per month for the last term of nine years.</p>			
Bengaluru			
20.	Lease	<p>Location: Bengaluru</p> <p>Area: 28,592 sq. ft.</p> <p>Description: Piece of immovable land</p>	<p>Document: Lease Deed dated October 7, 2004 read with Supplemental Deed dated October 8, 2004.</p> <p>Term: Lease for a period of 29 years commencing from October 7,</p>

S. No.	Type of interest in property	Description of the Property	Salient Features
		bearing New Municipal No.93, 94 and 95) situated at Richmond Road, Bengaluru – 560 025 Purpose- Hotel property	2004 until October 6, 2033 Lessor: Nisar Pasha, Mujeebunnissa Pasha, Amjad Pasha, Ahmed Pasha and Arshad Pasha Lessee: Pride Hotels Limited Consideration: In the following manner: Rs.350,000 per month from the commencement of the 28th month from the date of this deed to the end of 11th year. Rs.378,000 per month from the start of the 12th year to the end of 20th year. Rs.408,240 per month from the start of the 21st year to the end of the 29th year.
<p>Important terms</p> <p>The Lessee shall commence payment of the rent after the completion of the construction of the hotel and commencement of the business or on expiry of 27th month from the date of this Deed whichever is earlier.</p> <p>The Lessee has the sole right to seek renewal of the lease for a further term of 7 years by intimating in writing. The extension shall be granted on the same terms and conditions as the current lease and the Lessor shall not have a right to refuse the renewal.</p> <p>The rent for the renewal period is as follows:</p> <ul style="list-style-type: none"> - Rs.408,240 for a period commencing from the beginning of the 30th year and ending on the conclusion of the 30th year; - Rs.550,000 from the start of 31st year to the end of the 36th year. <p>In addition Lessee shall place a refundable interest free security deposit of Rs.25,000,000 .</p>			
21.	Agreement to Sale	Location: Bengaluru Area: 720 sq. ft. Description: Premises being No.705 A Wing, Mittal Tower, New No.21, (Old No.6 (47)), M.G. Road, Bengaluru – 560001.	Document: Agreement to Sale dated July 15, 2000. Vendor: Esther Marfatia Buyer: Pride Hotels Limited Consideration: Rs.1,152,000
Alibaug			
22.	Lease	Location: Alibaug Area: 4 acres approximately Description: Premises being	Document: Agreement to Lease dated November 1, 2007. Term: Lease for a period of 29 years commencing from November 1, 2007 and ending on October 31, 2036

S. No.	Type of interest in property	Description of the Property	Salient Features
		vacant land situated at Village Bamanasure, Taluka Alibaug, District Raigad, Maharashtra.	<p>Lessor: S.P. HUF through its Karta S.P. Jain</p> <p>Lessee: Pride Hotels Limited</p> <p>Consideration: Rs.100,000 per month</p> <p>The parties have also entered into an Amendment Agreement dated July 28, 2009 to the Agreement to Lease dated November 1, 2007.</p>
<p>Main agreement important terms</p> <p>Lease on an as is where is basis.</p> <p>The Lessee shall construct a hotel and other structures on the said property within a period of 2 ½ years from the date of this agreement. During this period the Lessee shall pay a monthly lease rent of Rs.10,000 commencing on November 1, 2007 ending on April 30, 2010.</p> <p>For the period from May 1, 2010 to October 31, 2017, the Lease Rent shall be Rs.100,000 per month. For the period of 10 years from November 1, 2017 the Lease Rent shall stand enhanced to Rs.125,000 per month. Such enhanced Lease Rent shall remain in force for a period of ten years commencing from the last day of the first ten year term. The Lease Rent shall be Rs.150,000 per month for the last term of ten years. The Lessee shall have sole and exclusive option to renew the lease upon the expiry of 29 years from the date of commencement, for a single term of additional 10 years, or two additional terms of 10 year and 9 years each</p> <p>The Lessee shall place with the Lessor a refundable security deposit of Rupees One Crores, which shall be refunded to the Lessee on the expiry of the Lease.</p> <p>Either party has a right to terminate the Lease by giving 30 days notice in writing to the other, upon breach happening of the following:</p> <ul style="list-style-type: none"> - breach of its obligations - either party goes into liquidation - either party is unable to pay its debts or is insolvent <p>The parties have also entered into an Amendment Agreement dated July 28, 2009 to the Agreement to Lease dated November 1, 2007.</p> <p>Amendment agreement important terms</p> <p>Under the clause 2 of the Deed of Lease executed on the 1st day of November, 2007, the lessee had agreed to construct a Resort on the premises within a period of two and half years. Due to non availability of approvals from the State Government and concerned departments, the Lessor has not been able to commence the construction on the premises. As such the terms of the earlier deed has been decided to be amended and the same reads as follows:</p> <p>During this period the Lessee shall pay a monthly lease rent of Rs.10,000 for a period till such time the Resort is developed and commissioned.</p> <p>For the period of 10 years from the date of the commissioning of the resort, the Lease Rent shall be Rs.100,000 per month. For the period of 10 years expiring the first 10 years from the date of the commissioning of the resort the Lease Rent shall stand enhanced to Rs.125,000 per month. Such enhanced Lease Rent shall remain in force for a period of ten years commencing from the last day of the first ten year term. The Lease Rent shall be Rs.150,000 per month for the last term of nine years.</p>			
Kolkata			
23.	Leave and	Location: Kolkata	Document: Leave and License

S. No.	Type of interest in property	Description of the Property	Salient Features
	License	<p>Area: 290 sq.ft approximately inclusive of agreed 33.33% super built up area</p> <p>Description: Part of the Office flats bearing No. A-1, A-13 and A-14 measuring a total built up area of 3716 sq. ft. approximately situated on the 16th floor of Chatterjee International Centre being Municipal Corporation premises No. 33A, Jawaharlal Nehru Road, Kolkata 700 071.</p>	<p>Agreement dated June 01, 2010</p> <p>Term: Lease for a period of 24 months commencing from June 01, 2010 and ending on May 31, 2012</p> <p>Licensor: Umashankar Aawas Private Limited</p> <p>Licensee: Pride Hotels Limited</p> <p>Consideration: Rs.18,000 per month</p> <p>Important Terms:</p> <p>Interest free refundable security deposit of Rs. 108,000 only.</p> <p>Lock in period of 6 months and a notice period of 3 months.</p>
New Delhi			
24.	Lease	<p>Location: New Delhi</p> <p>Area: 568 sq. ft. super area</p> <p>Description: Office space No. 414, admeasuring 568 sq. ft. on the 4th floor in the building known as Ansal Tower, 38, Nehru Place, New Delhi 110019.</p>	<p>Document: Deed of lease dated June 16, 2009.</p> <p>Term: Lease is valid till June 15, 2011.</p> <p>Lessor: N.K. Jain (HUF) through its Karta Mr. Naresh Kumar Jain</p> <p>Lessee: Pride Hotels Limited</p> <p>Consideration: Rs.36,920 per month</p> <p>Important Terms:</p> <p>Interest free refundable security deposit of Rs. 221,520 only.</p> <p>Lock in period of 12 months.</p>

Apart from the above the Company has entered in some other Agreements with various parties for the residential purpose of its employees, to carry on business of travel counters, and running of office.

Insurance

Our hotels are insured for standard fire and special perils, earthquake and terrorism damage coverage policies, property damage, money-transit, employee and public liability insurance, and vehicle insurance consistent with industry practice in India. We are also required by certain agreements to obtain insurance coverage for our buildings and premises and the same has been duly obtained.

Intellectual Property Rights

The Company has the trademark “The Pride Hotel” registered in its name since December 20, 2004 bearing the registration number 1326862 under class 42. The Company has made an application for trademark registration of the logo ‘Pride Biznotel’ bearing application no. 01635109 dated December 26, 2007 for trademark registration under class 42 for Service. The application is pending and the Company is awaiting the registration certificate from the appropriate authority.

OUR INDEBTEDNESS

The position of secured borrowings with a brief description of significant terms thereof as on August 31, 2010 given below:

Sr. No.	Bank/Financial Institution	Sanctioned Amount	Amounts Outstanding as on 31st August 2010	Interest	Purpose of loan/ Repayment/ Security
1)	Citi Bank A/c N.A - Cash Credit	Rs. 33.00	Presently Debit Balance Rs.0.71/- but facility Continued	2.50% less than the applicable Citibank PLR, which is currently 15.00% p.a.(applicable rate is PLR 15% less 2.50%=12.50 %)	<p>Purpose:- The purpose of the loan is for financing working capital requirement and capital expenditure of the company</p> <p>Repayment:-The loan is repayable on demand.</p> <p>Security:-Secured by Equitable mortgage executed in favour of the Bank on the (a) commercial property office situated at Dalamal Tower, Nariman Point, Mumbai, (b) residential property being flat no 201/202 situated at Owned by Directors & related parties situated at Pride Parmar Galaxy at Pune (c) Commerical property being part of companys Ahmedabad Hotel in the building Orchid Plaza, Ahmedabad in the building Orchid Plaza, Ahmedabad</p> <p>* Hypothecation of credit cards receivables of the Pride Hotel Pune</p> <p>* Personal guarantee of Mr.S.P.Jain, Managing Director and Mr.Satyen Jain Director & CEO</p> <p>* Corporate guarantee of ASP eneterprises Pvt.Ltd., Pride Plaza (India) Pvt.Ltd., Kopra Estate Pvt.Ltd., S.P.Realtors Pvt.Ltd and Meena Investment Corporation</p>
2)	Citi Bank - Term Loan	Rs. 87.00	Rs.0.01	2.50% less than the applicable	Purpose:- The purpose of the loan is for financing working capital

Sr. No.	Bank/Financial Institution	Sanctioned Amount	Amounts Outstanding as on 31st August 2010	Interest	Purpose of loan/ Repayment/ Security
				<p>Citibank PLR, which is currently 15.00% p.a. (applicable rate is PLR 15% less 2.50% = 12.50%)</p>	<p>requirement and capital expenditure of the company</p> <p>Repayment:- Repayable within 60 months from the date of disbursement</p> <p>Security:- Secured by Equitable mortgage executed in favour of the Bank on the (a) commercial property office situated at Dalamal Tower, Nariman Point, Mumbai, (b) residential property being flat no 201/202 Owned by directors & related parties situated at Pride Parmar Galaxy at Pune (c) Commercial property being part of company's Ahmedabad Hotel in the building Orchid plaza, Ahmedabad in the building Orchid Plaza, Ahmedabad</p> <p>* Hypothecation of credit cards receivables of the Pride Hotel Pune</p> <p>* Personal guarantee of Mr.S.P.Jain, Managing Director and Mr.Satyen Jain Director & CEO</p> <p>* Corporate guarantee of ASP enterprises Pvt.Ltd., Pride Plaza (India) Pvt.Ltd., Kopra Estate Pvt.Ltd., S.P.Realtors Pvt.Ltd. and Meena Investment Corporation</p>
3)	Kotak Mahindra Bank A/c - Cash Credit	Rs.50.00	Presently Debit Balance Rs. 2.41 But Facility Continued	<p>12.00% p.a. Floating rate</p> <p>The rate of interest has been arrived at on the basis of Bank's Benchmark</p>	<p>Purpose:- The purpose of the loan is for meeting a part of the company's working capital requirement.</p> <p>Repayment:- The loan is repayable on demand.</p> <p>Security:- Secured by</p>

Sr. No.	Bank/Financial Institution	Sanctioned Amount	Amounts Outstanding as on 31st August 2010	Interest	Purpose of loan/ Repayment/ Security
				<p>Prime lending Rate (PLR) Less 3.50% p.a. (applicable rate is PLR 15.50% less 3.50% =12%</p>	<p>caharge on all the existing and future stock and Future stock and book debt & credit receivables (expect receivables of Pune & Bengaluru)</p> <p>* Equitable mortgage on Company's immoveable property land and building of Pride Hotel,Pune,Charge on moveable fixed assets of Pride hotel,Pune.</p> <p>* Corporate guarantee of Indralok Hotels.Pvt.Ltd.Jagson Hotel Pvt.Ltd. and Pride Beach Resorts Pvt.Ltd.</p> <p>* Personal guarantee of Mr.S.P.Jain,Managing Director and Mr.Satyen Jain,Director & CEO of the company.</p>
4)	Kotak Mahindra Bank- Term Loan	Rs 200	Rs 150	<p>The rate of interest is Kotak Bank PLR 15.50% less 5% (applicable rate is PLR 15.50% less 5%=10.50%)</p>	<p>Purpose :-The purpose of the loan is for financing working capital requirement and capital expenditure of the company</p> <p>Repayment:- 42 monthly instalments with seprate repayment schedules for different tranche/s of the term loan depending on the date of release.</p> <p>Security:- Secured by charge on all the existing and future stock and Future stock and book debt & credit receivables (expect receivables of Pune & Bengaluru)</p> <p>* Equitable mortgage on Company's immoveable property land and building of Pride Hotel, Pune,Charge on moveable fixed assets of Pride</p>

Sr. No.	Bank/Financial Institution	Sanctioned Amount	Amounts Outstanding as on 31st August 2010	Interest	Purpose of loan/ Repayment/ Security
					<p>hotel,Pune.</p> <p>* Corporate guarantee of Indralok Hotels.Pvt.Ltd.Jagson Hotel Pvt.Ltd. and Pride Beach Resorts Pvt.Ltd.</p> <p>* Personal guarantee of Mr.S.P.Jain,Managing Director and Mr.Satyen Jain,Director & CEO of the company.</p>
5)	Kotak Mahindra Bank- Term Loan	Rs.50.00	Rs.8.27	Interest rate is PLR 15.50% Less 2.50% (applicable rate is PLR 15.50 less 2.50 %)	<p>Purpose :-For issue of commitment/guarantee in favour of overseas lending bank/ institution, for meeting payment obligation under capex import LC/s used for import machinery/equipments furniture & fixtures etc .</p> <p>Repayment :- Within 180 days from the date of disbursement.</p> <p>Security:- Secured by caharge on all the existing and future stock and Future stock and book debt & credit receivables (expect receivables of Pune & Bengaluru)</p> <p>* Equitable mortgage on Company's immoveable property land and building of Pride Hotel,Pune,Charge on moveable fixed assets of Pride hotel,Pune.</p> <p>* Corporate guarantee of Indralok Hotels.Pvt.Ltd.Jagson Hotel Pvt.Ltd. and Pride Beach Resorts Pvt.Ltd.</p> <p>* Personal guarantee of the date of Disbursement Mr.S.P.Jain, Managing Director and Mr.Satyen Jain,Director & CEO of the company.</p>

Sr. No.	Bank/Financial Institution	Sanctioned Amount	Amounts Outstanding as on 31st August 2010	Interest	Purpose of loan/ Repayment/ Security
6)	Kotak Mahindra Bank- Working Capital demand Loan	Rs.100.00	Rs.60.00	The rate of interest is Kotak Bank PLR 15.50% less 5% (applicable rate is PLR 15.50% less 5%=10.50%)	<p>Purpose:-The purpose of the loan is for meeting a part of the company's working capital requirement.</p> <p>Repayment:-Within 3 Months from date of disbursement</p> <p>Security:- Secured by charge on all the existing and future stock and Future stock and book debt & credit receivables (except receivables of Pune & Bengaluru)</p> <p>* Equitable mortgage on Company's immovable property land and building of Pride Hotel, Pune, Charge on moveable fixed assets of Pride hotel, Pune.</p> <p>* Corporate guarantee of Indralok Hotels.Pvt.Ltd.Jagson Hotel Pvt.Ltd. and Pride Beach Resorts Pvt.Ltd.</p> <p>* Personal guarantee of Mr.S.P.Jain,Managing Director and Mr.Satyen Jain,Director & CEO of the company.</p>

Summary of indebtedness as on 31st August, 2010:

Name of the lender	Amount in million
(1) Citibank Cash Credit Facility	Nil
(2) Citibank Drop Line Facility	0.01
(3) Kotak Mahindra Bank – Cash Credit Facility	Nil
(4) Kotak Mahindra Bank – Term Loan	150.00
(5) Kotak Mahindra Bank Buyer's Credit Facility	8.27
(6) Kotak Mahindra Bank WCDL Loan	60.00
(7) Total	218.28

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the central / state governments that are applicable to the Company in India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

Indian Regulations

In India there are no Central legislations that govern the hotel industry in particular. However, the Government of India approves projects for construction of hotels and then classifies the same as a star hotel.

Project approval and Star Classification of hotels from the Department of Tourism, Government of India

Under the Tourism Policy of the Government of India, any project seeking to establish a hotel in India, has an option to seek the classification of the proposed hotel in a star category. The classification in category is issued based on an application made to the Department of Tourism, Government of India. The HRACC inspects and assesses the hotel based on the facilities and services offered by the hotel against a fixed marks sheet, including the assessment of quality of facilities provided. Upon the hotel obtaining a qualifying mark prescribed for the particular status of star classification, and based on a recommendation of the HRACC, the hotel is conferred the status of a Star hotel by the Department of Tourism, Government of India.

The Government of India, Department of Tourism approves projects of two types: (i) approvals for starting a Star hotel without apartment facilities and (ii) approval for starting a Star Apartment Hotel. Both these types of approvals involve the same procedure in the following 2 stages: (i) the approval of the Project Report and (ii) the classification of the hotel as a star hotel.

The Central Excise Act, 1944

The Central Excise Act, 1944 provides that a person who is engaged in production or any process of production of any specified goods including liquor shall get himself registered with the proper officer as per the procedure/documentation laid down.

The Prevention of Food Adulteration Act, 1954

The Prevention of Food Adulteration Act is a Central legislation and along with the Prevention of Food Adulteration Rules, 1955 provides provisions for the prevention of adulteration of food. The various State Governments in India have adopted the Central Act but have promulgated their own Rules including States like Gujarat (The Gujarat Prevention of Food Adulteration Rules, 1961), Goa (The Goa Prevention of Food Adulteration Rules, 1982), Maharashtra (The Maharashtra Prevention of Food Adulteration Rules, 1962) and Tamil Nadu (The Tamil Nadu Prevention of Food Adulteration Rule, 1955). The rules enable any person/entity manufacturing / storing / selling food articles to be registered under the provisions of the respective Rules.

Environmental Laws, Rules & Regulations

The three major statutes in India which seek to regulate and protect the environment against pollution related activities in India are the Environment Protection Act, 1986, the Water (Prevention and Control of Pollution) Act 1974 and the Air (Prevention and Control of Pollution) Act, 1981. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards, or PCBs, which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down. These are required to be renewed annually.

The issue of management, storage and disposal of hazardous waste is regulated by the Hazardous Waste Management Rules, 1989 made under the Environment Protection Act. Under these rules, the PCBs are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

In addition, the Ministry of Environment and Forests looks into Environment Impact Assessment (EIA). The Ministry receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment is assessed by the Ministry before granting clearances for the proposed projects.

Airports Authority of India Act, 1994

The Act lays down the provision restricting any person (a) erect or place or raise any building or any movable or immovable structure or fixture; (b) display or spread any goods; (c) bring or keep any cattle or other animal, on or against or in front of any airport premises except in accordance with the authority (whether by way of grant or any other mode of transfer) under which he was allowed to occupy such airport premises.

Labour Legislations

A brief description of certain labour legislation is set forth below:

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970, as amended (the "CLRA"), requires establishments that employ or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour.

The CLRA requires the principal employer of an establishment to which the CLRA applies to make an application to the registering officer in the prescribed manner for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a licence and not to undertake or execute any work through contract labour except under and in accordance with the licence issued.

To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, drinking water, washing facilities, first aid facilities, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be imposed for contravention of the provisions of the CLRA.

Minimum Wages Act, 1948

State governments may stipulate the minimum wages applicable to a particular industry. The minimum wages may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government.

Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to Rs. 500 or both.

Workmen's Compensation Act, 1923

The Workmen's Compensation Act, 1923 ("WCA") has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/loss of

life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

Payment of Bonus Act, 1965

Pursuant to the Payment of Bonus Act, 1965, as amended (the “Bonus Act”), an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus.

Contravention of the provisions of the Bonus Act by a company is punishable with imprisonment for a term of up to six months or a fine of up to Rs. 1,000 or both, against persons in charge of, and responsible to our Company for the conduct of the business of our Company at the time of contravention.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, as amended (the “Gratuity Act”), an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed Rs. 350,000.

An employee is said to be ‘in continuous service’ for a certain period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The employee is also deemed to be in continuous service if the employee has worked (in an establishment that works for at least six days in a week) for at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (the “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. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the “EPF Act”) provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

Standards of Weights and Measures Act, 1976.

The Standards of Weights and Measures Act, 1976 was enacted to establish standards of weights and measures and to regulate inter trade or commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and to provide for matters connected therewith.

Municipal Corporations Act for Respective States

Hotels being forms of trade are required to obtain a trade license under the Municipal Corporations Act applicable to each State where the hotels are located. A Trade License is issued by the regional Medical Officer of Health, within whose jurisdiction the hotel is located. On receipt of an application for the trade license, Medical Officer of Health upon inspection of the premises based on certain fixed parameters and satisfaction shall issue a Trade License in the name of the hotel. Further, the various State Governments in India have passed rules and regulations to regulate trades within their respective States.

OUR HISTORY AND CERTAIN CORPORATE MATTERS

Our History

Our Company was incorporated in Mumbai on February 1, 1983 as a private limited company under the name and style of Pride Hotels Private Limited having its registered office at 908 Dalamal Tower, 211, Nariman Point, Mumbai 400 021 since the date of its inception. Our Corporate Identity Number (CIN) is U55200MH1983PLC029226.

Our Company was converted to a public limited Company pursuant to a special resolution passed at the extraordinary general meeting of the Company held on December 26, 2005. The Registrar of Companies, Mumbai has on June 13, 2007 issued a fresh certificate of incorporation consequent to change of name to Pride Hotels Limited. For further information, please refer to “Our Business” and “Management’s Discussions and Analysis of Financial Condition and Results of Operations” on pages 76 and 156 respectively.

Main Objects of the Company

Our main objects as contained in our Memorandum of Association are:

- 1 To carry on the business of hotel, restaurant; café, tavern refreshment room and boarding and lodging house keepers, licensed victuallers, wine, beer and spirit merchants, brewers, malsters, distillers, importers and exporters of mineral and artificial waters and other drinks, purveyors and esterers for public amusements generally.
- 2 To provide lodging and boarding and other facilities to the public including tourists, visitors and other delegates coming to India from foreign countries and to encourage and carry on and facilitate tourists trade in India.

The present business of the Company is as per the main objects as contained in the Memorandum of Association.

Changes in Memorandum of Association

The following amendments have been effected to the Memorandum of Association since incorporation:

Date of General Meeting	Authorized Capital	Details of the authorized share capital as approved at the General Meetings
February 1, 1983 (incorporation)	Rs. 0.1 million	1,000 equity shares of Rs 100 each
March 2, 1985	Rs. 0.5 million.	5,000 equity shares of Rs 100 each
April 23, 1985	Rs. 2.5 million.	25,000 equity shares of Rs 100 each
October 7, 1985	Rs. 5 million.	50,000 equity shares of Rs 100 each
December 2, 1985	Rs. 7.5 million.	75,000 equity shares of Rs 100 each
June 23, 1990	Rs. 10 million.	100,000 equity shares of Rs 100 each
April 1, 1994	Rs. 10 million	Sub division of the authorized capital of the Company comprising of 100,000 equity shares of Rs. 100 each into 1,000,000 equity shares of Rs. 10 each
April 1, 1994	Rs. 30 million.	3,000,000 equity shares of Rs. 10 each
August 12, 1997	Rs. 30 million	Consolidation of the authorized capital of the Company comprising of 3,000,000 equity shares of Rs. 10 each into 300,000 equity shares of Rs. 100 each
August 12, 1997	Rs. 40 million.	400,000 equity shares of Rs. 100 each
March 25, 2004	Rs. 45 million.	450,000 equity shares of Rs. 100 each
December 30, 2004	Rs. 100 million.	1,000,000 equity shares of Rs. 100 each
July 12, 2007	Rs. 100 million	Sub division of the authorized capital of the Company comprising of 1,000,000 equity shares of Rs. 100 each into 10,000,000 equity shares of

Date of General Meeting	Authorized Capital	Details of the authorized share capital as approved at the General Meetings
		Rs. 10 each
August 7, 2007	Rs. 210 million.	18,750,000 equity shares of Rs. 10 each and 2,250,000 preference shares of Rs.10 each
October 31, 2007	Rs. 310 million.	28,750,000 equity shares of Rs. 10 each and 2,250,000 preference shares of Rs.10 each
March 30, 2010	Rs. 310 million.	Reclassification of the share capital 28,750,000 equity shares of Rs. 10 each and 2,250,000 preference shares of Rs.10 each, reclassified as 31,000,000 equity shares.
September 17, 2010	Rs. 420 million	42,000,000 equity shares of Rs. 10 each.

Key Milestones of our Company

Year	Event
1983	Incorporation of Pride Hotels Limited
1988	The Company commissioned its first owned hotel with 70 rooms in the city of Pune, Maharashtra, India.
1992	41 additional rooms commissioned in the Pune hotel.
2004	Acquired semi built property in the city of Ahmedabad, Gujarat and commissioned a hotel with 110 rooms.
2006	Started construction for setting up a hotel at Bengaluru, Karnataka, India
2006	Took over the operations and management of Pride Hotel, Nagpur on lease
2006	Registered as One Star Export House by the Office of the Joint Director General of Foreign Trade, Ministry of Commerce, and Government of India.
2007	Acquired Hotel in Chennai, which was renovated and commissioned in February, 2007.
2007	Private Equity Investment from investors viz. Kotak India Real Estate Fund-I, Primary Real Estate Fund, Mauritius and Primary Real Estate Advisors Private Limited for Company's expansion scheme..
2008	The Pride Amber Vilas Resort, Jaipur commenced operations under a management services agreement.
2009	Started operation of a 100 room hotel at Bengaluru
2009	54 additional rooms commissioned in the "Pride Hotel, Ahmedabad".
2009	The Pride Biznotel, Ranipet commenced operations under a management services agreement
2009	The Pride Biznotel, Salem commenced operations under a management services agreement
2009	The Pride Park Premier, Gurgaon, NCR commenced operations under a management services agreement
2010	Entered into a Development Agreement with DIAL for the construction of a hotel in New Delhi located in the area forming part of the Indira Gandhi International airport site.

Awards and Achievements of the Company and Directors

- Late Rai Bahadur, M.S. Oberoi Memorial award for outstanding contribution to Hospitality Industry in Year 2006 from Indian International Tourism Council, awarded to Shri. S.P. Jain.
- Best Upcoming Luxury Hotel for the Pride Hotel, Ahmedabad awarded by "Hospitality India" in the year 2007.
- Mr. Satyen Jain, Chief Executive Officer of Pride Hotels Limited, was awarded the 'Young Entrepreneur of the Year' award by Federation of Hotel & Restaurant Association of India in 2007.
- Our Company was awarded the Best Upcoming Luxury Hotel (Pride Hotel, Ahmedabad) at the 3rd Annual Hospitality India International Awards, 2007, in association with Singapore Tourism.

- The Company was awarded the CNBC TV 18 “Emerging India Award” London, 2008 by ICICI Bank.
- Our Company was awarded the “Fastest Growing Chain of Hotels” award by the 4th Hospitality India & Explore the World Annual International Awards – 2008, in association with Egyptian Tourism Authority and Egypt Air.
- Mr. Arun Nayar, received the award for Pride Hotel, Bengaluru “Emerging Best Hotel of the Year” Award by Stars of the Industry Awards, the Golden Star Awards 2009.
- Global Leadership Award to Mr. Arun Nayar, Director at Golden Star Awards, 2010.

Scheme of Amalgamation / Arrangement

The Pride Hotel Ahmedabad was acquired by our Company under a scheme of amalgamation of our company with Shubhlaxmi (Bodakdev) Properties Private Limited Pursuant to the said scheme of amalgamation it was proposed to merge the undertaking of Shubhlaxmi (Bodakdev) Properties Private Limited (“SPPL”) including transfer of all free hold immovable properties of SPPL with the Company with effect from April 1, 2003. As consideration for the aforesaid transfer, every shareholder of SPPL holding 100 equity shares of Rs.10 each was issued and allotted 1 Equity Share of the Company of Rs.100 each aggregating to 41,896 Equity Shares and the equity shares so issued and allotted rank pari passu with the existing shares of the Company. The Scheme of Amalgamation of Shubhlaxmi (Bodakdev) Properties Private Limited (“SPPL”) with the Company was sanctioned by the Bombay High Court and High Court of Gujarat vide Orders dated April 8, 2005 and March 31, 2006 respectively. The said scheme fixed the share exchange ratio at 100:1, i.e. for every 100 equity shares of Rs. 10 each of the Transferor Company, 1 equity share of Rs. 100 each of the transferee company. A certificate was issued by Sanjay Raja Jain & Co., Chartered Accountants dated December 15, 2003 for the determination and analysis of the Share exchange ratio for the said amalgamation.

The shareholding of our Promoters in the Transferor Company was as under:

Mr. S.P. Jain – 10,000 equity shares of Rs. 10 each
 Mr. Satyen Jain – Nil
 ASP Enterprises Private Limited – 460,000 equity shares of Rs. 10 each
 Kopra Estates Private Limited – 246,000 equity shares of Rs. 10 each

Consequently, in accordance with the share exchange ratio fixed, our Promoters were allotted shares in the Company as under:

Mr. S.P. Jain – 100 equity shares of Rs. 100 each
 Mr. Satyen Jain – Nil
 ASP Enterprises Private Limited – 4,600 equity shares of Rs. 100 each
 Kopra Estates Private Limited – 2,460 equity shares of Rs. 100 each.

Number of Shareholders of our Company

As on date, our Company has 28 shareholders.

Our Subsidiaries

The Company has three subsidiaries as per details given below. None of the subsidiaries has a negative networth.

1. Pride Beach Resorts Private Limited

Pride Beach Resorts Private Limited was incorporated as a private limited company in Mumbai on May 27, 1997 with company registration no.11-108258 and CIN U55101MH1997PTC108258.

The registered office of the company is situated at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021. The main object of Pride Beach Resorts Private Limited is to carry on the business of Hotel, Holiday Resort, Health Resort, Restaurant, Café, etc.

Pride Beach Resorts Private Limited is a 99.97% owned subsidiary of the Company and the owner of land admeasuring 28,375 square meters at Cavelossim, South Goa. Our Company has taken on lease the above said land for the purpose of constructing and operating a resort hotel at Goa.

Pride Beach Resorts Private Limited has an authorised equity capital of Rs.3.00 million and a paid up capital of Rs.3.00 million, divided into 3,00,000 equity shares of Rs.10 each. This company is an unlisted company and it has not made any public or rights issue in the preceding three years. This company has not become a sick company under the meaning of SICA and it is not under winding up. Pride Beach Resorts Limited is not detained as a wilful defaulter by the RBI or any other Government Authority and there are no violations of SEBI Regulations committed by it in the past or are pending against it.

Shareholding Pattern

The Shareholding pattern of Pride Beach Resorts Private Limited is as under:-

Sr. No.	Shareholder	No. of Shares	Percentage of total share capital (%)
1	Pride Hotels Limited	2,99,900	99.97
2	S. P. Jain HUF	100	0.03
	Total	3,00,000	100

Constitution of the Board

The Board of Directors of Pride Beach Resorts Private Limited is as under:-

1. Mr. S.P. Jain
2. Mr. Satyen Jain

2. Somti Hotels Private Limited

Somti Hotels Private Limited was incorporated as a private limited company in Chennai on October 7, 2005 with company registration no. 57764 and CIN U55101TN2005PTC057764. The registered office of the company is situated at 220, Poonamallee High Road, Kilpauk, Chennai – 600 010, Tamil Nadu. The main object of Somti Hotels Private Limited is to carry on business as travel and tour operators and to engage in the business of hospitality, to construct, acquire and run hotels, resorts, catering establishments, restaurants etc.

Somti Hotels Private limited has an authorised share capital of Rs.10 million and paid up capital of Rs.10 million divided into 1,000,000 equity shares of Rs.10 each. This company is a 100% subsidiary of Pride Hotels Limited, and has entered into a Lease Agreement with Pride Hotels Limited in respect of the property owned by it at Chennai. Somti Hotels Private limited is an unlisted company and it has not made any public or rights issue in the preceding three years. This company has not become a sick company under the meaning of SICA and it is not under winding up. Somti Hotels Private Limited is not detained as a wilful defaulter by the RBI or any other Government Authority and there are no violations of SEBI Regulations committed by it in the past or are pending against it.

Shareholding Pattern

The Shareholding pattern of Somti Hotels Private Limited is as under:-

Sr. No.	Shareholder	No. of Shares	Percentage total share capital (%)
1	Pride Hotels Limited	999,999	100.00
2	Satyen Jain	1	0.00
	Total	1,000,000	100.00

Constitution of Board

The Board of Directors of Somti Hotels Private Limited is listed below:-

1. Mr. S.P. Jain
2. Mr. Satyen Jain

3. Indralok Hotels Private Limited

Indralok Hotels Private Limited was incorporated as a private limited company in Chennai on September 29, 2005 with registration no. 57672 and CIN U55101TN2005PTC057672. The registered office of the company is situated at 216, Poonamallee High Road, Kilpauk, Chennai, Tamil Nadu – 600 010.

The main objects of the Indralok Hotels Private Limited is to engage in the business of hospitality and to construct, acquire and run hotels, resorts, catering establishments, restaurants, etc and to carry on business as travel and tour operators.

Indralok Hotels Private Limited has an authorised share capital of Rs.24 million and a paid up share capital of Rs.24 million divided into 2,400,000 Equity Shares of Rs.10 each. The company is an unlisted company and it has not made any public or rights issue in the preceding three years. Indralok Hotels Private Limited is a 100% subsidiary of Pride Hotels Limited and is the owner of the land and hotel building situated at 216, Poonamallee Road, Kilpauk, Chennai. It has entered into a Lease Agreement with Pride Hotels Limited under which Pride Hotels Limited is operating and managing the Chennai hotel. Indralok Hotels Private limited is an unlisted company and it has not made any public or rights issue in the preceding three years. This company has not become a sick company under the meaning of SICA and it is not under winding up. Somti Hotels Private Limited is not detained as a wilful defaulter by the RBI or any other Government Authority and there are no violations of SEBI Regulations committed by it in the past or are pending against it.

Shareholding Pattern

The Shareholding pattern of Indralok Hotels Private Limited is as under:-

Sr. No.	Shareholder	No. of Shares	Percentage total share capital (%)
1	Pride Hotels Limited	2,399,998	100.00
2	S.P. Jain	1	0.00
3	Satyen Jain	1	0.00
	Total	2,400,000	100.00

Composition of Board

The Board of Directors of Indralok Hotels Private Limited is listed below:-

1. Mr. S.P. Jain
2. Mr. Satyen Jain
3. Mr. K. Murugesan
4. Mrs. Meena Jain

Shareholders Agreements

Our Company has entered into the following shareholders agreements:

- A. Share Subscription cum Shareholders Agreement dated September 7, 2007 between Pride Hotels Limited (the Company), Kotak India Real Estate Fund – I (“KIREF-I”) and some of its shareholders, as amended by way of an Amendment Agreement dated September 27, 2010

The Executing Shareholders consist of the following entities:

(1) Somtibai P.Jain (2) Sureshchand Dhannalal HUF through its Karta Mr. S.P.Jain (3) ASP Enterprises Limited (4) Executive Housing Finance Company Private Limited (5) Meena Jain and Sureshchand P. Jain (6) S.P.Realtors Private Limited (7) Pride Plaza (India) Private Limited (8) S.P.Capital Consultants Private Limited (9) The Executive Inn Limited (10) Kopra Estates Private Limited (11) Premchand Chaturlal HUF through its Karta Mr. S.P.Jain (12) SatyenJain (13) Sureshchand P.Jain (14) Meena S.Jain (15) S.P.Capital Financing Limited (16) Pride Paradise and Development Private Limited (17) Pride Center and Development Private Limited.

The Confirming Shareholders consist of the following entities:

(1) Arvind P.Jain (2) D.P.Jain (3) Kamal C.Jain

The Executing Shareholders and the Confirming Shareholders together are referred to as the “Shareholders”.

The Executing Shareholders; KIREF-I and the Company have entered into a Share Subscription cum Shareholders Agreement dated September 7, 2007 (“SS&SHA”).

The key terms of the SS&SHA, as amended, are as under:

1. KIREF-I, a scheme of Kotak Mahindra Realty Fund, a trust registered under the Indian Trusts Act, 1882, acting through its trustee Kotak Mahindra Trusteeship Services Limited, has subscribed to 1,000 Equity Shares of face value Rs. 10 each at par, and 2,249,950 Redeemable Optionally Convertible Preference shares of Rs.10 each of the Company (“Preference Shares”) at a price of Rs.200 per preference share, aggregating to a total consideration of Rs. 450,000,000 (Rupees Four Hundred and Fifty Million Only).

[**Note:** On December 17, 2010, KIREF-I exercised its conversion rights and converted the 2,249,950 Redeemable Optionally Convertible Preference shares into 2,249,950 equity shares in the ratio of 1:1]

2. The Board of Directors of the Company shall include one nominee director of KIREF-I.
3. The parties have also undertaken to ensure that KIREF-I shall, at all times, exercise its votes through its appointed/ nominated director at board and shareholders meetings of the Company held from time to time.
4. The Company has agreed to arrange to make an initial public offering by March 31, 2012. It has been further agreed by the parties that in the event the Company fails to make an initial public offering on or before the agreed date, KIREF-I has the right to sell its shareholding in the Company in the manner prescribed in the SS&SHA or call upon the Company to redeem/ repurchase the shareholding of KIREF-I at the rate of Rs.430, per share, subject to proportional adjustments for stock splits, stock dividends, rights issues, bonuses, etc.
5. Except with the affirmative vote of the KIREF-I, no resolution shall be passed in respect of inter alia, acquisition of shares or assets of other businesses, creation of joint ventures/ partnerships, mergers, demergers, consolidations, divestment of or sale of assets of the business, lease license or creation of charge etc.
6. *It is agreed by the parties that the special rights conferred on KIREF-I under the agreement such as affirmative voting rights, right to call upon the Company to repurchase shares, anti-dilution rights, information rights etc., shall cease and fall away upon completion of the IPO by the Company.*

B. Agreement dated September 27, 2010 executed between Kotak India Real Estate Fund – I (“KIREF-I”) and some of its shareholders forming part of the Promoter Group (“Executing Shareholders”).

As per the terms of the said agreement, it is agreed that in the event that the total value of equity shares held KIREF-I calculated at the Issue Price (“**Actual Investment Value**”) is lower than the KIREF-I’s investment amount of Rs.450 million (“**Investment Amount**”), the Executing Shareholders shall be, jointly and severally liable to make payment of the differential amount

between the Investment Amount and the Actual Investment Value to KIREF-I so as to equate the average cost of acquisition of equity shares held by KIREF-I to the Issue Price.

It is clarified that our Company is not a party to the said agreement and has no rights or obligations thereunder.

C. Memorandum of Understanding dated December 15, 2007 between Pride Hotels Limited (the Company), S.P. Jain and Satyen Jain (the Promoters), Primary Real Estate Investments (Primary Fund) and Primary Real Estate Advisors Private Limited (Primary India)

The key terms of the Memorandum of Understanding are as under:

1. The consideration for purchase of the 370,380 Equity shares in the aggregate by Primary Fund and Primary India shall be Rs. 270 per Equity Share. Primary Fund and Primary India shall pay the above amount at the time of making its application for purchase of the said shares on receipt of which amount the Company shall allot the said shares to Primary Fund and Primary India.
2. The Company shall indemnify Primary Fund and Primary India for any losses incurred or suffered arising out of breach of any of the representations and warranties made by the Company or obligations under the agreement. This condition lapses on the Company making the IPO.

Further, Mr. S.P. Jain and Mr. Satyen Jain, our Promoters, had vide a letter dated December 15, 2007 confirmed *inter alia* that in the event that our Company does not come out with an IPO on or before three years of the MoU, then, at the option of Primary Fund and Primary India, the Company and/or the Promoter/s shall buy back all of the shares purchased by Primary Fund and/or Primary India at a price being higher of a) Price determined by an independent valuation as per net asset value; and b) Price determined by an independent valuation as per price earning multiple. It was further confirmed that Primary Fund and/or Primary India may exercise the said option at anytime after the expiry of said three years period and that the Company and/or the Promoter/s shall have six months to complete all the formalities relating to the buy-back. In this regard, Primary Fund and Primary India, have vide letters dated September 21, 2010 waived their rights to call upon the Company and/or its Promoters to buy back the shares held by them, provided that such waiver shall cease to be in force in the event of the proposed issue not opening within 12 months of receipt of final observations issued by SEBI in respect of the draft red herring prospectus to be filed by the Company.

Other Agreements

- (i) ***Development Agreement dated February 24, 2010 between Delhi International Airport Private Limited (DIAL) and Pride Hotels Limited (Developer) for the purpose of developing, designing, financing, constructing, owning, operating and maintaining of the Asset (namely, a hotel) upon the Asset Area 5A being a part of the entire 5,000 acres forming a part of the site of the Indira Gandhi International Airport***

Through this agreement our Company has agreed to acquire development rights over the Asset Area 5A forming a part of the entire 5,000 acres forming a part of the site of the Indira Gandhi International Airport for the purposes of developing, designing, financing, constructing, owning, operating and maintaining a hotel.

Grant: DIAL has granted to the Developer the exclusive right and authority during the Term to undertake and implement the hotel upon Asset Area 5A and also granted a license to the Developer in respect of the Asset Area 5A for the sole purpose of undertaking the hotel project in consideration of the License fee. The Grant is irrevocable for the Term, except in accordance with the provisions of the Agreement.

Term: The Term of the Agreement is till May 02, 2036. The term may be extended additionally for a period of 30 years subject to AAI extending the term for DIAL. DIAL shall inform in writing to the Developer at least 18 months prior to the expiry of the Initial Term whether DIAL's term has been extended by AAI.

Equity Lock in: The Developer shall ensure that the existing shareholders of the Developer shall in aggregate hold at least 51% of its total issued and paid up equity share capital upto a period of 24 months after commencement of the hotel operations. Existing shareholders have a right to create a pledge on the shares of the Developer, in favour of the Lenders for the purpose of financing the Project.

License Fee: Our Company has to pay an annual license fee in accordance with the agreed schedule as specified in the Development Agreement for the initial term of 30 years. Our Company is required to pay the license fee in advance within 15 days of the commencement of each year.

In addition to the License fee and in order to secure the payment of the annual License fee in accordance with this Agreement and the performance of all other obligations under the Development Agreement, the Developer has agreed to pay DIAL a sum equal to three (3) times the average aggregate annual License Fees for the Term as a security deposit. 50% of the security deposit shall be payable concurrently with the execution of this Agreement. 25% of the security deposit, shall be payable within 6 months from the date of the Agreement. The remaining 25% of the security deposit shall be payable on or before the first anniversary from the date of the Agreement.

Defaults:

The following shall be considered as default by the Developer:

- (a) Failure of the developer to pay to DIAL the License Fee or any failure to pay any charges as required to be paid under the Infrastructure development and the Services Agreement.
- (b) Any material breach by the Developer of any terms and conditions of the agreements entered into in relation with the hotel project.
- (c) A breach of any representation or warranty by the developer which has a material adverse effect on the Project.
- (d) The developer using or permitting or causing the use of Asset Area 5A for purposes other than for the development of Assets or development of Assets which is in violation.
- (e) The possession, usage, development, designing, operation and/or maintenance of Asset Area 5A, Assets and/or Project in violation of any obligation of DIAL.
- (f) Any material failure of the developer to observe, performs, fulfill and comply with all the covenants.
- (g) Failure to comply with the approved development plans.
- (h) Commencement of commercial operations of any Asset without receiving a commencement notice.
- (i) The Developer doing or permitting to be done any act, matter, deed or thing in violation of applicable law.
- (j) The Developer mortgaging, assigning or encumbering its rights and license to the Asset Area 5A or any portion thereof in favour of any third party.
- (k) The developer going into liquidation or dissolution, or any of the Assets of the Developer being placed in the hand of receiver, custodian or liquidator or if a winding up order in respect of the Developer is passed.
- (l) The Developer setting up an interest in the Asset Area 5A or any portion thereof adverse to that of DIAL.
- (m) Any material breach, default, contravention, non-observance, non-performance of any of the terms and conditions of the Agreement.
- (n) Non compliance of the lock in provisions.
- (o) Occurrence of any event of default of the Developer under any Agreement entered into with any lenders for the purpose of financing the project.
- (p) Failure of the developer to pay to DIAL any tranche of the security deposit in accordance to the Agreement.

The following shall be considered as default by DIAL:

- (a) Any material breach by DIAL of its obligations under the Agreement.

- (b) A breach of any representation or warranty by DIAL which has a material adverse effect on the developer's ability to perform its obligations under this Agreement.

If the breach is not cured by the defaulting party within the cure period, the non defaulting party shall have the right to terminate the Agreement by issuance of a termination notice.

Consequences of Termination:

In the event of default by Developer, the consequences of termination shall be as under:

- (a) Prior to commencement of commercial operations, the Developer shall remove all the assets from the Asset Area 5A and hand over the vacant possession to DIAL and DIAL shall not be required to make any payment to the Developer. Additionally DIAL shall be entitled to forfeit 50% of the amount deposited as the security deposit.
- (b) Post commencement of commercial operations, DIAL or any entity designated by it shall acquire all of Developer's rights, title interests in and to the Assets, on payment to the Developer, on the Transfer date, of the lower of book value of the Assets as recorded in the books of the Developer or Building Value (as defined under the Development Agreement). Additionally DIAL shall be entitled to forfeit 50% of the amount deposited as the security deposit.

In the event of default by DIAL, the consequences of termination shall be as under:

- (a) Prior to commencement of commercial operations, DIAL or any entity designated by it shall acquire all of Developer's rights, title and interests in and to the Assets on payment, to the Developer on the Transfer Date, the construction costs incurred by the Developer up to the date of the termination Notice simultaneously with the Developer transferring the possession of Asset Area 5A, together with all assets thereon to DIAL.
- (b) Post commencement of commercial operations DIAL or any entity designated by it shall acquire all of Developer's rights, title and interests in and to the Assets on payment, to the Developer on the Transfer Date of Building Value of the Assets as defined under the Development Agreement, simultaneously with the transfer of the Assets to DIAL.

Transfer Provisions: Upon termination of the Agreement, DIAL to acquire the Assets and the Developer to ensure that on the Transfer date the interest of the developer in:

- (a) All immovable property, assets, structures, buildings etc be transferred to DIAL, or its nominee clear of any encumbrance and with good title.
- (b) The rights and obligations pursuant to all the contracts relating to the Assets and other arrangements entered into in accordance to the Agreement between the Developer and any third party shall at the option of DIAL be vested in DIAL, or its nominee, clear of any encumbrance and in good title.
- (c) The rights and obligations pursuant to all other contracts, assets, property and rights relating to the Assets and other arrangements entered into in accordance to the Agreement shall be vested in DIAL, or its nominee, clear of any encumbrance and in good title.

Dispute Resolution: All disputes arising out of the Agreement shall be referred to a tribunal comprising three (3) arbitrators under the Arbitration and Conciliation Act, 1996. Each party shall appoint an arbitrator and the two arbitrators thus appointed shall appoint the third arbitrator who will act as the presiding arbitrator. The venue of the arbitration shall be New Delhi. The governing law shall be the laws of India.

(ii) ***Infrastructure Development and Services Agreement dated February 24, 2010 between Delhi International Airport Private Limited (DIAL) and Pride Hotels Limited (Developer).***

We have also entered into an Infrastructure Development and Services agreement with DIAL dated February 24, 2010 where in DIAL has undertaken to develop the infrastructure facilities for the hotel including power supply, raw water infrastructure, road networks, fire fighting, storm water, sewage treatment, facility management etc. In lieu of this, our Company shall pay DIAL an advance development cost amounting to Rs 264.00 million in three tranches from a year of the date of this agreement.

Covenants:

- (a) The Developer shall pay the advance development cost and maintenance charges to DIAL in accordance to the Agreement.
- (b) The Developer shall not interfere or impedes in any manner the development of the Infrastructure Facilities or the provisions of the Infrastructure Services by DIAL.
- (c) The Developer shall adhere to and comply with the changes and modifications in the concept master plan as intimated by DIAL during the Term.

Dispute resolution:

All disputes arising out of the Agreement shall be referred to a tribunal comprising three (3) arbitrators under the Arbitration and Conciliation Act, 1996. Each party shall appoint an arbitrator and the two arbitrators thus appointed shall appoint the third arbitrator who will act as the presiding arbitrator. The venue of the arbitration shall be New Delhi. The governing law shall be the laws of India.

(iii) **Agreement dated July 26, 1995, between the Government of Maharashtra through SICOM and Jagsons Hotels Private Limited for the Grant of Incentive for setting up hotel in Nagpur;**

Rights and Obligations: Under a special scheme to encourage dispersal of industries outside the Mumbai/Thane-Pune belt and to attract industries in the developing areas of the State of Maharashtra, the Government of Maharashtra through SICOM has agreed by this Agreement to grant Special Capital Incentives of Rs. 2.5 million to Jagsons Hotels Private Limited. This incentive is granted on the basis that Jagsons Hotels Private Limited has agreed to make a fixed capital investment amounting to Rs. 41.8 million.

The agreement further states that in the event that the Government ultimately deciding that Jagsons is not entitled to the whole amount or some part of it due to any change in the Fixed Capital Investment or any other reason whatsoever, the entire amount of the grant or any such excess amount of grant shall be repaid on demand to SICOM as agent of the Government along with interest thereon at the rate of 20.5% per annum or such other higher rate as may be fixed by the SICOM, along with costs, charges and expenses thereon from the date of disbursement till the date of repayment.

The agreement provides that Jagsons may not make any change in its constitution or dispose of any of its fixed assets of its Unit without the prior written consent of SICOM.

Term: The Agreement shall remain in force for a period of 25 years from the date of commercial production of the Hotel Unit as determined by SICOM. In the alternative the agreement will remain in operation till the entire amount of Sales tax Incentives availed of by way of an exemption is fully paid and a clearance certificate is obtained from the Sales Tax Authorities.

Disputes: According to the Agreement, the Courts of Bombay have exclusive jurisdiction in case of any disputes arising between the parties.

While the Agreement dated July 26, 1995 has been executed between Government of Maharashtra through SICOM and Jagsons Hotels Private Limited, SICOM has issued an Addendum to the Eligibility Certificate No. FINC (I)/1988/Exemption/EC 2493, bearing reference number FINC

(I)/1988/EXEMPTION/EC 2493 dated November 19, 1999 substituting the name of “Jagsons Hotels Private Limited” with “The Pride Hotel, Unit Jagsons Hotel Private Limited”

Management Services Agreements

We have entered into various management contract agreements for management and operation of hotels under our brand name “Pride Biznotel” and “Pride Resorts” wherein there is no capital cost involved but we have a certain fixed percentage share in the profits of the Company as is specifically defined in each agreement in return for providing management services and our brand name. Currently we have four hotels wherein we are providing management services located at Ranipet, Salem, Gurgaon, and Jaipur. We have also entered into agreements dated July 29, 2010 and December 9, 2009 for the management of two hotels located at Munnar and Aurangabad respectively which are currently under construction. The key terms of the agreements are as under:

(a) Management Agreement dated June 25, 2010 between the Company and Hotel Park Premier (“Park Premier”).

- **Location of hotel:** Gurgaon
- **Scope:** The Company shall manage, supervise and direct the operations of the hotel
- **Consideration:**
 - (a) **Sales, Marketing and Branding Fee:** 2% of the gross revenue on a monthly basis towards corporate advertising, printing of corporate brochures, participation in travel fairs, exhibitions and sales through regional sales offices.
 - (b) **Incentive fees:** 7% of the gross operating profit of the hotel.
 - (c) All costs pre-approved by Park Premier for travel, boarding & lodging & out of pocket expenses incurred by the corporate team of the Company. These costs shall form part of the Gross Operating Expenses.
- **Term:** 60 months from the date of the agreement. The Company shall give Park Premier at least 6 months notice for renewing the agreement.
- **Termination:** (a) either party can terminate the agreement if there has been any material breach and the defaulting party has not rectified the same within a period of 90 days from the date the notice of such default was intimated. (b) if the Company does not perform as per the benchmark of the competitors then Park Premier shall have option to terminate the agreement by giving 3 months written notice. (c) Park Premier can terminate the agreement at its own discretion if the functioning of the hotel is any manner affected as a result of any dispute between the Company or any of its employee, agent etc or the gross operating profit is in the negative for a continuous period of 15 months.
- **Post termination:** On termination the Company shall hand over charge of all inventories to Park Premier in good condition.

(b) Management Agreement dated November 30, 2009 between the Company and Hotel Southson Private Limited (“Southson”).

- **Location of hotel:** Salem.
- **Scope:** The Company shall manage, supervise and direct the operations of the hotel.
- **Consideration:**
 - (a) **Advance Commitment Fees:** upon signing the agreement Southson shall pay the Company Rs. 300,000.
 - (b) **Sales, Marketing and Branding Fee:** 3% of the gross revenue on a monthly basis to be paid within 10 days of submission.
 - (c) **Management Fees:** Base management fees of 3% of the gross revenue of the hotel.
 - (d) **Incentive Management fees:** 6% of the gross operating profit of the hotel annually.
 - (e) All costs pre-approved by Southson for travel, boarding & lodging & out of pocket expenses incurred by the corporate team of the Company. These costs shall form part of the Gross Operating Expenses.
- **Term:** 5 years from the date of the agreement which may be further renewed for a period of 5 years on mutual consent.
- **Termination:** either party can terminate the agreement if, (a) there has been any material breach and the defaulting party has not rectified the same within a period of 60 days from the date the

notice of such default was intimated. (b) there is any defalcation or diversion of fund (breach of trust).

- **Post termination:** On termination the Company shall hand over charge of all inventories to Southson in good condition.

(c) **Management Agreement dated March 12, 2009 between the Company and Geekay Residency (“Geekay”).**

- **Location of hotel:** Ranipet.
- **Scope:** The Company shall manage, supervise and direct the operations of the hotel.
- **Consideration:**
 - (a) **Advance Commitment Fees:** upon signing the agreement Geekay shall pay the Company Rs. 300,000.
 - (b) **Sales/ Base Management Fee:** 5.5% of the gross income of the hotel and the amount of such management fees shall be included as part of the gross operating expenses to be paid within 10 days of submission.
 - (c) **Incentive Management fees:** 7% of the gross operating profit of the hotel annually.
 - (d) All costs pre-approved by Geekay for travel, boarding & lodging & out of pocket expenses incurred by the corporate team of the Company. These costs shall form part of the Gross Operating Expenses.
- **Term:** 5 years from the date of the agreement which may be further renewed for a period of 5 years on mutual consent.
- **Termination:** either party can terminate the agreement if, (a) there has been any material breach and the defaulting party has not rectified the same within a period of 60 days from the date the notice of such default was intimated. (b) there is any defalcation or diversion of fund (breach of trust).
- **Post termination:** On termination the Company shall hand over charge of all inventories to Geekay in good condition.

(d) **Management Agreement dated March 20, 2008 between the Company and K.G. Recreational & Tourist Centre Private Limited (“K.G. Recreational”).**

- **Location of hotel:** Jaipur
- **Scope:** The Company shall manage, supervise and direct the operations of the hotel
- **Consideration:**
 - (e) **Advance Commitment Fees:** upon signing the agreement K.G. Recreational shall pay the Company Rs. 500,000.
 - (f) **Sales/ Base Management Fee:** 3% of the gross operating income of the hotel and the amount of such management fees shall be included as part of the gross operating expenses to be paid within 10 days of submission.
 - (g) **Incentive Management fees:** 7% of the gross operating profit of the hotel annually.
 - (h) All costs pre-approved by K.G. Recreational for travel, boarding & lodging & out of pocket expenses incurred by the corporate team of the Company. These costs shall form part of the Gross Operating Expenses.
- **Term:** 3 years from the date of the agreement which may be further renewed for a period of 3 years on mutual consent.
- **Termination:** (a) either party can terminate the agreement for any reason by giving not less than 90 days notice or payment in lieu of the notice if the same is terminated before 3 years. (b) breach/ misappropriation of financial nature or diversion of funds will result in immediate termination and compensation in lieu thereof.
- **Post termination:** On termination the Company shall hand over charge of all inventories to K.G. Recreational in good condition.

(e) **Hotel Management Agreement dated July 29, 2010 between the Company and Eagle County Resorts Private Limited (“Eagle County”).**

- **Location of hotel:** Munnar, Kerala (Yet to commence).
- **Scope:** The Company shall manage, supervise and direct the operations of the hotel.

- **Advertising and Sales Promotion:** The Company has to use all its India sales network including staff, hardware and software for promoting sales and bookings for the hotel.
 - **Use of the Company's Brand Name/Trademark/Logo:** The hotel is entitled to be known and designated as 'Pride Eagle County Resorts' or such other word with the logo of Eagle County and affix the words 'Pride'.
 - **Consideration:**
 - (i) **Advance Commitment Fees:** upon signing the agreement Eagle County shall pay the Company Rs. 500,000.
 - (j) **Sales, Marketing and Branding fee:** 3% of the gross revenue on a monthly basis.
 - (k) **Management Fee:** 4% of the gross revenue of the hotel to market and operate the hotel.
 - (l) **Incentive Management fees:** 7% of the gross operating profit of the hotel annually.
 - (m) All costs pre-approved by Eagle County for travel, boarding & lodging & out of pocket expenses incurred by the corporate team of the Company. These costs shall form part of the Gross Operating Expenses.
 - **Term:** 5 years from the date of the agreement which may be further renewed for a period of 5 years on mutual consent.
 - **Termination:** (a) either party can terminate the agreement for material breach if such material breach is not remedied within 60 days of receipt of notice. (b) breach/ misappropriation or defalcation or diversion of funds will result in immediate termination and compensation in lieu thereof. (c) Eagle County may terminate the Agreement if there is a dispute between the Company and its constituents which in the opinion of Eagle County affects the hotel.
 - **Post termination:** On termination the Company shall hand over charge of all inventories to Eagle County in good condition.
- (f) **Management Agreement dated December 9, 2009 between the Company and Automatic Hotels & Restaurants ("AHR").**
- **Location of hotel:** Aurangabad (Yet to commence)
 - **Scope:** The Company shall manage, supervise and direct the operations of the hotel.
 - **Consideration:**
 - (a) **Advance Commitment Fees:** Rs. 500,000 (non-refundable). Rs. 250,000 on signing and Rs. 250,000 30 days prior to proposed opening date shall be paid to the Company on signing the agreement.
 - (b) **Sales, Marketing and Branding Fee:** 2.5% of the gross revenue on a monthly basis towards corporate advertising, printing of corporate brochures, participation in travel fairs, exhibitions and sales through regional sales offices.
 - (c) **Management Fees:** Base management fees of 3% of the gross revenue of the hotel and the management fees shall on a monthly basis be included as part of the gross operating expenses.
 - (d) **Incentive fees:** 7% of the gross operating profit of the hotel.
 - (e) All costs pre-approved by AHR for travel, boarding & lodging & out of pocket expenses incurred by the corporate team of the Company. These costs shall form part of the Gross Operating Expenses.
 - **Term:** 5 years from the date of the agreement. The Company shall give the Owner at least 6 months notice for renewing the agreement.
 - **Termination:** either party can terminate the agreement if, (a) there has been any material breach and the defaulting party has not rectified the same within a period of 60 days from the date the notice of such default was intimated. (b) there is any defalcation or diversion of fund (breach of trust), (c) AHR can terminate the agreement at its own discretion if the functioning of the hotel is any manner affected as a result of any dispute between the Company or any of its employee, agent etc or the gross operating profit is in the negative for a continuous period of 15 months.
 - **Post termination:** On termination the Company shall hand over charge of all inventories to AHR in good condition.

Strategic Partners and Financial Partners

We do not have any strategic partners or financial partners.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association we are required to have not less than 3 directors and not more than 12 directors, subject to Sections 252 and 259 of the Companies Act, 1956. We currently have six directors on our Board.

The following table sets forth details regarding the Board of Directors as of the date of filing this Draft Red Herring Prospectus with SEBI:

S. No.	Name, Designation, Father's Name, Address, Occupation	Age	Date of Appointment and Term	Other Directorships
1	<p>M. Narayanan Chairman S/o Mahalinga Iyer</p> <p>Address: 2-C, K.G. Palam Land, House No. N 21/10, Lynwood Avenue, Mahalingapuram, Chennai 600034</p> <p>Non Executive Director Independent Director</p> <p>Occupation: Professional DIN: 00159288</p>	65 years	<p>Appointed as additional director on December 5, 2007</p> <p>Term: Liable to retire by rotation</p>	<p>1. Cox & Kings Limited</p> <p>2. Krishna Lifestyle Technologies Limited</p> <p>3. Gujarat Hotels Limited</p> <p>4. Royale Indian Rail Tourism Limited</p> <p>5. Neesa Leisure Limited</p>
2	<p>Sureshchand Premchand Jain (S.P. Jain) Managing Director S/o Premchand Jain</p> <p>Address: 501/601-B Vikas Tower, 105/107, Walkeshwar Road Mumbai 400 006</p> <p>Whole Time Director Non Independent Director</p> <p>Occupation: Business Executive DIN: 00004402</p>	60 years	<p>First Appointment as Director dated October 1, 1999.</p> <p>Appointed as Managing Director on June 15, 2007 w.e.f. April 1, 2007 for a period of 5 years</p>	<p>1. Pride Realty Private Limited</p> <p>2. Pride Beach Resorts Private Limited</p> <p>3. Indralok Hotels Private Limited</p> <p>4. Jagsons Hotels Private Limited</p> <p>5. Somti Hotels Private Limited</p> <p>6. Kopra Estate Private Limited</p> <p>7. S P Realtors Private Limited</p> <p>8. S P Capital Financing Limited</p> <p>9. Pride Orchades Private Limited</p> <p>10. ASP Enterprises Private Limited</p> <p>11. Executive Housing Finance Co Limited</p> <p>12. Rohan Hotels Private Limited</p>
3	<p>Srinivasan Subramanian Director S/o R.S Subramanian</p> <p>Address: 204 Shantanu Building Plot No.19, St. Martins Road, Bandra (West) Mumbai 400 050</p>	46 years	<p>Date of Appointment as additional director: September 24, 2007</p> <p>Term: Liable to</p>	<p>1. Kotak Investment Advisors Limited</p>

S. No.	Name, Designation, Father's Name, Address, Occupation	Age	Date of Appointment and Term	Other Directorships
	Non-Executive Director Non-Independent Director Occupation: Business DIN: 00382697		retire by rotation	
4	Arun Nayar Director (Operations) S/o Dharambir Nayar Address: Flat N0. 241, Park View Apartments, South Main Road, Koregaon Park, Pune 411001 Executive Director Non-Independent Director Occupation: Company Executive DIN : 02015803	59 years	Date of Appointment: December 12, 2005 Term: Liable to retire by rotation	Nil
5	Satyen Jain Director and Chief Executive Officer S/o Sureshchand Premchand Jain Address: 501/601-B Vikas Tower, 105/107, Walkeshwar Road Mumbai 400 006 Whole Time Director Non-Independent Director Occupation: Business Executive DIN: 00004486	32 years	First appointment as director on March 5, 2003. Appointed as a whole time director on June 15, 2007 w.e.f. April 1, 2007 for a period of 5 years	1. Pride Beach Resorts Private Limited 2. Indralok Hotels Private Limited 3. Jagsons Hotels Private Limited 4. Somti Hotels Private Limited 5. Kopra Estate Private Limited 6. S P Realtors Private Limited 7. Pride Realty Private Limited 8. ASP Enterprises Private Limited 9. Rohan Hotels Private Limited
6	Rajendra L. Jain Director S/o. Ladakchand Jain Address: 9th floor, Novelty Chambers, Grant Road (E), Mumbai 400007 Non Executive Director Independent Director Occupation: Business DIN: 00473752	55 years	Appointed as Additional Director on September 17, 2010 Term: Liable to retire by rotation	1. Nakoda Flour Mills Private Limited 2. Turakhia Builders Private Limited 3. Goodwill Theatres Private Limited 4. Dromos Technology Private Limited

Relationship amongst Directors

None of our Directors are related to each other except Mr. Sureshchand Premchand Jain and Mr. Satyen Jain who are father and son respectively.

Brief profile of the Board of Directors

M. Narayanan, 65 years, was appointed on the board of our Company on December 5, 2007. Mr. Narayanan has over four decades of experience in the financial sector. He was the Managing Director of Tourism Finance Corporation of India Limited (“TFCI”) from October 1997 till September 2006 and was also appointed as the Chairman of TFCI for the period July 2004 to September 2006. Mr. Narayanan holds a degree in law and a diploma in business management. He is also a Certified Associate of the Indian Institute of Bankers. Mr. Narayanan was a member of the Tourism Advisory Committee constituted by the Planning Commission, Government of India and was also an expert member on a committee constituted by the Indian Banks Association for drafting guidelines for funding tourism projects by banks. He was also awarded the “Udyog Rattan Award” in 2005 by the Institute of Economic Studies, New Delhi for excellence in performance.

Sureshchand Premchand Jain (S. P. Jain), 60 years, is one of the promoters and the Managing Director of the Company. A Chartered Accountant by qualification, Mr. S. P. Jain incorporated the Company under the name of Pride Hotels Private Limited in 1983. Mr. S.P. Jain has overseen the Company’s growth over the years including the take over of hotels in Nagpur and Chennai and the setting up of new hotel at Ahmedabad. He has served as the Honorary Secretary, Federation of Hotel and Restaurant Association of India (FHRAI) and is the Vice President (Western India), Hotel and Restaurant Association of India. He is presently an Executive Committee Member of FHRAI and one of founder trustees of FHRAI-Institute of Hospitality and Management at Noida (U.P.).

Mr. S. P. Jain is also a Member of the Confederation of Indian Industries and Indian Merchants Chamber. He is the Founder Member of Nariman Point Association, Mumbai. Mr. S. P. Jain is the Working President of Akhil Bharatvarshiya Digamber Jain Parishad (Maharashtra) and President of Madhya Pradesh Jain Mitra Mandal. He is a Trustee of Chandraprabhu Digamber Jain Mandir (Bhuleshwar, Mumbai) and a Trustee of Shri Acharya Shantisagar Smarak Trust, Borivali, Mumbai. Mr. S. P. Jain has been awarded the Late. Rai Bahadur, M.S.Oberoi Memorial award for outstanding contribution to Hospitality Industry in Year 2006 from Indian International Tourism Council.

Srinivasan Subramanian, 46 years, was appointed on the board of our Company on September 24, 2007. Mr. Srinivasan joined the Kotak group in January 1993 and was part of Kotak’s investment banking joint venture with Goldman Sachs since its inception in 1995 until 2005. He was the founder of Kotak’s real estate fund and launched the first \$100 million fund that closed in 2006. He is a commerce graduate from Delhi University and has completed his management degree from the Institute of Management Technology, Ghaziabad. He has advised domestic and international companies on capital raising, mergers and acquisition and strategic divestitures. He has been involved in raising funds in the domestic and international equity and debt markets for various Indian and multinational companies including the information technology/ information technology enabled services sector, hospitality, retailing and real estate.

Arun Nayar, 59 years, was appointed on the board of our Company on December 12, 2005. Arun Nayar is our Company’s Director (Operations). He is a professional hotelier with over 38 years experience in the hotel industry. He is a graduate of the Institute of Hotel Management Catering & Nutrition, PUSA, New Delhi. He has also completed Advanced Hotel Management from Libera University, Italy and has specialized in sales and marketing and food and beverage service from Cornell University, USA. Prior to joining our Company, he was the general manager of Marcopolo Hotel and Peninsula Hotel, Dubai and The Atria Hotel, Bengaluru. Arun is the president of the Poona Hoteliers Association as well as a member of the Airports Authority of India, Pune. Arun was awarded the Global Leadership Award Golden Star Awards, 2010.

Satyen Jain, 32, Chief Executive Officer is the co-promoter of Pride Hotels Limited. He is a Director of the Company since March, 2003. Mr. Satyen Jain is a Chartered Accountant and has completed his Masters in Business Administration from S. P. Jain Institute of Management, Mumbai. Mr. Satyen Jain was

awarded the “Young Hotel Entrepreneur of the Year 2006-2007” award by the Federation of Hotel and Restaurant Association of India (FHRAI) in the year 2007.

Rajendra L. Jain 55, Director was born in the year 1955 in Rajasthan and migrated to Mumbai in the year 1975. He started his career as a building contractor and became a full time builder developing projects in Goa and Mumbai. He has 2 decades of experience in the line of film exhibition and as a director of “Goodwill Theatres Private Limited” which owns Novelty Theatres in Mumbai.

Remuneration of Directors

Mr. S.P.Jain

The members of the Company have vide resolution passed in the meeting held on June 15, 2007 approved the appointment of Mr. S.P. Jain as the Chairman and Managing Director of the Company for a period of five years with effect from April 1, 2007 on the following terms and conditions:

1. Salary : Rs 300,000 per month
2. Commission: 1 % of net profits of the Company
3. Perquisites and allowances including accommodation and associated amenities, vehicle, leave travel concession, medical benefits, insurance, club fees, contribution to Provident Fund etc., Gratuity payment, Bonus/exgratia, Company Car, telephone facility and reimbursements of entertainment expenses.

Mr. S.P. Jain has resigned on December 5, 2007 as the Chairman of the Board of our Company and continues to be the Managing Director of the Company.

Mr. S.P Jain has also executed an employment agreement dated September 18, 2007, which governs the terms of his employment.

Mr. Satyen Jain

The members of the Company have vide resolution passed in the meeting held on June 15, 2007 approved the appointment of Mr. Satyen Jain as Whole time Director and Chief Executive Officer of the Company for a period of five years with effect from April 1, 2007 on the following terms and conditions:

1. Salary : Rs 150,000 per month
2. Commission: 0.5% of net profits of the Company
3. Perquisites and allowances including accommodation and associated amenities, vehicle, leave travel concession, medical benefits, insurance, club fees, contribution to Provident Fund etc., Gratuity payment, Bonus/exgratia, Company Car, telephone facility and reimbursements of entertainment expenses.

Mr. Satyen Jain has also executed an employment agreement dated September 18, 2007, which governs the terms of his employment.

Commission to Non-Executive Directors

There is no commission payable to any of our non-executive directors.

Sitting Fees

The non executive directors on our Board are paid a sitting fee of Rs. 10,000 per Board/ committee meeting.

Payment or benefit to officers of the Company

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 officers except the normal remuneration for services rendered as Directors, officers or employees. There is no service contract entered into by the directors with the Company providing for benefits upon termination of employment.

Compliance with Corporate Governance requirements

The provisions of the listing agreements, to be entered into by our Company with the Stock exchanges, will be applicable to our Company immediately upon the listing of our equity shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 49 (as applicable) of the

listing agreement, particularly in relation to appointment of independent Directors to our Board and constitution of the audit committee, shareholders' committee and remuneration committee. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the listing agreement. In addition, our Company intends to adopt a code of conduct for prevention of insider trading.

Currently, our Board comprises of Six Directors, of which the Chairman is Non-Executive and Independent. In Compliance with the requirements of clause 49 of the Listing agreement, our Company has three executive Directors and three Non-Executive Directors of which two are Independent.

We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

- (a) Audit Committee;
- (b) Shareholders'/ Investors' Grievance Committee;
- (c) Remuneration Committee;
- (d) IPO Committee

Audit Committee

The Audit Committee was constituted on December 5, 2007 and subsequently reconstituted on the September 17, 2010. It functions as prescribed under Section 292(A) of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The members are:

Name	Position
M. Narayanan	Chairman – Independent Director
Rajendra L. Jain	Member – Independent Director
Satyen Jain	Member – Executive Director

The terms of reference of the Audit Committee are broadly defined as under:

- Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment of any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern.
- Review with management of the annual financial statements before submission to the Board, focusing primarily on:
 - any changes in accounting policies and practices;
 - major accounting entries based on exercise of judgment by management;
 - qualifications in draft audit report;
 - significant adjustments arising out of audit;
 - the going concern assumption;
 - compliance with accounting standards;
 - any related party transactions as per Accounting Standard 18;
 - Compliance with stock exchange and legal requirements concerning financial statements (upon listing of shares);
 - Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
 - Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussion with internal auditors of any significant findings and follow-up thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into the 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.

- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- 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 the matter.

Shareholders/ Investors' Grievance Committee

The Shareholders/ Investors' Grievance Committee was reconstituted on September 17, 2010. The committee, under the chairmanship of non-executive independent director is formed to specifically look into the redressal of shareholder and investor complaints

Name	Position
M. Narayanan	Chairman – Independent Director
Satyen Jain	Member – Director
Arun Nayar	Member – Director

The Committee has been formed to look into redressal of shareholders' / Investors' complaints relating to transfer of shares, non receipt of annual reports, non receipt of dividend or any other matters, as also to approve requests requiring issue of new share certificates.

Remuneration Committee

The remuneration committee was reconstituted on September 17, 2010 and comprises as under:

Name	Position
Rajendra L. Jain	Chairman, Independent Director
Satyen Jain	Member – Executive Director
Arun Nayar	Member – Executive Director

The broad terms of reference of the Committee are:

- To review the Company's remuneration policy on specific remuneration packages to executive directors including pension rights and any compensation payment while striking a balance with the interest of the Company and the shareholders.
- To approve the Annual Remuneration Plan of the Company

IPO Committee

The committee was reconstituted on September 17, 2010. The Board has appointed this committee to oversee and administer the activities to be undertaken for this Issue.

The members of the IPO Committee are:

Name	Position
S.P Jain	Chairman- Managing Director
Rajendra L. Jain	Member – Independent Director
Satyen Jain	Member – Executive Director

Shareholding of the Directors

Our Articles do not require our Directors to hold any qualification shares in the Company. The list of Directors holding Equity Shares and the number of Equity Shares held by each of them as on date is set forth below:

Sr. No.	Director	No. of Equity Shares held	% of Pre-Issue Share Capital
1.	S.P. Jain	1,664,550	5.38
2.	Satyen Jain	1,053,900	3.41
3.	Arun Nayar	Nil	Nil
4.	Srinivasan Subramanian	Nil	Nil
5.	M. Narayanan	Nil	Nil
6.	Rajendra L. Jain	Nil	Nil

Interests of Directors

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association. Our Directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company.

All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them as disclosed above or that may be subscribed by and allotted to them and to companies and firms in which they are interested as directors/members/partners.

All our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by us with any company in which they hold directorships or any partnership firm in which they are partners.

Our Directors do not have any interest:

- (i) in the promotion of our Company, save and except the lease rentals received from our Company for using the following properties:
 - a. 907, Dalamal Towers, 211 Nariman Point Mumbai 400 021 given on a license basis by Mr. S.P. Jain *vide* Leave and License Agreement dated April 1, 2006
 - b. 908, Dalamal Towers, 211 Nariman Point Mumbai 400 021 given on a license basis by M/s. Meena Investments Corporation, a partnership firm in which Mr. S.P. Jain and Mrs. Meena S. Jain are partners *vide* a Leave and License agreement dated April 1, 2006;
 - c. Apartment at Mohini Apartments, Nr. Shraddha Petrol Pump, Bodakdev, Ahmedabad given on a license basis by Mr. S.P. Jain *vide* a Leave and License agreement dated April 1, 2010;
 - d. Apartment at Mohini Apartments, Nr. Shraddha Petrol Pump, Bodakdev, Ahmedabad given on a license basis by Mr. Satyen Jain *vide* a Leave and License agreement dated April 1, 2010;
 - e. Apartment at Amod Apartments, Model Colony, Shivajinagar, Pune given on a license basis by Mr. Satyen Jain
 - f. Premises admeasuring 3784.026 sq. mtrs. together with hotel building situated at Nagpur on which the Pride Hotel Nagpur is situated leased by Jagsons Hotel Private Limited, a Promoter Group entity in which Mr. S.P Jain and Mr. Satyen Jain are directors *vide* lease deed agreement dated September 19, 2007; and
 - g. Property having an area of approximately 4 acres being vacant and situated at Village Bamanasure, Taluka Alibaug, District Raigad, Maharashtra leased by Mr. Sureshchand

Premchand Jain HUF *vide* Agreement to Lease dated November 1, 2007 along with an Amendment Agreement dated July 28, 2009.

- (ii) in any property acquired by our Company during a period of two years before filing this Draft Red Herring Prospectus with SEBI or proposed to be acquired our Company as on the date of filing this Draft Red Herring Prospectus with SEBI.

Borrowing Powers of the Board

The Articles of Association of the Company have empowered the Board of Directors of the Company, from time to time at its discretion, to receive deposits or loans from members either as an advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.

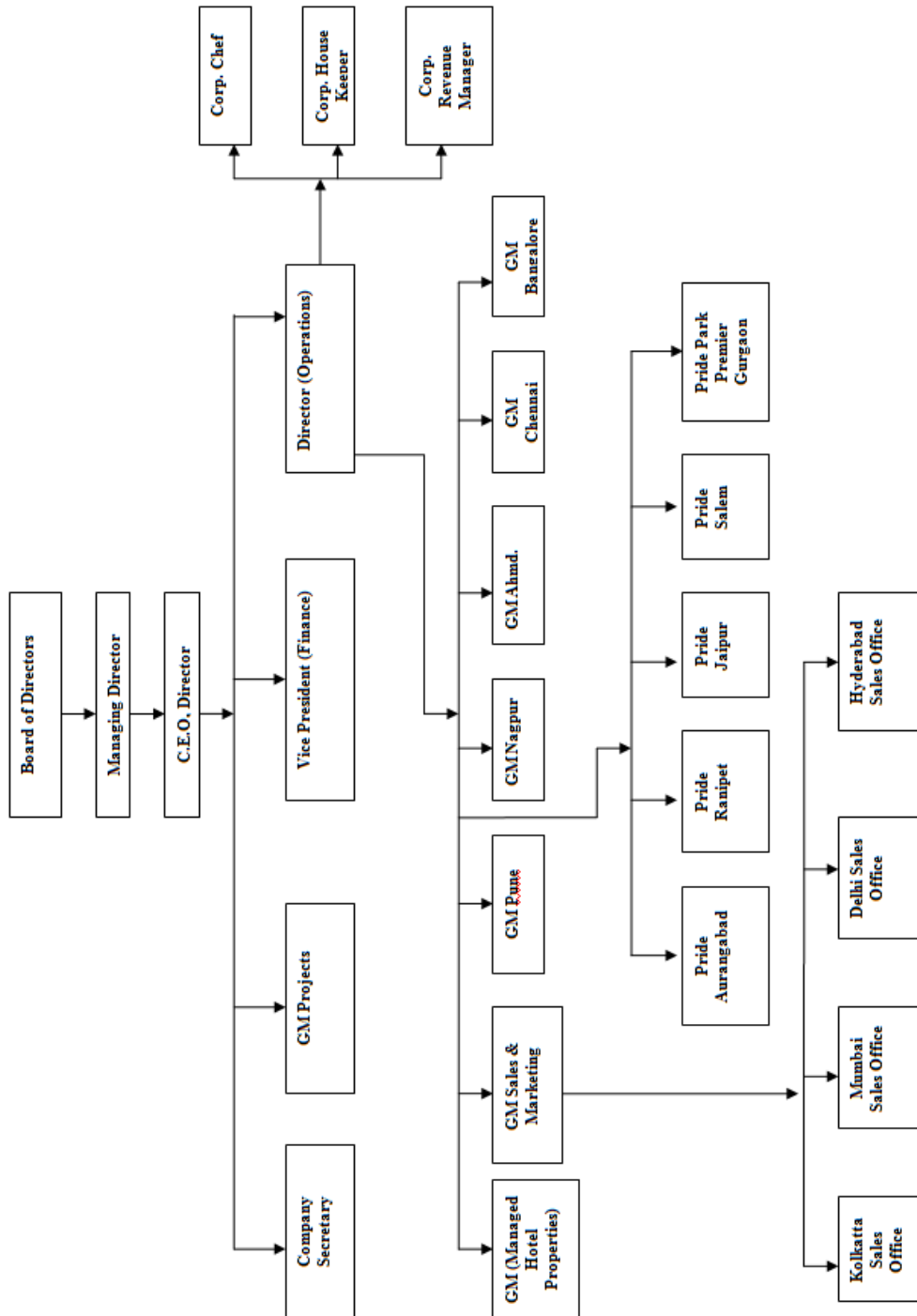
In this regard, the shareholders of our Company have, vide resolution dated September 17, 2010 accorded consent to the Board of Directors to borrow upto Rs. 5000 million exclusive of interest.

Changes in the Board of Directors in the last 3 years

The following are the changes to the Board of Directors in the last 3 years:

Name	Date of Appointment	Date of Cessation	Reason for Change
Meena Jain	March 20, 2007	December 5, 2007	Resignation
Kamal Jain		December 5, 2007	Resignation
Srinivasan Subramanian	September 24, 2007	-	Appointment
M. Narayanan	December 5, 2007	-	Appointment
Anil Harish	December 5, 2007	-	Appointment
Anil Harish	December 5, 2007	November 06, 2009	Resignation
Rajendra L. Jain	September 17, 2010	-	Appointment

PRIDE HOTELS LIMITED – ORGANISATION CHART



Key Managerial Personnel

In addition to our Whole-time Directors, the following are our other key managerial personnel. All of our key managerial employees are permanent employees of our Company. The details under this section are as of the date of this Draft Red Herring Prospectus.

S. No.	Name	Designation	Qualification	Date of Joining	Experience (Years)
1.	R. C. Sood	V. P. (Finance)	M.Sc.	December 1, 2007	33 years
2.	Dinesh G. Gandhi	G.M. (Projects)	B.E. (Civil)	July 15, 2007	19 years
3.	Mukesh Pathak	Corporate Executive Housekeeper	Diploma in Hotel Management, Housekeeping, Catering and applied Nutrition	September 19, 2004	12 years
4.	David Gomes	Corporate Chef	3 years Apprenticeship course of Hotel Oberoi, Intercontinental, Delhi	August 9, 1999	27 years
5.	Tridip Ghosh	G.M. Sales and Marketing	B. Com	March 26, 2008	18 years
6.	Prasenjit Guha	Corporate Revenue Manager	MBA with degree in Hotel management, Master in Hotel and Tourism (France)	January 1, 2009	15 years
7.	Binay Thakur	G.M. (Nagpur)	Degree in Hotel Management	November 11, 2008	14 years
8.	Pankaj Gupta	G.M (Bengaluru)	Diploma in Hotel Management	March 11, 2010	12 years
9.	Partha P. Nag	G.M (Chennai)	B.A. in tourism and 3 years diploma in Hotel Management	September 15, 2010	16 years
10.	Atul Upadhyay	G.M. (Pune)	B.Sc, diploma in Hotel Management and Diploma in System Management	August 27, 2009	16 years
11	Anil Kumar Singla	Company Secretary and Compliance Officer	B.Com, ACS	September 17, 2010	10 years

Rajeev C. Sood, 59 years, our Vice President (Finance) is a Post Graduate in Science from the Delhi University. He oversees the entire financial aspect of the Company. He has 33 years experience and has worked with Industrial Finance Corporation of India, in the areas of project finance and merchant banking. His remuneration for the FY 2010 was Rs.0.38 million.

Dinesh G. Gandhi, 43 years our General Manager (Projects) is a Civil Engineering Graduate. He oversees the entire Projects segment of the Company with respect to each operating as well as upcoming and proposed unit. He has 19 years of experience and has worked with Four Seasons Hotel as Project Manager, Hyatt Regency, Mumbai, as Manager (Interiors), ITC Maratha and ITC Tower in Mumbai and Haldyn Glass, Baroda. His remuneration for the FY 2010 was Rs.0.32 million.

David Gomes, 53 years, our Corporate Chef has done a three year Apprenticeship Course from Hotel Oberoi International, Delhi and has worked in Hotels in India and abroad. He has worked with Hyatt Regency in Delhi, Sanna Sheraton in Yemen, Oman Sheraton in Muscat and with the Oberoi Group in India. He is presently in charge of the kitchens of all our units. His remuneration for FY 2010 was Rs.0.67 Million.

Mukesh Pathak, 37 years our Corporate Executive Housekeeper, is a Bachelor of Science and holds a Diploma in Hotel Management, Catering and Applied Nutrition from the Indian Institute of Hotel Management, Patna. He has 12 years of experience in the Hotel Industry and has worked with Sun-N-Sand Hotel in Pune, Hotel Clarks Shiraz (Agra) and with Hotel Dukes Retreat in Khandala in Maharashtra. He presently supervises housekeeping operations of all units. His remuneration for FY 2010 was Rs.0.82 million

Partha P. Nag, 38 years, is our General Manager, Chennai Hotel and holds a Bachelor of Arts degree with a Three years Diploma in Hotel Management. He heads the administration in the Chennai Hotel and looks after the entire operations. He has 16 years of experience having worked with Best Western Group, Hotel Amruta Castle in Hyderabad, Radha Regent Hotels in Chennai. His remuneration during FY 2010 was Nil as he joined on the September 15, 2010.

Atul Upadhyay, 40 years Science Graduate, with diploma in Hotel and Catering Management and diploma in system management is our General Manager, Pune Hotel. He heads the administration in the Pune Hotel and looks after the entire operations. He has 16 years experience, having worked with Holiday Inn, Baroda, Accor Group, Sarovar Group of Hotels. His remuneration during FY 2010 was Rs.1.33 million.

Binay Thakur, 36 years, our General Manager, Nagpur Hotel, holds a Degree in Hotel Management and has over 14 years experience in the hotel Industry, having worked with Fariyas Group of Hotels, Dukes Retreat, Khandala, Radhakrishna Hospitality, Clarks Shiraz in Agra and Fortune Hotel in Allahabad. He heads the administration in the Nagpur Hotel and looks after the overall operations. His remuneration during FY 2010 was Rs.0.28 million

Prasenjit Guha, 39 years, our Corporate Revenue Manager is an MBA and also has a Degree in Hotel Management with a Masters in Hotel and Tourism from France. He has 15 years experience in Hotel Industry having worked in the areas of Front Office operations, Revenue Management. His remuneration during FY 2010 was Rs.0.98 million.

Pankaj Gupta, 34 years, our General Manager, Bengaluru Hotel, holds a Diploma in Hotel Management and has 12 years experience in the Hotel Industry, having worked with Grand Mercure Hans Plaza in Delhi, Holiday Inn in Agra, Sarovar Hotel in Kolkatta. He heads the administration in the Bengaluru Hotel and looks after the entire operations. His remuneration for FY 2010 is Nil as he joined on March 11, 2010.

Tridib Ghosh, 40 years, our General Manager, Sales & Marketing is Graduate in Commerce from Kolkatta University. He has over 18 years experience in Hotel Operations, Sales & Marketing and has worked with Kenilworth Hotels, Mahindra Holiday Inns & Resorts and Tulip Star Hotels. He looks after the entire marketing and sales function of the Company. His remuneration during FY. 2010 was Rs.1.02 Million.

Anil Kumar Singla, 48 years, our Company Secretary and Compliance Officer is a commerce graduate from M.D. University in Rohtak and from Institute of Company Secretary in India. He has over 10 years of experience as a company secretary and has worked with various organizations. His remuneration during FY 2010 was Nil as he joined our Company on the September 17, 2010.

All the Key Managerial Personnel are permanent employees of the Company

Relationship of Key Managerial Personnel with the Promoters, Directors and other Key Managerial Personnel

None of the key personnel mentioned above are related to the promoters/directors of our Company. None of the above has been selected pursuant to any arrangement/understanding with major shareholders/customers/suppliers.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

Our Company does not have any bonus or profit sharing for any of its key employees.

Shareholding of the Key Managerial Personnel

None of our Key Managerial Personnel hold Equity Shares in our Company.

Changes in the Key Managerial Personnel since last three years:

Other than the following there has been no change in the key managerial personnel of our Company:

S. No.	Name	Designation	Date of Joining	Date of Cessation	Reason for change
1.	Lalit M. Sharma	Company Secretary	12/10/2007	01/03/2008	Resigned
2.	Rajeev C. Sood	Vice President (Finance	01/12/2007	--	Appointment
3.	Alwin M. Baby	G. M. (Finance)	05/11/2007	01/09/2008	Resigned
4.	Dinesh G. Gandhi	G.M. (Projects)	15/07/2007	--	Appointment
5.	Neeraj Verma	G. M. Pride Hotel, Nagpur	26/12/2006	15/10/2008	Resigned
6.	Anil Rathore	G. M.Pride Hotel, Ahmedabad	04/12/2006	05/09/2010	Resigned
7.	Suresh Mallya	G.M. Pride Hotel Chennai	08/09/2007	11/10/2008	Resigned
8.	K. Srinivasan	G. M. Pride Hotel, Chennai	15/12/2006	04/05/2007	Resigned
9.	R. Jagannathan	G. M. Pride Hotel, Chennai	05/05/2007	30/06/2007	Resigned
11.	Tridib Ghosh	GM Sales & Mktg.	26/03/2008	--	Appointment
12.	Prasenjit Guha	Corporate Revenue	01/01/2009	--	Appointment
13.	Atul Upadhyay	GM Pune	27/08/2009	--	Appointment
14.	Binay Thakur	GM Nagpur	11/11/2008	--	Appointment
15.	Pankaj Gupta	GM Bengaluru	11/03/2010	--	Appointment
16.	Ajay Chadda	GM Chennai	15/10/2008	07/09/2010	Resigned
17.	Partha P. Nag	GM Chennai	15/09/2010	--	Appointment
18.	Anil Kumar Singla	Company Secretary	17/09/10		Appointment

Interest of key managerial personnel

None of our key managerial personnel have any interest in our Company and/or our Subsidiaries other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

ESOP/ESPS Scheme for the Employees:

Presently, our Company does not have any ESOP/ESPS schemes for the employees.

Loans taken by Directors/ Key managerial personnel

Our Directors and key managerial personnel have not taken any loans from our Company

Payment or benefit to officers of the Company


Our Company has made no payments or benefits to its officers besides their salary and yearly bonus.

OUR PROMOTERS


Our Company has both individual and corporate promoters. The Individual promoters are Sureshchand Premchand Jain (“S.P. Jain”) and Satyen Jain and the Corporate promoters are Kopra Estate Private Limited and ASP Enterprises Private Limited (together the “Promoters”). S.P. Jain is the Managing Director of the Company. Satyen Jain is the Chief Executive Officer of the Company.

INDIVIDUAL PROMOTERS

Details of our Promoters are given below:

Mr. S.P. Jain		
	Permanent Account Number	AACPJ4771D
	Passport Number	G 3332751
	Driving License Number	MH-01-99/11396
	Voter ID	Not Available
	Bank Account No.	Citibank N.A., Fort Branch A/c No. 5602536116

For more details of Mr. S.P. Jain, please refer to the section titled “Our Management” on page 123 of the Draft Red Herring Prospectus

Mr. Satyen Jain		
	Permanent Account Number	AAIPJ7557R
	Passport Number	G 3328915
	Driving License Number	Not Available
	Voter ID	Not Available
	Bank Account No.	HDFC Bank Limited, Nariman Point Branch A/c No. 0011000058729

For more details of Mr. Satyen Jain, please refer to the section titled “Our Management” on page 123 of the Draft Red Herring Prospectus

CORPORATE PROMOTERS

Kopra Estate Private Limited

Kopra Estate Private Limited was incorporated as a private limited company in Mumbai on December 3, 1997 with company registration No.11-112214 and CIN U70100MH1997PTC112214. The registered office of the company is situated at F-2/F-3, Dadar Manish Market, 1st Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028. The main object of Kopra Estate Private Limited is to carry on business as builders, contractors, developers and to deal in real estate business by constructing, re-constructing, altering offices, flats, residential house, factories etc.

Kopra Estate Private Limited has an authorised share capital of Rs.8 million and a paid up capital of Rs. 8 million divided into 800,000 Equity Shares of Rs.10 each. The company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Shareholding Pattern

The shareholding pattern of Kopra Estates Private Limited as on September 20, 2010 is as under:-

Sr.no	Shareholder	No. of Shares	Percentage
1	Meena .S. Jain	150,000	18.75
2	Jagsons Hotel Private Limited	107,500	13.44
3	Om Sai Multitrade Private Limited	68,000	8.5
4	Satyen Jain	65,000	8.13
5	Executive Housing Finance Company (P) Limited	59,200	7.4
6	ASP.Enterprises Private Limited	45,700	5.71
7	Pride Regency & Development P Limited	25,000	3.13
8	S.P.Realtors Private Limited	20,600	2.58
9	Pride Plaza (India) Private Limited	17,000	2.13
10	Meena Investment Corporation	4,500	0.56
11	S. P. Jain	200	0.03
12	Others	237,300	29.64
	TOTAL	800,000	100.00

Constitution of Board

The Board of Directors of Kopra Estate Private Limited is listed below:-

Mr. S.P. Jain
Mrs. Meena S. Jain
Mrs. Satyen Jain

The financial highlights of Kopra Estate Private Limited as per the latest available financial statements for the last three financial years are as under:-

(Rs. in million)			
PARTICULARS	FY 2008	FY 2009	FY 2010
Sales	16.04	3.12	1.62
Other income	0.93	1.17	0.60
Profit after tax	0.42	0.58	0.27
Equity capital	7.70	8.00	8.00
Share premium	-	-	-
Reserve & Surplus	14.95	16.74	17.00
EPS (Rs.)	0.55	0.73	0.34
Net Asset Value per shares (Rs.)	29.37	30.86	31.25

Further, Kopra Estate Private Limited is not detained as a wilful defaulter by the RBI or any other authority and there are no violations of SEBI Regulations committed by it in the past or are pending against it.

ASP Enterprises Private Limited

ASP Enterprises Private Limited was incorporated as a private limited company in Mumbai on August 22, 1996 with company registration no. 11 – 102048 and Corporate Identification Number U65900MH1996PTC102048. The registered office of the company is situated at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021. The main object of ASP Enterprises Private Limited is to carry on the business of an investment company and to underwrite sub underwrite, invest in, acquire and to trade or deal in and to hold shares, stock, debentures, debenture stock, bonds etc.

ASP Enterprises Private Limited has an authorised capital of Rs.23.00 million and a paid up capital of Rs.23.00 million divided into 2,300,000 equity shares of Rs.10 each. This company is an unlisted company and it has not made any public or rights issue during the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Shareholding Pattern

The shareholding pattern of ASP Enterprises Private Limited as on September 20, 2010 is as under:-

Sr.No	Shareholder	No. of equity shares	Percentage (%)
1	S.P.Jain	743,922	32.34
2	Meena S Jain	395,000	17.17
3	Executive Hsg Finance Co Limited	295,190	12.83
4	Sureshchand Premchand HUF	214,500	9.33
5	Jagsons Hotels Private Limited	154,320	6.72
6	Satyen Jain	64,700	2.81
7	S.P.Jain Family Trust	50,000	2.17
8	Om Sai Multitrade Private Limited	50,000	2.17
9	S.P.Realtors Private Limited	33,300	1.45
10	Sureshchand Dhannalal HUF	25,400	1.11
11	The Executive Inn Limited	24,950	1.08
12	Kopra Estates Private Limited	5,550	0.24
13	Pride Plaza (India) Private Limited	4,700	0.2
14	Pride Regency & Development Private Limited	2,838	0.12
15	Pride Centre & Development Private Limited	1,170	0.06
16	Others	234,460	10.20
	Total	2,300,000	100.00

Constitution of the Board

The Board of Directors of ASP Enterprises Private Limited is listed below:-

Mr. S.P. Jain
Mrs. Meena S. Jain
Mr. Satyen Jain

The financial highlights of ASP Enterprises Private Limited as per latest available audited financial statements for the last three years are as under:-

Particulars	FY 2008	FY 2009	FY 2010
Sales	15.21	1.17	4.21
Other Income	0.55	0.78	0.60
Profit after Tax	0.38	0.36	0.19
Equity Capital	23.00	23.00	23.00
Share Premium	-	-	-
Reserve & Surplus	12.81	13.17	13.36
EPS Rs.	0.17	0.16	0.08
Net Asset Value per share (Rs.)	15.53	15.69	15.78

Further ASP Enterprises Private Limited is not detained as a wilful defaulter by the RBI or any other Government authority and there are no violations of SEBI Regulations committed by it in the past or are pending against it.

Declaration

It is confirmed that in respect of each of our individual Promoters, the PAN, bank account number and passport number of each of the Promoters and in respect of each of our corporate Promoters, the PAN, bank account number, the company registration number and the addresses of the registrar of companies, where the companies are registered are being submitted to NSE and BSE at the time of filing of Draft Red Herring Prospectus with them. Further none of the Promoters is detained as a wilful defaulter by the Reserve Bank

of India or any other Government authority and there are no violations of securities laws committed by them in the past or are pending against them.

Disassociation by the promoters in the last three years

Our promoters have disassociated themselves from the partnership firm S. P. Jain & Associates in June 2007. S. P. Jain & Associates, Chartered Accountants was constituted as a Partnership firm on April 30, 2003 to carry on the business of providing accounting and auditing services, tax management and consultancy services. It commenced business from May 6, 2003. The partners of S. P. Jain & Associates were Mr. S. P. Jain, Mr. Satyen Jain and Mr. Kapil K. Jain (working partner). Mr. S. P. Jain and Mr. Satyen Jain, Partners, retired from the partnership in the firm with effect from June 6, 2007 in order to concentrate on their core business activities.

Interest of Promoters

Our Promoters do not have any interest:

- (i) in the promotion of our Company, save and except the lease rentals received from our Company for using the following properties:
 - a. 907, Dalamal Towers, 211 Nariman Point Mumbai 400 021 given on a license basis by Mr. S.P. Jain *vide* Leave and License Agreement dated April 1, 2006
 - b. 908, Dalamal Towers, 211 Nariman Point Mumbai 400 021 given on a license basis by M/s. Meena Investments Corporation, a partnership firm in which Mr. S.P. Jain and Mrs. Meena S. Jain are partners *vide* a Leave and License agreement dated April 1, 2006;
 - c. Apartment at Mohini Apartments, Nr. Shraddha Petrol Pump, Bodakdev, Ahmedabad given on a license basis by Mr. S.P. Jain *vide* a Leave and License agreement dated April 1, 2010;
 - d. Apartment at Mohini Apartments, Nr. Shraddha Petrol Pump, Bodakdev, Ahmedabad given on a license basis by Mr. Satyen Jain *vide* a Leave and License agreement dated April 1, 2010;
 - e. Apartment at Amod Apartments, Model Colony, Shivajinagar, Pune given on a license basis by Mr. Satyen Jain
 - f. Premises admeasuring 3784.026 sq. mtrs. together with hotel building situated at Nagpur on which the Pride Hotel Nagpur is situated leased by Jagsons Hotel Private Limited, a Promoter Group entity in which Mr. S.P Jain and Mr. Satyen Jain are directors *vide* lease deed agreement dated September 19, 2007; and
 - g. Property having an area of approximately 4 acres being vacant and situated at Village Bamanasure, Taluka Alibaug, District Raigad, Maharashtra leased by Mr. Sureshchand Premchand Jain HUF *vide* Agreement to Lease dated November 1, 2007 along with an Amendment Agreement dated July 28, 2009.
- (i) in any property acquired by our Company for a period of two years before filing this Draft Red Herring Prospectus with SEBI or proposed to be acquired our Company as on the date of filing this Draft Red Herring Prospectus with SEBI.

Further, save and except as stated otherwise in the chapters titled 'Our Business' and 'Our Management' and the section titled 'Financial Statements' beginning on page nos. 76, 123 and 155, respectively, of this Draft Red Herring Prospectus, and to the extent of Equity Shares held by them, our Promoters do not have any other interests in our Company as on the date of filing of this Draft Red Herring Prospectus with SEBI.

Payment or benefit to Promoters

The Promoters are interested in the Company to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by the Company.

Since Mr. S.P. Jain is the Managing Director of the Company, he is interested to the extent of his remuneration from the Company, as disclosed under the section "Our Management" appearing on page 123 of this Draft Red Herring Prospectus.

Since Satyen Jain is the Director and CEO of the Company, he is interested to the extent of his remuneration from the Company, as disclosed under the section "Our Management" appearing on page 123 of this Draft Red Herring Prospectus.

For details of transactions with Promoter Group companies, refer to the section on “Related Party Transactions” appearing on page 152 of this Draft Red Herring Prospectus.

There are no interests of Promoters or payment or benefit to promoters except as mentioned elsewhere in this Draft Red Herring Prospectus.

Common Pursuits

Certain Group Companies namely Jagsons Hotel Private Limited and The Executive Inn Limited are engaged in the same business as that as our Company. Hence to this extent there exists a potential conflict of interest between us and these entities.

OUR GROUP ENTITIES

The entities/ companies which constitute our Group Entities have been provided below.

No.	Name of the Company
1.	S. P. Capital Financing Limited
2.	S. P. Realtors Private Limited
3.	Jagsons Hotels Private Limited
4.	Executive Housing Finance Company Limited
5.	The Executive Inn Limited
6.	Rohan Hotels Private Limited
7.	Pride Plaza (India) Private Limited
8.	Pride Centre and Development Private Limited
9.	Pride Network Private Limited
10.	Pride Paradise and Development Private Limited
11.	S. P. Capital Consultants (P) Limited
12.	Pride Regency Developers Private Limited
13.	Pride Estate Limited
14.	Pride Orchades Private Limited
15.	Meena Investment Corporation
16.	Sureshchand Premchand HUF
17.	Premchand Chatrulal HUF
18.	Sureshchand Dhannalal HUF

A. Financial Information of the top five Group Entities

We have one listed group entity, S.P. Capital Financing Limited. The following are the largest four unlisted group entities (based on turnover).

Sr. No.	Name of the Group Entity
1.	S.P. Realtors Private Limited
2.	Jagsons Hotels Private Limited
3.	Executive Housing Finance Company Limited
4.	Executive Inn Limited

1. S. P. Capital Financing Limited

Corporate Information

S. P. Capital Financing Limited was originally incorporated as a private limited company in Mumbai on March 8, 1983 under the name S. P. Business & Management Services Private Limited with company registration No. 29494 and CIN L74140MH1983PLC029494. This company's name was changed vide certificate of change of name dated February 25, 1994 to S P Business & Management Services Limited. This company's name was changed further to S. P. Capital Financing Limited by fresh certificate of incorporation dated 7 July, 1994. The equity shares of this company are listed and traded at the BSE pursuant to a public issue of Equity Shares made by the company in February 1995. This company has not made any public or rights issue in the preceding three years. The main object of the company is to carry on in India or elsewhere the business of consultancy services in the field of business management, finance, trade, industry etc. This company is registered with the RBI as a Category B NBFC (company not accepting/ holding public deposits) with registration number B-13.01087 under certificate of registration dated November 11, 1998.

S. P. Capital Financing Limited was registered as a category I merchant banker in accordance with the SEBI (Merchant Bankers) Regulations, 1992 vide certificate of registration dated October 5, 1994 and registration number MB/INM000005106. The certificate of registration was valid for the period September 16, 1994 till September 15, 1997. S. P. Capital Financing Limited has not subsequently, renewed the said certificate and has discontinued functioning as a merchant banker.

Registered office

This company's registered office is situated at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021.

Board of Directors

Mr. S.P. Jain
Mr. Baldev L. Boolani
Mr. Dhannalal P. Jain

Shareholding pattern

The shareholding pattern of S. P. Capital Financing Limited as on June 30, 2010 is as under:-

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	9	2,564,400	2,348,000	42.65	42.65	-	-
Bodies Corporate	11	1,892,500	1,563,200	31.48	31.48	-	-
Sub Total	20	4,456,900	3,911,200	74.13	74.13	-	-
(2) Foreign							
Total shareholding of Promoter and Promoter Group (A)	20	4,456,900	3,911,200	74.13	74.13	-	-
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	1	49,800	-	0.83	0.83	-	-
Sub Total	1	49,800	-	0.83	0.83	-	-
(2) Non-Institutions							
Bodies Corporate	38	993,100	969,900	16.52	16.52	-	-
Individuals						-	-
Individual shareholders holding nominal share capital up to Rs. 1 lakh	640	431,100	171,800	7.17	7.17	-	-

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2	43,900	-	0.73	0.73	-	-
Any Others (Specify)	8	37,400	700	0.62	0.62	-	-
Non Resident Indians	8	37,400	700	0.62	0.62	-	-
Sub Total	688	1,505,500	1,142,400	25.04	25.04	-	-
Total Public shareholding (B)	689	1,555,300	1,142,400	25.87	25.87	-	-
Total (A)+(B)	709	6,012,200	5,053,600	100.00	100.00	-	-
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
Total (A)+(B)+(C)	709	6,012,200	5,053,600	-	100.00	-	-

Financial Performance

The financial highlights of S. P. Capital Financing Limited as per the latest available audited financial statements for the last three years are as follows:-

(Rs. In Million)

Particulars	2007-2008	2008-2009	2009-2010
Sales	91.42	83.51	393.58
Other Income	6.03	11.49	5.88
Profit after tax	3.36	1.33	2.84
Equity Capital	59.83	59.83	59.89
Reserve & Surplus (excluding Revaluation Reserves)	59.71	61.04	60.89
EPS (Rs.)	0.56	0.22	0.47
Net Asset Value per shares (Rs.)	17.62	20.10	18.15

SEBI had, vide a notice under regulation 39(2) of the SEBI (Merchant Bankers) Rules and Regulations, 1992 dated June 13, 1997 called upon S. P. Capital Financing Limited to show cause as to why a penalty should not be levied for alleged failure to fulfil certain underwriting/ devolvement liabilities in respect of activities carried on by S. P. Capital Financing Limited as a merchant banker. Thereafter, S.P. Capital Financing Limited, vide its reply letter dated July 10, 1997, detailed the reasons as to why no penalty is liable to be levied.

S. P. Capital Financing Limited is also in receipt of a letter dated September 10, 2004 bearing reference No. CFD/DCR/RC/TO/13060/04 in respect of alleged non compliance with regulations 6 and 8 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 pertaining to certain disclosures to be made to the stock exchanges. S.P. Capital Financing Limited has, vide its letter October 1, 2004, issued a reply to the same.

The BSE vide their letter dated February 19, 1999 bearing ref. no. MOD/SUSP/UT/98-99 informed S.P. Capital Financing Limited that the securities of S.P. Capital Financing Limited have been suspended with effect from February 22, 1999 vide BSE notice no.375/99 dated February 16, 1999 on account of non-compliance of clause 15-16 of the Listing Agreement with regard to shorter notice of closure of register of members and transfer books. S.P. Capital Financing Limited vide their letter dated February 22, 1999 forwarded to BSE the re-instatement fees and the Undertaking from the directors of S.P. Capital Financing Limited as required by BSE. Subsequently, the securities of S.P. Capital Financing Limited resumed trading with effect from February 27, 1999.

S. P. Capital Financing Limited is not a sick company under the meaning of SICA and it is not under winding up. Further, S. P. Capital Financing Limited has not been detained as a wilful defaulter by the RBI or any other Government Authority. Other than as disclosed above, there are no violations of SEBI Regulations committed by it in the past or are pending against it.

Stock Market Data

The equity shares of S.P. Capital Financing Limited are listed on the BSE. The monthly high and low of the closing market price of the equity shares on the BSE during the preceding six months are as follows:

Month	High (Rs.)	Low (Rs.)
March, 2010	29.25	26.60
April, 2010	30.35	19.80
May, 2010	22.55	18.45
June, 2010	22.90	19.35
July, 2010	33.15	22.65
August, 2010	33.35	21.70

** Average of the daily closing prices*

Source: Market Price Information is sourced from www.bseindia.com.

Note: High and low prices are of the daily closing prices.

The closing price as on September 28, 2010 was Rs.62.00. The market capitalisation as on September 28, 2010 was Rs. 372.75 million

Mechanism of Redressal of Investor Grievance

S. P. Capital Financing Limited has received NIL complaints for the financial years 2007-08, 2008-09 and 2009-2010.

2. S. P. Realtors Private Limited

Corporate Information

S. P. Realtors Private Limited was incorporated as a private limited company in Mumbai on October 25, 1994 with company registration no.11-82359 and CIN U45202MH1994PTC082359. The main object of S. P. Realtors Private Limited is to carry on business as Builders, Contractors, Developers and Promoters of Co-operative Society and to deal in real estate business by constructing re-constructing, altering offices, flats, residential houses, factories etc.

Registered Office

The registered office of the company is situated at 908, Dalamal Towers 211 Nariman Point Mumbai 400 021.

Board of Directors

Mr. S.P. Jain
Mr. Satyen Jain

Shareholding Pattern

The shareholding pattern of S. P. Realtors Private Limited as on September 20, 2010 is as under:-

Sr.No	Shareholder	No. of equity shares	Percentage (%)
1	Jagson Hotels Private Limited	215,800	35.97
2	ASP.Enterprises Private Limited	155,800	25.97
3	Sureshchand Premchand HUF	51,400	8.57
4	S.P.Capital Consultants Private Limited	23,850	3.97
5	Executive Hsg Finance Co Limited	17,100	2.85
6	Kopra Estate Private Limited	14,800	2.47
7	Meena S Jain	14,500	2.41
8	Pride Centre & Development Private Limited	10,000	1.67
9	Pride Regency & Development Private Limited	5,000	0.83
10	S.P.Jain	2,400	0.4
11	Premchand Chatrural HUF	1,200	0.2
12	Others	88,150	14.69
	Total	600,000	100.00

Financial Performance

The financial highlights of S. P. Realtors Private Limited as per latest available audited financial statements for the last three years are as under:-

(Rs in million)

Particulars	2007-2008	2008-2009	2009-2010
Sales	14.73	2.91	3.38
Other Income	0.13	0.09	0.06
Profit after tax	0.27	0.04	0.03
Equity Capital	5.70	6.00	6.00
Share Premium	6.30	7.50	7.50
Reserve & Surplus (excluding Revaluation Reserves)	-	-	-
EPS (Rs.)	0.47	0.07	0.05
Net Asset Value per shares (Rs.)	20.98	22.43	22.43

The company is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

S. P. Realtors Private Limited is not detained as a wilful defaulter by the RBI or any other Government Authority and there are no violations of SEBI Regulations committed by it in the past or are pending against it.

3. Jagsons Hotels Private Limited

Corporate Information

Jagsons Hotels Private Limited was incorporated as on private limited company in Mumbai on June 17, 1987 with company registration No.43794 and CIN U55200MH1987PTC043794. Jagsons Hotels Private Limited is the owner of Jagsons Hotel situated at Wardha Road, Opp. Nagpur Airport, Nagpur. Our Company has taken on lease the hotel premises and also the operations and management of the Nagpur hotel. The main object of Jagsons Hotels Private Limited is to carry on the business of owning, running and managing hotels, motels, beach resorts, restaurants etc.

Registered Office

The registered office of the company is situated at 908, Dalamal Tower, 211 Nariman Point Mumbai – 400 001.

Board of Directors

Mr. S.P. Jain
Mrs. Meena S. Jain
Mr. Satyen Jain
Mr. Jasbir Singh Anand
Mr. Arvind P. Jain

Shareholding Pattern

The shareholding pattern of Jagsons Hotels Private Limited as on September 20, 2010 is as under:-

Sr.no	Name & address of share holder	No. of Equity Shares	Percentage (%)
1	S.P.Capital Consultants Private Limited	655,390	22.65
2	ASP.Enterprises Private Limited	648,500	22.42
3	Pride Hotels Private Limited	646,390	22.34
4	S.P Jain	381,500	13.19
5	Executive Hsg Finance Co Limited	200,000	6.91
6	Meena S Jain	150,000	5.19
7	Satyen Jain	150,000	5.19
8	Sureshchand Premchand HUF	61,000	2.11
	Total	2,892,780	100.00

Financial Performance

The financial highlights of Jagsons Hotels Private Limited as per the latest available financial statements for the last three financial years are as under:-

(Rs. in million)

Particulars	2007-2008	2008-2009	2009-2010
Sales	10.43	9.78	8.97
Other Income	4.47	3.05	3.08
Profit after tax	3.02	2.69	1.68
Equity Capital	28.93	28.93	28.93
Reserve & Surplus (excluding Revaluation Reserves)	10.59	13.27	14.95
EPS (Rs.)	1.05	0.93	0.58
Net Asset Value per share (Rs.)	10.73	11.65	12.23

The company is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Jagsons Hotels Private Limited is not detained as a wilful defaulter by the RBI or any other Government Authority and there are no violations of SEBI Regulations committed by it in the past or are pending against it.

4. Executive Housing Finance Company Limited

Corporate Information

Executive Housing Finance Company Limited was incorporated as a limited company in Mumbai on April 20, 1992 with company registration No.11-66404 and CIN U65910MH1992PLC066404. This company received the certificate for commencement of business on May 26, 1992. The main business of the company is to carry on the business of providing long term finance to any person or persons, company or corporation, society or association of persons for the purpose of enabling such borrower to construct/purchase any house for residential purpose.

Registered Office

The registered office of the company is situated at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021.

Board of Directors

Mr. S.P.Jain
Mrs. Meena S. Jain
Mr. Rajesh Jain

Shareholding Pattern

The shareholding pattern of Executive Housing Finance Company Limited as on September 20, 2010 is as under:-

Sr.No	Shareholder	No. of equity shares	Percentage (%)
1	S.P.Realtors Private Limited	600,000	33.33
2	Khairana Development Private Limited	259,000	14.39
3	Pride Regency & Development Private Limited	145,000	8.06
4	S.P.Capital Consultants Private Limited	121,600	6.75
5	Meena Investment Corporation	106,200	5.9
6	Om Sai Multitrade Private Limited	50,000	2.78
7	Meena .S. Jain	46,100	2.56
8	S.P.Jain	37,800	2.1
9	Satyen S Jain	28,900	1.61
10	Pride Centre & Development Private Limited	22,180	1.23
11	Pride Plaza (India) Private Limited	16,950	0.94
12	The Executive Inn Limited	7,500	0.42
13	Sureshchand Premchand HUF	2,400	0.13
14	Premchand Chatrulal HUF	1,000	0.06
15	Jagson Hotels Private Limited	180	0.01
16	Others	355,190	19.73
	Total	1,800,000	100.00

Financial Performance

The financial highlights of Executive Housing Finance Company Limited as per the latest audited financial statements for the last three financial years are as under:-

(Rs. in million)

Particulars	2007-2008	2008-2009	2009-2010
Sales	8.81	2.86	5.62
Other Income	1.19	1.42	1.09
Profit after tax	0.72	0.65	0.47
Equity Capital	17.6	18	18
Share Premium	18.40	20.00	20.00
Reserve & Surplus (excluding Revaluation Reserves)	18.78	21.02	21.50
EPS (Rs.)	0.41	0.36	0.26
Net Asset Value per shares (Rs.)	20.64	21.65	21.92

The company is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Further, Executive Housing Finance Company Limited is not detained as a wilful defaulter by RBI or any other Government Authority and there are no violations of SEBI Regulations committed by it in the past or which are pending against it.

5. The Executive Inn Limited

Corporate Information

The Executive Inn Limited was incorporated as a limited company in Mumbai on December 26, 1988 with company registration no. 11 – 50180 and CIN U55101MH1988PLC050180. The main object of The Executive Inn Limited is to construct, manage, purchase, take on lease or otherwise acquire for the purpose of running a star or non star hotels, motels, café taverns, bars any estates, etc.

Registered Office

The registered office of the company is situated at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021.

Board of Directors

Mr. Kamal Jain
Mrs. Meena Jain
Ms. Namrata S. Jain

Shareholding Pattern

The shareholding pattern of The Executive Inn Limited as on September 20, 2010 is as under:-

Sr.No	Shareholder	No. of equity shares	Percentage (%)
1	M/S. ASP.Enterprise Private Limited	259,700	23.61
2	S.P.Capital Consultants Private Limited	242,500	22.04
3	Jagson Hotels Private Limited	230,000	20.91
4	Kopra Estate Private Limited	225,000	20.45
5	Khairana Development Private Limited	44,000	4.00
6	Satyen .S. Jain	17,500	1.59
7	Executive Hsg Finance Co Limited	17,200	1.56
8	Premchand Chatrural HUF	7,800	0.71
9	Mr. S.P. Jain	7,600	0.69

10	Pride Regency & Development Private Limited	590	0.05
11	Others	48,110	4.37
	Total	1,100,000	100.00

Financial Performance

The financial highlights of The Executive Inn Limited as per latest available audited financial statements for the last three years are as under:-

(Rs. in million)

Particulars	FY 2008	FY 2009	FY 2010
Sales	17.1	2.88	2.72
Other Income	0.41	0.51	0.24
Profit after tax	0.59	0.24	0.10
Equity capital	11.00	11.00	11.00
Reserve & surplus	-	-	-
(Excluding revaluation reserve)	4.00	3.92	4.03
EPS (Rs.)	0.54	0.22	0.09
Net asset value per shares (Rs.)	13.6	13.53	13.63

This company is an unlisted company and it has not made any public or rights issue during the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

The Executive Inn Limited is not detained as a wilful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of SEBI Regulations committed by it in the past or are pending against it.

B. Group Companies with negative net worth

1. Rohan Hotels Private Limited

Corporate Information

Rohan Hotels Private Limited was incorporated as a private limited company in Mumbai on September 7, 1987 with company registration no.44593 of 1987 and CIN U55200MH1987PTC044593. The main object of Rohan Hotels Private Limited is to carry on business of running hotels, motels, restaurants, cafeterias, beer bars permit rooms, taverns, refreshment rooms, caterer to railways, air lines, steam ship corporation, guest houses, hotel cum holiday beach resorts health centre's, boarding and lodging houses etc.

Our Company on August 25, 2010, subscribed to 250,000 equity shares representing 50% of the total share capital of Rohan Hotels Private Limited. As a result of such subscription, Rohan Hotels Private Limited has become a Group Company.

Registered Office

The registered office of the company is situated at 908 Dalamal Towers, 211 Nariman Point, Mumbai 400021.

Board of Directors

Mr.Ghansham Shewakramani

Mr. S.P. Jain

Mr. Satyen Jain

Mr. Rishi Gujral

Shareholding Pattern

The shareholding pattern of Rohan Hotels Private Limited as on September 20, 2010:-

Sr. No.	Shareholder	No. of Shares	Percentage (%)
1.	Pride Hotels Limited	250,000	50
2	Ghansham Shewakramani	248,970	49.79
3	Vijay Shewakramani	1,000	0.20
4	Godavari Shewakramani	10	0.0001
5	Godavari and Sheila Shewakramani	10	0.0001
6.	Ghansham and Vijay Shewakramani on behalf of Jamnomal Family Trust	10	0.0001
	Total	500,000	100

Financial Performance

The financial highlights of Rohan Hotels Private Limited as per latest available audited financial statements for the last three years are as under:-

(Rs. in million)

Particulars	FY 2008	FY 2009	FY 2010
Sales	-	-	-
Other Income	-	-	-
Profit/ (loss) after tax	(0.01)	(0.01)	(0.00)
Equity Capital	0.20	0.20	0.20
Share Premium	-	-	-
Reserve & Surplus (excluding Revaluation Reserves)	(1.11)	(1.12)	(1.13)
EPS (Rs.)	(3.70)	(3.61)	(1.90)
Net Asset Value per shares (Rs.)	(449.86)	(453.47)	(455.37)

The company is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Rohan Hotels Private Limited is not detained as a wilful defaulter by the RBI or any other Government Authority and there are no violations of SEBI Regulations committed by it in the past or are pending against it.

C. Information about other Group Entities

1. Pride Plaza (India) Private Limited

Pride Plaza (India) Private Limited was incorporated as a private limited company in Mumbai on July 26, 1988 with company registration No. 11-48225 and CIN U70100MH1988PTC048225. The registered office of this company is situated at 501/601 Vikas Tower Walkeshwar Road. The main object of Pride Plaza (I) Private Limited is to construct, erect and maintain either by the company or other parties and acquire on a license or by purchase, lease, exchange hire or otherwise, land and property of any tenure and to license or sub-license or lease, sublease or let such lands or premises etc. This company has a paid up equity capital of Rs. 16,500,000.

Our Promoters hold 49.28% of the paid up equity share capital of the company.

2. Pride Centre and Development Private Limited

Pride Centre and Development Private Limited was incorporated as a private limited company in Mumbai on December 2, 1996 with company registration No. 11-104261 and CIN U45200MH1996PTC104261. The registered office of this company is situated at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021. The main object of Pride Centre and Development Private Limited are to carry on business as builders, contractors, developers and promoters of co-operative Housing Society and to deal in real estate

business by constructing, re-constructing, altering offices, flats, residential house, factories. This company has a paid up equity capital of Rs. 6,980,000.

Our Promoter, ASP Enterprises Private Limited hold 0.5% of the paid up equity share capital of the company and the balance are held by persons forming part of the promoter group and relatives of the Promoters.

3. Pride Network Private Limited

Pride Network Private Limited was incorporated as a private limited company in Mumbai on January 17, 2000 with company registration No.11-123665 and CIN U72900MH2000PTC123665. The registered office of the company is situated at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021. The main object of the company is to manufacture, assemble, erect, install, purchase, import, export, equip, sell, trade fabricate, design, distribute etc. and to deal in microprocessor based mini computers and data processors, data processing systems, all types of software, etc. This company has a paid up equity capital of Rs. 8,000,000.

Our Promoters do not hold any shares in Pride Network Private Limited. The shareholders of this company include our promoter group and relatives of our Promoters.

4. Pride Paradise and Development Private Limited

Pride Paradise and Development Private Limited was incorporated as a private limited company in Mumbai on March 5, 1997 with company registration no.11-106338 and CIN U70100MH1997PTC106338. The registered office of this company is situated at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021. The main object of this company is to carry on business as builders, contractors, developers and promoters of co-operative society and to deal in real estate business by constructing, reconstructing, altering offices, flats, residential house, factories. This company has a paid up equity capital of Rs. 6,720,000.

Our Promoter, Kopra Estates Private Limited holds 0.5% of the paid up equity share capital of the company and the balance are held by persons forming part of the promoter group and relatives of the Promoters.

5. S. P. Capital Consultants (P) Limited

S. P. Capital Consultants (P) Limited, was incorporated as a private limited company in Mumbai on the June 1, 1987 with CIN U67120MH1987PTC043600. The registered office of the Company is located at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021. The main objects of S. P. Capital Consultants (P) Limited are to carry on business as financial advisers to finance industrial enterprises, to carry on financing operations and perform financing services and to carry on the business of an Investment Company etc. This company has a paid up equity capital of Rs. 16,460,000.

Our Promoters hold 2.7% of the paid up equity share capital of the company and the balance are held by persons forming part of the promoter group and relatives of the Promoters.

6. Pride Regency and Developers Private Limited

Pride Regency Developers Private Limited was incorporated as a private limited company in Mumbai on May 20, 1997 with Company registration no. 11-108138 and CIN U45200MH1997PTC108138. The registered office of the company is situated at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021. The main object of Pride Regency and Developers Private Limited is to carry on business as builders, contractors, developers and promoters of co-operative society and to deal in real estate business by constructing reconstructing, altering offices, flats, residential house, factories. This company has a paid up equity capital of Rs. 6,620,000.

Our Promoter, Kopra Estates Private Limited holds 1.05% of the paid up equity share capital of the company and the balance are held by persons forming part of the promoter group and relatives of the Promoters.

7. Pride Estate Limited

Pride Estate Limited was originally incorporated a private limited company in Mumbai under the name Pride Estate Private Limited in October 25, 1994 with company registration no.11-82360 and CIN U70100MH1994PLC082360. This company's name was changed to Pride Estate Limited vide certificate of change of name dated September 26, 1997 (EGM dated February 12, 1996). The registered office of this company is situated at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021. The main object of Pride Estate Limited is to carry on business as builders, contractors, developers and promoters of co-operative society and to deal in real estate business by constructing, reconstructing, altering offices, flats, residential house, factories. This company has a paid up equity capital of Rs.30,000,000.

Our Company holds 2% of the paid up equity share capital of the company and the balance are held by persons forming part of the promoter group and relatives of the Promoters.

8. Pride Orchades Private Limited

Pride Orchades Private Limited was incorporated as a private limited company in Mumbai on January 15, 1997 with company registration number 11-105109 and CIN U70100MH1997PTC105109. The registered office of the company is situated at F/3, Dadar Manish Market, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028. The main object of the Company is to carry on business as builders, contractors, developers and promoters of cooperative society and to deal in real estate business by constructing, reconstructing, altering offices, flats, residential house, factories. This company has a paid up equity capital of Rs.10,000,000.

Our Promoter, Mr. S.P. Jain, holds 5% of the paid up equity share capital of the company and the balance are held by persons forming part of the promoter group and relatives of the Promoters.

9. Meena Investment Corporation

Meena Investment Corporation is a Partnership Firm incorporated in Mumbai on the September 16, 1992. The partners of this Partnership Firm are Meena Sureshchand Jain and S.P. Jain HUF acting through their karta S.P. Jain

The main business activity of this firm is of banking business, export, investment in properties, leasing, hiring and renting of properties, furniture, vehicle, machinery and carrying activity of financing etc. The business of this firm is carried at its office situated at 908, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021.

10. Sureshchand Premchand HUF

Sureshchand Premchand HUF acting through its karta Mr. S.P. Jain is primarily engaged in investments in securities, bonds.

11. Premchand Chatrulal HUF

Premchand Chatrulal HUF acting through its karta Mr. S.P. Jain is engaged in the business of agriculture and investments in shares, securities and bonds.

12. Sureshchand Dhannalal HUF

Sureshchand Dhannalal HUF acting through its karta Mr. S.P. Jain is engaged in the business of agriculture and investments in shares, securities and bonds.

Sick Companies

None of the Group Companies have become sick companies under the Sick Industrial Companies Act, 1985 and no winding up proceedings have been initiated against them. Further no application has been made, in respect of any of the Group Companies, to the Registrar of Companies for striking off their names. Additionally, none of our Group Companies have become defunct in the five years preceding the filing of this Draft Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

For related party transactions, refer page to the annexure on related party transaction under the section “Financial Statements” at page 155 of this Draft Red Herring Prospectus.

CURRENCY OF PRESENTATION

All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$”, “USD” or “US Dollars” are to United States Dollars, the official currency of the United States of America and to “Euro” or “€” is to the official currency of the European Union and to “Algerian Dinar” or “DZD” is to the official currency of Algeria.

This Draft Red Herring Prospectus contains translations of certain US Dollar and Euro into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These translations should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

The Company has not made any payment of dividend in the past five years. The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

FINANCIAL STATEMENTS

No.	Particulars	Page
1.	Standalone Financial Statements, as Restated for FY 2006-2010	F-1
2.	Consolidated Financial Statements, as Restated for FY 2008-2010	F-46

PRIDE HOTELS LIMITED

**STANDALONE FINANCIAL STATEMENT, AS RESTATED, FOR THE FIVE YEARS ENDED
31st MARCH 2010, 2009, 2008, 2007 and 2006**

Auditors' report as required by Part II of Schedule II of the Companies Act, 1956

The Board of Directors,
Pride Hotels Limited
908, Dalamal Tower,
211, Nariman Point,
Mumbai 400021.

At your request, we have examined the annexed Standalone Financial Information of Pride Hotels Limited (formerly Pride Hotels Private Limited) ('the Company') (i) for the five financial years ended 31st March, 2010; 2009; 2008; 2007 and 2006. This financial information has been prepared by the management and is approved by the Board of Directors of the Company for the purpose of disclosure in the Draft Red Herring Prospectus ("DRHP"), being issued by the Company in connection with the Initial Public Offering ('IPO').

This Standalone Financial Information has been prepared in accordance with the requirements of:

- i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI Regulations') issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- iii) The revised Guidance Note on the Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ('ICAI'); and
- iv) The terms of our letter of engagement with the Company requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with its proposed IPO as aforesaid.

A) Standalone Financial information as per the audited financial statements

1. We have examined the Standalone Summary Statements of Assets and Liabilities as set out in **Annexure 1** and Profits and Losses as set out in **Annexure 2**, as restated of the Company as at 31st March 2010, 2009, 2008, 2007 and 2006 as prepared by the Company and approved by the Board of Directors. These Statements of Assets and Liabilities and Profits and Losses, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, which are appropriate and are more fully described in the Significant Accounting Policies appearing in **Annexure 3** to this report and Notes appearing in **Annexure 4** to this report.
2. The Standalone Summary Statements of Assets and Liabilities and Profits and Losses, as restated of the Company for year ended 31st March 2006, including the adjustments and regroupings discussed above have been extracted from the audited, Standalone financial statements of Pride Hotels Limited, which have been audited by M/s. P M Panday & Associates ('the previous auditor'). We have placed reliance on such audited financial statement in preparation of these Standalone Summary of Assets and Liabilities and Profits and Losses in respect of the above year since we did not perform the audit for the year ended 31st March 2006 in case of Pride Hotels Limited. We have verified the impact of retrospective adjustments on account of changes in accounting policies and estimates, prior period items and regroupings in respect of the above years. The Standalone Summary Statements of Assets and Liabilities and Profits and Losses, as restated as at and for the year ended 31st March, 2006 of the Company are based on the financial statements of the Company as at and for the year ended 31 March 2006 audited by previous auditor. The Standalone Summary Statements of Assets and Liabilities and Profits and Losses, as restated as at and for the year ended 31st March, 2010, 2009, 2008 and 2007, are based on the financial statements of the Company as at and for the years ended 31st March, 2010, 2009, 2008 and 2007, which have been audited by us.
3. We report that the Standalone Summary Statement of Assets and Liabilities, as restated of the Company as at 31st March 2010, 2009, 2008, 2007 and 2006 are as set out in **Annexure 1** to this report after making such

adjustments/restatements and regrouping as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies as appearing in **Annexure 3** and Notes to the Standalone Statements appearing in **Annexure 4** to this report.

4. We report that the Standalone Summary Statement of Profits and Losses, as restated of the Company for the financial years ended 31st March 2010, 2009, 2008, 2007 and 2006 are as set out in **Annexure 2** to this report. These profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies as appearing in **Annexure 3** and Notes to the Standalone Statements appearing in **Annexure 4** to this report.
5. Based on our examination of these Standalone Statements of Assets and Liabilities and Profits and Losses, as restated, we confirm that:
 - (i) The Standalone Summary Statements of Assets and Liabilities and Profits and Losses, as restated of the Company have been restated with retrospective effect to reflect the significant accounting policies as adopted by the Company as at 31st March, 2010 stated in **Annexure 3** to this report.
 - (ii) The prior period items which need to be adjusted in the Standalone Statements of Assets and Liabilities and Profits and Losses, as restated have been adjusted in the period to which they relate;
 - (iii) There were no qualification in the audit reports issued by the statutory auditors for the years ended 31st March, 2010, 2009, 2008, 2007 and 2006, which would require adjustment in this Standalone Summary Statements of Assets and Liabilities and Profits and Losses, as restated of the Company;
 - (iv) These profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies as appearing in **Annexure 3** and Notes to the Standalone Statements appearing in **Annexure 4** to this report; and
 - (v) There are no extra-ordinary items that need to be disclosed separately in the Standalone Summary Statements of Assets and Liabilities and Profits and Losses, as restated of the Company.

B) Other Financial Information

6. At your request, we have examined the following Standalone financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report:
 - i) Standalone Statement of Cash Flows, as restated appearing in **Annexure 5** to this report.
 - ii) Standalone Statement of Accounting Ratios, as restated based on the Standalone Statements of Assets and Liabilities and Profits and Losses, as restated appearing in **Annexure 6** to this Report;
 - iii) Standalone Statement of Tax Shelters, as restated appearing in **Annexure 7** to this Report;
 - iv) Standalone Capitalization Statement, as restated as at 31st March, 2010 appearing in **Annexure 8** to this Report
 - v) Standalone Statement in respect of following financial information, as restated:
 - (a) Statement of Secured Loans – **Annexure 9;**
 - (b) Statement of Unsecured Loans – **Annexure 10;**
 - (c) Statement of Investments – **Annexure 11;**
 - (d) Statement of Sundry Debtors – **Annexure 12;**
 - (e) Statement of Loans & Advances – **Annexure 13;**
 - (f) Statement of Other Income – **Annexure 14;**

- (g) Statement of Dividend paid – **Annexure 15.**
 - (h) Statement of Contingent Liabilities – Given in **Annexure 4** to this report
 - (i) Statement of Related Parties Transactions – Given in **Annexure 4** to this report, and
 - (j) Details of qualifications appearing in the audit reports – Given in **Annexure 4** to this report.
 - (k) Details of changes in Significant Accounting Policies – Given in **Annexure 4** to this report.
7. In respect of 'Standalone Other Financial Information' contained in this report, we have relied upon the audited financial statements of the Company for the year ended 31 March, 2006, which were audited by another firm of Chartered Accountants, as referred to in paragraph 1, 2 and 3 above.
8. The preparation and presentation of the 'Standalone Financial Statements' referred to above are based on the audited financial statements of the Company in accordance with the provisions of the Companies Act and the 'Standalone Financial Information' referred to above is the responsibility of the management of the Company.
9. In our opinion the 'Standalone Financial Statements' as per the audited financial statements' and 'Standalone Other Financial Information' of the Company have been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations.
10. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants nor should it be construed as a new opinion on any of the financial statements referred to therein.
11. This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company as mentioned above and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For J. G. Verma & Co.,
Chartered Accountants
Registration No. 111381W**

**J. G. Verma
Partner
Membership No. 5005**

Date: 27th September, 2010

STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rupees in million)

	Particulars	As at 31st March				
		2010	2009	2008	2007	2006
A	Fixed Assets:					
	Gross Block	1,718.57	1,282.86	1,139.72	1,061.59	409.14
	Less: Depreciation	170.24	126.17	96.38	70.87	56.18
	Net Block	1,548.33	1,156.69	1,043.34	990.72	352.96
	Less: Revaluation Reserve	522.15	523.18	524.21	525.24	94.85
	Net Block after adjustment for revaluation reserve	1,026.18	633.51	519.13	465.48	258.11
	Add: Capital work in progress	505.85	348.71	162.50	42.49	53.92
		1,532.03	982.22	681.63	507.97	312.03
B	Investments	165.35	608.64	569.31	43.37	38.01
C	Current Assets, Loans & Advances:					
	Interest accrued	1.14	0.98	0.56	0.26	0.24
	Stocks	6.30	4.97	6.36	5.04	1.75
	Sundry Debtors	94.53	74.05	61.41	43.38	19.59
	Cash & Bank Balances	13.31	7.86	16.13	9.42	8.64
	Loans & Advances	427.53	399.15	309.21	153.31	95.46
		542.81	487.01	393.67	211.41	125.68
D	Liabilities & Provisions:					
	Secured Loans	104.73	122.38	30.77	80.77	47.96
	Unsecured Loans	223.08	263.35	215.70	185.66	138.04
	Current Liabilities & Provisions	427.04	395.63	315.10	166.99	78.29
	Deferred Tax Liability	58.68	40.75	33.61	26.13	19.80
		813.53	822.11	595.18	459.55	284.09
E	Net Worth	1,426.66	1,255.76	1,049.43	303.20	191.63
F	Represented by:					
	Share Capital	309.32	206.21	206.21	60.00	60.00
	Reserves (Excluding Revaluation Reserve)	1,123.69	1,055.90	849.57	243.20	131.69
		1,433.01	1,262.11	1,055.78	303.20	191.69
G	Miscellaneous Expenditure (To the extent not written off/adjusted)	6.35	6.35	6.35	-	0.06
		6.35	6.35	6.35	-	0.06
H	NET WORTH	1,426.66	1,255.76	1,049.43	303.20	191.63

STANDALONE STATEMENT OF PROFITS AND LOSSES - AS RESTATED

(Rupees in million)

	Particulars	As at 31st March				
		2010	2009	2008	2007	2006
A	INCOME:					
	Room Income	485.58	480.33	490.30	353.45	191.12
	Banquet Revenue	118.35	95.54	103.59	66.13	47.01
	Food & Beverages Income	109.75	108.58	102.41	69.82	40.43
	Other Services	28.00	24.95	23.62	18.17	8.05
	Income from Hotel operations	741.68	709.40	719.92	507.57	286.61
	Other Income	41.66	54.39	24.85	2.44	0.47
B	Total Income	783.34	763.79	744.77	510.01	287.08
C	EXPENDITURE					
	Food & Beverages consumed	81.24	69.44	70.19	42.66	31.42
	Employees Cost	143.24	112.60	98.06	67.74	38.91
	Other Operating Expenses	140.15	134.83	130.90	138.57	98.99
	General & Administrative Expenses	108.75	109.54	95.62	65.54	43.30
		473.38	426.41	394.77	314.51	212.62
D	PROFIT BEFORE DEPRECIATION, INTEREST AND TAX	309.96	337.38	350.00	195.50	74.46
E	DEPRECIATION & INTEREST					
	Depreciation	45.65	29.83	25.54	14.69	9.43
	Interest	14.13	10.48	14.44	8.69	4.43
		59.78	40.31	39.98	23.38	13.86
F	NET PROFIT BEFORE TAX, PRIOR PERIOD ADJUSTMENTS AND EXTRA-ORDINARY ITEMS	250.18	297.07	310.02	172.12	60.60
G	ADD: EXTRA-ORDINARY ITEMS (net of tax)	-	-	-	-	-
		-	-	-	-	-
H	NET PROFIT BEFORE TAX	250.18	297.07	310.02	172.12	60.60
I	Current Tax	(61.20)	(81.60)	(94.73)	(53.49)	(17.58)
	Fringe Benefit Tax	-	(1.84)	(2.19)	(0.71)	(0.11)
	Wealth tax	(0.17)	(0.15)	(0.13)	(0.08)	(0.07)
	Deferred Tax	(17.94)	(7.14)	(7.48)	(6.33)	(3.00)
		(79.31)	(90.73)	(104.53)	(60.61)	(20.76)

(Rupees in million)

		As at 31st March				
	Particulars	2010	2009	2008	2007	2006
J	NET PROFIT AFTER TAX AS RESTATED:	170.87	206.34	205.49	111.51	39.84
K	APPROPRIATIONS:					
	Add: Balance brought forward from last year	17.41	11.07	6.98	(4.53)	15.63
	Less: Transfer to General Reserve	(150.00)	(200.00)	(201.40)	(100.00)	(60.00)
	Less: Proposed Dividend and tax thereon	-	-	-	-	-
		(132.59)	(188.93)	(194.42)	(104.53)	(44.37)
L	BALANCE CARRIED TO BALANCE SHEET	38.28	17.41	11.07	6.98	(4.53)

PRIDE HOTELS LIMITED**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES: STANDALONE****A. BACKGROUND:**

Pride Hotels Limited (“the Company”) was incorporated on 1st February, 1983 as a private limited company to carry on the business and management of hotels / resorts and related activities. The Company was converted into a public company with effect from 13th June, 2007. The Company currently operates five residential hotels – Pride Hotel, Pune; Pride Hotel, Nagpur, Pride Hotel, Ahmedabad, Pride Hotel, Chennai and Pride Hotel, Bengaluru. The Company also manages hotels, which are owned by others.

B. SIGNIFICANT ACCOUNTING POLICIES:**1. Basis for preparation of Standalone financial statements:**

The Standalone financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with accounting principles accepted in India (“Indian GAAP”) and are in compliance with Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956 with the exception of replacing the historical cost with the present value in case of revaluation of an asset. In the restated financial statements, the effect of revaluation of assets has been withdrawn.

The financial statements are presented in Rupees in million, unless otherwise stated.

2. Use of Estimates:

The preparation of the financial statements in conformity with the Indian GAAP requires Company management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements. Actual results could differ from these estimates and assumptions. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Revenue Recognition:

The Company derives revenues primarily from hospitality services. Revenue on time and material contracts are recognized as the related services are performed. Revenue yet to be billed is recognized as unbilled revenue. Sales and services are stated exclusive of taxes.

4. Fixed Assets:

- (i) Fixed Assets are stated at cost and at revalued figures on revaluation less depreciation. Fee paid for acquisition of technical know-how is capitalised.
- (ii) In the case of new projects successfully implemented, substantial expansion of existing units and expenditure resulting into enduring benefit, all pre-operative expenses including interest on borrowings for the project, incurred up to the date of installation are capitalised and added pro-rata to the cost of fixed assets.
- (iii) Capital work in progress includes cost of assets, expenditure incurred including interest on funds deployed for such work and capital advances.

5. Depreciation:

- (i) Depreciation is provided in the accounts on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- (ii) The difference between depreciation calculated and provided on the revalued amount of fixed assets and depreciation calculated on the original cost of fixed assets is recouped from revaluation reserve. In the restated financial statements, the effect of revaluation of assets has been withdrawn
- (iii) Where the historical cost of a depreciable asset undergoes a change due to increase or decrease on account of price adjustments, changes in duties or similar factors, depreciation on the revised amount is provided prospectively over the residual useful life of the asset.
- (iv) Intangible assets are amortised on straight line method.

6. **Impairment:**
In accordance with Accounting Standard 28 – Impairment of Assets, the carrying amount of the Company’s assets including intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated, as the higher of the net selling price and the value in use. Any impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.
7. **Investments:**
Long Term Investments are valued at cost. Provision for diminution in value is made, if in the opinion of the management, such a decline is considered permanent. Other Investments are valued at cost or market value whichever is lower.
8. **Inventories:**
(i) Stock of food, beverages and operating supplies are carried at cost (computed on weighted average basis) or net realizable value, whichever is lower.
(ii) Inventories at the year end are as per physical verification conducted by the Management. Unserviceable/damaged/discarded stock and shortages observed at the time of physical verification are charged to Profit and Loss Account.
(iii) Crockery, Cutlery, Uniform and Linen, etc. in circulation and stock of printing and stationery are charged to revenue.
9. **Retirement Benefits for Employees:**
(i) Defined Contribution Plan: Company’s Contribution paid / payable during the year to Provident Fund, Employees State Insurance Corporation and Labour Welfare Fund are recognised in the Profit and Loss Account.
(ii) Defined Benefit Plan: From the accounting year 2007-08, Gratuity payable at the time of retirement are charged to the Profit and Loss Account on the basis of independent external actuarial valuation determined on the basis of projected unit credit method annually. Actuarial gains and losses are immediately recognized in the Profit and Loss Account. In respect of gratuity to employees upto financial year 2006-07, provision for retiring gratuity to employees has been made in accordance with the provisions of the Payment of Gratuity Act, 1972. Company recognises the undiscounted amount of short term employee benefits like leave encashment, leave travel assistance, etc. during the accounting period based on service rendered by the employee.
10. **Export Benefit Entitlement:**
Export Benefits in the nature of Duty Credit Scrips utilized for acquisition of fixed assets are adjusted against the cost of related fixed assets.
11. **Foreign Currency Transactions:**
(i) Sales made in foreign currency are converted at the prevailing applicable exchange rate. Gain/Loss arising out of fluctuation in exchange rate is accounted for on realization.
(ii) Payment made in foreign currency including for acquiring fixed assets are converted at the applicable rate prevailing on the date of remittance. Liability on account of foreign currency is converted at the exchange rate prevailing at the end of the year except in cases of subsequent payments where liability is provided at actual. Foreign currency in hand is translated at the year-end exchange rate.
(iii) Foreign currency loans are realigned at the rate ruling at the year-end. Exchange differences other than relating to fixed assets acquired from outside India are dealt with in the Profit & Loss Account. Rest is adjusted to fixed assets.
12. **Prior period adjustments, Extra Ordinary items and Changes in accounting policies:**
Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.
13. **Leases:**
Lease payment under an operating lease is recognized as an expense in the profit and loss account on a straight line basis over the lease period.

Assets taken on finance lease are capitalized and finance charges are charged to profit and loss account on accrual basis.

14. **Borrowing costs:**

Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial period of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the period in which same are incurred.

15. **Segment Accounting:**

Reportable Segments are identified having regard to the dominant source of revenue and nature of risks and returns.

16. **Taxes on Income:**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

17. **Accounting Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized in terms of Accounting Standards 29 – “Provisions, Contingent Liabilities and Contingent Assets” notified by the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow or resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

PRIDE HOTELS LIMITED

NOTES TO STANDALONE FINANCIAL STATEMENTS AS RESTATED

1. Adjustments resulting from changes in accounting policies:

On the basis of audited accounts of the Company for the years ended 31st March, 2010, 2009, 2008 and 2007 audited by us and audited accounts for the year ended 31st March, 2006, following is the change in the accounting policy of the Company, for which appropriate adjustment is made in the restated accounts:

In the year ended 31st March, 2008 the Company had recognized the notional Export Benefits in the nature of Duty Credit Scrips of Rs.0.92 million as income in the Profit and Loss Account by a corresponding debit to the relevant fixed assets. The Company had also provided depreciation on these fixed assets amounting to Rs. 0.03 million; Rs. 0.05 million; and Rs. 0.05 million, in the year ended 31st March, 2008, 2009 and 2010 respectively. With effect from 1st April, 2008, benefits arising out of Duty Free Scrips utilized for the acquisition of fixed assets are being adjusted against the cost of related asset as against the practice of recognizing the same as income consequent upon the change in the accounting policy in the year ended 31st March, 2009. As a result of the aforesaid change, the Miscellaneous Income as shown in the audited accounts for the year ended 31st March, 2010 was lower by Rs. 2.40 million with a corresponding deduction in the value of fixed assets as also reduction in the depreciation thereon. This changed policy is followed in preparation of audited accounts for the year ended 31st March, 2010. In the restated financial statements, (i) the Miscellaneous income is reduced by Rs. 0.92 million with a corresponding reduction in the value of fixed assets in the year ended 31st March, 2008; (ii) Provision for Depreciation is reduced by Rs. 0.03 million; Rs. 0.05 million and Rs. 0.05 million with a corresponding reduction in depreciation fund in the years ended 31st March, 2008, 2009 and 2010 respectively.

2. Adjustments relating to previous years:a) Provision for Gratuity:

The Company has made a provision for retiring gratuity to employees for the first time in the year ended 31st March, 2007 in accordance with the relevant provisions of the Payment of Gratuity Act, 1972. Such liability has now been estimated for the previous year ended 31st March, 2006 and the liability has been charged in the relevant year in the "Standalone Statement of Profits and Losses, as Restated" with a corresponding credit to the relevant year's "Standalone Statements of Assets and Liabilities-As restated,".

b) Prior Periods adjustments for income :

During the year ended 31st March, 2008, the Company recorded prior period income of Rs. 0.56 million being errors and / or omission for the year ended 31st March, 2007. Accordingly the effect of this prior period income has been given in the year ended 31st March, 2007 in the "Standalone Statement of Profits and Losses, as Restated".

c) Prior Periods adjustments for expenses :

During the year ended 31st March, 2008, the Company recorded prior period expenses being errors and / or omission for the year ended 31st March, 2007. Accordingly the effect of this prior period expenses has been given in the year ended 31st March, 2007 in the "Standalone Statement of Profits and Losses, as Restated".

d) Provision for wealth tax:

The Company is liable to wealth tax on certain assets under the Wealth Tax act, 1957. Liability towards such wealth tax for the year ended 31st March, 2006 was not provided in the accounts, which liability has now been provided in the audited accounts for the year ended 31st March, 2008. In the restated accounts, such liability has been provided in the "Standalone Statement of Profits and Losses, as Restated" for the year ended 31st March, 2006.

e) Provision for Depreciation on revalued assets:

The Company had revalued its land and building in 1993-94. In respect of revalued building, depreciation was not provided for in the accounts upto the year ended 31st March, 2006. The Company has now provided such depreciation on revalued building from the year of revaluation in the audited accounts for the year ended 31st March, 2007. In the "Standalone Statements of Assets and Liabilities-As restated," effect of such

depreciation on year to year basis has been made. However, this has no impact of the profits of the Company as the entire depreciation on revalued building, has been adjusted against the balance in Revaluation Reserve.

f) Prior periods adjustments for tax:

During the year ended 31st March, 2010, 2009 and 2007, the Company has debited its profit and loss account on account of tax adjustments, which related to earlier years on completion of relevant assessment or appeal effect. Accordingly the effect of these adjustments has been considered in the respective years to which these adjustments related in the 'Standalone Statement of Profits and Losses, as Restated' by corresponding reduction or addition, as the case may be, in the years in which such adjustments were made.

g) Provision for Deferred Tax:

The Company initially adopted the application of Accounting Standard – 22 – Accounting for tax on income for the first time in the year ended 31st March, 2006. The initial liability as on 1st April, 2005 on such adoption was computed at Rs 17.6 million, which was adjusted against the opening reserves. The AS-22 was applicable to the Company from 1st April, 2002. In the Restated Financial Statements, the Deferred Tax Liability upto 31st March, 2002 has been computed and adjusted against the opening reserves. Deferred Tax liability for subsequent years has been adjusted in the profit and loss account of the respective year. Further on account of certain adjustment as mentioned above, further adjustment to deferred tax liability has been made in the respective years.

3. Adjustments on account of qualifications in auditors' report:

(a) There has been no qualification by the previous auditor of the Company in their report to the members of the Company on the accounts for the year ended 31st March, 2006. Similarly there has not been any qualification by us in our report to the members of the Company on the accounts for the years ended 31st March, 2010, 2009, 2008 and 2007. However, we have drawn attention to Note No. 2 of Notes on Accounts for the year ended 31-3-2007 relating to adjustment made to the opening balance of General Reserve, arising out of rectification of an error while giving effect to the Scheme of Amalgamation of M/s. Shubhalaxmi (Bodakdev) Properties Private Limited in earlier years as under:

- (i) Pursuant to the Scheme of Amalgamation of the erstwhile Shubhalaxmi (Bodakdev) Properties Private Limited (hereinafter referred to as erstwhile Shubhalaxmi) with the Company sanctioned by the Hon'ble High Courts of Bombay and Gujarat vide their Orders dated 8th April, 2005 and 31st March, 2006, respectively under Section 394 (2) of the Companies Act, 1956, all the assets and liabilities of the said erstwhile Shubhalaxmi transferred and vested in the Company with effect from 31st July, 2003 and the aforesaid Scheme was given effect to in the accounts of the Company for the year ended 31st March, 2005.
- (ii) As a consequence of the amalgamation, the entire business and undertaking of the erstwhile Shubhalaxmi including all the assets, liabilities, debts and obligations, whether provided in the books or not and related to the period upto the date of Effective date have been incorporated in the books of account of the Company as per "Pooling of Interest" method as prescribed by Accounting Standard (AS-14) – Accounting for Amalgamation Notified by the Companies (Accounting Standards) Rules, 2006.
- (iii) Pursuant to the Scheme, all inter-company loans, advances, deposit balances and other obligations between the erstwhile Shubhalaxmi and the Company were cancelled and eliminated. 9,10,000 Equity shares of Rs. 10 each, fully paid up aggregating to Rs. 9.10 million held by the Company in the erstwhile Shubhalaxmi stood cancelled. The Company issued and allotted 41,896 Equity shares of Rs. 100 each as fully paid to the shareholders of the erstwhile Shubhalaxmi in the ratio of 1 share for every 100 shares held by them in the erstwhile Shubhalaxmi during the year ended 31st March, 2005.
- (iv) The summarized position of assets and liabilities taken over on amalgamation is as under:

Particulars	Rupees in million	Rupees in million
Fixed Assets including capital work in progress and capital advances in respect of Ahmedabad Hotel		62.22
Cash & Bank Balances		0.24
Loans, Advances and deposits		14.97
Sub-total		77.43
Less: Liabilities		
Secured Loans	9.78	

Particulars	Rupees in million	Rupees in million
Unsecured Loans	15.86	
Current Liabilities & Provisions	0.79	
		26.43
Net assets		51.00
Less: Investment held by the Company cancelled (See Note (v) below)		0.09
Balance Net Assets		50.91
Less: Value of Equity shares issued and allotted to the shareholders of erstwhile Shubhalaxmi		4.19
Balance being surplus on amalgamation, transferred to General Reserve		46.72

- (v) As mentioned above, while giving effect to the Scheme of Amalgamation, the value of investment held in the erstwhile Shubhalaxmi was considered at Rs. 0.09 million instead of Rs. 9.10 million in the year ended 31st March, 2005. As a result thereof, the transfer to General Reserve being surplus on Amalgamation was in excess of Rs. 9.01 million, which has been rectified in the accounts for the year ended 31st March, 2007 as under:

Year ended 31st March, 2007:

Note 2 of the Audited Accounts of the Company – Re: Effect of Scheme of Amalgamation:

In accordance with the Scheme of Amalgamation of Shubhlaxmi (Bodakdev) Properties Private Limited (The transferor company) with the Company (the transferee company), approved by the shareholders of the Company and by the High Court of Judicature at Bombay vide order dated 8th April, 2005 and by the High Court of Judicature at Gujarat vide order dated 31st March, 2006, all the assets and liabilities of the transferor company vested in the transferee company from the appointed date of 31st July, 2003 pursuant to section 394 (2) of the Companies Act, 1956. The scheme was given effect to in the books of accounts of the Company in earlier years. Under the Scheme as approved by the respective High Courts, 9,100 Equity shares of Rs. 100 each held by the transferee company in the transferor company stood cancelled and / or extinguished. Originally the Company had acquired 9,10,000 Equity shares of Rs. 10 each from a party in earlier years, which were erroneously shown as 9,100 equity shares of Rs. 10 each as fully paid up at Rs. 0.09 million under Investments and the balance of Rs. 9.01 million was shown in the name of the previous shareholder under Loans and Advances, pending receipt of some clarification. While giving effect to the Scheme of Amalgamation in earlier years, the adjustment in respect of investment in transferee company was made at Rs.0.09 million with reference to 9,100 equity shares of Rs. 10 each instead of correct amount of investment of Rs. 9.10 million being 9,10,000 equity shares of Rs. 10/- each. As a result there was a short adjustment on giving effect to the Scheme of Amalgamation in the Reserves Account in earlier years to the extent of Rs. 9.01 million, which has now been adjusted against the opening balance of General Reserve by making a corresponding adjustment in Loans and Advances. There is no impact of this adjustment on the profitability of the Company.

In the Standalone Statements of Assets and Liabilities, as restated, the correct effect of the Scheme of Amalgamation has been given in the General Reserve, Loans and Advances and Investments in the relevant years.

- b) In respect of Standalone audited financial statements of the Company for the years ended 31st March, 2010, 2009, 2008 and 2007, we have commented in the Annexure to their Auditors Report for the respective years on (i) the fixed assets records, which were under compilation and pending reconciliation of fixed assets on physical verification with the book records; and (ii) delays in payment of undisputed statutory dues and outstanding undisputed statutory dues.

The fixed assets records are in the process of completion and reconciliation. In our opinion, no adjustment is required to be made in the Standalone financial statements of assets and liabilities of the Company in respect of the above remarks.

In respect of undisputed statutory dues, there were some delays in payment of undisputed statutory dues, however, the Company has since then substantially paid the undisputed statutory dues.

In our opinion, no adjustment is necessary to be made in the Standalone Statement of Profits and Loss – as restated on account of these remarks.

4. Adjustments of Extra Ordinary items of Profit or Loss:

There has not been any item of Extra Ordinary income or expenses or profit or loss in any of the last five years ended 31st March, 2010, 2009, 2008, 2007 and 2006 warranting any adjustment or separate disclosure in the “Standalone Statement of Profits and Losses, as Restated”.

5. Summary of adjustments made on restatement:

Following is the summary of adjustments made in the Standalone Statements of Profits and Losses, as restated: (Figures in the brackets indicate reduction from profit)

(Rupees in million)					
Particulars	31 st March 2010	31 st March 2009	31 st March 2008	31 st March 2007	31 st March 2006
Net profit as per Audited Accounts	168.54	206.07	206.75	111.14	40.35
Add: (Less): Adjustments on restatement:					
Provision for Gratuity [Refer Note 2 (a) above]	Nil	Nil	Nil	2.72	(0.21)
Income relating to earlier year [Refer Note 2 (b) above]	Nil	Nil	(0.56)	0.56	Nil
Expenses relating to earlier year [Refer Note 2 (c) above]	Nil	Nil	0.09	(0.09)	Nil
Provision for wealth tax [Refer Note 2 (d) above]	Nil	Nil	0.11	Nil	(0.07)
Depreciation on revalued assets [Refer Note 2 (e) above]	Nil	Nil	Nil	Nil	Nil
Taxes relating to earlier years [Refer Note 2 (f) above]	2.28	0.22	Nil	(1.90)	(0.30)
Provision for Deferred tax [Refer Note 2 (g) above]	Nil	Nil	Nil	(0.92)	0.07
Export benefit entitlement [Refer Note 1 above]	Nil	Nil	(0.93)	Nil	Nil
Reduction in Depreciation provision [Refer Note 1 above]	0.05	0.05	0.03	Nil	Nil
Net effect of the above adjustments	2.33	0.27	(1.26)	0.37	(0.51)
NET PROFIT AS RESTATED (Before appropriations)	170.87	206.34	205.49	111.51	39.84

6. The Company has issued 2,249,950 Zero Coupon Redeemable Preference Shares of Rs. 10/- each on 24th September, 2007 at a premium of Rs. 190/- per share. The Preference Shareholder had a right to convert these shares into equity shares, in part or full at any time after the date of investment.

During the year ended 31st March, 2008, the Preference Shareholder has exercised his option and converted the above 2,249,950 Zero Coupon Redeemable Preference Shares of Rs. 10/- each into 2,249,950 fully paid up Equity Shares of Rs. 10/- each.

7. Reserves and Surplus:

(Rupees in million)					
Particulars	31 st March 2010	31 st March 2009	31 st March 2008	31 st March 2007	31 st March 2006
Tourism Development Reserve:					
Opening Balance	Nil	Nil	Nil	Nil	0.10

Particulars	31 st March 2010	31 st March 2009	31 st March 2008	31 st March 2007	31 st March 2006
Add: Transferred from Profit & Loss Account	Nil	Nil	Nil	Nil	Nil
(Less): Transferred to General Reserve	Nil	Nil	Nil	Nil	(0.10)
Closing Balance	Nil	Nil	Nil	Nil	Nil
Share Premium Account:					
Opening Balance	522.32	522.32	Nil	Nil	Nil
Add: Received during the year	Nil	Nil	522.32	Nil	Nil
Less: Applied for issue of bonus shares during the year	(103.08)	Nil	Nil	Nil	Nil
Closing Balance	419.24	522.32	Nil	Nil	Nil
General Reserve:					
Opening Balance	516.17	316.17	236.22	136.22	76.12
(Less): Initial adoption of AS-15 – (Revised) Employee Benefits	(Nil)	(Nil)	(1.46)	(Nil)	(Nil)
Transfer from Tourism Development Reserve	(Nil)	(Nil)	(Nil)	(Nil)	0.10
Transfer from Profit & Loss Account	150.00	200.00	201.40	100.00	60.00
(Less): Transfer to Share Capital on issue of Bonus shares	Nil	Nil	(120.00)	Nil	Nil
Closing Balance	666.17	516.17	316.17	236.22	136.22
Surplus in Profit & Loss Account – As restated	38.28	17.41	11.07	6.98	(4.53)
Total	1,123.69	1,055.90	849.57	243.20	131.69

8. Revaluation of fixed assets:

The Company has revalued its fixed assets by replacing the historical cost by the present fair market value based on the valuation reports of approved valuers as under:

(Rupees in million)	
Particulars	Amount
Freehold land at Pune:	
(a) Historical cost	0.90
(b) Add: Increase due to revaluation in 1993-94	64.10
(c) Add: Increase due to revaluation in 2006-07	319.00
(d) Revalued amount	384.00

(Rupees in million)

Particulars	Amount
Hotel Building at Pune:	
(a) Historical cost	43.34
(b) Add: Increase due to revaluation in 1993-94	63.10
(c) Revalued amount	106.44
Freehold land at Ahmedabad:	
(a) Historical cost	12.98
(b) Add: Increase due to revaluation in 2006-07	112.42
(c) Revalued amount	125.40

Notes:

- (a) The surplus of revalued amount over the historical cost has been transferred to Revaluation Reserve.
- (b) In the restated financial statements, the effect of revaluation has been eliminated both from the fixed assets and reserves and surplus.

9. Commitments and Contingencies

(Rupees in million)

Particulars	31 st March 2010	31 st March 2009	31 st March 2008	31 st March 2007	31 st March 2006
Counter Guarantees given to bankers	10.05	8.43	6.32	7.89	7.89
Estimated amount of pending Capital Commitments (net)	557.70	1,120.00	1,000.00	39.10	30.00
Interest on Luxury Tax under Maharashtra Tax on Luxury Act	Nil	Nil	2.28	Nil	Nil
Corporation tax of Chennai hotel Premises disputed by the Company through the land lord (against the appeal, the Company has paid Rs. 12.98 shown under "Loans and Advances)	23.29	Nil	Nil	Nil	Nil
Vat. Assessment Dues, Ahmedabad hotel for 2005-2006 disputed by the Company	2.47	Nil	Nil	Nil	Nil
Legal cases pending	2.10	3.88	2.10	Nil	Nil

Note:

The Company's bankers have issued bank guarantees to various governmental authorities for due performance by the Company including under fulfillment of export obligations under EPCG and other schemes under Export Import Policy.

10. Auditors Remuneration:

(Rupees in million)

Particulars	31 st March 2010	31 st March 2009	31 st March 2008	31 st March 2007	31 st March 2006
Statutory Audit fees	0.35	0.28	0.25	0.18	0.01

Branch Audit Fees	0.06	0.06	Nil	Nil	Nil
Tax Audit Fees	Nil	Nil	Nil	Nil	Nil
Service tax	0.04	0.04	0.03	0.02	Nil
Total	0.45	0.38	0.28	0.20	0.01

Note: In addition to the above remuneration, the Company has paid Rs. 0.28 million and Service tax of Rs. 0.03 million to the Auditors for proposed IPO related work in the year ended 31st March, 2008.

11. Deferred Tax:

The components of deferred tax liability and asset arising on account of timing differences between taxable income and accounting income in accordance with Accounting Standard 22 – “Accounting for Taxes on Income” are as follows:

<i>(Rupees in million)</i>					
Particulars	31 st March 2010	31 st March 2009	31 st March 2008	31 st March 2007	31 st March 2006
Opening Balance of Deferred tax liability	40.75	33.61	26.13	19.80	16.80
Add: (Less):					
Liabilities:					
Depreciation	19.10	7.66	7.84	6.55	3.08
Assets:					
Provision for Gratuity and other expenses allowable on payment basis	(1.16)	(0.52)	(0.36)	(0.22)	(0.08)
Deferred tax charge (credit) for the year	17.94	7.14	7.48	6.33	3.00
Closing Balance of Deferred tax liability	58.68	40.75	33.61	26.13	19.80

The above disclosures have been made in accordance with AS-22 “Accounting for Taxes on Income” as notified by the Companies (Accounting Standards) Rules, 2006

12. Leases:

The Key operating lease arrangements entered into by the Company are summarized below in accordance with Accounting Standard 19 – “Leases”:

- Pride Hotel, Nagpur: The Company has entered into Lease arrangement with Jagson Hotels Private Limited for taking land and hotel building comprising of ground plus four storeyed at Nagpur Airport for a period of 29 years from 24th June, 2006 subject to renewal upto 30 years against payment of monthly lease rent with escalation every 10 years. The Company has paid a refundable security deposit of Rs. 20 million to the lessor for the hotel. Under the Deed of Lease dated 19th September, 2007, which superceded the initial Lease Agreement dated 24th June, 2006, the Company has a right of pre-emption to purchase the reversionary rights of the lessor, right of assignment of the hotel; and entitlement to receive monetary compensation from the Lessor towards improvement cost incurred by the Company.
- Pride Hotel, Chennai: (i) The Company has entered into Lease arrangement with Indralok Hotels Private Limited for taking land and hotel building comprising of ground plus ten stories at Chennai for a period of 29 years from 21st October, 2005 subject to renewal upto 30 years against payment of monthly lease rent with escalation every 10 years. The Company has paid a refundable security deposit of Rs. 50.00 million to the lessor for the hotel. Under the Deed of Lease dated 10th September, 2007, which superceded the earlier Lease Agreements dated 21st October, 2005 and 1st March, 2006 the Company has a right of assignment of the hotel and entitlement to receive monetary compensation from the Lessor towards improvement cost incurred by the

Company. (ii) The Company has also entered into a Lease Agreement with Somti Hotels Private Limited for taking a car parking area near Pride Hotel At Chennai for a period of 29 years from 1st June, 2006 upto 30 years against payment of monthly lease rent with escalation every 10 years. The Company has paid a refundable security deposit of Rs. 1.00 million to the lessor for the Car Parking Area. Under the Deed of Lease dated 18th September, 2007, which superceded the earlier Lease Agreements dated 1st June, 2006, the Company has a right of assignment of the property and entitlement to receive monetary compensation from the Lessor towards improvement cost incurred by the Company.

- (c) Pride Hotel, Bangalore (Completed and commissioned during the year ended 31st March, 2010) : The Company has entered into a Lease Deed on 7th October, 2004 with Mr. Nisar Pasha and others for acquiring plot of land for construction a hotel for a period of 29 years from 7th October, 2004 against payment of monthly lease rent with escalation from the 12th year and 21st year. The Lessor has obtained all the permissions from the concerned authorities for construction of a hotel and the Company has a right to construct the same and the construction is in progress. The Company has also obtained right to sub-lease, right to mortgage, right to alternate use, right to install sign boards, displays. The Company has also signed a Supplementary Agreement on 8th October, 2004 for renewal of the lease arrangement for further period of 7 years (making it 36 years). The Company has paid refundable security deposit of Rs. 35.00 million to the Lessor.
- (d) Pride Hotel, Goa (proposed): The Company has entered into a Lease Deed on 18th September, 2007 with M/s. Pride Beach Resorts Private Limited for acquiring plot of land for construction a hotel for a period of 29 years from with effect from 1st July, 2007 and ending on 30th June, 2036 with a right to renew for a maximum of twenty years against payment of monthly lease rent with escalation from the 3rd year. The Company has also obtained rights of assignment of its rights and obligations under the Lease Deed and is entitled to receive monetary compensation from the Lessor towards improvement cost incurred by the Company. The Company has paid refundable security deposit of Rs. 10.00 million to the Lessor.
- (e) All these Lease Deeds are terminable either by efflux of time or due to defaults in paying the lease rents.

In additions to the above lease deeds, the Company has also entered into lease arrangements with other parties for taking certain office premises and residential premises for its employees on lease / leave and licence basis for short periods ranging from 11 months to 33 months.

- (f) The lease expenses in respect of above operating leases during the years ended 31st March, 2006 to 2010 were as under:

Period	(Rupees in million)
Year ended 31 st March, 2010	17.94
Year ended 31 st March, 2009	17.86
Year ended 31 st March, 2008	15.76
Year ended 31 st March, 2007	5.58
Year ended 31 st March, 2006	1.77

- (g) The details of lease commitments in terms of minimum lease payments as at 31st March, 2010 are as follows:

Payment falling due	(Rupees in million)
Within one year	47.57
Later than one year but not later than five years	89.42
Later than five years	368.88

The above disclosures have been made in accordance with AS-19 “Leases” as notified by the Companies (Accounting Standards) Rules, 2006.

13. Related Party Disclosures: (In accordance with Accounting Standard - 18)

A. Relationships during the year :

a) Subsidiaries:

- (i) Indralok Hotels Private Limited (with effect from 18th June, 2007):
- (ii) Pride Beach Resort Private Limited (with effect from 18th June, 2007)

- (iii) Somti Hotels Private Limited (with effect from 18th June, 2007)
- b) Individuals owning directly or indirectly an interest in the voting power that gives them control or significant influence and their relatives:
- (i) Mr. S. P. Jain
 - (ii) Mr. Kamal C. Jain (relative)
 - (iii) Mrs. Meena S. Jain (relative)
 - (iv) Mr. Satyen Jain
 - (v) Mr. Arvind Jain (relative)
 - (vi) Jain Maya (relative)
 - (vii) Jain Namrata (relative)
 - (viii) Jain Somatibai (relative)
- c) Key Management Personnel:
- (i) Mr. S.P. Jain - Managing Director
 - (ii) Mr. Satyen S.Jain - Director & CEO
 - (iii) Mrs. Meena S. Jain – Whole time director (Upto 5th December, 2007)
 - (iv) Mr. Arun Nayar – Director (Operations)
- d) Associates:
- (i) Jagsons Hotels Private Limited
- e) Enterprises over which any person described in (b) or (c) are able to exercise significant influence and with which the Company had transactions during the year:
- (i) ASP Enterprises Private Limited
 - (ii) Executive Housing Finance Co. Limited
 - (iii) Indralok Hotels Private Limited (subsidiary w.e.f. 18th June, 2007)
 - (iv) Kopra Estate Private Limited
 - (v) Pride Beach Resorts Private Limited (subsidiary w.e.f. 18th June, 2007)
 - (vi) Pride Centre & Dev. Private Limited
 - (vii) Pride Estates Limited
 - (viii) Pride Housing Construction Private Limited
 - (ix) Pride Housing & Finance Private Limited
 - (x) Pride Network Private Limited
 - (xi) Pride Paradise & Dev. Private Limited
 - (xii) Pride Plaza India Private Limited
 - (xiii) Pride Realty Private Limited
 - (xiv) Pride Regency & Dev. Private Limited
 - (xv) Somati Hotels Private Limited (subsidiary w.e.f. 18th June, 2007)
 - (xvi) S P Capital Consultant Private Limited
 - (xvii) S P Capital Financing Limited
 - (xviii) S P Realtors Private Limited
 - (xix) Sureshchand Dhanalal HUF
 - (xx) Sureshchand Premchand HUF
 - (xxi) The Executive Inn Limited
 - (xxii) M/s. Meena Investment Corp.
 - (xxiii) M/s Pride Paradise
 - (xxiv) Premchand Chaturmal HUF
 - (xxv) Pride Institute of Business Management.

B. Details of Transactions carried out with related parties referred in 'A' above:

SUMMARY OF TRANSACTIONS WITH RELATED PARTIES CARRIED DURING THE RELEVANT PERIOD

(Rupees in million)

Sr. No	Particulars	31st MARCH,				
		2010	2009	2008	2007	2006
1	Remuneration paid / provided:					
	Key management personnel	7.01	6.44	6.89	1.44	1.00
	Individual with control/influence	0.60	0.60	-	-	-
	Total	7.61	7.04	6.89	1.44	1.00
2	Interest paid / provided:					
	Subsidiaries	0.03	0.03	1.12	-	-
	Associate	-	-	1.00	-	-
	Other Group Companies and firms	6.92	8.79	8.19	2.47	2.26
	Total	6.95	8.82	10.31	2.47	2.26
3	Rent paid / provided:					
	Subsidiaries	4.69	4.76	4.44	-	-
	Individual with control/influence	0.24	0.24	0.24	-	-
	Key management personnel	0.54	0.54	0.54	0.87	0.78
	Associate	3.00	3.00	3.35	3.07	-
	Other Group Companies and firms	0.63	0.63	0.56	1.63	0.98
	Total	9.10	9.17	9.13	5.57	1.76
4	Loans taken:					
	Subsidiaries	3.89	3.33	5.09	-	-
	Individual with control/influence	-	-	0.13	-	0.07
	Key management personnel	0.36	-	1.14	-	-
	Associate	(3.14)	-	21.76	-	2.90
	Other Group Companies and firms	(39.46)	43.40	56.97	72.80	41.34
	Total	(38.35)	46.73	85.09	72.80	44.31
5	Loans given:					
	Subsidiaries	-	-	-	-	-
	Individual with control/influence	-	-	-	-	0.42
	Key management personnel	-	-	-	-	5.92
	Other Group Companies and firms	2.91	9.69	-	2.51	0.03
	Total	2.91	9.69	-	2.51	6.37
6	Deposits given/(received back)					
	Subsidiaries	-	-	7.49	-	50.00
	Associate	-	-	18.00	2.00	-
	Other Group Companies and firms	-	-	11.00	-	-
	Total	-	-	36.49	2.00	50.00
7	Amounts paid for acquisition of shares:					
	Subsidiaries	-	-	47.69	-	-
	Key management personnel	-	-	-	-	-

	Other Group Companies and firms		-	-	-	60.67	25.60
	Total		-	-	47.69	60.67	25.60

8	Year end balance:						
	I Receivables (Debit balances)						
	Subsidiaries	60.00	60.00	60.00	-	-	
	Individual with control/influence					1.26	
	Key management personnel	4.00	4.00	4.00	6.85	11.68	
	Associate	20.00	20.00	20.00	2.00	-	
	Other Group Companies and firms	20.00	20.00	20.00	61.58	60.02	
	Total	104.00	104.00	104.00	70.43	72.96	
	II Payables (Credit balances)						
	Subsidiaries	36.70	32.81	29.48	-	-	
	Individual with control/influence	-	-	0.09	-	1.28	
	Key management personnel	-	-	0.29	-	-	
	Associate	35.00	38.16	34.16	12.40	21.56	
	Other Group Companies and firms	149.34	188.03	149.79	166.59	95.84	
	Total	221.04	259.00	213.81	178.99	118.68	

PARTICULARS OF MATERIAL TRANSACTIONS WITH RELATED PARTIES

Rupees in million

Sr. No	Particulars	31st MARCH,				
		2010	2009	2008	2007	2006
1	Subsidiaries					
	Indralok Hotels Pvt. Ltd. (See Note below)					
A.	Rent paid	3.97	4.04	3.93	0.65	0.11
	Interest paid	-	-	1.11	-	-
	Deposits given (received back)	-	-	-	-	50.00
	Amount paid for shares	-	-	33.00	-	-
	Loans taken / (repaid)	34.98	2.80	4.66	24.27	-
	Total	38.95	6.84	42.70	24.92	50.11
	Somti Hotels Pvt. Ltd. (See Note below)					
B.	Rent paid	0.60	0.60	0.42	0.12	-
	Interest paid	1.49	0.03	0.01	-	-
	Loans taken / (repaid)	-	0.48	0.33	0.12	-
	Amount paid for shares	-	-	14.40	-	-
	Total	2.09	1.11	15.16	0.24	-
	Pride Beach Resorts Pvt. Ltd. (See Note below)					
C.	Rent paid	0.12	0.12	0.09	-	-

	Loans given (received back)		-	-	7.49	2.44	-
	Amount paid for shares		-	-	0.29	-	-
	Loans taken / (repaid)		0.23	0.06	0.09	-	-
	Total		0.35	0.18	7.96	2.44	-
	Note: The above three companies became the subsidiary of the Company with effect from 18th June, 2007						
2	Individuals / Key management personnel						
	A Mr. S P Jain						
	Remuneration paid	3.60	3.60	3.60	0.50	0.22	
	Rent paid	0.30	0.30	0.30	0.39	0.36	
	Loans given (received back)	-	-	-	(4.51)	5.48	
	Loans taken / (repaid)	-	(1.66)	2.63	-	-	
	Total	3.90	2.24	6.53	(3.62)	6.06	
	B Mrs. Meena S Jain						
	Remuneration paid	0.60	0.60	0.60	0.36	0.24	
	Rent paid	0.24	0.24	0.24	0.33	0.30	
	Loans given (received back)	-	-	0.13	(0.26)	(0.84)	
	Deposits given (received back)	-	-	(1.00)	-	-	
	Loans taken / (repaid)	-	0.09	-	-	-	
	Total	0.84	0.93	(0.03)	0.43	(0.30)	
	C Mr. Satyen Jain						
	Remuneration paid	2.40	1.80	1.80	0.19	0.22	
	Rent paid	0.24	0.24	0.24	0.15	0.12	
	Loans given (received back)	-	(0.29)	1.14	(0.05)	0.44	
	Deposits given (received back)	-	-	-	-	-	
	Loans taken / (repaid)	-	-	-	-	-	
	Total	2.64	1.75	3.18	0.29	0.78	
	D Mr. Arun Nayar						
	Remuneration paid	1.05	1.04	0.89	0.39	0.32	
	Total	1.05	1.04	0.89	0.39	0.32	
3	Associates						
	A. Jagsons Hotels Private Limited						
	Rent paid	3.00	3.00	3.35	3.06	-	
	Interest paid	-	-	1.00	-	-	
	Loans given (received back)	-	-	-	-	-	
	Deposits given (received back)	-	-	18.00	2.00	-	
	Loans taken / (repaid)	(3.14)	4.00	21.76	(9.16)	2.90	
	Total	(0.14)	7.00	44.11	(4.10)	2.90	
4	Other Companies and firms:						
	A. ASP Enterprises Pvt. Ltd						
	Interest paid	0.39	0.78	0.55	0.24	0.10	
	Loans given (received back)	-	-	-	-	-	
	Loans taken / (repaid)	1.76	0.16	(0.16)	9.96	1.33	
	Total	2.15	0.94	0.39	10.20	1.43	
	B Executive Housing Fin. Co. Ltd.						

	Interest paid		0.84	1.19	1.02	0.28	0.18
	Loans taken / (repaid)		1.45	1.66	7.13	10.25	2.43
	Total		2.29	2.85	8.15	10.53	2.61
C	Kopra Estate Private Limited						
	Interest paid		0.60	1.17	0.93	0.30	0.07
	Loans given (received back)		-	-	-	-	-
	Loans taken / (repaid)		(3.68)	0.34	(0.49)	10.28	8.13
	Total		(3.08)	1.51	0.44	10.58	8.20
	D Pride Centre & Dev. Pvt. Ltd						
	Interest paid		0.37	0.74	0.39	0.08	0.08
	Loans given (received back)		-	-	-	-	-
	Loans taken / (repaid)		0.31	0.31	9.84	0.07	1.46
	Total		0.68	1.05	10.23	0.15	1.54
	E Pride Estate Limited						
	Interest paid		-	-	-	-	0.10
	Loans given (received back)		-	-	-	-	-
	Loans taken / (repaid)		(0.83)	(1.44)	(4.44)	(1.81)	8.46
	Total		(0.83)	(1.44)	(4.44)	(1.81)	8.56
	F Pride Housing Construction Pvt. Ltd.						
	Interest paid		-	-	0.01	0.02	0.02
	Loans taken / (repaid)		-	(2.09)	2.08	-	0.01
	Total		-	(2.09)	2.09	0.02	0.03
	G Pride Network Pvt. Ltd.						
	Interest paid		0.38	0.61	0.48	0.08	0.04
	Loans taken / (repaid)		1.31	0.30	7.41	2.13	(0.49)
	Total		1.69	0.91	7.89	2.21	(0.45)
	H Pride Paradise & Dev.Pvt. Ltd						
	Interest paid		0.18	0.36	0.25	-	0.08
	Loans given (received back)		-	-	-	-	(1.04)
	Loans taken / (repaid)		(0.87)	0.27	4.59	-	(1.34)
	Total		(0.69)	0.63	4.84	-	(2.30)
	I Pride Plaza India Pvt. Ltd.						
	Interest paid		0.69	1.33	0.58	0.24	0.10
	Loans taken / (repaid)		0.75	0.64	14.12	0.13	6.69
	Total		1.44	1.97	14.70	0.37	6.79
	J Pride Realty Pvt. Ltd.						
	Interest paid		0.23	0.15	0.27	-	-
	Loans given (received back)		-	-	-	(0.03)	0.03
	Loans taken / (repaid)		0.14	2.82	1.06	3.66	-
	Total		0.37	2.97	1.33	3.63	0.03

	K	Pride Regency & Dve Pvt. Ltd						
		Interest paid		0.27	0.51	0.26	0.04	0.07
		Loans given (received back)		-	-	-	-	-
		Loans taken / (repaid)		0.10	0.55	7.31	0.03	0.51
		Total		0.37	1.06	7.57	0.07	0.58
	L	Pride Housing and Finance Co Ltd						
		Loans taken / (repaid)		-	-	-	0.03	0.51
		Total		-	-	-	0.03	0.51
	M	S P Capital Consultants P Ltd.						
		Interest paid		0.25	0.42	0.40	0.26	0.10
		Loans given (received back)		-	-	-	-	-
		Loans taken / (repaid)		(2.53)	2.49	0.21	0.20	2.57
		Total		(2.28)	2.91	0.61	0.46	2.67
	N	S P Capital Finance Ltd.						
		Interest paid		2.43	0.95	2.51	0.72	0.58
		Loans given (received back)		-	-	-	-	-
		Loans taken / (repaid)		(35.49)	35.49	-	14.33	7.54
		Total		(33.06)	36.44	2.51	15.05	8.12
	O	S P Realtors Pvt. Ltd.						
		Interest paid		0.06	0.09	0.13	0.10	0.06
		Loans given (received back)		-	-	-	-	-
		Loans taken / (repaid)		2.10	0.06	(1.42)	(0.30)	0.91
		Total		2.16	0.15	(1.29)	(0.20)	0.97
	P	The Executive Inn Limited						
		Interest paid		0.24	0.51	0.41	0.09	0.08
		Loans given (received back)		-	-	-	-	(1.00)
		Loans taken / (repaid)		(0.44)	(0.53)	7.10	(0.57)	-
		Total		(0.20)	(0.02)	7.51	(0.48)	(0.92)
	Q	Sureshchand Dhanlal HUF						
		Loans given (received back)		-	-	-	(0.92)	(0.01)
		Loans taken / (repaid)		-	-	-	-	0.51
		Total		-	-	-	(0.92)	0.50
	R	Sureshchand Premchand HUF						
		Rent paid		-	-	0.32	0.27	0.27
		Loans given (received back)		-	-	-	-	(0.49)
		Deposits given (received back)		-	-	11.00	-	-
		Loans taken / (repaid)		-	-	-	-	-
		Total		-	-	11.32	0.27	(0.22)
	S	Premchand Chaturmal HUF						
		Loans given (received back)		-	-	-	0.07	(1.23)
		Loans taken / (repaid)		-	-	-	-	0.17

	Total		-	-	-	0.07	(1.06)
T	M/s Meena Investments Corpn						
	Rent paid		-	-	0.24	0.60	0.60
	Loans given (received back)		-	-	-	-	(0.75)
	Loans taken / (repaid)		-	-	-	(0.06)	1.12
	Total		-	-	0.24	0.54	0.97
U	M/s Pride Paradise						
	Loans given (received back)		-	-	-	-	(1.04)
	Deposits given (received back)		-	-	-	-	-
	Loans taken / (repaid)		-	-	-	-	1.29
	Total		-	-	-	-	0.25
V	Pride Institute of Business Management						
	Loans given (received back)		2.91	9.69	-	-	-
	Total		2.91	9.69	-	-	-

14. Segment Reporting: (In accordance with Accounting Standard – 17)

The Company's business comprises mainly operation of hotels, the services of which represent one business segment as they are subject to risks and returns that are similar to each other. Further the Company derives its entire revenues from services rendered in India. Consequently, the disclosure of business and geographic segment-wise information is not applicable to the Company.

15. Employee Benefits: (In accordance with Accounting Standard – 15)(Revised)

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below: (As certified by the Actuary)

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under:

Rupees in million			
Particulars	31 st March, 2010	31 st March, 2009	31 st March, 2008
Employer's Contribution to Provident Fund	3.70	3.09	2.36

Defined Benefit Plan

In respect of Employee's Retiring Gratuity, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Rupees in million				
Sr. No.	Employee's Retiring Gratuity	31st March, 2010 Unfunded	31st March, 2009 Unfunded	31st March, 2008 Unfunded
I	Assumptions:			
	Discount rate	7.10%	7.50%	7.50%
	Rate of increase in compensation level	10.00%	10.00%	10.00%
	Expected average remaining working lives of employees (year)	3.93%	3.92%	3.93%
II	Change in Benefit Obligation:			
	Liability at the beginning of the year	8.19	5.76	4.31
	Interest cost	0.56	0.43	0.32
	Current Service Cost	2.15	1.10	1.02

Sr. No.	Employee's Retiring Gratuity	31st March, 2010 Unfunded	31st March, 2009 Unfunded	31st March, 2008 Unfunded
	Past Service Cost	0.01	----	----
	Liability Transfer in / out	----	----	----
	Benefit Paid	(0.44)	----	(0.39)
	Actuarial (Gain) / Loss on obligations	1.14	0.90	0.50
	Liability at the end of the year	11.61	8.19	5.76
III	Recognition of Transitional Liability:	NIL	NIL	NIL
IV	Amount recognized in the Balance Sheet:			
	Liability at the end of the year	11.61	8.19	5.76
	Fair value of Plan Assets at the end of the year	----	----	----
	Difference	----	----	----
	Unrecognized Past Service Cost	----	----	----
	Unrecognized Transition Liability	(11.61)	(8.19)	(5.76)
	Net Asset/(Liability) recognized in the Balance Sheet	(11.61)	(8.19)	(5.76)
V	Expenses recognized in the Profit and Loss Account:			
	Current Service Cost	2.15	1.10	1.02
	Interest Cost	0.56	0.43	0.32
	Expected return on Plan assets	----	----	----
	Past Service Cost (non-vested benefit) recognized	0.01	--	--
	Past Service Cost (vested benefit) recognized	--	--	--
	Recognition of Transition Liability	----	----	----
	Actuarial Gain or (Loss)	1.14	0.90	0.50
	Expense recognized in the Profit and Loss Account	3.86	2.43	1.84
VI	Balance Sheet Reconciliation:			
	Opening Net Liability	8.19	5.76	4.31
	Expenses as above	3.86	2.43	1.85
	Benefits Paid	(0.44)	----	(0.40)
	Employer's Contribution	--	--	--
	Closing Net Liability	11.61	8.19	5.76

Other details:
1. Gratuity is payable @ of 15 days salary for each year of service subject to a maximum of Rs. 0.35 million.
2. Leave is encashable as per Company's policy from time to time. Balance unavailed leave at the year end is neither carried forward nor accumulated.
3. The above information in respect of Gratuity is certified by the actuary.
4. The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market
5. The above disclosures have been made for the three years ended 31 st March, 2008, 2009 and 2010 in accordance with the revised Accounting Standard 15 – Employee Benefits, which became applicable from the year 2007-08. On initial adoption the liability for past years of Rs. 1.46 million, being an insignificant amount has been adjusted against the Reserves and Surplus in the year 2007-08 itself. In respect of earlier two years ended 31 st March, 2006 and 2007, the Company made provision for gratuity in accordance with the provisions of the Payment of Gratuity Act, 1972.

16. Miscellaneous Expenditure:

The Company has incurred certain expenses for its proposed IPO in the year 2007-08 amounting to Rs. 6.35 million which include Rs.2.31 million paid to Regulatory authorities, Rs.3.73 million paid for professional fees to lead manager

and legal consultants and Rs. 0.31 million paid to the auditors for certification work. The Company had received observations from SEBI and other formalities were pending. The above IPO expenditure will be set off against the proceeds of the Security Premium on completion of the proposed IPO process in due course of time

17. Other Notes:

- a) In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated in the Standalone Statement of Assets and Liabilities as at 31st March, 2010, 2009, 2008, 2007 and 2006, if realized in the ordinary course of business. Provision for depreciation and all known liabilities has been made and is adequate and not in excess of the amount reasonably necessary.
- b) The main business of the Company comprises of inter alia, running of a Hotel. As such the Directors are of the opinion that it is neither a manufacturing nor a trading company in terms of the Companies Act, 1956 and, therefore, the requirements of paragraphs 3(i) (a), 3 (ii) (a) (I), 3(ii) (a) (2), 3 (ii) (b) and paragraph 4C of part II of Schedule VI to the Companies Act, 1956 do not apply. As the turnover of the Company is in respect of food and beverages only, it is not possible to give quantity wise details of the turnover. The Company has made an application to the Central Government for seeking exemption under Section 211 (4) of the Companies Act, 1956, if applicable, from giving quantitative details of its turnover, consumption of food and beverages, etc. in the annual accounts and the approval is awaited.
- c) The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid / payable as required under the said Act have not been given.

PRIDE HOTELS LIMITED

ANNEXURE – 5

STANDALONE CASH FLOW STATEMENT AS RESTATED FOR THE YEAR

ENDED:

Rupees in million

S.No.	Particulars	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006
A.	CASH FLOW FROM OPERATING ACTIVITIES:					
	Net Profit after tax but before adjustments as restated	170.87	206.34	205.49	111.51	39.84
	Adjustments for:					
	Provision for taxation	79.31	90.73	104.53	60.61	20.76
	Depreciation	45.65	29.83	25.54	14.69	9.43
	Provision for Retirement Benefits	3.42	2.43	1.45	0.27	0.21
	Loss / (Profit) on sale of assets	0.83	(0.04)	0.00	0.00	0.00
	Loss / (Profit) on sale of Investments	2.77	0.00	0.00	0.00	0.00
	Preliminary Expenses written off	0.00	0.00	0.00	0.08	0.00
	Interest received	(0.38)	(0.36)	(0.40)	(0.30)	(0.47)
	Dividend received	(21.02)	(36.44)	(15.84)	0.00	0.00
	Interest paid	14.13	10.48	14.44	8.68	4.43
	Operating profit before working capital changes:	295.58	302.97	335.21	195.54	74.20
	Adjustments for:					
	Trade & other receivables	(20.64)	(13.05)	(18.46)	(21.58)	(13.85)
	Decrease / (Increase) in Loans, Advances and Deposits	(14.85)	(5.74)	(37.15)	3.89	(23.88)
	Inventories	(1.33)	1.40	(1.32)	(3.29)	(0.05)
	Trade payable	20.83	(5.50)	48.59	40.60	19.61
	Cash generated from operations:	279.59	280.08	326.87	215.16	56.03
	Direct taxes paid	(67.74)	(84.18)	(119.05)	(37.28)	(10.48)
	Cash Flow before Extraordinary Items:	211.85	195.90	207.82	177.88	45.55
	Extraordinary items	0.00	0.00	0.00	0.00	0.00
	Net cash from Operating Activities:	211.85	195.90	207.82	177.88	45.55
B.	CASH FLOW FROM INVESTMENT ACTIVITIES:					
	Purchase of Fixed Assets incl. Capital work in progress	(597.81)	(330.62)	(199.19)	(245.89)	(115.95)
	Investments made in Shares/Mutual Funds	(0.01)	(39.33)	(525.94)	(6.07)	(26.44)
	Proceeds from disposal of investments	440.54	0.00	0.00	0.76	0.83
	Sale Proceeds of Fixed Assets	1.53	0.20	0.00	0.26	0.00
	Interest Income	0.38	0.36	0.40	0.30	0.47

	Dividend Income	21.02	36.44	15.84	0.00	0.00
	Net cash used in Investing Activities	(134.35)	(332.95)	(708.89)	(250.64)	(141.09)
C.	CASH FLOW FROM FINANCING ACTIVITIES:					
	Increase in share capital	0.00	0.00	26.21	0.00	10.81
	Miscellaneous Expenditure (IPO Expenses)	0.00	0.00	(6.35)	0.00	0.00
	Proceeds of Share Premium	0.00	0.00	522.32	0.00	0.00
	Proceeds / (Repayments) of Secured Loans	(17.65)	91.61	(50.00)	32.82	36.77
	Proceeds of Unsecured Loans	(40.27)	47.65	30.04	49.40	55.03
	Interest paid	(14.13)	(10.48)	(14.44)	(8.68)	(4.43)
	Net cash (used in) / generated from Financing Activities	(72.05)	128.78	507.78	73.54	98.18
D.	NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	5.45	(8.27)	6.71	0.78	2.64
E.	CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Opening Balance)	7.86	16.13	9.42	8.64	6.00
F.	CASH & CASH EQUIVALENTS AT THE CLOSING OF THE YEAR (Closing Balance)	13.31	7.86	16.13	9.42	8.64

PRIDE HOTELS LIMITED

ANNEXURE 6

STANDALONE SUMMARY OF ACCOUNTING RATIOS

(Rupees in million except EPS and Share Data)

		31st March					
	Particulars	Reference	2010	2009	2008	2007	2006
1	Earnings per shares (Rs.) (EPS)						
	Net Profit after tax as restated	(A)	170.87	206.34	205.49	111.51	39.84
	Net Worth (Excluding Revaluation Reserve)	(B)	1,426.66	1,255.76	1,049.43	303.20	191.63
	Basic EPS - Rs.	(A/D)	5.52	6.67	7.30	4.13	1.64
	Diluted EPS - Rs.	(A/E)	5.52	6.67	7.30	4.13	1.64
2	Net Asset Value per equity share (Rs.)	(B/D)	46.12	40.60	37.29	11.23	7.89
3	Return on Net Worth (%)		11.98%	16.43%	19.58%	36.78%	20.79%
4	Weighted average number of Equity Shares outstanding during the year considered for Basic EPS and Net Asset Value Per Share	(D)	30,931,995	30,931,995	28,142,240	27,000,000	24,294,438
5	Weighted average number of Equity Shares outstanding during the year considered for Diluted EPS	(E)	30,931,995	30,931,995	28,142,240	27,000,000	24,294,438

Formulae:

- 1 **Earnings Per Share (Rs.)** =
$$\frac{\text{Net Profit after Tax as restated and before Extraordinary items}}{\text{Weighted Average Number of Equity Shares outstanding during the year}}$$
- 2 **Net Asset Value Per Equity Share (Rs.)** =
$$\frac{\text{Net worth excluding Revaluation Reserve, Preference Share Capital And Share Premium thereon}}{\text{Weighted Average Number of Equity Shares outstanding during the year}}$$
- 3 **Return on Net Worth (%)** =
$$\frac{\text{Net Profit after Tax as restated and before Extraordinary items}}{\text{Net worth excluding Revaluation Reserve}}$$
- 4 **Net Worth** =
$$\text{Share Capital} + \text{Reserves \& Surplus (excluding Revaluation Reserve)} - \text{less Miscellaneous Expenditure}$$

STANDALONE SUMMARY OF ACCOUNTING RATIOS

Notes:

(Rupees in million except EPS and Share Data)

- 1 The Company has issued further Equity Shares after 1st April, 2002 as under:

Date of Issue --		<u>15.10.2004</u>	<u>31.3.2005</u>	<u>21.10.2005</u>	<u>7.8.2007</u>	<u>24.9.2007</u>	<u>17.12.2007</u>	<u>17.12.2007</u>	<u>31.3.2010</u>
		At Par	At Par	At Par	At Par	At Par	At Par	At Premium	At Par
Number of Equity shares issued	Originally	50000	41896	108104	NA	NA	NA	NA	NA
Number of Equity shares issued (Note 4)	After Sub-division	500000	418960	1081040	12000000	1000	2259950	370380	10310665
			(Note 2)		(Note 3)		(Note 6)	(Note 7)	(Note 8)

- 2 These shares were issued and allotted to the shareholders of erstwhile Shubhalaxmi (Bodakdev) Properties Private Limited pursuant to the Scheme of Amalgamation approved by the Hon. High Courts of Bombay and Gujarat.
- 3 These shares were issued by way of fully paid Bonus Shares at par by way of capitalisation out of General Reserve as approved by the members on 7th August, 2007 in the ratio of two equity shares for every one equity share held on the record date.
- 4 Equity shares of the Company having face value of Rs. 100 each were subdivided into 10 Equity Shares of Rs. 10 Each vide resolution passed by the members on 12th July, 2007. The EPS for all the previous years have been recast to make them comparable in compliance with the requirements of the Accounting Standard-20 on 'Earnings per Share' as notified by the Companies (Accounting Standards) Rules, 2006.
- 5 The Company has taken secured term loans from banks. However, there is no conversion clause in any of the Loan Agreements
- 6 The Company had issued 22,49,950 Zero Coupon Redeemable Preference Shares of Rs. 10 each on 24th September, 2007 at a premium of Rs. 190/- per share. The Preference Shareholder had a right to convert these shares into equity shares at the rate of Rs. 200/- per share, in part of full at any time after the investment. The Preference Shareholder has converted these shares into 22,49,950 Equity Shares of Rs. 10 each on 17th December, 2007.
- 7 These shares were issued at a premium of Rs. 260/- per shares.
- 8 These shares were issued by way of fully paid Bonus Shares at par by way of application of money out of Securities Premium as approved by the members on 31st March, 2010 in the ratio of one equity share for every two equity shares held on the record date.
- 9 Restated Net profit, as appearing in the restated statement of Profit & Loss (**Annexure 2**) and Net Worth as appearing in restated statement of Assets & Liabilities (**Annexure 1**), have been considered for computing the above ratios. These ratios are computed on the basis of the standalone restated financial information of the Company
- 10 The EPS calculations are done in accordance with AS 20 - 'Earnings per Share' as notified by the Companies (Accounting Standards) Rules, 2006

PRIDE HOTELS LIMITED
ANNEXURE 6 - Contd..
(Rupees in million except EPS and Share Data)

		31st March				
	Particulars	2010	2009	2008	2007	2006
1	Nominal value of equity shares	NA	NA	NA	100	100
	Nominal value of equity shares (after subdivision)	10	10	10	10	10
2	Total number of equity shares outstanding					
	at the beginning of the year - fully paid up	20,621,330	20,621,330	6,000,000	6,000,000	4,918,960
3	Equity Shares issued on:					
	Date of issue: 15-10-2004	-	-	-	-	-
	Date of issue: 31-03-2005	-	-	-	-	-
	Date of issue: 21-10-2005	-	-	-	-	1,081,040
	Date of issue: 07-08-2007 (Bonus issue 2:1)	-	-	12,000,000		
	Date of issue: 24-09-2007	-	-	1,000	-	-
	Date of issue: 17-12-2007	-	-	362,500	-	-
	Date of issue: 17-12-2007	-	-	7,880	-	-
	Date of issue: 17-12-2007	-	-	2,249,950	-	-
	Date of issue: 31-03-2010 (Bonus Issue 1:2)	10,310,665	-	-	-	-
4	Total number of equity shares outstanding					
	at the end of the year - fully paid up	30,931,995	20,621,330	20,621,330	6,000,000	6,000,000
5	Adjustment in respect of Bonus shares issued					
	on 7-8-2007	-	-	12,000,000	12,000,000	10,797,528
	on 31-03-2010	-	10,310,665	10,310,665	6,000,000	479,804
6	Weighted Average Number of Equity Shares					
	outstanding during the year - Considered for Basic EPS	30,931,995	30,931,995	28,142,240	27,000,000	24,294,438
7	Weighted Average Number of Equity Shares					
	outstanding during the year - Considered for Diluted EPS	30,931,995	30,931,995	28,142,240	27,000,000	24,294,438

PRIDE HOTELS LIMITED
STANDALONE STATEMENT OF TAX SHELTER

ANNEXURE 7

(Rupees in million)

	Particulars	31st March				
		2010	2009	2008	2007	2006
A	Profit or (loss) before tax as per Statement of Profits and Losses - as Restated {A}	250.18	297.07	310.02	172.12	60.60
	Marginal tax rate (%)	33.99	33.99	33.99	33.66	33.66
	Tax Charge (Credit) on above	85.04	100.97	105.38	57.94	20.40
B	Permanent Differences					
	On Exempt Income - Dividend on mutual fund	21.02	36.44	15.84	-	-
	Donations	(0.15)	(0.07)	(0.10)	-	(0.01)
	Amortisation of Preliminary Expenses	-	-	-	0.08	-
	Deduction under Section 80-HHD	-	-	-	-	-
	Other Miscellaneous (disallowances)/benefit	(3.79)	0.05	(0.91)	3.11	(0.21)
	Deduction under Section 35 (2AA)	-	-	-	-	0.25
	Total Permanent Differences {B}	17.08	36.42	14.83	3.19	0.03
C	Timing Difference					
	Difference between tax depreciation and book depreciation	56.42	22.48	23.04	20.69	9.01
	Provision for gratuity and unpaid statutory dues	(3.42)	-	(2.21)	-	-
	Total Timing Differences {C}	53.00	22.48	20.83	20.69	9.01
D	Net Adjustments (B + C)	70.08	58.90	35.66	23.88	9.04
E	Tax Savings thereon	23.82	20.02	12.12	8.04	3.04
F	Profit (Loss) as per Income-tax return (A - B - C)	180.10	238.17	274.36	148.24	51.56
G	Brought forward losses adjusted	-	-	-	-	-
H	Taxable Income	180.10	238.17	274.36	148.24	51.56

I	Tax as per Income-tax return (Note)					
	Under Normal provisions	61.21	80.96	93.26	49.90	17.35
	Under Section 115 JB (MAT)	-	-	-	-	-
	Interest under section 234-B	-	-	-	1.11	0.51
	Interest under section 234-C	-	-	1.43	1.91	0.72
	Total tax payable as per return (Note)	61.21	80.96	94.69	52.92	18.58

Note:

The figures for the year ended 31st March, 2010 are based on the provisional computation, pending filing of tax return.

PRIDE HOTELS LIMITED
ANNEXURE 8
STANDALONE CAPITALISATION STATEMENT
(Rupees in million)

	Particulars		Year ended 31st March, 2010 (Pre-Issue)	(Post-Issue)
1	Borrowings:			
	Secured Loans		104.73	
	Unsecured Loans		223.08	
			327.81	
	Less: Short Term Unsecured Loans	See Note 1 below	46.34	
	Total Long Term Loans		281.47	
2	Shareholders' Funds:			
	Share Capital		309.32	
	Reserves & Surplus (Excluding Revaluation Reserve)		1,123.69	
	Total Shareholders' Funds	See Note 2 below	1,433.01	
3	Total long term debts/Total Shareholders' Funds	See Note 2 below	0.20 / 1	
4	Total debts / Total Shareholders' Funds	See Note 2 below	0.23 / 1	

Notes:

- 1 Short term debts are debts maturing within next one year from the date of above statement and interest accrued and due thereon.

- 2 Information pertaining to Share Capital and Reserves post issue can be ascertained only after the conclusion of the book building process.

- The above has been computed on the basis of the Restated Summary
3 Statements.

PRIDE HOTELS LIMITED

ANNEXURE – 9

STANDALONE STATEMENT OF SECURED LOANS

(Rupees in Million)

Particulars	As at 31st March				
	2010	2009	2008	2007	2006
Term Loans from Banks:					
(a) Citibank N.A.	2.46	48.82	-	28.02	15.42
(b) Kotak Mahindra Bank Ltd.	10.33	20.68	-	-	-
Working Capital Loans from Banks:					
(a) Kotak Mahindra Bank Ltd.	40.00	-	-	-	-
(b) Bank of Maharashtra	1.93	-	-	-	-
Cash credit Facility from:					
(a) Citibank N.A.	41.29	31.71	30.77	33.59	20.65
(b) ICICI Bank	-	-	-	18.67	9.97
(c) Central Bank of India	-	-	-	-	1.92
(d) Kotak Mahindra Bank Ltd.	8.70	20.35	-	-	-
Interest accrued and due	0.02	0.82	-	0.49	-
Total	104.73	122.38	30.77	80.77	47.96

Notes:

Contd..

PRIDE HOTELS LIMITED

ANNEXURE – 9 Contd

STANDALONE STATEMENT OF SECURED LOANS

(Rupees in Million)

Sr. No.	Bank/Financial Institution	Sanctioned Amount	Amounts Outstanding As on 31-3-2010	Interest	Purpose of loan/ Repayment/ Security
1)	Citi Bank N.A. Cash Credit	Rs. 63.00	Rs. 41.29	2.50% less than the applicable Citibank PLR, which is currently 15.00% p.a. (applicable rate is PLR 15% less 2.50%=12.50%)	<p>Purpose:- The purpose of the loan is for financing working capital requirement and capital expenditure of the company</p> <p>Repayment:- The loan is repayable on demand.</p> <p>Security:- Secured by Equitable mortgage executed in favour of the Bank on the (a) commercial property office situated at Dalamal Tower, Nariman Point, Mumbai, (b) residential property being flat no 201/202 Owned by Directors & related parties situated at Pride Parmar Galaxy at Pune (c) Commercial property being part of company's Ahmedabad Hotel in the building Orchid Plaza, Ahmedabad</p> <p>* Hypothecation of credit cards receivables of the Pride Hotel Pune</p> <p>* Personal guarantee of Mr.S.P.Jain, Managing Director and Mr.Satyen Jain Director & CEO</p> <p>* Corporate guarantee of ASP enterprises Pvt.Ltd., Pride Plaza (India) Pvt.Ltd., Kopra Estate Pvt.Ltd., S.P.Realtors Pvt.Ltd. and Meena Investment Corporation</p>
2)	Citi Bank N.A. Term Loan	Rs. 87.00	Rs. 2.46	2.50% less than the applicable Citibank PLR, which is currently 15.00% p.a. (applicable rate is PLR 15% less 2.50%=12.50%)	<p>Purpose:- The purpose of the loan is for financing working capital requirement and capital expenditure of the company</p> <p>Repayment:- Repayable within 60 months from the date of disbursement</p> <p>Security:- Secured by Equitable mortgage executed in favour of the Bank on the (a) commercial property office situated at Dalamal Tower, Nariman Point, Mumbai, (b) residential property being flat no 201/202 Owned by directors & related parties situated at Pride Parmar Galaxy at Pune (c) Commercial property being part of company's Ahmedabad Hotel in the building Orchid Plaza, Ahmedabad</p> <p>* Hypothecation of credit cards receivables of the Pride Hotel Pune</p> <p>* Personal guarantee of Mr.S.P.Jain, Managing Director and Mr.Satyen Jain Director & CEO</p>

					* Corporate guarantee of ASP enterprises Pvt.Ltd.,Pride Plaza (India) Pvt.Ltd.,Kopra Estate Pvt.Ltd.,S.P.Realtors Pvt.Ltd.and Meena Investment Corporation
3)	Kotak Mahindra Bank Cash Credit	Rs. 50.00	Rs. 8.70	12.00%.p.a.Floating rate. The rate of interest has been arrived at on the basis of Bank's Benchmark Prime lending Rate (PLR) Less 3.50% p.a. (applicable rate is PLR 15.50% Less 3.50% =12%	<p>Purpose:- The purpose of the loan is for meeting a part of the company's working capital requirement.</p> <p>Repayment:- The loan is repayable on demand.</p> <p>Security:- Secured by charge on all the existing and future stock and book debt & credit receivables (except receivables of Pune & Bengaluru)</p> <p>* Equitable mortgage on Company's immovable property land and building of Pride Hotel,Pune,Charge on moveable fixed assets of Pride hotel,Pune.</p> <p>* Corporate guarantee of Indralok Hotels.Pvt.Ltd., Jagson Hotel Pvt.Ltd. and Pride Beach Resorts Pvt.Ltd.</p> <p>* Personal guarantee of Mr.S.P.Jain,Managing Director and Mr.Satyen Jain,Director & CEO of the company.</p>
4)	Kotak Mahindra Term Loan	Rs. 50.00	Rs. 10.33	Interest rate is PLR Less 2.50% (applicable rate is PLR 15.50 less 2.50%=13%)	<p>Purpose :-For issue of commitment/guarantee in favour of overseas lending bank/ institution,for meeting payment obligation under capex import LC/s used for import machinery/equipments furniture & fixtures etc .</p> <p>Repayment :- Within 180 days from the date of disbursement.</p> <p>Security:- Secured by charge on all the existing and future stock and book debt & credit receivables (except receivables of Pune & Bengaluru)</p> <p>* Equitable mortgage on Company's immovable property land and building of Pride Hotel,Pune,Charge on moveable fixed assets of Pride hotel,Pune.</p> <p>* Corporate guarantee of Indralok Hotels.Pvt.Ltd., Jagson Hotel Pvt.Ltd. and Pride Beach Resorts</p>

					Pvt.Ltd. * Personal guarantee of Mr.S.P.Jain,Managing Director and Mr.Satyen Jain,Director & CEO of the company.
5)	Kotak Mahindra Bank-WCDL Loan Working Capital Demand Loan	Rs. 100.00	Rs. 40.00	The rate of interest is Kotak Bank PLR 15.50% less 5% (applicable rate is PLR 15.50% Less 5%=10.50%)	Purpose:- The purpose of the loan is for meeting a part of the company's working capital requirement. Repayment:- Within 3 Months from the date of Disbursement Security:- Secured by charge on all the existing and future stock and book debt & credit receivables (expect receivables of Pune & Bengaluru) * Equitable mortgage on Company's immoveable property land and building of Pride Hotel,Pune,Charge on moveable fixed assets of Pride hotel,Pune. * Corporate guarantee of Indralok Hotels.Pvt.Ltd., Jagson Hotel Pvt.Ltd. and Pride Beach Resorts Pvt.Ltd. * Personal guarantee of Mr.S.P.Jain,Managing Director and Mr.Satyen Jain,Director & CEO of the company.
6	Bank of Maharashtra Working Capital Term Loan	Rs. 2.50	Rs. 1.93	Rate of Interest 14.25%	Purpose:- Short Term Loan for Working Capital Repayment:- Repayable within six months (fully repaid after 31.03.2010) Security:- Hypothecation of book debts and unencumbered machinery

PRIDE HOTELS LIMITED

ANNEXURE - 10

STANDALONE STATEMENT OF UNSECURED LOANS

(Rupees in million)

Particulars	31st March				
	2010	2009	2008	2007	2006
From Directors, Directors' relatives and shareholders					
(a) Directors	-	-	1.95	-	-
(b) Directors relatives	-	-	0.09	-	3.06
(c) Shareholders					
From Subsidiaries	36.70	32.81	29.48	-	-
From Companies in which Directors are interested	184.43	228.73	181.23	178.60	115.00
From Other Companies and parties	-	-	-	3.01	13.56
From firms in which directors are interested	-	-	-	0.32	0.62
Vehicles Loans	1.95	1.81	2.95	3.73	5.80
Total	223.08	263.35	215.70	185.66	138.04

Notes:

- 1 Vehicles Loans carry interest rates varying between 10 % p.a. to 12.00% p.a. and are repayable through Equated Monthly Installment.
2. Unsecured loans from companies, firms and other parties, and subsidiaries are repayable after a period of three years from 1st April, 2010 and carry interest rates as may be mutually agreed upon but not exceeding the prevailing bank lending rate. However, the same are repayable before three years at the option of the Company.

PRIDE HOTELS LIMITED
ANNEXURE - 11
STANDALONE STATEMENT OF INVESTMENTS
(Rupees in million)

	Particulars	31st March				
		2010	2009	2008	2007	2006
	Investments in Quoted Equity shares: Fully paid up:					
	S. P. Capital Financing Limited	3.28	3.28	3.28	3.28	4.04
		3.28	3.28	3.28	3.28	4.04
	Investments in unquoted equity shares of Subsidiaries: Fully paid up:					
	Indralok Hotels Private Limited (Note 1 below)	48.00	48.00	48.00	-	-
	Pride Beach Resorts Hotels Private Limited (Note 1 below)	6.35	6.35	6.35	-	-
	Somti Hotels Private Limited (Note 1 below)	25.00	25.00	25.00	-	-
		79.35	79.35	79.35	-	-
	Investments in unquoted equity shares: Associate: Fully paid up:					
	Jagson Hotels Private Limited	6.46	6.46	6.46	6.46	6.46
		6.46	6.46	6.46	6.46	6.46
	Investments in unquoted equity shares: Others Companies: Fully paid up:					
	Indralok Hotels Private Limited	-	-	-	15.00	15.00
	[See Note 1 below]					
	Kopra Estate Private Limited	-	-	-	1.09	1.09
	Pride Beach Resort Private Limited	-	-	-	6.07	-
	[See Note 1 below]					
	Pride Estate Private Limited	0.60	0.60	0.60	0.60	0.60
	Somti Hotels Private Limited	-	-	-	10.60	10.60
	[See Note 1 below]					
		0.60	0.60	0.60	33.36	27.29
	Investments in unquoted Preference shares: Others Companies: Fully paid up:					
	Pride Plaza (India) Private Limited	0.19	0.19	0.19	0.19	0.19

		0.19	0.19	0.19	0.19	0.19
	Investments in Government Securities (Note 2 below)	0.10	0.09	0.08	0.08	0.03
		0.10	0.09	0.08	0.08	0.03
	Investments in Mutual Funds (Note 3 below)	75.37	518.67	479.34	-	-
		75.37	518.67	479.34	-	-
	Total Cost of Investments	165.35	608.64	569.31	43.37	38.01
	Notes:					
	Book Value of quoted Investments	3.28	3.28	3.28	3.28	4.04
	Book value of unquoted Investments	162.07	605.36	566.03	40.09	33.97
	Market Value of quoted Investments	9.59	11.11	16.88	3.62	3.90
	Investments purchased and sold during the year	657.04	-	221.50	-	-
Notes:						
1	These Companies became subsidiaries of the Company with effect from 18th June, 2007.					
2	Investments in Government Securities have been deposited with some Government authorities.					
3	These investments were made out of proceeds of issue of equity shares at premium during the year ended 31-3-2008 and deployed temporarily.					

ANNEXURE - 12**STANDALONE STATEMENT OF SUNDRY DEBTORS***(Rupees in million)*

	Particulars	As at 31st March				
		2010	2009	2008	2007	2006
	Unsecured:					
	Debts due for more than six months:					
	(a) Considered good	13.79	14.23	10.21	4.80	6.07
	(b) Considered doubtful	-	-	-	-	-
	Sub-total	13.79	14.23	10.21	4.80	6.07
	Other debts:					
	(a) Considered good	80.74	59.82	51.20	38.58	13.52
	(b) Considered doubtful	-	-	-	-	-
	Sub-total	80.74	59.82	51.20	38.58	13.52
	Less: Provision for Doubtful Debts	-	-	-	-	-
	Sundry Debtors	94.53	74.05	61.41	43.38	19.59

Notes:

- a) All the debtors are unsecured, good and fully recoverable.
- b) There are no debts due from any promoter or promoter group or group entity or director

ANNEXURE 13**STANDALONE STATEMENT OF LOANS & ADVANCES***(Rupees in million)*

	Particulars	As at 31st March				
		2010	2009	2008	2007	2006
	Advances recoverable in cash or kind or for value to be received (Note 1 below)	35.80	20.65	17.58	18.80	70.12
	Deposits (Including Long Term for hotel and other properties):					
	(i) To Promoters	4.00	4.00	4.00	5.00	5.00
	(ii) To Group Entities	40.00	40.00	40.00	11.00	9.00
	(iii) To Subsidiaries	60.00	60.00	60.00	50.00	-
	(iv) To Others	39.97	40.26	37.59	37.22	8.74
	Payment of taxes	247.76	234.24	150.04	31.29	2.60
	Total	427.53	399.15	309.21	153.31	95.46

Notes:

- a) There are no advances recoverable from any promoter or promoter group or group entity or director.
- b) All these advances and deposits are unsecured and good.

ANNEXURE - 14

STANDALONE STATEMENT OF OTHER INCOME

(Rupees in million)

	Particulars	Recurring/Non Recurring	Related to Business/Not Related	For the year ended 31st March				
				2010	2009	2008	2007	2006
	Exchange Gain (net)	Recurring	Related	0.26	1.21	0.25	0.12	-
	Interest – Gross	Recurring	Related	0.38	0.36	0.40	0.30	0.47
	Dividend	Recurring	Not Related	21.02	36.44	15.84	-	-
	Management fees from other hotels	Recurring	Related	3.66	3.70	0.50	-	-
	Licence Fees – Shops and rental	Recurring	Related	6.38	5.25	4.58	1.76	-
	Miscellaneous Income	Recurring	Related	1.44	3.98	1.28	0.26	-
	Sub-total			33.14	50.94	22.85	2.44	0.47
	Credits written back	Non-recurring	Related	8.52	3.45	2.00	-	-
	Sub-total			8.52	3.45	2.00	-	-
	Total Other Income:			41.66	54.39	24.85	2.44	0.47
	Less: Extra Ordinary items	Non Recurring		-	-	-	-	-
	Total			41.66	54.39	24.85	2.44	0.47

PRIDE HOTELS LIMITED**ANNEXURE - 15****STANDALONE STATEMENT OF DIVIDEND PAID***(Rupees in million)*

	Particulars	For the year ended 31st March				
		2010	2009	2008	2007	2006
	Total number of equity shares outstanding	30,931,995	20,621,330	20,621,330	6,000,000	6,000,000
	Dividend rate (%)	-	-	-	-	-
	Dividend amount	-	-	-	-	-
	Total	-	-	-	-	-

Note:

The Directors in their prudence and considering the funds requirements for business purposes, have not recommended or approved the payment of any dividend in the above years.

PRIDE HOTELS LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS, AS RESTATED, FOR THE YEARS ENDED 31ST MARCH, 2008,
31ST MARCH, 2009 AND 31ST MARCH, 2010**

Auditors' report as required by Part II of Schedule II of the Companies Act, 1956

The Board of Directors,
Pride Hotels Limited
908, Dalamal Tower,
211, Nariman Point,
Mumbai 400021.

At your request, we have examined the annexed Consolidated Financial Information – as restated, of Pride Hotels Limited (formerly Pride Hotels Private Limited) ('the Company') and its subsidiaries, viz. (1) Indralok Hotels Private Limited; (2) Somti Hotels Private Limited' and (3) Pride Beach Resorts Private Limited and its associate company, viz. Jagsons Hotels Private Limited, (collectively referred to as **the 'Group'**) for the years ended 31st March, 2008, 31st March, 2009 and 31st March, 2010 including the notes thereon being the last date to which the accounts of the Company have been made up. This financial information has been prepared by the management and is approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Initial Public Offering ('IPO').

This Consolidated Financial Information has been prepared in accordance with the requirements of:

- i). Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI Regulations') issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments;
- iii) The revised Guidance Note on the Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ('ICAI'); and
- vi) The terms of our letter of engagement with the Company requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with its proposed IPO as aforesaid.

A.) Consolidated Financial information as per the audited financial statements

1. We have examined the Consolidated Summary Statements of Assets and Liabilities (**Annexure 1**) and Profits and Losses (**Annexure 2**), as restated of the Group as at 31st March, 2008, 31st March, 2009 and 31st March, 2010 and the attached Consolidated Statement of Cash Flows, (**Annexure 5**) as restated for the year ended 31st March, 2008, 31st March, 2009 and 31st March, 2010 as prepared by the Group and approved by the Board of Directors. These Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Group, which are appropriate and are more fully described in the Significant Accounting Policies appearing in **Annexure 3** to this report and Notes appearing in **Annexure 4** to this report.
2. We report that the Consolidated Summary Statement of Assets and Liabilities, as restated of the Group as at 31st March, 2008, 31st March, 2009 and 31st March, 2010 are as set out in **Annexure 1** to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies as appearing in **Annexure 3** and Notes to the Consolidated Statements appearing in **Annexure 4** to this report.
3. We report that the Consolidated Summary Statement of Profits and Losses, as restated of the Group for the years ended 31st March, 2008, 31st March, 2009 and 31st March, 2010 are as set out in **Annexure 2** to this report. These profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies as appearing in **Annexure 3** and Notes to the Consolidated Statements appearing in **Annexure 4** to this report.

4. We report that the above restated consolidated Summary Statements, are to be read in accordance with the Significant Accounting Policies as appearing in **Annexure 3** and Notes to the Consolidated Financial Statements appearing in **Annexure 4** to this report, have been extracted from the consolidated audited financial statements of the Group for the year ended 31st March, 2008, 31st March, 2009 and 31st March, 2010. The consolidated financial statements of the Company for the years ended 31st March, 2008, 31st March, 2009 and 31st March, 2010, were prepared by the Company and audit thereof was conducted by us. The standalone financial statements for the years ended 31st March, 2008, 31st March, 2009 and 31st March, 2010 of the subsidiaries were prepared by the respective subsidiaries and approved by the Board of Directors of respective subsidiaries. Audit of these standalone financial statements for the three years ended 31st March, 2010 of (i) Indralok Hotels Private Limited was conducted by other auditors, viz. M/s. Sanjay Raja Jain & Co. , (ii) Somti Hotels Private Limited was conducted by other auditors, viz. M/s. P M Panday and Associates for the year ended 31st March, 2008 and by J C Bharwani & Co for the years ended 31st March, 2009 and 31st March, 2010 and (iii) Pride Beach Resorts Private Limited was conducted by other auditors, viz. M/s. P M Panday and Associates for the year ended 31st March, 2008 and by J C Bharwani & Co for the years ended 31st March, 2009 and 31st March, 2010. The standalone financial statements of the associate, viz. Jagson Hotels Private Limited for the years ended 31st March, 2008, 31st March, 2009 and 31st March, 2010 were prepared by the associate and approved by the Board of Directors of the said associate and audit thereof was conducted by other auditors, viz. M/s. P M Panday and Associates for the year ended 31st March, 2008 and by J C Bharwani & Co for the years ended 31st March, 2009 and 31st March, 2010. We have placed reliance on such audited financials and reviewed preparation of Consolidated Financial Statements of the Group and its subsidiaries and the associate for the years ended 31st March, 2008, 31st March, 2009 and 31st March, 2010 to adhere with the provisions of Accounting Standard 21 – ‘Consolidated Financial Statements’ and Accounting Standard 23 ‘Accounting for investments in Associates in Consolidated Financial Statements.
5. In our opinion the ‘Consolidated Financial Statements’ as per the audited financial statements’ and ‘Consolidated Other Financial Information’ of the Group have been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations.

B.) Other Financial Information

At your request, we have examined the following consolidated financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report:

- i. Consolidated Statement of Cash Flows, as restated, appearing in **Annexure 5** to this report.
- ii. Consolidated Statement of Accounting Ratios, as restated based on the Consolidated Statements of Assets and Liabilities and Profits and Losses, as restated appearing in **Annexure 6** to this Report;
- iii. Consolidated Capitalization Statement, as restated as at 31st March, 2010 appearing in **Annexure 7** to this Report;
- iv. Consolidated Statement in respect of following financial information, as restated:
 - (a) Statement of Secured Loans – **Annexure 8;**
 - (b) Statement of Unsecured Loans – **Annexure 9;**
 - (c) Statement of Investments – **Annexure 10;**
 - (d) Statement of Sundry Debtors – **Annexure 11;**
 - (e) Statement of Loans & Advances – **Annexure 12;**
 - (f) Statement of Other Income – **Annexure 13;**
 - (g) Statement of Dividend paid – **Annexure 14.**
 - (h) Statement of Contingent Liabilities – Given in **Annexure 4** to this report.
 - (i) Statement of Related Party Transactions – Given in **Annexure 4** to this report.
 - (j) Details of qualifications appearing in the audit reports – Given in **Annexure 4** to this report, and
 - (k) Details of changes in Significant Accounting Policies – Given in **Annexure 4** to this report.

6. In respect of 'Consolidated Other Financial Information' contained in this report, we have relied upon the audited financial statements of the Group for the years ended 31 March, 2008, 2009 and 2010, which were audited by us.
7. The preparation and presentation of the 'Consolidated Financial Statements' referred to above are based on the audited financial statements of the Company in accordance with the provisions of the Companies Act and the 'Consolidated Financial Information' referred to above is the responsibility of the management of the Company.
8. In our opinion the 'Consolidated Financial Statements' as per the audited financial statements' and 'Consolidated Other Financial Information' of the Company have been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations.
9. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants nor should it be construed as a new opinion on any of the financial statements referred to therein.
10. This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Group as mentioned above and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For J. G. Verma & Co.,
Chartered Accountants
(Reg. No. 111381W)**

**J. G. Verma
Partner
Membership No. 5005**

Date: 27th September, 2010

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rupees in million)

	Particulars	As at 31st March		
		2010	2009	2008
A	Fixed Assets:			
	Gross Block	1,823.66	1,387.95	1,244.81
	Less: Depreciation	172.09	127.43	97.05
	Net Block	1,651.57	1,260.52	1,147.76
	Less: Revaluation Reserve	522.15	523.18	524.21
	Net Block after adjustment for revaluation reserve	1,129.42	737.34	623.55
	Add: Capital work in progress	506.37	349.24	163.02
		1,635.79	1,086.58	786.57
B	Investments	108.03	550.88	510.94
C	Current Assets, Loans & Advances:			
	Interest accrued	1.14	0.98	0.56
	Stocks	6.30	4.97	6.36
	Sundry Debtors	94.53	74.05	61.41
	Cash & Bank Balances	13.35	7.90	16.17
	Loans & Advances	376.72	348.20	258.24
		492.04	436.10	342.74
D	Liabilities & Provisions:			
	Secured Loans	104.73	122.38	30.77
	Unsecured Loans	189.40	233.55	188.98
	Current Liabilities & Provisions	432.18	396.78	316.17
	Deferred Tax Liability	58.68	41.27	34.13
		784.99	793.98	570.05
E	Net Worth	1,450.87	1,279.58	1,070.20
F	Represented by:			
	Share Capital	309.32	206.21	206.21
	Reserves (Excluding Revaluation Reserve)	1,148.10	1,079.92	870.54
		1,457.42	1,286.13	1,076.75
G	Miscellaneous Expenditure (To the extent not written off/adjusted)	6.55	6.55	6.55
		6.55	6.55	6.55
H	NET WORTH	1,450.87	1,279.58	1,070.20

CONSOLIDATED STATEMENT OF PROFITS AND LOSSES - AS RESTATED

<i>(Rupees in million)</i>				
	Particulars	As at 31st March		
		2010	2009	2008
A	INCOME:			
	Room Income	485.58	480.33	490.30
	Banquet Revenue	118.36	95.54	103.59
	Food & Beverages Income	109.75	108.58	102.41
	Other Services	28.00	24.95	23.62
	Income from Hotel operations	741.69	709.40	719.92
	Other Income	41.66	54.39	24.86
B	Total Income	783.35	763.79	744.78
C	EXPENDITURE			
	Food & Beverages consumed	81.24	69.44	70.19
	Employees Cost	143.25	112.74	98.10
	Other Operating Expenses	139.72	130.51	126.80
	General & Administrative Expenses	108.83	109.69	95.70
		473.04	422.38	390.79
D	PROFIT BEFORE DEPRECIATION, INTEREST AND TAX	310.31	341.40	353.99
E	DEPRECIATION & INTEREST			
	Depreciation	46.24	30.42	26.13
	Interest	14.10	10.45	13.33
		60.34	40.87	39.46
F	Share of Profit of Associate Company	0.37	0.60	0.68
G	NET PROFIT BEFORE TAX, PRIOR PERIOD			

	ADJUSTMENTS AND EXTRAORDINARY ITEMS	250.34	301.13	315.21
H	ADD/(LESS): EXTRAORDINARY ITEMS (Net of tax)	-	-	-
		-	-	-
I	NET PROFIT AFTER EXTRAORDINARY ITEMS			
	BUT BEFORE TAX	250.34	301.13	315.21
J	Current Tax	(61.42)	(82.62)	(95.82)
	Fringe Benefit Tax	-	(1.84)	(2.20)
	Wealth tax	(0.17)	(0.15)	(0.13)
	Deferred Tax	(17.46)	(7.14)	(7.86)
		(79.05)	(91.75)	(106.01)
K	NET PROFIT AS RESTATED:	171.29	209.38	209.20
L	APPROPRIATIONS:			
	Add: Balance brought forward from last year	23.96	14.58	7.29
	Less: Adjustment made on eliminating carrying cost of investment in associate	-	-	(0.51)
	Less: Transfer to General Reserve	(150.00)	(200.00)	(201.40)
		(126.04)	(185.42)	(194.62)
M	BALANCE CARRIED TO BALANCE SHEET	45.25	23.96	14.58

PRIDE HOTELS LIMITED**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31ST MARCH, 2010, 2009 AND 2008.****STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:****C. SIGNIFICANT ACCOUNTING POLICIES:****1) Basis for preparation of financial statements:**

The Consolidated Financial Statements relate to Pride Hotels Limited (“the Company”), its subsidiaries and associate company as at 31st March, 2010, 2009 and 2008. The Company, its subsidiaries and associate company constitute ‘the Group’. The Consolidated Financial Statements are prepared and presented under the historical cost convention except wherever otherwise stated on the accrual basis of accounting in accordance with accounting principles generally accepted in India (“Indian GAAP”) and are in compliance with Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006.

2) Basis of Consolidation:

The Consolidated Financial Statements (CFS) relate to Pride Hotels Limited and its three subsidiaries, viz. (i) Indralok Hotels Private Limited; (ii) Somti Hotels Private Limited; and (iii) Pride Beach Resorts Private Limited, and associate company, viz. Jagson Hotels Private Limited. The CFS have been prepared on the following basis:

- a. The financial statements of the parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealized profits or losses as per Accounting Standard 21 – ‘Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006.
- b. Investment in associate company has been accounted for under the equity method as per Accounting Standard 23 – ‘Accounting for Investments in Associates in Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006.
- c. The excess of cost to the Company of its investment in the subsidiaries over the company’s portion of equity, as at the date of making the investment, is recognized in the CFS as Goodwill/Capital Reserve.
- d. The following Goodwill/Capital Reserve resulted on Consolidation of accounts for the year ended 31st March, 2008 in accordance with Accounting Standard 21 – ‘Consolidated Financial Statements’-

Rupees in million		
<u>Name of the Subsidiary</u>	<u>Goodwill</u>	<u>Capital Reserve</u>
Indralok Hotels Private Limited		0.85
Somti Hotels Private Limited	0.21	
Pride Beach Resorts Private Limited	3.47	
Goodwill on Consolidation (Net)	2.83	

The net amount being Goodwill on Consolidation of Financial Statements of the subsidiaries as shown above has been set off against the Capital Reserve of Rs. 11.81 million resulted on Consolidation of Accounts of the associate in accordance with Accounting standard 23 -“Accounting for Investments in Associates in Consolidated Financial Statements” and the net Capital Reserve of Rs. 8.98 million has been shown under Reserves and Surplus in the Financial Statements for the years ended 31st March, 2008, 2009 and 2010.

- e. Goodwill arising out of consolidation is not amortised but the same is tested for any impairment on each balance sheet date.
- f. In view of Company’s holding in the respective subsidiaries at 100%, there is no minority interest shown.

- g. The list of subsidiaries and associate company , which are included in the CFS, is as under:

Subsidiaries:

<u>S.No.</u>	<u>Name</u>	<u>Date of becoming subsidiary</u>	<u>Country of origin</u>	<u>% of Holding</u>
1	Indralok Hotels Private Limited	18-6-2007	India	100%
2	Somti Hotels Private Limited	18-6-2007	India	100%
3	Pride Beach Resorts Private Limited	18-6-2007	India	100%

Associate:

<u>S.No.</u>	<u>Name</u>	<u>Date of becoming associate</u>	<u>Country of origin</u>	<u>% of Holding</u>
1	Jagsons Hotels Private Limited	04 th Sept.1999	India	22.34%

As the three companies became the subsidiaries of the company with effect from 18th June, 2007, the consolidated financial statements have been prepared from that date.

- h. The Consolidated Financial Statements are presented in **Rupees in million**, unless otherwise stated.

3) **Use of Estimates:**

The preparation of the financial statements in conformity with the Indian GAAP requires Company management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements. Actual results could differ from these estimates and assumptions. Any revision to accounting estimates is recognized prospectively in the current and future periods.

4) **Revenue Recognition:**

The Company derives revenues primarily from hospitality services. Revenue on time and material contracts are recognized as the related services are performed. Revenue yet to be billed is recognized as unbilled revenue. Sales and services are stated exclusive of taxes.

5) **Fixed Assets:**

- Fixed Assets are stated at cost less depreciation. Fee paid for acquisition of technical know-how is capitalised. Whenever assets are revalued, amount added on revaluation based on approved valuer's report is disclosed separately.
- In the case of new projects successfully implemented, substantial expansion of existing units and expenditure resulting into enduring benefit, all pre-operative expenses including interest on borrowings for the project, incurred up to the date of installation are capitalised and added pro-rata to the cost of fixed assets.
- Capital Work in Progress includes cost of assets, expenditure incurred , interest on funds deployed and capital advances.

6) **Depreciation:**

- Depreciation is provided in the accounts on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 except in the case the associate, viz. Jagson Hotels Private Limited, where depreciation is provided in the accounts on written down value method.
- The difference between depreciation calculated and provided on the revalued amount of fixed assets and depreciation calculated on the original cost of fixed assets is recouped from revaluation reserve Where the

historical cost of a depreciable asset undergoes a change due to increase or decrease on account of price adjustments, changes in duties or similar factors, depreciation on the revised amount is provided prospectively over the residual useful life of the asset.

(vii) Intangible assets are amortised on straight line method

7) **Impairment:**

In accordance with Accounting Standard 28 – Impairment of Assets, the carrying amount of the Company's assets including intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, as the higher of the net selling price and the value in use. Any impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

8) **Investments:**

Long Term Investments are valued at cost. Provision for diminution in value is made, if in the opinion of the management, such a decline is considered permanent. Other Investments are valued at cost or market value whichever is lower.

9) **Inventories:**

Stock of food, beverages and operating supplies are carried at cost (computed on weighted average basis) or net realizable value, whichever is lower.

10) **Employee Benefits:**

Defined Contribution Plan: Company's Contribution paid / payable during the year to Provident Fund, Employees State Insurance Corporation and Labour Welfare Fund are recognized in the Profit and Loss Account.

Defined Benefit Plan: Company's contributions to Provident Fund are charged to Profit & Loss Account. Gratuity payable at the time of retirement are charged to the Profit & Loss Account on the basis of independent external actuarial valuation determined on the basis of projected unit credit method carried annually. Actuarial gains and losses are immediately recognized in the Profit and Loss Account. Company recognizes the undiscounted amount of short term employee benefits like leave encashment, leave travel assistance, etc. during the accounting period in which service rendered by the employee.

11) **Export Benefits Entitlement:**

Export Benefits in the nature of Duty Credit Scrips utilized for acquisition of fixed assets are being adjusted against the cost of related fixed assets.

12) **Foreign Currency Transactions:**

i) Sales made in foreign currency are converted at the prevailing applicable exchange rate. Gain/Loss arising out of fluctuation in exchange rate is accounted for on realization.

ii) Payment made in foreign currency including for acquiring fixed assets are converted at the applicable rate prevailing on the date of remittance. Liability on account of foreign currency is converted at the exchange rate prevailing at the end of the year except in cases of subsequent payments where liability is provided at actual. Foreign currency in hand is translated at the year-end exchange rate.

iii) Foreign currency loans are realigned at the rate ruling at the year-end. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

13) **Prior period adjustments, Extra Ordinary items and Changes in accounting policies:**

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

14) **Leases:**

Lease payment under an operating lease is recognized as an expense in the profit and loss account on a straight line basis over the lease period.

Assets taken on finance lease are capitalized and finance charges are charged to profit and loss account on accrual basis.

15) **Borrowing costs:**

Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial period of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the period in which same are incurred.

16) Segment Accounting:

Reportable Segments are identified having regard to the dominant source of revenue and nature of risks and returns.

17) Taxes on Income:

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

18) Accounting Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized in terms of Accounting Standards 29 – “Provisions, Contingent Liabilities and Contingent Assets” notified by the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

ANNEXURE - 4

PRIDE HOTELS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS RESTATED

B NOTES ON ACCOUNTS:

1. The Company did not have any subsidiaries prior to 1st April, 2007. As such, there are no figures for the previous period for the purpose of Consolidated Financial Statements.
2. The Consolidated Financial Statements (CFS) relate to Pride Hotels Limited and its three subsidiaries, viz. (i) Indralok Hotels Private Limited; (ii) Somti Hotels Private Limited; and (iii) Pride Beach Resorts Private Limited, and associate company, viz. Jagson Hotels Private Limited. The list of subsidiaries and associate company, which are included in the CFS, is as under:

Subsidiaries:

(i)	Indralok Hotels Private Limited	100%
(ii)	Somti Hotels Private Limited	100%
(iii)	Pride Beach Resorts Private Limited	100%

The above companies became the subsidiaries of the Company with effect from 18th June, 2007.

Associate:

(i)	Jagsons Hotels Private Limited	22.34%
-----	--------------------------------	--------

3. Adjustments resulting from changes in accounting policies:

- (b) On the basis of audited accounts of the Group for the years ended 31st March, 2010, 2009 and 2008 and 2007 audited by us and audited accounts for the year ended 31st March, 2006, following is the change in the accounting policy of the Company, for which appropriate adjustment is made in the restated accounts:

In the year ended 31st March, 2008 the Group had recognized the notional Export Benefits in the nature of Duty Credit Scrips of Rs.0.92 million as income in the Profit and Loss Account by a corresponding debit to the relevant fixed assets. The Company had also provided depreciation on these fixed assets amounting to Rs. 0.03 million; Rs. 0.05 million; and Rs. 0.05 million, in the year ended 31st March, 2008, 2009 and 2010 respectively. With effect from 1st April, 2008, benefits arising out of Duty Free Scrips utilized for the acquisition of fixed assets are being adjusted against the cost of related asset as against the practice of recognizing the same as income consequent upon the change in the accounting policy in the year ended 31st March, 2009. As a result of the aforesaid change, the Miscellaneous Income as shown in the audited accounts for the year ended 31st March, 2010 was lower by Rs. 2.40 million with a corresponding deduction in the value of fixed assets as also reduction in the depreciation thereon. This changed policy is followed in preparation of audited accounts for the year ended 31st March, 2010. In the restated financial statements, (i) the Miscellaneous income is reduced by Rs. 0.92 million with a corresponding reduction in the value of fixed assets in the year ended 31st March, 2008; (ii) Provision for Depreciation is reduced by Rs. 0.03 million; Rs. 0.05 million and Rs. 0.05 million with a corresponding reduction in depreciation fund in the years ended 31st March, 2008, 2009 and 2010 respectively.

- (c) The Company and its three subsidiaries provide depreciation on fixed assets on straight line method based on the rates prescribed in Schedule XIV to the Companies Act, 1956. The associate provide for depreciation on fixed assets on written down value method. Considering the immateriality of the amount of depreciation provided by the associate, no adjustment is required to be made in the Consolidated Financial Statements, hence not made.

4. Adjustments relating to previous years:

(a) Prior Periods adjustments for income :

During the year ended 31st March, 2008, the Company recorded prior period income of Rs. 0.56 million being errors and / or omission for the year ended 31st March, 2007. Accordingly the effect of this prior period income has been given in the opening reserves in the Restated Consolidated Financial Statements.

(b) Prior Periods adjustments for expenses :

During the year ended 31st March, 2008, the Company recorded prior period expenses being errors and / or omission for the year ended 31st March, 2007. Accordingly the effect of this prior period expenses has been given in the opening reserves in the Restated Consolidated Financial Statements.

(c) Provision for wealth tax:

The Company is liable to wealth tax on certain assets under the Wealth Tax act, 1957. Liability towards such wealth tax for the year ended 31st March, 2006 was not provided in the accounts, which liability has now been provided in the audited accounts for the year ended 31st March, 2008. In the restated accounts, such liability has been adjusted in the opening reserves in the Consolidated Financial Statements.

(d) Prior periods adjustments for tax:

During the year ended 31st march, 2010 and 2009, the Company has debited its profit and loss account on account of tax adjustments, which related to earlier years on completion of relevant assessment or appeal effect. Accordingly the effect of these adjustments has been considered in the respective years to which these adjustments related in the 'Consolidated Financial Statements'.

5. Adjustments on account of qualifications in auditors' report:

There has been no qualification by us in our report to the Board of Directors of the Company on the accounts for the years ended 31st March, 2010, 2009 and 2008 warranting any adjustment or separate disclosure in the "Consolidated Financial Statements".

6. Adjustments of Extra Ordinary items of Profit or Loss:

There has not been any item of Extra Ordinary income or expenses or profit or loss in any of the last three years ended 31st March, 2010, 2009 and 2008 warranting any adjustment or separate disclosure in the "Consolidated Financial Statements".

7. Summary of adjustments made on restatement:

Following is the summary of adjustments made in the Consolidated Statements of Profits and Losses, as restated: (Figures in the brackets indicate reduction from profit)

(Rupees in million)

Particulars	31 st March 2010	31 st March 2009	31 st March 2008
Net profit as per Audited Consolidated Financial Statements	168.96	209.10	210.47
Add: (Less): Adjustments on restatement:			
Income relating to earlier year [Refer Note 4 (a) above]	Nil	Nil	(0.56)
Expenses relating to earlier year [Refer Note 4 (b) above]	Nil	Nil	0.09
Provision for wealth tax [Refer Note 4 (c) above]	Nil	Nil	0.11
Taxes relating to earlier years [Refer Note 4 (d) above]	2.28	0.22	Nil
Export benefit entitlement [Refer Note 3(a) above]	Nil	Nil	(0.93)
Reduction in Depreciation provision [Refer Note 3 (a) above]	0.05	0.05	0.03
Net effect of the above adjustments	2.33	0.28	(1.27)
NET PROFIT AS RESTATED (Before appropriations)	171.29	209.38	209.20

8. The Company has issued 2,249,950 Zero Coupon Redeemable Preference Shares of Rs. 10/- each on 24th September, 2007 at a premium of Rs. 190/- per share. The Preference Shareholder had a right to convert these shares into equity shares, in part or full at any time after the date of investment.

During the year ended 31st March, 2008, the Preference Shareholder has exercised his option and converted the above 2,249,950 Zero Coupon Redeemable Preference Shares of Rs. 10/- each into 2,249,950 fully paid up Equity Shares of Rs. 10/- each.

9. **Reserves and Surplus:**

(Rupees in million)

Particulars	31 st March 2010	31 st March 2009	31 st March 2008
Share Premium Account:			
Opening Balance	522.32	522.32	39.00
Add: Received during the year	Nil	Nil	523.79
Less: Share issue expenses	Nil	Nil	(1.47)
Less: Adjustment made on consolidation of subsidiaries	Nil	Nil	(39.00)
Less: Applied for issue of bonus shares during the year	(103.11)	Nil	(Nil)
Closing Balance	419.21	522.32	522.32
Capital Reserve on Consolidation:			
Capital Reserve on consolidation of associate	8.98	8.98	11.81
Less: Adjustment of Goodwill on consolidation of subsidiaries	Nil	Nil	(2.83)
Closing Balance	8.98	8.98	8.98
General Reserve:			
Opening Balance	524.66	324.66	236.22
Transfer from Profit & Loss Account	150.00	200.00	201.40
Adjustment made in respect of profit of Associate on initial adoption of AS-23	Nil	Nil	8.50
(Less): Initial adoption of AS-15 – (Revised) Employee Benefits	Nil	Nil	(1.46)
(Less): Transfer to Share Capital on issue of Bonus shares	Nil	Nil	(120.00)
Closing Balance	674.66	524.66	324.66
Surplus in Profit & Loss Account – As restated	45.25	23.96	15.09
Less: Adjustment made on consolidation of subsidiaries	Nil	Nil	(0.51)
Closing balance	45.25	23.96	14.58
Total	1,148.10	1,079.92	870.54

10. Revaluation of fixed assets:

The Company has revalued its fixed assets prior to acquisition of three subsidiaries by replacing the historical cost by the present fair market value based on the valuation reports of approved valuers as under:

<i>(Rupees in million)</i>	
Particulars	Amount
Freehold land at Pune:	
(a) Historical cost	0.90
(b) Add: Increase due to revaluation in 1993-94	64.10
(c) Add: Increase due to revaluation in 2006-07	319.00
(d) Revalued amount	384.00
Hotel Building at Pune:	
(a) Historical cost	43.34
(b) Add: Increase due to revaluation in 1993-94	63.10
(c) Revalued amount	106.44
Freehold land at Ahmedabad:	
(a) Historical cost	12.98
(b) Add: Increase due to revaluation in 2006-07	112.42
(c) Revalued amount	125.40

Notes:

- (a) The surplus of revalued amount over the historical cost has been transferred to Revaluation Reserve.
- (b) In the restated financial statements, the effect of revaluation has been eliminated both from the fixed assets and reserves and surplus.

11. Commitments and Contingencies

(Rupees in million)

Particulars	31 st March 2010	31 st March 2009	31 st March 2008
Counter Guarantees given to bankers	10.05	8.43	6.32
Estimated amount of pending Capital Commitments (net)	557.70	1,120.00	1,000.00
Interest on Luxury Tax under Maharashtra Tax on Luxury Act	Nil	Nil	2.28
Corporation tax of Chennai hotel Premises disputed by the Company through the land lord (against the appeal, the Company has paid Rs. 12.98 shown under "Loans and Advances)	23.29	Nil	Nil
Vat. Assessment Dues, Ahmedabad hotel for 2005-2006 disputed by the Company	2.47	Nil	Nil
Legal cases pending	2.10	3.88	2.10

Note:

The Company's bankers have issued bank guarantees to various governmental authorities for due performance by the Company including under fulfillment of export obligations under EPCG and other schemes under Export Import Policy.

12. Deferred Tax:

The components of deferred tax liability and asset arising on account of timing differences between taxable income and accounting income in accordance with Accounting Standard 22 – “Accounting for Taxes on Income” are as follows:

<i>(Rupees in million)</i>			
Particulars	31 st March 2010	31 st March 2009	31 st March 2008
Opening Balance of Deferred tax liability	41.27	34.13	26.13
Add: (Less):			
Liabilities:			
Depreciation	18.12	7.67	7.84
Assets:			
Provision for Gratuity and other expenses allowable on payment basis	(0.71)	(0.53)	(0.36)
Deferred tax charge (credit) for the year	17.41	7.14	7.47
Closing Balance of Deferred tax liability	58.68	41.27	34.13

The above disclosures have been made in accordance with AS-22 “Accounting for Taxes on Income” as notified by the Companies (Accounting Standards) Rules, 2006.

13. Leases:

The Key operating lease arrangements entered into by the Company are summarized below in accordance with Accounting Standard 19 – “Leases”:

- (a) Pride Hotel, Nagpur: The Company has entered into Lease arrangement with Jagson Hotels Private Limited for taking land and hotel building comprising of ground plus four storyied at Nagpur Airport for a period of 29 years from 24th June, 2006 subject to renewal upto 30 years against payment of monthly lease rent with escalation every 10 years. The Company has paid a refundable security deposit of Rs. 20 million to the lessor for the hotel. Under the Deed of Lease dated 19th September,, 2007, which superceded the initial Lease Agreement dated 24th June, 2006, the Company has a right of pre-emption to purchase the reversionary rights of the lessor, right of assignment of the hotel; and entitlement to receive monetary compensation from the Lessor towards improvement cost incurred by the Company.
- (B) Pride Hotel, Bengaluru (completed and commissioned during the year ended 31st March, 2010) : The Company has entered into a Lease Deed on 7th October, 2004 with Mr. Nisar Pasha and others for acquiring plot of land for construction a hotel for a period of 29 years from 7th October, 2004 against payment of monthly lease rent with escalation from the 12th year and 21st year. The Lessor has obtained all the permissions from the concerned authorities for construction of a hotel and the Company has a right to construct the same and the construction is in progress. The Company has also obtained right to sub-lease, right to mortgage, right to alternate use, right to install sign boards, displays. The Company has also signed a Supplementary Agreement on 8th October, 2004 for renewal of the lease arrangement for further period of 7 years (making it 36 years). The Company has paid refundable security deposit of Rs. 35.00 million to the Lessor.
- (c) All these Lease Deeds are terminable either by efflux of time or due to defaults in paying the lease rents.

In additions to the above lease deeds, the Company has also entered into lease arrangements with other parties for taking certain office premises and residential premises for its employees on lease / leave and licence basis for short periods ranging from 11 months to 33 months.

- (d) The lease expenses in respect of above operating leases during the years ended 31st March, 2008 to 2010 were as under:

Period	Rupees in million
Year ended 31 st March, 2010	13.25
Year ended 31 st March, 2009	13.11
Year ended 31 st March, 2008	11.31

- (e) The details of lease commitments in terms of minimum lease payments as at 31st March, 2010 are as follows:

Payment falling due	Rupees in million
Within one year	18.01
Later than one year but not later than five years	47.57
Later than five years	458.31

The above disclosures have been made in accordance with AS-19 "Leases" as notified by the Companies (Accounting Standards) Rules, 2006.

14. Related Party Disclosures: (In accordance with Accounting Standard - 18)

A Relationships during the year :

- (a) Individuals owning directly or indirectly an interest in the voting power that gives them control or significant influence and their relatives:

1) Mr S P Jain	5) Mr. Arvind Jain (relative)
2) Mr. Kamal C Jain (relative)	6) Jain Maya (relative)
3) Mrs. Meena S Jain (relative)	7) Jain Namrata (relative)
4) Mr. Satyen Jain	8) Jain Sontibai (relative)

- (b) Key Management Personnel:

1) Mr S P Jain – Managing Director	3) Mr. Satyen Jain
2) Mrs. Meena S Jain – Whole time Director (upto 5-12-2007)	4) Mr. Arun Nayar –Director (Operations)

- (c) Associates:

Jagsons Hotels Private Limited

- (d) Enterprises over which any person described in (a) or (b) are able to exercise significant influence and with which the Company had transactions during the year:

i. ASP Enterprises Private Limited	xiii. Pride Realty Private
ii. Executive Housing Finance Co. Limited	Limited
iii. Indralok Hotels Private Limited (Subsidiary w.e.f. 18 th June, 2007	xiv. Pride Regency & Dev. Private Limited
iv. Kopra Estate Private Limited	xv. Somti Hotels Private Limited (Subsidiary w.e.f. 18 th June, 2007)
v. Pride Beach Resorts Private Limited (Subsidiary w.e.f. 18 th June, 2007)	xvi. S P Capital Consultant Private Limited
vi. Pride Centre & Dev. Private Limited	xvii. S P Capital Finance Limited
vii. Pride Estates Limited	xviii. S P Realtors Private Limited
viii. Pride Housing Construction Private Limited	xix. Sureshchand Dhanalal HUF
ix. Pride Housing & Finance Private Limited	xx. Sureshchand Premchand
x. Pride Network Private	

xi.	Limited Pride Paradise & Dev. Private Limited	xxi.	HUF The Executive Inn Limited
xii.	Limited Pride Plaza India Private	xxii.	M/s. Meena Investment Corp.
		xxiii.	Premchand Chaturmal HUF
		xxiv.	Pride Institute of Business Management

B Details of Transactions carried out with related parties referred in 'A' above:

SUMMARY OF TRANSACTIONS WITH RELATED PARTIES CARRIED DURING THE RELEVANT PERIOD:

S.No.	Particulars	2010	2009	2008
1.	Remuneration paid/provided: Key Management personnel Individuals with control/influence Total	7.01 0.60 7.61	6.44 0.60 7.04	6.29 0.60 6.89
2	Interest paid/provided: Associate Other group companies/firms Total	-- 6.41 6.41	-- 7.88 7.88	1.00 8.20 9.20
3	Rent paid/provided: Individuals with control / influence Key Management personnel Associate Other group companies/firms Total	0.24 0.54 3.00 -- 3.78	0.24 0.54 3.00 -- 3.78	0.24 0.54 3.35 0.56 4.69
4	Loans taken: (repaid) Individuals with control / influence Key Management personnel Associate Other Group Companies/firms Total	-- -- (3.14) 35.97 32.83	(0.09) 0.01 4.00 41.28 45.20	0.21 -- 21.76 55.74 77.71
5	Loans given: Other Group Companies/firms Total	2.91 2.91	-- --	-- --
6	Deposits given/(Received back): Associate Other Group Companies/firms Total	-- -- --	-- -- --	18.00 -- 18.00
7	Year end Balances: Receivables (Debit balances) Key Management personnel Associate Other Group Companies/firms Total	4.00 20.00 24.00 48.00	-- 20.00 24.00 44.00	-- 20.00 24.00 44.00
S.No.	Particulars	2010	2009	2008
8		--	--	--

Year end Balances:
Payables (Cebit balances)
Individuals with control / influence

	Key Management personnel	--	--	0.29
	Associate	35.02	38.16	34.16
	Other Group Companies/firms	152.12	190.80	152.33
	Total	187.14	228.96	186.78

PARTICULARS OF MATERIAL TRANSACTIONS WITH RELATED PARTIES

S.No.	Individual/Key management personnel:	2010	2009	2008
1	Mr. S P Jain			
A	Remuneration paid	3.60	3.60	3.60
	Rent paid	0.30	0.30	0.30
	Loans given (received back)	--	--	--
	Loans taken (repaid)	--	0.01	--
	Total	3.90	3.91	3.90

B	Mrs. Meena S Jain			
	Remuneration paid	0.60	0.60	0.60
	Rent paid	0.24	0.24	0.24
	Loans given (received back)	--	--	0.13
	Deposit given/(received back)	--	--	--
	Loans taken (repaid)	--	0.09	--
	Total	0.84	0.93	0.97

C	Mr. Satyen Jain			
	Remuneration paid	2.40	1.80	1.80
	Rent paid	0.24	0.24	0.24
	Loans given (received back)	--	(0.29)	--
	Deposit given/(received back)	--	--	--
	Loans taken (repaid)	--	--	--
	Total	2.64	1.75	2.04

D	Mr. Arun Nayar			
	Remuneration paid	1.05	1.04	0.89
	Total	1.05	1.04	0.89

S.No.	Associate	2010	2009	2008
2	Jagson Hotels Pvt Ltd.			
A	Rent paid	3.00	3.00	3.35
	Interest paid	--	-	1.00
	Loans given (received back)	--	-	-
	Deposits given / (received back)	--	-	18.00
	Loans taken (repaid)	(3.14)	4.00	21.76
	Total	(0.14)	7.00	44.11

S.No.	Other Companies and Firms	2010	2009	2008
3	ASP Enterprises Pvt Ltd.			
A	Interest paid	0.39	0.78	0.55
	Loans given (received back)	--	--	--
	Loans taken (repaid)	1.76	0.18	(0.16)
	Total	2.15	0.96	0.39

3	Executive Housing Finance Co. Ltd.			
B	Interest paid	0.84	1.19	1.02
	Loans taken (repaid)	1.45	1.66	(0.36)
	Total	2.29	2.85	0.66

3 C	Kopra Estate Private Limited			
	Interest paid	0.60	1.17	0.93
	Loans given / (received back)	--	--	--
	Loans taken (repaid)	(3.68)	0.34	(0.4)
	Total	(3.08)	1.51	0.44

3 D	Pride Centre & Dev. Pvt Ltd.			
	Interest paid	0.37	0.74	0.39
	Loans given / (received back)	--	--	--
	Loans taken (repaid)	0.31	0.33	9.84
	Total	0.68	1.07	10.23

3 E	Pride Estate Ltd.			
	Loans taken (repaid)	(0.83)	(1.44)	(4.44)
	Total	(0.83)	(1.44)	(4.44)

3 F	Pride Housing Construction Pvt Ltd.			
	Interest paid	--	--	0.01
	Loans taken (repaid)	--	--	2.08
	Total	--	--	2.09

3 G	Pride Network Pvt Ltd.			
	Interest paid	0.38	0.61	0.48
	Loans taken (repaid)	1.31	0.32	7.41
	Total	1.69	0.93	7.89

3 H	Pride Paradise & Dev Pvt Ltd..			
	Interest paid	0.18	0.36	0.25
	Loans given / (received back)	--	--	--
	Loans taken (repaid)	(0.87)	0.29	4.59
	Total	(0.69)	0.65	4.84

3 I	Pride Plaza India Pvt. Ltd.			
	Interest paid	0.69	1.33	0.58
	Loans taken (repaid)	0.75	0.64	14.12
	Total	1.44	1.97	14.70

3 J	Pride Realty Pvt Ltd			
	Interest paid	0.23	0.15	0.27
	Loans given / (received back)	--	--	--
	Loans taken (repaid)	0.14	2.82	1.06
	Total	0.37	2.97	1.33

3 K	Pride Regency & Dev. Pvt. Ltd			
	Interest paid	0.27	0.51	0.26
	Loans given / (received back)	--	--	--
	Loans taken (repaid)	0.12	0.57	7.31
	Total	0.39	1.08	7.57

S.No.	Other Companies and Firms	2010	2009	2008
3 L	S P Capital Consultants Pvt. Ltd.			
	Interest paid	0.25	0.41	0.40
	Loans given / (received back)	--	--	--
	Loans taken (repaid)	(2.53)	2.57	0.21
	Total	(2.28)	2.98	

3	S P Capital Finance Ltd.			
---	--------------------------	--	--	--

M	Interest paid	2.43	0.95	2.51
	Loans given / (received back)	--	--	--
	Loans taken (repaid)	(35.49)	35.52	--
	Total	(33.06)	36.47	2.51

3 N	S P Realtors Pvt Ltd			
	Interest paid	0.06	0.09	0.13
	Loans given / (received back)	--	--	--
	Loans taken (repaid)	2.10	0.08	(1.42)
	Total	2.16	0.17	(1.29)

3 O	The Executive Inn Limited			
	Interest paid	0.24	0.51	0.41
	Loans given / (received back)	--	--	--
	Loans taken (repaid)	(0.44)	(0.53)	7.10
	Total	(0.20)	(0.02)	7.51

3 P	Surenschandra Premchand HUF			
	Rent paid	--	--	0.32
	Deposit given / (received back)	--	--	11.00
	Total	--	--	11.32

3 Q	Meena Investments Corpn			
	Rent paid	--	--	0.24
	Loans taken (repaid)	--	--	0.25
	Total			0.49

3 R	Pride Institute of Business Management			
	Loans given / (received back)	2.91	9.69	--
	Total	2.91	9.69	--

15. Segment Reporting: (In accordance with Accounting Standard – 17)

The Company's business comprises mainly operation of hotels, the services of which represent one business segment as they are subject to risks and returns that are similar to each other. Further The Company derives its entire revenues from services rendered in India. Consequently, the disclosure of business and geographic segment-wise information is not applicable to the Company.

16. Employee Benefits: (In accordance with Accounting Standard – 15)(Revised)

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below: (As certified by the Actuary)

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under:

Rupees in million			
Particulars	31st March, 2010	31st March, 2009	31st March, 2008
Employer's Contribution to Provident Fund	3.70	3.09	2.36

Defined Benefit Plan

In respect of Employee's Retiring Gratuity, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Rupees in million

Sr. No.	Employee's Retiring Gratuity	31st March, 2010 Unfunded	31st March, 2009 Unfunded	31st March, 2008 Unfunded
I	Assumptions:			
	Discount rate	7.10%	7.50%	7.50%
	Rate of increase in compensation level	10.00%	10.00%	10.00%
	Expected average remaining working lives of employees (year)	3.93%	3.92%	3.93%
II	Change in Benefit Obligation:			
	Liability at the beginning of the year	8.19	5.76	4.31
	Interest cost	0.56	0.43	0.32
	Current Service Cost	2.15	1.10	1.02
	Past Service Cost	0.01	----	----
	Liability Transfer in / out	----	----	----
	Benefit Paid	(0.44)	----	(0.39)
	Actuarial (Gain) / Loss on obligations	1.14	0.90	0.50
	Liability at the end of the year	11.61	8.19	5.76
III	Recognition of Transitional Liability:	NIL	NIL	NIL
IV	Amount recognized in the Balance Sheet:			
	Liability at the end of the year	11.61	8.19	5.76
	Fair value of Plan Assets at the end of the year	----	----	----
	Difference	----	----	----
	Unrecognized Past Service Cost	(11.61)	(8.19)	(5.76)
	Unrecognized Transition Liability			
	Net Asset/(Liability) recognized in the Balance Sheet	(11.61)	(8.19)	(5.76)
V	Expenses recognized in the Profit and Loss Account:			
	Current Service Cost	2.15	1.10	1.02
	Interest Cost	0.56	0.43	0.32
	Expected return on Plan assets		----	----
	Past Service Cost (non-vested benefit) recognized	0.01	--	--
	Past Service Cost (vested benefit) recognized	--	--	--
	Recognition of Transition Liability	1.14	0.90	0.50
	Actuarial Gain or (Loss)			
	Expense recognized in the Profit and Loss Account	3.86	2.43	1.84
VI	Balance Sheet Reconciliation:			
	Opening Net Liability	8.19	5.76	4.31
	Expenses as above	3.86	2.43	1.85
	Benefits Paid	(0.44)	----	(0.40)
	Employer's Contribution	--	--	--
	Closing Net Liability	11.61	8.19	5.76

Other details:

- Gratuity is payable @ of 15 days salary for each year of service subject to a maximum of Rs. 0.35 million.
- Leave is encashable as per Company's policy from time to time. Balance unavailed leave at the year end is neither carried forward nor accumulated.
- The above information in respect of Gratuity is certified by the actuary.
- The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market
- The above disclosures have been made for the three years ended 31st March, 2008, 2009 and 2010 in accordance with the revised Accounting Standard 15 – Employee Benefits, which became applicable from the

year 2007-08. On initial adoption the liability for past years amounting to Rs. 1.46 million being an insignificant amount has been adjusted against the Reserves and Surplus in the year 2007-08 itself.

17. Miscellaneous Expenditure:

The Company has incurred certain expenses for its proposed IPO in the year 2007-08 amounting to Rs. 6.35 million which include Rs.2.31 million paid to Regulatory authorities, Rs.3.73 million paid for professional fees to lead manager and legal consultants and Rs. 0.31 million paid to the auditors for certification work. The Company had received the observations from SEBI and other formalities were pending. The above IPO expenditure will be set off against the proceeds of the Security Premium on completion of the proposed IPO process in due course of time

18. Other Notes:

- a) In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated in the Unconsolidated Statement of Assets and Liabilities as at 31st March, 2010, 2009 and 2008, if realized in the ordinary course of business. Provision for depreciation and all known liabilities has been made and is adequate and not in excess of the amount reasonably necessary.
- b) The main business of the Company comprises of inter alia, running of a Hotel. As such the Directors are of the opinion that it is neither a manufacturing nor a trading company in terms of the Companies Act, 1956 and, therefore, the requirements of paragraphs 3(i) (a), 3 (ii) (a) (I), 3(ii) (a) (2), 3 (ii) (b) and paragraph 4C of part II of Schedule VI to the Companies Act, 1956 do not apply. As the turnover of the Company is in respect of food and beverages only, it is not possible to give quantity wise details of the turnover. The Company has made an application to the Central Government for seeking exemption under Section 211 (4) of the Companies Act, 1956, if applicable, from giving quantitative details of its turnover, consumption of food and beverages, etc. in the annual accounts and the approval is awaited.
- c) The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid / payable as required under the said Act have not been given.

CONSOLIDATED CASH FLOW STATEMENT AS RESTATED FOR THE YEAR ENDED:

Rupees in million

S.No.	Particulars	31st March, 2010	31st March, 2009	31st March, 2008
		Rupees	Rupees	Rupees
A.	CASH FLOW FROM OPERATING ACTIVITIES:			
	Net Profit after tax but before adjustments as restated	171.29	209.38	209.20
	Adjustments for:			
	Provision for taxation	79.05	91.75	106.01
	Depreciation	46.24	30.42	26.13
	Provision for Retirement Benefits	3.42	2.43	1.45
	Loss / (Profit) on sale of assets	0.83	(0.04)	0.00
	Loss / (Profit) on sale of Investments	2.77	0.00	0.00
	Interest received	(0.38)	(0.36)	(1.29)
	Dividend received	(21.02)	(36.44)	(15.84)
	Interest paid	14.13	10.48	14.22
	Operating profit before working capital changes:	296.33	307.63	339.87
	Adjustments for:			
	Trade & other receivables	(20.64)	(13.05)	(18.46)
	Decrease / (Increase) in Loans, Advances and Deposits	(17.27)	(10.04)	(50.89)
	Inventories	(1.33)	1.40	(1.32)
	Trade payable	22.89	(5.43)	58.64
	Cash generated from operations:	279.98	280.51	327.84
	Direct taxes paid	(67.74)	(84.26)	(119.05)
	Cash Flow before Extraordinary Items:	212.25	196.25	208.79
	Extraordinary items	0.00	0.00	0.00
	Net cash from Operating Activities:	212.25	196.25	208.79
B.	CASH FLOW FROM INVESTMENT ACTIVITIES:			
	Purchase of Fixed Assets incl. Capital work in progress	(597.81)	(330.63)	(199.19)
	Investments made in Shares/Mutual Funds	(0.44)	(39.93)	(526.62)
	Proceeds from disposal of investments	440.53	0.00	0.00
	Sale Proceeds of Fixed Assets	1.53	0.23	0.00
	Interest Income	0.38	0.36	1.29
	Dividend Income	21.02	36.44	15.84
	Net cash used in Investing Activities	(134.79)	(333.53)	(708.68)
C.	CASH FLOW FROM FINANCING ACTIVITIES:			
	Increase in share capital	0.00	0.00	26.21
	Miscellaneous Expenditure (IPO Expenses)	0.00	0.00	(6.35)
	Proceeds of Share Premium	0.00	0.00	522.32
	Proceeds / (Repayments) of Secured Loans	(17.65)	91.60	(50.00)
	Proceeds of Unsecured Loans	(40.24)	47.90	28.63
	Interest paid	(14.13)	(10.48)	(14.22)
	Net cash generated/(used) from/(in)Financing Activities	(72.01)	129.02	506.59
D.	NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	5.45	(8.27)	6.71
E.	CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Opening Balance)	7.90	16.17	9.46

F.	CASH & CASH EQUIVALENTS AT THE CLOSING OF THE YEAR (Closing Balance)			
		13.35	7.90	16.17

PRIDE HOTELS LIMITED

ANNEXURE 6

CONSOLIDATED SUMMARY OF ACCOUNTING RATIOS

(Rupees in million except EPS and Share Data)

31st March,					
	Particulars	Reference	2010	2009	2008
1	Earnings/(Loss) per shares (Rs.)				
	Net Profit after tax as restated	(A)	171.29	209.38	209.20
	Net worth (excluding Revaluation Reserve)	(B)	1,450.87	1,279.58	1,070.20
	Basic EPS - Rs.	(A/C)	5.54	6.77	7.43
	Diluted EPS - Rs.	(A/D)	5.54	6.77	7.43
2	Net Asset Value per equity share (Rs.)	(B/C)	46.91	41.37	38.03
3	Return on Net Worth (%)	(A/B)	11.81%	16.36%	19.55%
4	Weighted average number of Equity Shares outstanding during the year considered for Basic EPS and Net Asset Value Per Share	(C)	30,931,995	30,931,995	28,142,240
5	Weighted average number of Equity Shares outstanding during the year considered for Diluted EPS	(D)	30,931,995	30,931,995	28,142,240

Formulae:

- 1 Earnings Per Share (Rs.) =
$$\frac{\text{Net Profit after Tax as restated and before Extraordinary items}}{\text{Weighted Average Number of Equity Shares outstanding during the year}}$$
- 2 Net Asset Value Per Equity Share (Rs.) =
$$\frac{\text{Net worth excluding Revaluation Reserve, Preference Share Capital and Share Premium thereon}}{\text{Weighted Average Number of Equity Shares outstanding during the year}}$$
- 3 Return on Net Worth (%) =
$$\frac{\text{Net Profit after Tax as restated and before Extraordinary items}}{\text{Net worth excluding Revaluation Reserve}}$$
- 4 Net Worth =
$$\text{Share Capital} + \text{Reserves \& Surplus (excluding Revaluation Reserve)} - \text{less Miscellaneous Expenditure}$$

PRIDE HOTELS LIMITED

ANNEXURE 6 - Contd

**CONSOLIDATED SUMMARY OF
ACCOUNTING RATIOS**

(Rupees in million except EPS and Share Data)

Notes:

- 1 The Company has issued further Equity Shares after 1st April, 2002 as under:

	Date of Issue		15.10.2004	31.3.2005	21.10.2005	7.8.2007	24.9.2007	17.12.2007	17.12.2007	31.3.2010
			At Par	At Par	At Par	At Par	At Par	At Par	At Premium	At Par
	Number of Equity shares issued	Originally	50000	41896	108104	NA	NA	NA	NA	NA
	Number of Equity shares issued (Note 4)	After Sub-division	500000	418960	1081040	12000000	1000	2259950	370380	10310665
				(Note 2)		(Note 3)		(Note 6)	(Note 7)	(Note 8)

- 2 These shares were issued and allotted to the shareholders of erstwhile Shubhalaxmi (Bodakdev) Properties Private Limited pursuant to the Scheme of Amalgamation approved by the Hon. High Courts of Bombay and Gujarat.
- 3 These shares were issued by way of fully paid Bonus Shares at par by way of capitalisation out of General Reserve as approved by the members on 7th August, 2007 in the ratio of two equity shares for every one equity share held on the record date.
- 4 Equity shares of the Company having face value of Rs. 100 each were subdivided into 10 Equity Shares of Rs. 10 each vide resolution passed by the members on 12th July, 2007. The EPS for all the previous years have been recast to make them comparable in compliance with the requirements of the Accounting Standard-20 on 'Earnings per Share' as notified by the Companies (Accounting Standards) Rules, 2006
- 5 The Company has taken secured term loans from banks. However, there is no conversion clause in any of the Loan Agreements.
- 6 The Company had issued 22,49,950 Zero Coupon Redeemable Preference Shares of Rs. 10 each on 24th September, 2007 at a premium of Rs. 190/- per share. The Preference Shareholder had a right to convert these shares into equity shares at the rate of Rs. 200/- per share, in part of full at any time after the investment. The Preference Shareholder has converted these shares into 22,49,950 Equity Shares of Rs. 10 each on 17th December, 2007.
- 7 These shares were issued at a premium of Rs. 260/- per shares.
- 8 These shares were issued by way of fully paid Bonus Shares at par by way of application of money out of Securities Premium as Approved by the members on 31st March, 2010 in the ratio of one equity share for every two equity shares held on the record date.
- 9 Restated Net profit, as appearing in the restated statement of Profits & Losses (**Annexure 2**) and Net Worth as appearing in restated

statement of Assets & Liabilities (**Annexure 1**), have been considered for computing the above ratios. These ratios are computed

on the basis of the consolidated restated financial information of the Company

- 10 The EPS calculations are done in accordance with AS 20 - 'Earnings per Share' notified by the Companies (Accounting Standards) Rules, 2006.

Contd..

PRIDE HOTELS LIMITED

CONSOLIDATED SUMMARY OF ACCOUNTING RATIOS (Contd...)

ANNEXURE 6 - Contd..

CALCULATION OF WEIGHTED AVERAGE NUMBER OF EQUITY SHARES OUTSTANDING DURING THE YEAR

31st March,							
	Particulars		2010	2009	2008	2007	2006
1	Nominal value of equity shares		NA	NA	NA	100	100
	Nominal value of equity shares (after subdivision)		10	10	10	10	10
2	Total number of equity shares outstanding at the beginning of the year - fully paid up		20,621,330	20,621,330	6,000,000	6,000,000	4,918,960
3	Equity Shares issued on:						
	Date of issue: 15-10-2004		-	-	-	-	-
	Date of issue: 31-03-2005		-	-	-	-	-
	Date of issue: 21-10-2005		-	-	-	-	1,081,040
	Date of issue: 07-08-2007 (Bonus issue2:1)		-	-	12,000,000		
	Date of issue: 24-09-2007		-	-	1,000	-	-
	Date of issue: 17-12-2007		-	-	362,500		
	Date of issue: 17-12-2007		-	-	7,880		
	Date of issue: 17-12-2007		-	-	2,249,950		
	Date of issue: 31-03-2010 (Bonus issue 1:2)		10,310,665	-	-	-	-
4	Total number of equity shares outstanding at the end of the year - fully paid up		30,931,995	20,621,330	20,621,330	6,000,000	6,000,000
5	Adjustment in respect of Bonus shares issued on 7-8-2007		-	-	12,000,000	12,000,000	10,797,528
	on 31-03-2010		-	10,310,665	10,310,665	6,000,000	#REF!
6	Weighted Average Number of Equity Shares outstanding during the year - Considered for Basic EPS		30,931,995	30,931,995	28,142,240	27,000,000	24,294,438

7	Weighted Average Number of Equity Shares outstanding during the year -						
	Considered for Diluted EPS		30,931,995	30,931,995	28,142,240	27,000,000	24,294,438

PRIDE HOTELS LIMITED

ANNEXURE 7

CONSOLIDATED CAPITALISATION STATEMENT

(Rupees in million)

	Particulars	Reference	Year ended 31st March, 2010 (Pre-Issue)	(Post-Issue)
1	Borrowings:			
	Secured Loans		104.73	
	Unsecured Loans		189.40	
			294.13	
	Less: Short Term Unsecured Loans	See Note 1 below	49.12	
	Total Long Term Loans		245.01	
2	Shareholders' Funds:			
	Share Capital		309.32	
	Reserves & Surplus (Excluding Revaluation Reserve)		1,148.10	
	Total Shareholders' Funds	See Note 2 below	1,457.42	
3	Total long term debts/Total Shareholders' Funds	See Note 2 below	0.17 / 1	
4	Total debts / Total Shareholders' Funds	See Note 2 below	0.20 / 1	

Notes:

- 1 Short term debts are debts maturing within next one year from the date of above statement and interest accrued and due thereon.
- 2 Information pertaining to Share Capital and Reserves post issue can be ascertained only after the conclusion of the book building process.
- 3 The above has been computed on the basis of the Restated Summary Statements.

PRIDE HOTELS LIMITED

ANNEXURE - 8

CONSOLIDATED STATEMENT OF SECURED LOANS

Rupees in million

Particulars	As at 31st March		
	2010	2009	2008
Term Loans from Banks:			
(a) Citibank N.A.	2.46	48.82	-
(b) Kotak Mahindra Bank Ltd.	10.33	20.68	-
Working Capital Loans from Banks:			
(a) Kotak Mahindra Bank Ltd.	40.00	-	-
(b) Bank of Maharashtra	1.93	-	-
Cash credit Facility from:			
(a) Citibank N.A.	41.29	31.71	30.77
(b) ICICI Bank	-	-	-
(c) Central Bank of India	-	-	-
(d) Kotak Mahindra Bank Ltd.	8.70	20.35	-
Interest accrued and due	0.02	0.82	-
Total	104.73	122.38	30.77

Notes:

contd

PRIDE HOTELS LIMITED

ANNEXURE – 8 Contd..

CONSOLIDATED STATEMENT OF SECURED LOANS

Rupees in million

Sr. No.	Bank/Financial Institution	Sanctioned Amount	Amounts Outstanding As on 31-3-2010	Interest	Purpose of loan/ Repayment/ Security
1)	Citi Bank N.A. Cash Credit	Rs. 63.00	Rs. 41.29	2.50% less than the applicable Citibank PLR, which is currently 15.00% p.a. (applicable rate is PLR 15% less 2.50%=12.50%)	<p>Purpose:- The purpose of the loan is for financing working capital requirement and capital expenditure of the company</p> <p>Repayment:- The loan is repayable on demand.</p> <p>Security:- Secured by Equitable mortgage executed in favour of the Bank on the the (a) commercial property office situated at Dalamal Tower, Nariman Point, Mumbai, (b) residential property being flat no 201/202 Owned by Directors & related Parties situated at Pride Parmar Galaxy at Pune (c) Commercial property being part of company's Ahmedabad Hotel in the building Orchid Plaza, Ahmedabad</p> <p>* Hypothecation of credit cards receivables of the Pride Hotel Pune</p> <p>* Personal guarantee of Mr.S.P.Jain, Managing Director and Mr.Satyen Jain Director & CEO</p> <p>* Corporate guarantee of ASP enterprises Pvt.Ltd., Pride Plaza (India) Pvt.Ltd., Kopra Estate Pvt.Ltd., S.P.Realtors Pvt.Ltd. and Meena Investment Corporation</p>
2)	Citi Bank N.A. Term Loan	Rs. 87.00	Rs. 2.46	2.50% less than the applicable Citibank PLR, which is currently 15.00% p.a. (applicable rate is PLR 15% less 2.50%=12.50%)	<p>Purpose:- The purpose of the loan is for financing working capital requirement and capital expenditure of the company</p> <p>Repayment:- Repayable within 60 months from the date of disbursement</p> <p>Security:- Secured by Equitable mortgage executed in favour of the Bank on the the (a) commercial property office situated at Dalamal Tower, Nariman Point, Mumbai, (b) residential property being flat no 201/202 Owned by directors & related parties situated at Pride Parmar Galaxy at Pune (c) Commercial property being part of company's Ahmedabad Hotel in the building Orchid Plaza, Ahmedabad</p> <p>* Hypothecation of credit cards receivables of the Pride Hotel Pune</p> <p>* Personal guarantee of Mr.S.P.Jain, Managing Director and Mr.Satyen Jain Director & CEO.</p> <p>* Corporate guarantee of ASP enterprises Pvt.Ltd., Pride Plaza (India) Pvt.Ltd., Kopra Estate</p>

					Pvt.Ltd.,S.P.Realtors Pvt.Ltd.and Meena Investment Corporation
3)	Kotak Mahindra Bank Cash Credit	Rs. 50.00	Rs. 8.70	12.00%.p.a.Floating Rate. The rate of interest has been arrived at on the basis of Bank's Benchmark Prime lending Rate (PLR) Less 3.50% p.a. (applicable rate is PLR 15.50% less 3.50% =12%)	<p>Purpose:- The purpose of the loan is for meeting a part of the company's working capital requirement.</p> <p>Repayment:- The loan is repayable on demand.</p> <p>Security:- Secured by charge on all the existing and future stock and book debt & credit receivables (expect receivables of Pune & Bengaluru)</p> <p>* Equitable mortgage on Company's immoveable property landand building of Pride Hotel,Pune,Charge on moveable fixed assets of Pride hotel,Pune.</p> <p>* Corporate guarantee of Indralok Hotels.Pvt.Ltd., Jagson Hotel Pvt.Ltd. and Pride Beach Resorts Pvt.Ltd.</p> <p>* Personal guarantee of Mr.S.P.Jain,Managing Director and Mr.Satyen Jain,Director & CEO of the company.</p>
4	Kotak Mahindra Bank Term Loan	Rs. 50.00	Rs. 10.33	Interest rate is PLR 15.50%Less 2.50% (applicable rate is PLR 15.50 less 2.50%=13%)	<p>Purpose :-For issue of commitment/guarantee in favour of overseas lending bank/ institution,for meeting payment obligation under capex import LC/s used for import machinery/equipments furniture & fixtures etc .</p> <p>Repayment :- Within 180 days from the date of disbursement.</p> <p>Security:- Secured by charge on all the existing and future stock and book debt & credit receivables (expect receivables of Pune & Bengaluru)</p> <p>* Equitable mortgage on Company's immoveable property landand building of Pride Hotel,Pune,Charge on moveable fixed assets of Pride hotel,Pune.</p> <p>* Corporate guarantee of Indralok Hotels.Pvt.Ltd., Jagson Hotel Pvt.Ltd. and Pride Beach Resorts Pvt.Ltd.</p> <p>* Personal guarantee of Mr.S.P.Jain,Managing Director and Mr.Satyen Jain,Director & CEO of the company.</p>
5	Kotak Mahindra Bank- WCDL Loan Working Capital Demand Loan	Rs. 100.00	Rs. 40.00	The rate of interest is Kotak Banl PLR 15.50% less 5% (applicable rate is PLR 15.50% less 5%=10.50%)	<p>Purpose:-The purpose of the loan is for meeting a part of the company's working capital requirement.</p> <p>Repayment:-Within 3 Months from the date of Disbursement</p> <p>Security:- Secured by charge on all the existing and future stock and book debt & credit receivables (expect receivables of Pune & Bengaluru)</p> <p>* Equitable mortgage on Company's immoveable property landand building of Pride Hotel,Pune,Charge on moveable fixed assets of Pride hotel,Pune.</p>

					<p>* Corporate guarantee of Indralok Hotels.Pvt.Ltd., Jagson Hotel Pvt.Ltd. and Pride Beach Resorts Pvt.Ltd.</p> <p>* Personal guarantee of Mr.S.P.Jain,Managing Director and Mr.Satyen Jain,Director & CEO of the company.</p>
6	Bank of Maharashtra Working Capital Term Loan	Rs. 2.50	Rs. 1.93	Rate of Interest 14.25%	<p>Purpose:-Short Term Loan for Working Capital</p> <p>Repayment:-Repayable within six months (fully repaid after 31.03.2010)</p> <p>Security:-Hypothecation of book debts and unencumbered machinery</p>

PRIDE HOTELS LIMITED

ANNEXURE - 9

CONSOLIDATED STATEMENT OF UNSECURED LOANS

Rupees in million

	Particulars	31st March,		
		2010	2009	2008
	From Directors, Directors' relatives and shareholders			
	(a) Directors	-	-	-
	(b) Director;s Relatives	0.12	0.13	2.14
	(c) Shareholder	-	-	-
	From Companies in which Directors are interested	184.67	228.95	181.23
	From Other Companies and parties	0.20	0.20	0.20
	From firms in which directors are interested	2.46	2.46	2.46
	Vehicles Loans	1.95	1.81	2.95
	Total	189.40	233.55	188.98

Notes:

- 1 Vehicles Loans carry interest rates varying between 10 % p.a. to 11.95% p.a. and are repayable through Equated Monthly Installment
- 2 Unsecured loans from companies, firms and other parties, and subsidiaries are repayable after a period of three years from 1st April, 2010 and carry interest rates as may be mutually agreed upon but not exceeding the prevailing bank lending rate. However, the same are repayable before three years at the option of the Company.

PRIDE HOTELS LIMITED

ANNEXURE - 10

CONSOLIDATED STATEMENT OF INVESTMENTS

Rupees in million

	Particulars	31st March,		
		2010	2009	2008
	Investments in Quoted Equity shares: Fully paid up:			
	S. P. Capital Financing Limited	3.28	3.28	3.28
		3.28	3.28	3.28
	Investments in unquoted equity shares: Associate: Fully paid up:			
	Jagson Hotels Private Limited	28.43	28.05	27.45
		28.43	28.05	27.45
	Investments in unquoted equity shares: Others			
	Companies: Fully paid up:			
	Pride Estate Private Limited	0.60	0.60	0.60
	Green Infra Wind Farms Limited	0.06	-	-
		0.66	0.60	0.60
	Investments in unquoted Preference shares: Others			
	Companies: Fully paid up:			
	Pride Plaza (India) Private Limited	0.19	0.19	0.19
		0.19	0.19	0.19
	Investments in Government Securities (Note 1)	0.10	0.09	0.08
		0.10	0.09	0.08
	Investments in Mutual Funds (Note 2)	75.37	518.67	479.34
		75.37	518.67	479.34
	Total Cost of Investments	108.03	550.88	510.94
	Notes:			
	Book Value of quoted Investments	3.28	3.28	3.28
	Book value of unquoted Investments	104.76	547.60	507.66
	Market Value of quoted Investments	9.59	11.11	16.88
	Investments purchased and sold during the year	657.04	-	221.50

Notes:

- Investments in Government Securities have been deposited with some Government authorities.
- These investments were deployed temporarily out of surplus funds received on issue of equity shares at premium during the year ended 31-3-2008.

PRIDE HOTELS LIMITED
ANNEXURE - 11
CONSOLIDATED STATEMENT OF SUNDRY DEBTORS
Rupees in million

	Particulars	As at 31st March		
		2010	2009	2008
	Unsecured:			
	Debts due for more than six months:			
	(a) Considered good	13.79	14.23	10.21
	(b) Considered doubtful	-	-	-
	Sub-total	13.79	14.23	10.21
	Other debts:			
	(a) Considered good	80.74	59.82	51.20
	(b) Considered doubtful	-	-	-
	Sub-total	80.74	59.82	51.20
	Less: Provision for Doubtful Debts	-	-	-
	Sundry Debtors	94.53	74.05	61.41

Notes:

- a) All the debtors are unsecured, good and fully recoverable.
- b) There are no debts due from any promoter or promoter group or group entity or director.

PRIDE HOTELS LIMITED

ANNEXURE 12

CONSOLIDATED STATEMENT OF LOANS & ADVANCES

Rupees in million

	Particulars	As at 31st March		
		2010	2009	2008
	Advances recoverable in cash or kind or for value to be received	43.29	28.14	25.08
	Deposits (Including Long Term for hotel and other properties)			
	(i) To Promoters	4.00	4.00	4.00
	(ii) To Group Entities	40.00	40.00	40.00
	(iv) To Others	41.32	41.61	38.93
	Payment of taxes (including MAT Credit)	248.11	234.45	150.23
	Total	376.72	348.21	258.24

Notes:

- 1 There are no advances recoverable from any promoter or promoter group or group entity or director.
- 2 All these advances and deposits are unsecured and good.

PRIDE HOTELS LIMITED
ANNEXURE - 13
CONSOLIDATED STATEMENT OF OTHER INCOME
Rupees in million

	Particulars	Recurring/Non-recurring	Related to business / not related	For the year ended 31st March		
				2010	2009	2008
	Exchange Gain (net)	Recurring	Related	0.26	1.21	0.25
	Interest – Gross	Recurring	Related	0.38	0.36	0.40
	Dividend	Recurring	Not related	21.02	36.44	15.84
	Management fees from other hotels	Recurring	Related	3.66	3.70	-
	Licence Fees – Shops and rental	Recurring	Related	6.38	5.25	4.58
	Miscellaneous Income	Recurring	Related	1.44	3.98	1.80
	Sub-total			33.14	50.94	22.87
	Credits written back	Non-recurring	Related	8.52	3.45	1.99
	Sub-total			8.52	3.45	1.99
	Total Other Income:			41.66	54.39	24.86
	Less: Extra Ordinary items	Non recurring		-	-	-
	Total			41.66	54.39	24.86

PRIDE HOTELS LIMITED**ANNEXURE - 14****CONSOLIDATED STATEMENT OF DIVIDEND PAID***Rupees in million*

	Particulars	For the year ended 31st March		
		2010	2009	2008
	Total number of equity shares outstanding	30,931,995	20,621,330	20,621,330
	Dividend rate (%)	-	-	-
	Dividend amount	-	-	-
	Total	-	-	-

Note:

The Directors in their prudence and considering the funds requirements for business purposes have not recommended or approved the payment of any dividend in the above years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements on page 155 included in this Draft Red Herring Prospectus. You should also read the section titled "Risk Factors" beginning on page x, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows.

The following discussion of our Standalone financial condition and results of operations should be read in conjunction with our Restated Financial Statements as of and for the Fiscals 2010, 2009, 2008, 2007 and 2006 as restated in accordance with SEBI Regulations, including the notes thereto, which appear elsewhere in this Draft Red Herring Prospectus. Our fiscal year ends on March 31 each year, so all references to a particular year are to the twelve month period ended on March 31 of that year. Our restated consolidated and standalone financial information was prepared in accordance with Indian GAAP, which differ in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS.

Overview

We operate and manage a chain of hotels under the brand name "The Pride Hotel" in major cities in India. These include "The Pride Hotel, Pune" and "The Pride Hotel, Nagpur" in the state of Maharashtra; "The Pride Hotel, Ahmedabad," in Gujarat, "The Pride Hotel, Chennai" in Tamil Nadu and "The Pride Hotel, Bengaluru" in Karnataka. We also undertake the management and operation of hotels on a management contract basis under the brand "Pride Biznotel" and "Pride Resorts". We currently manage four such hotels at Ranipet, Salem, Gurgaon, and Jaipur.

All together, we operate 9 hotels offering 834 rooms across 9 cities in India. Of which, 5 hotels (2 owned and 3 on long term lease) offer 584 rooms across 5 cities in India while 4 hotels are on a management contract basis comprising of 250 rooms. Most of our existing hotels cater to the business class travellers while some of our hotels under management cater to leisure travellers. We plan to further expand our presence and are in the process of setting up a hotel in New Delhi comprising of 386 rooms.

The table below illustrates our income from various activities included in our restated standalone financial statements.

Nature of Income	FY 2009-2010	% of Total Income	FY 2008-2009	% of Total Income	FY 2007-2008	% of Total Income
Room Revenues	485.58	61.99%	480.33	62.89%	490.30	65.83%
Food & Beverage (including banquet income)	228.10	29.12%	204.12	26.72%	206.00	27.66%
Other Service Charges	28.00	3.57%	24.95	3.27%	23.62	3.17%
Total Operating Revenue	741.68	94.68	709.40	92.88%	719.92	96.66%
Other Income	41.66	5.32	54.39	7.12%	24.85	3.34%
Total Income	783.33	100%	763.79	100%	744.77	100 %

In our 5 hotels (2 owned and 3 on long term lease) put together we have 584 rooms and operate 15 Food and Beverage outlets and 23 Banquet Halls.

The following table illustrates the capacity expansion of our 5 hotels (2 owned and 3 on lease) over the years.

No. of Rooms for	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	FY 2009-2010
The Pride Hotel, Pune (Commenced)	111	112	112	112	112

No. of Rooms for	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	FY 2009-2010
operation from January, 1988)					
The Pride Hotel, Ahmedabad (Commenced operation from August, 2004)	110	110	110	164	164
The Pride Hotel, Nagpur (Commenced operation from June, 2006)	-	93	93	93	93
The Pride Hotel, Chennai (Commenced operation from February, 2007)	-	60	115	115	115
The Pride Hotel, Bengaluru (Commenced operation from august , 2009)	-	-	-	-	100
Total	221	374	429	483	584

The following table gives the break-up of the revenues earned in the Fiscal 2009-10 by our 5 hotels (2 owned 3 on long term lease)

Hotel	Room Revenue (Rs mn)	Food & Beverage Revenue (including banquet income) (Rs mn)	Other Service Charges (Rs mn)	Total (Rs. Mn)
The Pride Hotel, Pune	106.13	67.53	7.31	180.97
The Pride Hotel, Ahmedabad	186.26	75.44	10.55	272.25
The Pride Hotel, Nagpur	99.65	47.67	5.57	152.89
The Pride Hotel, Chennai	61.51	23.51	3.66	88.68
The Pride Hotel , Bengaluru (Operational from August, 2009)	32.04	13.95	0.91	46.89
Total	485.58	228.10	28.00	741.68

Key factors influencing our results of operations

Several factors influence our results of operations, financial condition and cash flow significantly. The key factors affecting our operations include:

Demand and Supply

Demand and supply of hotel accommodation at the locations where our existing and proposed hotel properties are or are planned to be located affect our results of operations. In particular, our occupancy rates, average room rates and revenues are subject to demand and supply fluctuations. Demand for hotel accommodation is influenced by factors such as availability and location of hotel rooms, prices, available services and at times seasonality.

Operating expenses including lease payments, food and beverage costs, employee compensation and power and fuel costs

Our financial results are affected by occupancy and room rates achieved by our hotels, our ability to control the cost of developing and operating additional rooms and the success of our food and beverage operations. Our results of operations are also affected by changes in the cost of electricity, insurance and environmental compliance. Further, our hotels have to be renovated periodically to keep up with changing trends and consumer demands, and such renovation may involve significant development and maintenance costs.

The hotel industry is cyclical and sensitive to changes in the economy. Any slowdown in the economy could have a significant adverse impact on our operations and financial results.

The hotel business is cyclical and sensitive to changes in the economy in general. Our financial results are affected by factors such as changes in global and domestic economies, changes in local market conditions, changes in interest rates, the availability of finance and other similar factors. Since demand for hotels is affected by economic growth in India as well as globally, a global or domestic recession could lead to a downturn in the hotel industry. Such adverse developments in the hotel industry in India or in the cities where our hotels are located would have a negative impact on our profitability and financial condition. We expect the growth in the Indian economy to continue to be the driver for growth in the hospitality sector. We believe, increase in disposable incomes, as well as in business opportunities are expected to stimulate both leisure and business travel, thereby leading to increased demand for hotels.

Increased competition in the hotel sector may adversely affect the operations of our hotels.

Hotel industry is highly competitive and the hotels owned, managed or operated by us compete for guests with other hotels in the same city. Our success would be dependant on our ability to compete in areas such as room rates, quality of accommodation, service levels, brand recognition among others. Most of our current operations are in locations like Pune, Ahmedabad, Nagpur, Bangalore and Chennai where we face competition from existing hotel players and will also have to compete with any new hotel properties coming up in the city. We expect to face similar competition in the cities where we are expanding or have intentions of expanding to. There can be no assurance that new or existing competitors will not significantly lower rates or offer greater convenience, services or amenities or significantly expand or improve facilities in the market in which we operate. Such developments would affect our ability to compete with them and have a negative impact on our profitability and financial condition.

Fluctuations in interest rates and foreign exchange rates:

During FY 2010, we earned approximately 15.26 % of our revenue in foreign exchange. Changes in the value of currencies with respect to the Rupee may cause fluctuations in our operating results expressed in Rupees, and a possible depreciation of the aforementioned currencies with respect to the Rupee may have an unfavorable impact on such results. Appreciation of the Rupee against various foreign currencies in which we earn revenues, could adversely affect our financial condition and results of operations since we may not always be able to increase our tariffs quoted in foreign currencies to compensate for Rupee appreciation. In the course of normal business, we may cover foreign exchange risks using standard market instruments, however, we cannot assure that we will be able to effectively mitigate the adverse impact of currency fluctuations on our operating results.

Effectiveness of marketing strategies

We devote significant attention to our brand-building efforts. We use various innovative forms of advertising and marketing with a view to constantly create more awareness of our brand in the market and to reach out to more and more customers.

Our marketing department also looks after corporate branding and advertising. Our services are advertised widely through hoardings at prominent places, regular advertisements in in-flight journals and business magazines, travel and hospitality magazines and by organizing local and international food festivals at our various hotels periodically. We also partner with car rental companies and others to reach to various sectors of customers. We have also tied up with certain banks, wherein their customers can avail certain discounts on the Food & Beverage across our hotels. We believe such initiative contributes significantly in increasing our sales. We plan on continuing to build our brand and retail sales by satisfying customers with our service and by continuing to invest significant amounts in the advertising and marketing of the Pride brand

For more information on these and other factors/developments which have or may affect us, see “Risk Factors” on page x of this Draft Red Herring Prospectus and “Our Business” on page 76 of this Draft Red Herring Prospectus.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1. Basis for preparation of Standalone financial statements:

The Standalone financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with accounting principles accepted in India (“Indian GAAP”) and are in compliance with Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956 with the exception of replacing the historical cost with the present value in case of revaluation of an asset. In the restated financial statements, the effect of revaluation of assets has been withdrawn.

The financial statements are presented in Rs. In millions, unless otherwise stated.

2. Use of Estimates:

The preparation of the financial statements in conformity with the Indian GAAP requires Company management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements. Actual results could differ from these estimates and assumptions. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Revenue Recognition::

The Company derives revenues primarily from hospitality services. Revenue on time and material contracts are recognized as the related services are performed. Revenue yet to be billed is recognized as unbilled revenue. Sales and services are stated exclusive of taxes.

4. Fixed Assets:

- (i) Fixed Assets are stated at cost and at revalued figures on revaluation less depreciation. Fee paid for acquisition of technical know-how is capitalised.
- (ii) In the case of new projects successfully implemented, substantial expansion of existing units and expenditure resulting into enduring benefit, all pre-operative expenses including interest on borrowings for the project, incurred up to the date of installation are capitalised and added pro-rata to the cost of fixed assets.
- (iii) Capital work in progress includes cost of assets, expenditure incurred including interest on funds deployed for such work and capital advances.

5. Depreciation:

- (i) Depreciation is provided in the accounts on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- (ii) The difference between depreciation calculated and provided on the revalued amount of fixed assets and depreciation calculated on the original cost of fixed assets is recouped from revaluation reserve. In the restated financial statements, the effect of revaluation of assets has been withdrawn
- (iii) Where the historical cost of a depreciable asset undergoes a change due to increase or decrease on account of price adjustments, changes in duties or similar factors, depreciation on the revised amount is provided prospectively over the residual useful life of the asset.
- (iv) Intangible assets are amortised on straight line method.

6. Impairment:

In accordance with Accounting Standard 28 – Impairment of Assets, the carrying amount of the Company’s assets including intangible assets are reviewed at each balance sheet date to determine

whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, as the higher of the net selling price and the value in use. Any impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

7. Investments:

Long Term Investments are valued at cost. Provision for diminution in value is made, if in the opinion of the management, such a decline is considered permanent. Other Investments are valued at cost or market value whichever is lower.

8. Inventories:

- (i) Stock of food, beverages and operating supplies are carried at cost (computed on weighted average basis) or net realizable value, whichever is lower.
- (ii) Inventories at the year end are as per physical verification conducted by the Management. Unserviceable/damaged/discarded stock and shortages observed at the time of physical verification are charged to Profit and Loss Account.
- (iii) Crockery, Cutlery, Uniform and Linen, etc. in circulation and stock of printing and stationery are charged to revenue.

9. Retirement Benefits for Employees:

- (i) Defined Contribution Plan: Company's Contribution paid / payable during the year to Provident Fund, Employees State Insurance Corporation and Labour Welfare Fund are recognised in the Profit and Loss Account.
- (ii) Defined Benefit Plan: From the accounting year 2007-08, Gratuity payable at the time of retirement are charged to the Profit and Loss Account on the basis of independent external actuarial valuation determined on the basis of projected unit credit method annually. Actuarial gains and losses are immediately recognized in the Profit and Loss Account. In respect of gratuity to employees upto financial year 2006-07, provision for retiring gratuity to employees has been made in accordance with the provisions of the Payment of Gratuity Act, 1972. Company recognises the undiscounted amount of short term employee benefits like leave encashment, leave travel assistance, etc. during the accounting period based on service rendered by the employee.

10. Export Benefit Entitlement:

Export Benefits in the nature of Duty Credit Scrips utilized for acquisition of fixed assets are adjusted against the cost of related fixed assets.

11. Foreign Currency Transactions:

- (i) Sales made in foreign currency are converted at the prevailing applicable exchange rate. Gain/Loss arising out of fluctuation in exchange rate is accounted for on realization.
- (ii) Payment made in foreign currency including for acquiring fixed assets are converted at the applicable rate prevailing on the date of remittance. Liability on account of foreign currency is converted at the exchange rate prevailing at the end of the year except in cases of subsequent payments where liability is provided at actual. Foreign currency in hand is translated at the year-end exchange rate.
- (iii) Foreign currency loans are realigned at the rate ruling at the year-end. Exchange differences other than relating to fixed assets acquired from outside India are dealt with in the Profit & Loss Account. Rest is adjusted to fixed assets.

12. Prior period adjustments, Extra Ordinary items and Changes in accounting policies:

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

13. **Leases:**
Lease payment under an operating lease is recognized as an expense in the profit and loss account on a straight line basis over the lease period.

Assets taken on finance lease are capitalized and finance charges are charged to profit and loss account on accrual basis.
14. **Borrowing costs:**
Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial period of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the period in which same are incurred.
15. **Segment Accounting:**
Reportable Segments are identified having regard to the dominant source of revenue and nature of risks and returns.
16. **Taxes on Income:**
Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
17. **Accounting Provisions, Contingent Liabilities and Contingent Assets:**
Provisions are recognized in terms of Accounting Standards 29 – “Provisions, Contingent Liabilities and Contingent Assets” notified by the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow or resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Financial Operations Overview

Of the 9 hotels presently managed by us under the Pride brand, 5 hotels (of which 2 are owned and 3 on long term lease) majorly impact our results of operations. While for the remaining 4 hotels which we operate on a management contract basis, all costs for these 4 hotels are borne by their owners and do not impact our operational expenses. We receive a management fee for managing these hotels which is included as a part of the other income.

Income from Operations:

Our income from operations can be broadly divided into income from room revenue, from sale of Food and beverage and income realized from other services.

Income from room revenue is the rental income received from the rooms occupied at our hotels. Food & Beverage income comprises of income received from sale of food and beverages across the restaurants in the hotels, room service and in-room mini bars. Banquet income consists of all income associated with banquet services, including the rental fees for the banquet hall, food and beverages served at the event, decorations etc. Other services consist of revenues from telephone services, laundry internet services, fee income from pride gold membership card, swimming pool and travel services.

The composition of income from operations since FY 2007 to FY 2010 is as under:

Rs. in million				
Particulars	FY 2006-2007	FY 2007-2008	FY 2008-2009	FY 2009-2010
Room Revenue	353.45	490.30	480.33	485.58
Food and Beverage revenues (including banquet income)	135.95	206	204.12	228.10
Other Service Charges	18.17	23.62	24.95	28.00
Income from Operations	507.57	719.92	709.40	741.68

Key indicators

Room Revenue

Particulars	FY 2006-2007		FY 2007-2008		FY 2008-2009		FY 2009-2010	
	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)	ARR (Rs.)	Occupancy (%)
The Pride Hotel, Pune	6139	80	7664	67	7219	51	5204	51
The Pride Hotel, Ahmedabad	4247	67	5080	73	5845	63	5232	59
The Pride Hotel, Nagpur	2309	72	3084	77	3922	78	4414	73
The Pride Hotel, Chennai	2847	24	3104	35	3154	27	3034	51
The Pride Hotel, Bengaluru (Commenced from August, 2009)	-	-	-	-	-	-	3431	37

Note: Occupancy % is computed with reference to the number of guest rooms available for sale exclusive of number of rooms temporarily unavailable due to repair and maintenance.

The Company has witnessed a dip in the ARR for its hotels in Pune, Ahmedabad and Chennai because of competition and overall recessionary conditions prevailing in the economy during the last 2 years. However the company witnessed better ARR for its Nagpur hotel because of upcoming multi business projects.

Expenditure:

The food and beverage expenses consist of consumption of various food and beverage items (including alcoholic and non-alcoholic beverages, banquet costs, room service and restaurants), groceries and food staples.

Employee costs include salaries, wages, bonuses, gratuities, leave encashment (accrued vacation not taken), severance pay and voluntary separation costs, staff welfare expenses, staff perks, medical benefits, and contributions to the provident fund.

Other operating expenses primarily comprise of power & fuel, repairs & maintenance, expenses on apartment & board, licenses & rent.

General and administrative expenses comprise of the agent commissions and discounts, sales tax and other statutory taxes and advertisement expenses.

Detailed break up of our expenditure from FY 2007 – FY 2010 are as below:

Rs. in million

Particulars	FY 2007	FY 2008	FY 2009	FY 2010
Food & Beverage	42.66	70.19	69.44	81.24
Employee Costs	67.74	98.06	112.60	143.24
Other Operating Expenses	138.57	130.90	134.83	140.15
General and Administrative Expenses	65.54	95.62	109.54	108.75
Total	314.51	394.77	426.41	473.38

Comparison of the significant items of income and expenditure for FY 2010, 2009, 2008 & 2007.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH										
	FY 2010			FY 2009			FY 2008			FY 2007
PARTICULARS	Rs. In Mn	% of Total Income	% of Increase/ (Decrease) over Previous year	Rs. In Mn	% of Total Income	% of Increase/ (Decrease) over Previous year	Rs. In Mn	% of Total Income	% of Increase/ (Decrease) over Previous year	Rs. In Mn
<u>INCOME</u>										
Room Income	485.58	61.99%	1.09%	480.33	62.89%	(2.03%)	490.30	65.83%	38.72%	353.45
Banquet Revenue	118.35	15.11%	23.88%	95.54	12.51%	(7.77%)	103.59	13.91%	56.64%	66.13
Food & Beverages Income	109.75	14.01%	1.08%	108.58	14.22%	6.03%	102.41	13.75%	46.67%	69.82
Other Services	28.00	3.57%	12.24%	24.95	3.27%	5.61%	23.62	3.17%	30.00%	18.17
<u>Income from Operations</u>	741.68	94.68%	4.55%	709.40	92.88%	(1.46%)	719.92	96.66%	41.84%	507.57
<u>Other Income</u>	41.66	5.32%	(23.41%)	54.39	7.12%	118.84%	24.85	3.34%	916.67%	2.44
TOTAL INCOME	783.34	100.00%	2.56%	763.79	100.00%	2.55%	744.77	100.00%	46.03%	510.01
<u>EXPENDITURE</u>										
Food & Beverages consumed	81.24	10.37%	17.00%	69.44	9.09%	(1.07%)	70.19	9.42%	64.52%	42.66
Employees Cost	143.24	18.29%	27.20%	112.60	14.74%	14.83%	98.06	13.17%	44.75%	67.74
Other Operating Expenses	140.15	17.89%	3.94%	134.83	17.65%	3.00%	130.90	17.58%	(5.53%)	138.57
General & Administrative Expenses	108.75	13.88%	(0.73%)	109.54	14.34%	14.56%	95.62	12.84%	45.89%	65.54
TOTAL EXPENDITURE	473.38	60.43%	11.01%	426.41	55.82%	8.01%	394.77	53.01%	25.52%	314.51

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH										
	FY 2010			FY 2009			FY 2008			FY 2007
PARTICULARS	Rs. In Mn	% of Total Income	% of Increase/ (Decrease) over Previous year	Rs. In Mn	% of Total Income	% of Increase/ (Decrease) over Previous year	Rs. In Mn	% of Total Income	% of Increase/ (Decrease) over Previous year	Rs. In Mn
Profit before Interest, Depreciation & Tax (PBIDTA)	309.96	39.57%	(8.12%)	337.38	44.17%	(3.61%)	350.00	46.99%	79.02%	195.50
Depreciation	45.65	5.83%	53.06%	29.83	3.91%	16.80%	25.54	3.43%	73.87%	14.69
Interest	14.13	1.80%	34.82%	10.48	1.37%	(27.45%)	14.44	1.94%	66.24%	8.69
Profit Before Tax (PBT)	250.18	31.94%	(15.78%)	297.07	38.89%	(4.18%)	310.02	41.63%	80.11%	172.12
Less: TAX	79.31	10.12%	(12.59%)	90.73	11.88%	(13.20%)	104.53	14.04%	72.46%	60.61
Profit after Tax (PAT)	170.87	21.81%	(17.18%)	206.34	27.01%	0.41%	205.49	27.59%	84.26%	111.51

Results of operations for the Fiscal 2010 as compared to Fiscal 2009 are as under:

Income from operations

Our income from operations increased from Rs. 709.40 million in FY 2009 to Rs. 741.68 million in FY 2010. Our operating income as compared to total income increased to 94.68% for the Fiscal 2010 vis-à-vis 92.88% for the Fiscal 2009. This increase can be attributed partially to our hotel at Bengaluru that commenced its operations with effect from August 2009 and increase in revenue from our Nagpur hotel.

Room revenue

Our room revenues increased from Rs. 480.33 million in FY 2009 to Rs. 485.58 million in FY 2010. The Room Revenue comprised 61.99% of our total income in Fiscal 2010 as compared to 62.89% of our total income in Fiscal 2009.

The occupancy rates and ARR at our 5 hotel properties (2 owned & 3 on long term lease) for the Fiscal 2010 are given below:

Property	ARR (Rs.)	Occupancy (%)
The Pride Hotel, Pune	5,204	51
The Pride Hotel, Ahmedabad	5,232	59
The Pride Hotel, Nagpur	4,414	73
The Pride Hotel, Chennai	3,034	51
The Pride Hotel, Bengaluru (Commenced Operations from August 2009)	3,431	37

Banquet Revenue

The Banquet revenue increased from Rs. 95.54 million in fiscal year 2009 to Rs. 118.35 million in fiscal year 2010. We witnessed a growth of 23.88% on y-o-y basis however as compared to total income it increased to 15.11% for the Fiscal 2010 vis-à-vis 12.51% for the Fiscal 2009. This growth was mainly due

to the addition of our new hotel at Bengaluru and revision of banquet rates in some of our other hotels.

Food and Beverage Revenue

The food and beverage revenue increased from Rs.108.58 million in fiscal year 2009 to Rs.109.75 million in fiscal year 2010, registering a growth rate of 1.08 % on y-o-y basis however as compared to total income it reduced to 14.01% for the Fiscal 2010 vis-à-vis 14.22% for the Fiscal 2009.

Other Service Charges

The revenue from other service charges increased from Rs. 24.95 million in fiscal year 2009 to Rs. 28.00 million in fiscal year 2010, registering a growth rate of 12.24 % on y-o-y basis. However as compared to total income, it increased to 3.57% for the Fiscal 2010 vis-à-vis 3.27% for the Fiscal 2009. This growth was mainly attributable to the increase in membership fees of our “Pride Gold Membership Card” in response to our aggressive marketing initiative.

Other Income

The other income comprises of exchange gain, interest earned, dividend, management fees from hotels under our management, licenses fees, shops and rental, credits written back and miscellaneous income. The other income declined by 23.41% on y-o-y basis to Rs. 41.66 million in Fiscal 2010 as compared to Rs. 54.39 million in Fiscal 2009. However as compared to total income it declined to 5.32% for the Fiscal 2010 from 7.12% for the Fiscal 2009. This decline was mainly on account of reduction in dividend income from investment in Mutual Funds.

Expenditure

The total expenditure for the Fiscal 2010 was Rs. 473.37 million as against Rs. 426.42 million for the Fiscal 2009. Expenditure as compared to total income was 60.43% for the Fiscal 2010 vis-à-vis 55.82% for the Fiscal 2009. This was mainly on account of addition of our new hotel at Bengaluru in August 2009.

Food & Beverage Costs

The Food & beverage costs for the Fiscal 2010 was Rs. 81.24 million as against Rs. 69.44 million in fiscal 2009, registering a growth of 17.00 % on y-o-y basis. However as compared to total income, it increased to 10.37% for the Fiscal 2010 vis-à-vis 9.09% for the Fiscal 2009. Food & beverage cost mainly increased because of increase in procurement cost and fluctuation in prices of raw materials during the year. Our Food & beverage cost was 35.62% compared to our food & beverage revenue in the Fiscal 2010 as against 34.02% in Fiscal 2009.

Employee Costs

Employee costs increased from Rs. 112.60 million in fiscal year 2009 to Rs. 143.24 million in fiscal year 2010 registering a growth of 27.2% on y-o-y basis., However as compared to total income it increased to 18.29% for the Fiscal 2010 vis-à-vis 14.74% for the Fiscal 2009. This increase was mainly on account of recruitment of new personnel at our hotel in Bengaluru that started operations from August 2009. Also during the year we expanded our sales and marketing teams in cities like Kolkatta, Hyderabad and Pune thereby contributing to the increase in employee cost.

Other Operating Expenses

Our other operating expenses for the Fiscal 2010 was Rs. 140.15 million as compared to Rs. 134.83 million for the fiscal 2009. Other operating expenses as compared to total income increased nominally to 17.89% for the Fiscal 2010 as against 17.65% for the Fiscal 2009. Other operating expenses are related to the total number of operational rooms irrespective of the occupancy.

General and Administrative Expenses

Our general and administrative expenses for the Fiscal 2010 were Rs. 108.75 million as compared to Rs. 109.54 million for the Fiscal 2009. General and administrative expenses as a percentage of total income decreased nominally from 14.34 % in FY 2009 to 13.88 % in the FY 2010.

Profit before Interest, Depreciation, Amortization and Tax (PBIDTA)

The PBIDTA for the Fiscal 2010 was Rs. 309.96 million as compared to Rs. 337.38 million. Our PBIDTA margin for the Fiscal 2010 was 39.57% as compared to 44.17% for the Fiscal 2009. There was a decline of 8.12% on y-o-y basis in our PBIDTA mainly on account of our Bengaluru hotel which commenced

operations from August 2009 and operated at low margins during its initial period of operation.

Depreciation and Interest Cost

The depreciation for the Fiscal 2010 was Rs.45.65 million as against Rs. 29.83 million in Fiscal 2009. Depreciation as compared to total income for the Fiscal 2010 increased to 5.83% as compared to 3.91% for the Fiscal 2009. The increase was on account of depreciation on our Bengaluru hotel and also owing to the capital expenditure for renovation of our existing hotels in Pune and Nagpur.

The interest and other finance expenses for the Fiscal 2010 was Rs. 14.13 million as against Rs. 10.48 million in fiscal 2009. There was a rise of 34.82% on y-o-y basis, however as compared to total income it increased to 1.80% for the Fiscal 2010 vis-à-vis 1.37% for the Fiscal 2009. This rise was due to the cash credit facility taken by the Company for working capital requirements & a new term loan for capital expenditure and renovation undertaken for our existing hotels.

Profit before Tax

Our profit before tax for the Fiscal 2010 was Rs. 250.18 million as compared to Rs. 297.07 million for the Fiscal 2009. The profit before tax as a percentage of total revenue has decreased to 31.94% in this period from 38.89% in Fiscal 2009.

Taxation

The total tax provision made by our Company including the deferred tax for the year ended March 31, 2010 was Rs. 79.31 million as compared to Rs. 90.73 million for the year ended March 31, 2009. The effective tax rate for the Fiscal 2010 was 31.63% as compared to 29.87% in the Fiscal 2009.

Profit after Tax

Our profit after tax for the year ended March 31, 2010 was Rs. 170.87 million. The net profit margin for Fiscal 2010 was 21.81% as compared to 27.01 % in Fiscal 2009.

Fixed Assets

The net fixed assets (Including capital work in progress) increased to Rs. 1532.03 million in Fiscal 2010 from Rs. 982.22 million in FY 2009. This increase was due to capitalization of our Bengaluru hotel that commenced operations from August 2009 and also due to capitalisation of the renovation expenditure incurred at Pune and Nagpur.

Results of operations for Fiscal 2009 as compared to Fiscal 2008 are as under:

Income from Operations

Our income from operations decreased to Rs. 709.40 million in Fiscal 2009 from Rs. 719.92 million in Fiscal 2008, registering a decline of 1.46% on y-o-y basis. This decline was mainly due to the slowdown in over all economy during the said period.

Room Revenue

Our room revenues decreased to Rs. 480.33 million in Fiscal 2009 from Rs. 490.30 million in Fiscal 2008, registering a decline of 2.03% on y-o-y basis. This was mainly on due to recession in over all economy. The Room Revenue comprised of 62.89% of our total income in Fiscal 2009 as compared to 65.83% of our total income in Fiscal 2008.

The occupancy rates and ARR at individual hotel properties for the Fiscal 2009 are given below:

Property	ARR (Rs.)	Occupancy (%)
The Pride Hotel, Pune	7219	51
The Pride Hotel, Ahmedabad	5845	63

Property	ARR (Rs.)	Occupancy (%)
The Pride Hotel, Nagpur	3922	77
The Pride Hotel, Chennai	3154	27

Banquet Revenue

The Banquet revenue decreased to Rs. 95.54 million in Fiscal 2009 from Rs. 103.59 million in Fiscal 2008, registering a decline of 7.77% on y-o-y basis. However as compared to total income it reduced to 12.51% for the Fiscal 2009 from 13.91% for the Fiscal 2008. Due to the overall slow down in the economy, business travel was adversely impacted which resulted in cancellation/withdrawal of conferences and convention programs in turn affecting our banquet revenue.

Food and Beverage Revenue

The food and beverage revenue increased to Rs. 108.58 million in Fiscal 2009 from Rs. 102.41 million in Fiscal 2008, registering a growth rate of 6.03% on y-o-y basis, however as compared to total income it increased to 14.22% for the Fiscal 2009 from 13.75% for the Fiscal 2008. This growth was attributable to revision of rates of the menu card.

Other Service Charges

The revenue from other service charges increased to Rs. 24.95 million in fiscal year 2009 from Rs. 23.62 million in fiscal year 2008, registering a growth rate of 5.61% on y-o-y basis. This was because of increase in membership fees received from sale of Pride Gold Membership Card. The other services for the Fiscal 2009 comprised 3.27% of our total income as against 3.17% for the Fiscal 2008.

Other Income

The other income comprises of Exchange Gain, Interest earned, Dividend, Management Fees from hotels, Licenses fees-Shops and rental, credits written back and miscellaneous income. The other income increased by 118.84% on y-o-y basis to Rs. 54.39 million in the Fiscal 2009 as compared to Rs. 24.85 million in the Fiscal 2008. However as compared to total income it increased to 7.12% for the Fiscal 2009 from 3.34% for the Fiscal 2008. This substantial increase was mainly due to rise in dividend income on mutual funds by 130.00%.

Expenditure

The total expenditure for the Fiscal 2009 was Rs. 426.41 million as against Rs. 394.77 million for the Fiscal 2008, registering a growth of 8.01% on y-o-y basis. This was mainly on account of upkeep & maintenance work which was carried out during the year in our existing hotels.

Food & Beverage Costs

The food & beverage costs for the Fiscal 2009 were Rs. 69.44 million as against Rs. 70.19 million in the Fiscal 2008. The food & beverage costs witnessed a minor decline of 1.07 % on y-o-y basis as compared to previous year. Our food & beverage cost was 34.02% compared to our food & beverage revenue in the Fiscal 2009 as against 34.07% in the Fiscal 2008.

Employee Costs

Employee costs increased to Rs. 112.60 million in the Fiscal 2009 from Rs. 98.06 million in the Fiscal 2008, registering a growth rate of 14.83% on y-o-y basis. However, as compared to total income it increased to 14.74% for the Fiscal 2009 vis-à-vis 13.17% for the Fiscal 2008. This was on account of increase in our headcount in anticipation of the planned expansion of our business including the addition of 54 rooms at our Ahmedabad hotel.

Other Operating Expenses

Our other operating expenses for the Fiscal 2009 were Rs. 134.83 millions as compared to Rs. 130.90 millions for the Fiscal 2008. Other operating expenses are related to the total number of operational rooms irrespective of the occupancy.

General and Administrative Expenses

The general and administrative expenses for the Fiscal 2009 were Rs. 109.54 million as compared to Rs. 95.62 million for the Fiscal 2008. General and administrative expenses as a percentage of total income increased from 12.84 % in the Fiscal 2008 to 14.34 % in the Fiscal 2009.

Profit before Interest, Depreciation, Amortization and Tax (PBIDTA)

The PBIDTA for the Fiscal 2009 was Rs. 337.38 million as compared to Rs. 350.00 million in Fiscal 2008. Our PDIDTA as compared to total income reduced to 44.17% for the Fiscal 2009 vis-à-vis 46.99% for the Fiscal 2008.

Depreciation and Interest Cost

The depreciation for the Fiscal 2009 was Rs. 29.83 million as against Rs. 25.54 million for the Fiscal 2008. There was an increase in depreciation by 16.80% on y-o-y basis due to the capitalization of 54 rooms in our Ahmedabad hotel during the Fiscal 2009.

The interest and other finance expenses for the Fiscal 2009 was Rs. 10.48 million as against Rs. 14.44 million in fiscal 2008 This decrease in interest expense by 27.45% on y-o-y basis in Fiscal 2009 as against Fiscal 2008 was due to repayment of a part of the secured loan. Interest as compared to total income reduced to 1.37% for the Fiscal 2009 vis-à-vis 1.94% for the Fiscal 2008.

Profit before Tax

Our profit before tax for the Fiscal 2009 was Rs. 297.07 million as compared to Rs. 310.02 million for the Fiscal 2008. The profit before tax as a percentage of total income has decreased to 38.89% in this period from 41.63% in FY 2008. This decline was mainly because of increase in other operating expenses & increase in employees cost.

Taxation

The total tax paid by our Company including the deferred tax for the year ended March 31, 2009 was Rs. 90.73 million as compared to Rs. 104.53 million for the year ended March 31, 2008. The effective tax rate in Fiscal 2009 was 29.87% as compared to 32.97% in Fiscal 2008.

Profit after Tax

Our profit after tax for the year ended March 31, 2009 was Rs. 206.34 million. The net profit margin for FY 2009 was 27.01% as compared to 27.59 % in FY 2008.

Fixed Assets

The net fixed assets (including capital work in progress) increased to Rs. 982.22 million during the Fiscal 2009 from Rs. 681.63 million in the Fiscal 2008. This growth of 44.10% in the Fiscal 2009 as against the Fiscal 2008 was mainly due to the addition of 54 rooms in our Ahmedabad hotel.

Results of operations for the Fiscal 2008 as compared to the Fiscal 2007.

Income from Operations

Our income from operations increased from Rs. 507.57 million in the Fiscal 2007 to Rs. 719.92 million in the Fiscal 2008, registering a growth of 41.84 % on y-o-y basis. This was due to the overall growth in ARR and occupancy rates across our hotels in line with the growth in the economy.

Room Revenue

Our room revenues increased to Rs. 490.30 million for the Fiscal 2008 from Rs. 353.45 million for the Fiscal 2007, registering a growth of 38.72% on y-o-y basis. This was due to the rise in ARR and the occupancy rates owing to overall growth of tourism industry in the country. The Room Revenue comprised of 65.83% of our total income in Fiscal 2008 as compared to 69.30% in Fiscal 2007.

The occupancy rates and ARR at individual hotel properties for the Fiscal 2008 are given below:

Property	ARR (Rs.)	Occupancy (%)
The Pride Hotel, Pune	7,664	67
The Pride Hotel, Ahmedabad	5,080	73
The Pride Hotel, Nagpur	3,084	76
The Pride Hotel, Chennai	3,104	35

Banquet Revenue

The Banquet revenue increased to Rs. 103.59 million in the Fiscal 2008 from Rs. 66.13 million in the Fiscal 2007, registering a growth of 56.64% on y-o-y basis. However as compared to total income it increased to 12.96% for the Fiscal 2008 vis-à-vis 13.91% for the Fiscal 2007. This growth can be attributable to the increase in the number of conferences owing to the increased business activity and also due to various other social events.

Food and Beverage Revenue

The food and beverage revenue increased to Rs. 102.41 million in the Fiscal 2008 from Rs. 69.82 million in the Fiscal 2007, registering a growth of 46.67% on y-o-y basis. However as compared to total income it increased to 13.75% for the Fiscal 2008 vis-à-vis 13.68% for the Fiscal 2007. This was owing to the overall increase in occupancy rates.

Other Service Charges

The revenue from other service charges increased to Rs. 23.62 million in fiscal year 2008 from Rs. 18.17 million in fiscal year 2007, registering a growth rate of 30.00% on y-o-y basis. However as compared to the total income, it reduced to 3.17% for the Fiscal 2008 vis-à-vis 3.56% for the Fiscal 2007.

Other Income

The other income comprises of exchange gain, interest earned, dividend, management fees from hotels, licenses fees-shops and rental, credits written back and miscellaneous income. The other income increased by 916.67% on y-o-y basis to Rs. 24.85 million for the Fiscal 2008 as compared to Rs. 2.44 million for the Fiscal 2007. However as compared to total income, it increased to 3.34% for the Fiscal 2008 vis-à-vis 0.48% for the Fiscal 2007. This substantial increase was mainly due to dividend income earned from investments in mutual funds. This substantial increase in investments in mutual funds was attributable to the subscription money received from private equity placement which was temporarily parked in mutual fund schemes.

Expenditure

The total expenditure for the Fiscal 2008 was Rs. 394.78 million as against Rs. 314.52 million for the Fiscal 2007, registering a growth of 25.52% on y-o-y basis. This growth was in line with the increase in turnover. Our total expenses for the Fiscal 2008 comprised 53.01% of our total income as against 61.67% for the Fiscal 2007.

Food & Beverage Costs

The Food & Beverage costs for the Fiscal 2008 was Rs.70.19 million as against Rs. 42.66 million for the Fiscal 2007. The F&B costs witnessed a growth of 64.52 % on y-o-y as compared to previous year mainly due to rise in the occupancy level owing to overall growth of tourism industry in the country. Our Food & beverage cost was 34.07% compared to our food & beverage revenue in the Fiscal 2008 as against 31.38% in Fiscal 2007.

Employee Costs

Employee costs increased to Rs. 98.06 million in fiscal year 2008 from Rs. 67.74 million in fiscal year 2007, registering a growth rate of 44.75% on y-o-y basis. This growth was mainly on account of increase in the bonus and incentives paid to our employees.

Other Operating Expenses

Our other operating expenses for the Fiscal 2008 were Rs. 130.90 millions as compared to Rs. 138.57 millions for the Fiscal 2007 registering a decline of 5.53% on y-o-y basis.

General and Administrative Expenses

The general and administrative expenses for the Fiscal 2008 were Rs. 95.62 million as compared to Rs. 65.54 million for the Fiscal 2007. General and administrative expenses increased by 45.89 % on y-o-y basis on account of payment of indirect taxes on assessment of previous year. However the general and administrative expenses as compared to total income was 12.84% for the Fiscal 2008 vis-à-vis 12.85% for the Fiscal 2007.

Profit before Interest, Depreciation, Amortization and Tax (PBIDTA)

The PBIDTA for the Fiscal 2008 was Rs. 350.00 million witnessing a growth of 79.02% on y-o-y basis as compared to Rs. 195.50 million for the Fiscal 2007. However as compared to total income, the PBIDTA for the Fiscal 2008 was 46.99% vis-à-vis 38.33% for the Fiscal 2007.

Depreciation and Interest Cost

The depreciation for the Fiscal 2008 was Rs. 25.54 million as against Rs. 14.69 million for the Fiscal 2007. The increase was due to capitalization of our Chennai hotel which commenced operations from February 2007.

The interest and other finance cost for the Fiscal 2008 was Rs. 14.44 million as against Rs. 8.69 million for the Fiscal 2007. There was an increase of 66.24% on y-o-y basis due to utilization of cash credit facility for working capital requirements & term loans for capital expenditure and renovations of our existing hotels. However as compared to total income, it increased to 1.94% for the Fiscal 2008 vis-à-vis 1.70% for the Fiscal 2007.

Profit before Tax

Our profit before tax for the Fiscal 2008 was Rs. 310.02 million as compared to Rs. 172.12 million for the Fiscal 2007. This substantial rise was on account of increase in operations. The profit before tax increased to 41.63% in the Fiscal 2008 vis-à-vis 33.74% in the Fiscal 2007.

Taxation

The total tax paid by our Company including the deferred tax for the year ended March 31, 2008 was Rs.104.53 million as compared to Rs. 60.61 million for the year ended March 31, 2007. The effective tax rate in Fiscal 2008 was 32.97% as compared to 34.75% in Fiscal 2007.

Profit after Tax

Our profit after tax for the year ended March 31, 2008 was Rs. 205.49 million as compared to Rs. 111.51 million for the year ended March 31, 2007. The net profit margin for FY 2008 was 27.59% as compared to 21.86 % in FY 2007.

Fixed Assets

The net fixed assets (including capital work in progress) increased to Rs. 681.63 million at end of the Fiscal 2008 from Rs. 507.97 million for the Fiscal 2007. The addition to fixed assets in 2007 was mainly due the Chennai Hotel which was capitalized on February 15, 2007.

Liquidity and Capital resources

Restated Cash Flows

Particulars	Rupees in million			
	FY 2009-2010	FY 2008-2009	FY 2007-2008	FY 2006-2007
Operating profit before the working capital changes	295.58	302.97	335.21	195.54
Changes in Working Capital & Taxes Paid.	(83.73)	(107.07)	(127.39)	(17.66)
Net cash from/ (used in) operating activities after the working capital changes	211.85	195.90	207.82	177.88
Net cash from/ (used in) investing activities	(134.35)	(332.95)	(708.89)	(250.64)
Net cash from/ (used in) financing activities	(72.05)	128.78	507.78	73.54
Net increase/ (decrease) in cash and cash equivalents	5.45	(8.27)	6.71	0.78
Cash and cash equivalents at the beginning of the year	7.86	16.13	9.42	8.64
Cash and cash equivalents as at the end of the year	13.31	7.86	16.13	9.42

Net cash used in operating activities

Operating Profit before the changes in working capital & taxes paid was Rs.295.58 million. Net cash from operating activities in Fiscal 2010 was Rs.211.85 million. The difference was on account of Rs.83.73 million pertaining to changes in working capital & taxes paid. Changes in working capital comprised of Rs. 1.33 Million towards increase in inventories, Rs. 20.64 million towards increase in trade & other receivables and Rs. 14.85 million increase in Loans, Advances and Deposits. This was partially offset by an increase of Rs. 20.83 in our trade payables. These changes in the current assets and liabilities were due to increase in overall operations and the commencement of operations at our Bengaluru Hotel with effect from Aug.2009. Direct taxes paid during the Fiscal 2010 amounted to Rs. 67.74 million.

Similarly in Fiscal 2009, Operating Profit before the changes in working capital & taxes paid was Rs.302.97 million. Net cash from operating activities in Fiscal 2009 was Rs.195.90 million. The difference was on account of Rs.107.07 million pertaining to changes in working capital & taxes paid. Changes in current assets and liabilities that had a current period cash flow impact consisted mainly of decrease in inventories of Rs. 1.40 Million, Rs. 13.05 million increase in trade & other receivables, Rs. 5.74 million increase in Loans, Advances and Deposits and decrease in trade payables by Rs. 5.50 million. These changes in the current assets and liabilities were mainly due to addition of 54 Rooms in Ahmedabad which got functional in Fiscal 2009 and the enhanced day to day operations of our other hotels. Direct taxes paid during the Fiscal 2009 amounted to Rs. 84.18 million.

In Fiscal 2008, our Operating Profit before the changes in working capital, & taxes paid was Rs.335.21 million. Net cash from operating activities in Fiscal 2008 was Rs.207.82 million. The difference was on account of Rs.127.39 million pertaining to changes in working capital & taxes paid. Changes in working capital comprised of Rs. 1.32 Million increase in inventories, Rs. 18.46 million increase in trade & other receivables, Rs. 37.15 million increase in Loans, Advances and Deposits. This was partially offset by an increase of Rs. 48.59 million in our trade payables. These changes in the current assets and liabilities for the Fiscal 2008 were on account of increase in level of operations by 41.84% as compared to Fiscal 2007 because of increase in revenue from sales.

Net cash used in investing activities

In Fiscal 2010, our net cash used in investing activities was Rs.134.35 million. This reflected expenditure of Rs. 596.28 million towards the net addition of fixed assets owing to the capitalization of our Bengaluru project which was offset by net proceeds from sale of mutual funds amounting to Rs.440.54 million,

dividend received from mutual fund amounting to Rs.21.02 million & interest income on fixed deposits with banks amounting to Rs.0.38 million.

In Fiscal 2009, our net cash used in investing activities was Rs.332.95 million. This reflected expenditure of Rs. 330.42 million towards the net addition of fixed assets owing to the capitalization of 54 new rooms in our Ahmedabad hotel & investment of Rs 39.33 million in mutual funds. These expenditures were partially offset by dividend received from mutual fund amounting to Rs.36.44 million & interest income on fixed deposits with banks amounting to Rs.0.36 million.

In Fiscal 2008, our net cash used in investing activities was Rs 708.89 million. This reflected expenditure of Rs. 199.19 million towards the net addition of fixed assets owing to our Chennai project which was partly capitalized & investment of Rs 525.94 million in mutual funds. These expenditures were partially offset by dividend received from mutual fund amounting to Rs.15.84 million & Interest income on fixed deposits with banks amounting to Rs 0.40 million.

Net cash from/used in financing activities

In Fiscal 2010, our net cash used in financing activities was Rs.72.05 million. We used Rs. 17.65 million for repayment of secured loan, Rs.40.27 million for repayment of unsecured loan & Rs.14.13 million for payment of interest.

In Fiscal 2009, our net cash generated from financing activities was Rs.128.78.million. We raised Rs. 91.61 million by way of secured loan & Rs.47.65 million by way of unsecured loan. This was partially offset by payment of interest amounting to Rs. 10.48 million.

In Fiscal 2008, our net cash generated from financing activities was Rs.507.78 million. We raised Rs. 26.21 million by private placement of equity shares along with a share premium amounting to Rs.522.32 million from private equity placement made by Kotak India Real Estate Fund And Primary Real Estate Advisors Private Limited in our Company. We also raised Rs.30.04 million by way of unsecured loan. These cash inflows were partially offset by repayment of secured loan amounting to Rs.50 million, payment of interest amounting to Rs.14.44 million & Rs. 6.35 million paid towards our miscellaneous expenses.

Information regarding:

Unusual or infrequent events or transactions

Except as described elsewhere in this Draft Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Significant economic changes that materially affected or are likely to affect income from continuing operations

Volatility in foreign exchange rates may have an effect on our revenues from foreign travellers. We believe that barring this factor, there are no significant economic changes that materially affect or likely to affect income from continuing Operations.

Known trends or uncertainties

Our ARR and occupancy is dependent on the demand and supply of hotel rooms at the respective centers where our hotels are located. Several new hotel properties are coming up or are expected to become operational in the near future at these locations and will thus influence the supply of hotel rooms and consequently the ARR and occupancy.

Future relationship between costs and revenue

We are continuously working to create efficient processes and systems in our hotel operations aimed at cost control and reduction. We expect to continue this effort of improving our processes and methodologies for setting up new hotel properties and operating our hotels. Other than as described in this section in this Draft Red Herring Prospectus, to the best of our knowledge, there are no known factors, which will affect the future relationship between the costs and revenue.

Extent to which material increase in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

As mentioned in the Management Discussion and Analysis we have increased our capacities in terms of the rooms available as well as our food and beverage outlets. Our ARR's have also been increasing over a period of time at our Nagpur & Ahmedabad Hotels & stable at our Pune & Chennai Hotels. These factors have contributed to increase in our revenues.

Total turnover of each major industry segment in which the issuer company operated

Our Company is engaged only in the hotel business which is the only industry segment in which our Company operates

Status of any publicly announced new products or business segment

We have not announced any new products or business segments

Extent to which the business is seasonal

Since, we primarily cater to business class travelers, we do not experience seasonality in our business.

Over dependence on Single supplier/ Customer

We cater to a wide customer base including international and domestic business and leisure travelers. We also cater to crews of airlines. The threat from excessive dependence on a single customer is not significant as the customer base is well diversified. We source our raw materials from diverse suppliers.

Competitive conditions

Please refer to the "Our Business" section on Page 76 for details of competition.

Details of material developments after the date of last balance sheet i.e. after March, 31, 2010

- Sanction of Term loan of Rs.700.00 from Kotak Mahindra Bank Limited vide sanction letter dated September 28, 2010.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Subsidiaries, our Directors, our Promoters and our Group Companies. Further there are no defaults, non-payments or overdue statutory dues, institutional/bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares.

CONTINGENT LIABILITIES OF OUR COMPANY

As on March 31, 2010 contingent liabilities not provided for appearing in our financial statements aggregated Rs. 595.61million. The following table gives the details of the nature of contingent liabilities:

Rs in million	
Particulars	March 31, 2010
Counter Guarantees given to bankers	10.05
Estimated amount of pending Capital Commitments (net)	557.70
Interest on Luxury Tax under Maharashtra Tax on Luxury Act	Nil
Corporation tax of Chennai hotel Premises disputed by the Company through the land lord (against the appeal, the Company has paid Rs. 12.98 shown under "Loans and Advances)	23.29
Value Added Tax Assessment Dues, Ahmedabad hotel for 2005-2006 disputed by the Company	2.47
Legal cases pending	2.10

LITIGATION RELATING TO OUR COMPANY AND OUR SUBSIDIARIES

A. Cases filed against our Company:

Civil

- Suit No:** S.S. No. 1849 of 2007 (New Number 26/2008) in the City Civil Court Ahmedabad.
Parties: M/s. Treasure Veneers (Plaintiff) vs. our Company and Others (Defendants).
Brief Facts: The Plaintiff has filed the suit for recovery of Rs.870,000 being outstanding amounts due from the Defendants. The Plaintiff has taken out summons for judgment.
Status: The defendants have filed the written statement and the suit is pending before the City Civil Court, Ahmedabad. The next date of hearing is October 30, 2010.
- Suit No:** Summary Suit No.1812 of 2006 in the High Court of Judicature at Bombay.
Parties: Umesh P.Vora (Plaintiff) vs. our Company (Defendant).
Brief Facts: The Plaintiff has filed this summary suit for recovery of Rs.73,361 along with an interest of 18% p.a. being outstanding amounts due from our Company for payment against supply of gift items. As per the order passed by the Hon'ble High Court in the Pet. No. 145 of 2005, our Company had deposited the amount of Rs.75,000 and further as per the order the Plaintiff has filed this summary suit.
Status: The suit is in pre-admission stage and is presently pending with the High Court.
- Suit No:** Regular Civil Suit No.27 of 2006 in the Ahmedabad Principal Senior City Civil Court (Rural).
Parties: Ravi Kapoor (Plaintiff) vs. our Company and Others (Defendant).
Brief Facts: The Plaintiff was allotted space in Orchid Plaza by the Defendants on the basis of a franchisee agreement with "Café Coffee Day". The Plaintiff has placed certain water tanks and AC projection fans near the electric sub station constructed by the Torrent Power AEC Limited being Defendant No.3. The Defendant No.3 has caused notice to the Plaintiff requesting him to

remove the aforesaid things failing which the electric supply will be disconnected. Aggrieved the Plaintiff has caused this suit seeking injunction.

Status: The Defendant has filed the written statement before the Court stating the contents of the Plaint to be mala fide in nature and frivolous and thus praying before the Court that the suit of the Plaintiff be dismissed with costs and further prayed that compensatory costs are required to be awarded in favour of the Defendant. The suit is pending for hearing of the injunction application before the Ahmedabad Principal Senior City Civil Court (Rural). The matter is awaited for hearing.

4. **Suit No: 637 of 2006** in the Court of Civil Judge Senior Division, Pune.
Parties: Mr. Suresh Sadashiv Pingale (Proprietor) Pingale Nursery (Plaintiff) vs. Our Company (Defendant).
Brief Facts: The Plaintiff has filed the suit against our Company for recovery of money amounting to Rs.11,52,615 due from our Company for the services rendered and for the flowers and plants supplied by the Plaintiff to our Company.
Status: The suit is presently pending with the Civil Judge, Pune and the next date of hearing is November 15, 2010.
5. **Suit No:** Civil Suit No. 498 of 2004 in the Ahmedabad City Civil Court (Rural).
Parties: Mr. Ravi K. Kapoor and another (Plaintiff) vs. Our Company (Defendant).
Brief Facts: The suit has been filed alleging that the Defendants have no right to construct on the margin land in front of the commercial complex Orchid Plaza and the Defendants have not followed the approved plan of Ahmedabad Urban Development Authority. The Court has dismissed the application taken out by the Plaintiffs seeking injunction against the Defendants. The Defendants has filed written statements alleging that the suit initiated by the Plaintiff is mala fide and frivolous and that the Plaintiff are trying to abuse the process of law by filing a suit during the pendency of the earlier suit (Suit No. 451 of 2004). The Defendant further prays before the court that no relief be granted in favour of the Plaintiff and the suit and injunction application be rejected with costs.
Status: The suit is pending for issues before the Ahmedabad City Civil Court (Rural). The next date of hearing is September 30, 2010.
6. **Suit No:** Special Civil Suit No. 1409 of 1998 in the Court of Civil Judge (Senior Division) Pune.
Parties: Wheels Rent a Car (now Transcorp International Limited) (Plaintiff) vs. Pride Hotels Limited (Defendant).
Brief Facts: The Plaintiff has filed this suit for recovery of Rs.2,95,474.18 along with interest @18% p.a. being outstanding amounts due from the Defendant from January 27, 1996 for car rental services provided to the customers and guests of the Defendant.
Status: The Court has partly decreed the matter allowing the Plaintiff's claim in part. The decree was passed in May 2010.
7. **Civil Suit No.** 2433 of 2008 before the Hon'ble City Civil Court at Ahmedabad
Parties: M/s. TEC Papers Private Limited (Plaintiff) vs. Ahmedabad Municipal Corporation and Others (Company being one of the parties) (Defendants).
Brief Facts: The Plaintiff has filed the suit for restraining the Defendant from carrying out alteration/development work being carried out in the building known as Orchid Plaza, Near Pride Hotel, Judges' Bungalow Road, Bodakdev, Ahmedabad.
Status: The Plaintiff has filed the reply against the application filed by the Defendant and the suit is currently pending before the Hon'ble City Civil Court at Ahmedabad.

Labour and other matters

8. **Suit No:** Miscellaneous (ULP) No. 19 of 2005 in Complaint (ULP) 140/1999 at the Labour Court, Pune.
Parties: Mr. Ravindra Namdeo Mane (Complainant) vs. Our Company (Defendant).
Brief Facts: Complainant was an employee of the Pride Hotel, Pune who was dismissed due to alleged misconduct. Complainant has filed this complaint alleging unfair labour practices on the part of the employers and discrepancies in the conduct of enquiry pertaining to termination of services. The Complainant has claimed for reinstatement and back wages.

Status: The matter is presently pending before the Labour Court at Pune and the next date of hearing is October 15, 2010.

9. **Suit No:** Ref. IDA No. 141 of 2003 in the Labour Court, Pune.
Parties: Mr. Robert Sopan Rathod (Plaintiff) vs. Our Company (Defendant).
Brief Facts: The Complainant filed the complaint against our Company alleging illegal termination of service and unfair labour practice at the Pride Hotel, Pune. Our Company has represented to the Court that the Complainant is not a direct employee and was in the employment of an independent contractor engaged by our Company to provide specialized services. The Plaintiff has asked for reinstatement and back wages
Status: The suit is currently pending before the Labour Court at Pune and the next date of hearing is November 24, 2010.
10. **Suit No:** Ref. IDA No. 440 of 2002 in the Labour Court, Pune.
Parties: Mr. Tony Samson (Plaintiff) vs. Our Company (Defendant).
Brief Facts: The Complainant filed the complaint against our Company alleging illegal termination of service and unfair labour practice at the Pride Hotel, Pune. Our Company has represented to the Court that the Complainant is not a direct employee and was in the employment of an independent contractor engaged by our Company to provide specialized services. The Plaintiff has asked for reinstatement and back wages
Status: The same is presently before with the Labour Court at Pune and the next date of hearing is October 15, 2010.
11. A show cause notice proceeding No. DEE/TNPCB/CHN/OL1/Z-5/2010 dated March 30, 2010 has been initiated by the Tamil Nadu Pollution Control Board on the Pride Hotel, Chennai.
Brief Facts: The Department has stated that it had renewed the consent order of the unit, subject to the condition that the unit shall provide and operate the sewage treatment plant within 3 months. On inspection by the Board on March 26, 2010, it was found that unit had not provided for sewage treatment plant even after a lapse of 9 months. Our Company on its reply letter dated April 14, 2010 had stated that due to recession and economic slowdown, it was not able to carry its work of sewage treatment plant. It further stated that it plans to start its work by May 2010 and complete it by July 2010.
12. Assistant Commissioner of Sales Tax (Appellant) vs. Pride Hotels Limited (Respondent)
Before the Commissioner of Sales Tax
Brief facts: As per the Sales Tax Order 2004-05 it has been assessed that we are required to pay penalty, interest and tax of Rs. 4,39,381 as GST & Rs. 3,53,606 as CST i.e. total Rs. 7,92,987 Thereafter we have appealed on the above order stating that there is an error on the amount assessed. We have paid Rs. 60,000 as GST and Rs. 50,000 as CST i.e. total 1, 10,000 and for the balance amount of Rs. 682,987 we have given bank guarantee and the validity of the same is till 14/6/2011.
- Further, as per the Sales Tax Order 2005-06 it has been assessed that we are required to pay penalty, interest and tax of Rs. 24,67,170 as GST. Thereafter we have appealed on the above order stating that there is an error on the amount assessed. We have paid Rs. 250,000 as GST and for the other amount of Rs. 1,000,000 we have given bank guarantee dated May 03, 2010 and the validity of the same is 30/4/2011.

B. Cases filed by our Company

Civil

1. **Suit No:** Civil Suit No. 451 of 2004 in the Ahmedabad City Civil Court (Rural).
Parties: Our Company (Plaintiff) vs. Ravi K.Kapoor and Bhupendra G.Patel (Defendants).
Brief Facts: The Defendants were allotted units in the Orchid Plaza complex adjacent to the hotel operated by the Plaintiff. The same was rented out for operating a coffee shop. The agreement of allotment prohibits the Defendants and anyone through the Defendants from carrying on any activity which is similar to the activity of the Plaintiff in these units. Further the Plaintiffs propose to beautify a passage in front of the commercial complex which is being objected to by the Defendants. The Plaintiff filed the suit praying that the Defendants be restrained from preventing, obstructing or causing any hindrance and/or obstruction in the Plaintiff's use of the said common

land and the Defendants be restrained from carrying out any sort of construction work in the common area in front of the commercial complex known as Orchid Plaza. The Court vide order dated July 3, 2004 granted ex-parte ad-interim injunction against the Defendants from carrying out any sort of construction work in Orchid Plaza and directed that the status quo be maintained. The Defendants allegedly committed breach of the said order of status quo. Therefore the Plaintiff preferred an application under Order 39 Rule 2A of the Code of Civil Procedure, 1908 seeking action against the Defendants. This application is pending. Further, the Plaintiff has also filed an application before the Court seeking appointment of a Court Commissioner to investigate and prepare a status report of the suit premises. The Plaintiff has prayed before the court to sentence the Defendants for disobeying the order of the court and to direct the Defendants to forthwith remove whatever constructions and alterations has been made by the Defendants.

Status: The suit is pending before the Ahmedabad City Civil Court (Rural) for issues. The next date of hearing is September 30, 2010.

2. **Suit No:** Suit No. 1505 of 2001 in the Court of Civil Judge Junior Division, Pune.
Parties: Our Company (Plaintiff) vs. Ms. Pallavi Vilas Pawar & Mrs. Sheela Vilas Pawar (Defendants).
Brief Facts: The Defendants left the employment before the completion of the training period in alleged breach of the employment agreement/ bond and was thus required to pay the bond amount of Rs. 20,000. Our Company has filed this suit to recover the said bond amount.
Status: The suit is currently pending before the Civil Judge Junior Division, Pune and the next date of hearing is September 29, 2010.

3. **Suit No:** Writ Petition No. 4442 of 1999 in the High Court Judicature at Bombay.
Parties: Our Company (Petitioner) vs. M/s Kelkar & Kelkar and another (Respondents).
Brief Facts: The Petitioner had engaged the Respondents for the purpose of providing their services for constructing the 4th floor, 5th floor and the car park in the Pune hotel. The Respondents provided their services and raised a final bill. On raising the final bill the Petitioner informed the Respondents of the various issues faced while the Respondents had provided their services and the same had not been settled. The Respondents invoked the arbitration clause of the agreement by appointing a sole arbitrator to which the Petitioner opposed. Therefore, writ petition has been filed challenging the award dated June 15, 1999. Vide an order dated July 10, 1999 the Respondents are prevented from executing the money decree for Rs.11 Lakhs, obtained in their favour, till such time this Writ Petition is fully heard. The Respondents have filed a Civil Application under this Writ Petition being Civil Application No. 343 of 2003 seeking a prayer to recall the said order dated July 10, 1999 and in the alternative requesting the Hon'ble High Court to direct the Petitioner to deposit the decree amount with the Court, or to fix early hearing for the Writ Petition.
Status: The matter has been admitted and is currently pending before the High Court at Mumbai for urgent orders.

C. Cases filed against our Subsidiaries

There are no outstanding litigations filed against our Subsidiaries.

D. Cases filed by our Subsidiaries

1. T.A.T. No. 65 of 2010 before the Taxation Appeals Tribunal, Corporation of Chennai
Parties: M/s. Indralok Hotel Private Limited (Appellant) vs. The Commissioner, Corporation of Chennai (Respondent).
Brief facts: The department had done an assessment on the Appellant for the year 2006 and 2007 on a total rent amount receivable of Rs. 5,20,86,653 and arrived at a half yearly taxable amount of Rs. 64,58,993. Further, the Department has revised the receivable post an objection order and arrived at an annual rent amount receivable number of Rs. 31,383,097 and the half yearly tax payable at Rs. 3,891,504. The Appellant submitted that the state authorities did not have the power to assess the amount to tax on income and the power to levy the tax on the income of a hotel and the same vests with the central list of the Union of India. Further, the Appellant also stated in its petition that the department had erroneously calculated the tax amount on the tariff's printed in the tariff card and not on the actual rent received by the Appellant.
Status: The next date of hearing is October 5, 2010.

LITIGATION RELATING TO OUR PROMOTERS

A. Cases filed against our Promoters

Criminal

1. **Suit No:** Criminal Case No. 8275 of 2005 in the Hon'ble Chief Judicial Magistrate Court at Ahmedabad Rural.
Parties: Local Health Authority and Assistant Food Commissioner (Food) Gandhinagar vs. S.P.Jain, Satyen Jain, Meena Jain and Krishnaprasad Khannalal.
Brief Facts: Case filed under the Food and Adulteration Prohibition Act, 1954 as a sample of food taken from the Pride Hotels, Ahmedabad was allegedly found to be adulterated.
Status: .Next date of hearing is October 26, 2010
2. **Suit No:** Criminal Case No.7824 of 2004 in the 7th Judicial Magistrate First Class, Ahmedabad.
Parties: State vs. Satyen Jain, Pradip Mishra and Raj Patil
Facts: The accused are charged with offence under sections 452, 506, 427, 294(b) and 114 of the Indian Penal Code, 1860 alleging inter alia the offence of trespass, criminal intimidation and lurking on the premises adjacent to the Pride Hotel, Ahmedabad. The court granted anticipatory bail in favour of Satyen Jain vide order dated July 3, 2004 passed in Criminal Misc. Application No.610 of 2004. Further, Satyen Jain and the other accused have been granted exemption from appearing in Court vide an order passed under a criminal miscellaneous application filed in this regard.
Status: .The next date of hearing is October 27, 2010.

B. Cases filed by our Promoters

There are no outstanding litigations filed by our Promoters.

LITIGATION RELATING TO OUR GROUP COMPANIES

2. Case filed against our Group Companies

There are no outstanding litigations against our Group Companies

3. Cases filed by the Group Companies

Criminal

S. P. Capital Financing Limited has filed around 47 Criminal complaints under Sec.138 of the Negotiable Instruments Act. The total claim amounts to approximately Rs.2,76,39,028 .

Meena Investments Corporation has filed around 51 Criminal complaints under Sec.138 of the Negotiable Instruments Act. The total claim amounts to approximately Rs.47,78,868 .

Civil

19. **Suit No:** Summary Suit No.1351 of 2000 in the High Court of Judicature, Bombay.
Parties: S.P. Capital Financing Limited (Plaintiff) vs. M/s. Simplex Enterprises & Others (Defendants).
Brief Facts: This summary suit was filed for recovery of a quantified sum of monies amounting to Rs.1,57,80,000 . Further, as directed by the Court the amount of Rs.30 lacs was not deposited by the Defendants to the court. Consequently the Hon'ble High Court has vide order dated June 20, 2006 made the notice of motion absolute in terms of prayer (a) seeking ex-parte decree.
Status: The suit is in pre admission stage and is presently pending with the High Court.

LITIGATION AGAINST OUR DIRECTORS

A. Outstanding Litigations against our Directors

Except for the case mentioned under the head "Litigation relating to our Promoters", at serial no. A1 against our Promoter, Mr. S.P. Jain and Mr. Satyen Jain and at serial no. A2 above

filed against our Promoter Director Mr. Satyen Jain there are no outstanding litigations against our Directors.

NOTICES AND ACTION TAKEN IN RESPECT OF SECURITIES LAWS

A. *S.P. Capital Financing Limited*

1. The BSE vide their letter dated February 19, 1999 bearing ref. no. MOD/SUSP/UT/98-99 informed S.P. Capital Financing Limited that the securities of S.P. Capital Financing Limited have been suspended with effect from February 22, 1999 vide BSE notice no.375/99 dated February 16, 1999 on account of non-compliance of clause 15-16 of the Listing Agreement with regard to shorter notice of closure of register of members and transfer books. S.P. Capital Financing Limited vide their letter dated February 22, 1999 forwarded to BSE the re-instatement fees and the Undertaking from the directors of S.P. Capital Financing Limited as required by BSE. Subsequently, the securities of S.P. Capital Financing Limited resumed trading with effect from February 27, 1999.
2. Show cause notice dated April 20, 2009 by BSE DCS/COMP/Z/SC/AJ/27/2009-10 and Show cause notice No. DCS/COMP/Z/AJ/530289/576/2008-09 dated March 25, 2009 stating that S.P. Capital Financing Limited has failed to comply with some of the provisions of the Listing Agreement.
 - (a) Clause 35 (shareholding pattern) – Not submitted for June 05, Query pending for June 06.
 - (b) Clause 40B (SEBI-SAST Regulations 1997) – Not submitted disclosure u/r 6(2), 6(4) as on 20/2/1997 and 8(3) 1998 to 2002 of SEBI (SAST) Regulations, 1997.
 - (c) Clause 41 (Quarterly results) – Not submitted for September 05.
 - (d) Clause 47 (Compliance Certificate, Appointment of compliance officer, RTA and Common Agency, Investor grievance mail id) – Compliance officer not appointed, Half yearly certificate for March 04, Email id for grievances.
 - (e) Clause 49 (Corporate Governance) – Not submitted for March 04 and December 06.

Status: S.P. Capital Financing Limited has replied to the show cause notice no. DCS/COMP/Z/SC/AJ/27/2009 vide their letter dated April 29, 2009. Enclosed were the submission u/s 6(2) & 6(4) as on February 20, 1997 and revised under 8(3) for March – 1998 and March 1999.

S.P. Capital Financing Limited further replied on June 09, 2009 to the BSE show cause notice DCS/COMP/Z/SC/AJ/27/2009 by submitting additional submissions under clause 35 in new format for June 30, 2006.
3. Legal notice dated February 03, 2009 served to S.P. Capital Financing Limited by the Jaipur Stock Exchange calling S.P. Capital Financing Limited to pay an amount of Rs. 126,000 which is due payable under the listing agreement as per the various clauses.

Status: S.P. Capital Financing Limited has issued a reply to the legal notice from Jaipur Stock Exchange dated February 16, 2009 to one Ms. Anisha Jain stating the facts of delisting request made by S.P. Capital Financing Limited to the Jaipur Stock Exchange with effect from the year 1996. However, the Jaipur stock exchange has not taken any step for the same despite repeated reminders.
4. Show cause notice by BSE dated December 22, 2008 bearing Ref. No. DCS/COMP/Z/SC/AJ/440/2008-09 stating that S.P. Capital Financing Limited has failed to comply with Clauses 35, 40B, 41, 47 and 49 of the Listing Agreement.

Status: S.P. Capital Financing Limited vide its letter dated February 02, 2009 replied to the aforesaid notice of BSE along with all the relevant compliance filing (Clause 35 for Jun 06, Clause 35 for Jun 05, Clause 47-Half yearly certificate for March 04, email id for investors, clause 49 doe March 04 & December 06, Quarterly results for September 05, disclosure u/r 6(2), 6(4) for the year 2003, 2004, 2005 & 2006 and disclosure u/r 8(3) for the year 2003, 2004, 2005 & 2006).
5. Show cause notice dated January 15, 2007 issued by BSE for Annual closure of Register of Members and Transfer Books for the year 2006
Status: S.P. Capital Financing Limited has replied to the same on January 20, 2007 enclosing the closure of books of accounts.

LEGAL NOTICES ISSUED AGAINST OUR COMPANY

1. **Date:** August 25, 2008
Issued by: M/s. Perfect Personnel
Brief Facts: M/s. Perfect Personnel in its legal notice stated that our Company had availed services from them for the purpose of recruiting two employees namely Mr. Alwin Baby and Mr. Lalit Sharma for the post of Financial Controller and Company Secretary. M/s. Perfect Personnel vide its earlier notice had demanded the unpaid bills of Rs. 79,551 and Rs. 78,651 towards the services provided. The same has also been brought to the notice of SEBI vide a letter dated February 27, 2008 and February 29, 2008. All the allegations stated above have been denied by our Company in its reply dated May 14, 2008 to the earlier notice. Further, M/s. Perfect Personnel issued another notice dated August 25, 2008 stating the same facts as the earlier notice and calling upon our Company to pay the amount demanded by them. It also stated that they had informed BSE about the aforesaid facts.
2. **Date:** February 26, 2007.
Issued by: Maharashtra Pollution Control Board, Pune.
Brief Facts: The Maharashtra Pollution Control Board, Pune had on February 26, 2007 issued a notice to our Company alleging negligence on the part of our Company with respect to maintenance of a better environment and contravention of the norms under the pollution control laws and called upon our Company to comply with the same and report within 7 days, failing which the matter would be recommended for suitable legal action.
Status: Our Company, vide its letter dated March 2, 2007, has informed the Sub-Regional Officer, that it is in the process of finalizing the agency to put up a Sewage Treatment Plant (STP) and Effluent Treatment Plant (ETP), and will also comply with all the instructions given by the Sub-Regional Officer in the notice dated February 26, 2007. Further, one more show cause notice was served to our Company by the Maharashtra Pollution Control Board dated November 27, 2008 stating that our Company has not met the standards prescribed with respect to the comprehensive treatment system with reference to the effluent and emission generation. Our Company vide its reply letter dated December 13, 2008 stated that it is in the process of setting up the effluent and sewage treatment. Our Company is currently in the process of setting up the treatment plant and to comply with the requirements of the Board.
3. **Date:** September 03, 2010
Issued by: Indian Performing Right Society Limited (IPRS)
Brief Facts: IPRS in its notice dated September 03, 2010 has claimed that is a copyright society under the Copyright Act, 1957 and is registered with the Government of India. It is claimed that it has the authority to carry on copyright business and grant licenses for literary and musical works. It also claims that it is a society which administers and controls the rights of any kind of musical work which is registered with it. Vide its notice IPRS has stated that playing or performing any music, whether live or recorded requires a license for Musical Works and the same has to be obtained from IPRS failing which it would amount to an infringement of the copyright. Accordingly the IPRS has demanded the payment of Rs. 620,945.48 towards the licensing fee as per the Invoice dated December 18, 2009 failing which appropriate legal action shall be initiated.
4. **Date:** August 23, 2007.
Issued by: R.D.Ronghe, Advocate for M/s. Selvel Publicity & Consultants Private Limited, Mumbai ("Selvel").
Brief Facts: Our Company had obtained the services of Selvel for display of our Company's advertisement for a period of 1 year from April 5, 2004 at Selvel's hoarding site at Sancheti Hospital Bridge, Pune at specified rates. It is claimed that our Company has not made payment of the total outstanding dues and this notice has been issued calling upon our Company to pay the remaining dues amounting to Rs.1,93,131 with interest @24% p.a. and notice cost of Rs.2000 within 15 days from the receipt of the notice. No steps has been taken on the same and nor any case has been instituted.
5. **Date:** May 31, 2007.
Issued by: Mr. Hari Singh Bisht, GM Legal, & Company Secretary Oriental Trimex Limited.
Brief Facts: Oriental Trimex Limited is a listed company engaged in the business of marble served a notice to our Company for non payment of money due from our Company with respect to

the marble supplied. The notice states that Oriental Trimex has supplied marbles to our Company and for which our Company has made a part payment of Rs.3,00,000 . Further, it is stated that our Company has informed Oriental Trimex that the sister concern of our Company M/s. S.P Capital Financing Limited had advanced a loan of Rs.17,80,129 to Oriental Impex, which our Company claims is the branch of Oriental Trimex and that the same will be set off with the supply of marbles. However, Oriental Trimex in its legal notice has stated that all the claims made by our Company are baseless, fraudulent and unethical as there is no relation between the said two companies. Oreintal Trimex Limited has claimed an amount of Rs.11,56,658 (inclusive of the interest calculated at 24% p.a.) from our Company.

6. **Date:** March 21, 2007
Issued By: D.C. Pandian, Advocate under instructions of M/s. Fresh and Honest Café Limited
Brief Facts: This notice has been issued demanding payment of Rs.60,000 for supply of materials which is outstanding since March 2006. No steps for the same has been taken and nor any case has been instituted.
7. **Notice issued by:** M/s. Ramniranjan Kedia Finance Private Limited
Date: April 08, 2009, April 23, 2009 and June 27, 2010-09-23
Notice issued to: Pride Hotels Limited
Brief Facts: M/s. Ramniranjan Kedia Finance Private Limited has been providing the services of car hiring and rent to the guests of Pride Hotels Private Limited and to that effect the parties had also entered into an agreement for M/s. Ramniranjan Kedia Finance Private Limited to operate from the premises of Pride Hotels Limited wherein an office was provided to them on rent. M/s. Ramniranjan Kedia Finance Private Limited states that the total amount due payable by Pride Hotels Limited amounts upto INR 5,01,703 outstanding for the year 2004-05 to 2007-08. M/s. Ramniranjan Kedia Finance Private Limited also states that such amount has already been collected from the guests and has been withheld.

PENALTIES IMPOSED IN PAST CASES

- A. ***Penalties paid by our Company.***
Nil
- B. ***Penalties paid by our Promoters/ Directors.***
Nil
- C. ***Penalties paid by our Group Companies.***
Nil

AMOUNTS OWED TO OTHER CREDITORS

Our company owes a sum of Rs. One Lakh or more which is outstanding for more than 30 days as on March 31, 2010 to certain parties namely Jamuna Timber Traders, NIDC Logistics, Ranjan Kumar Tirpathi, Shivam Enterprises & Times Art Décor Private Limited, Allied Gas Taders, A.M. Gour, Dedumal Matumal, Indian Broiler Farm, Kishor Gulhane, Mahananda Milk, Royal Food Services, Shantiraj Foods Private Limited and Vidarbha Gas & Domestic Appliances. Ghansham Sharma, Zicom Electronic, Docomo Inter Touch (India) Private Limited, Santosh Carewell Services Private Limited and Shree Sai Management Services Private Limited, Annapoorana Enterprises, Docomo Inter Touch (India) Private Limited, Maruthi International Courier, New Samrat, N.G. Kishore, Preferred Hotel Group, Shri Giridhar Agencies, S.K. /shekar, Sri Saptagiri Traders, Surakshit Fleet Inc, Venus Industries and Vision Resources. Ace Fire Services, Air-fab Engineers (I) Private Limited, Chowgule Industries Limited, Dekor Exclusive Granites Private Limited, Doors & Doors Systems (India) Private Limited, Maa Security Service Private Limited, Mohammed Hussain Brod, Nisar Pasha, Bengaluru, Raj Enterprises, Ropck and Stones, Santech Engineers (P) Limited and Sunny Interiors, Adani Energy Limited, Buds N Roses, Docomo Inter Touch India Private Limited, Ghanasham Traders, Green Channel Travel Ser Div of Irm Limited, Jain Dairy, Maganlal Jesaji Prajapati, Navin Polycon, PHonix Management & Security Services, Rajesh N Kharwar, Sai Infosys, Santoshy Gas Service, Selvel Media Services Private Limited, Shakti Chicken Products Private Limited, Shreeji Print Media, Shree Siddhivinayak Petroleum, Thermotech Systems Limited, TLC

Relationship Management Private Limited, Torrent Power Limited, Welco International and Sesta, Sicom Electronics Security Systems., Jadhav Shoe Industries Private Limited, Zorba Automobiles, Selvel Publicity & Consultants Private Limited, Agarwal Traders, Pawan Jain & Associates, Modern Dairy, Maginet Interactive India Private Limited and Shusbindu Manufacturing Private Limited, Airports Authority of India, Samadhan Mangal Services (Mandap), Apulki Enterprises, Aim Advertising, Marquis Entertainment (Sean Lovett Marquis), Supra Publicity Private Limited, G4s Security Services (I) Private Limited and Maskon Auto Hirers. Walvekar Sons, Tamboli Engineers, Eureka Forbes Limited, Sansui India Limited, Jay Ambe Marbles, L L Equipments & Machines Private Lt and Docomo Inter Touch India Private Limited, Sampark Multimedia Limited, In-Vogue Architectural Systems Private Limited (Project), Green House (Project), Masters Equipments Co Private Limited, Duravit Ag (Proejct), A Kareem Basha, BVM & Sons, Fresh 'N' Fresh Foods, Kirorimal Kashiram Marketing, M Krishnan, Shree Provision Stores, Surana & Surana International Attorneys & T Govindan, Maginet Interactive India Private Limited, Otis Elevator (P) Limited, Pawan Jain & Associates, Royal Travel Service & S V P Engineering (P. Kamraj).

LICENSES AND APPROVALS

Our Company has obtained all necessary consents, licenses, permissions and approvals from the concerned Government authorities / other certifying bodies, which are required in order to carry on the business of our Company in compliance with the laws in force, except as specified further in this section.

The list of approvals obtained by our Company is detailed in the table below:

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
A. Approval from Central and State Tax Authorities			
1.	Income Tax Act, 1961	Director of Income Tax	Permanent Account Number (PAN): AAACP2962P
2.	Income Tax Act, 1961	National Securities Depository Limited	TAN No.: MUMP25372E
3.	Foreign Trade Policy 2004-2009	Deputy Director, Federation of Indian Export Organisations, Ministry of Commerce, Government of India	IEC Number: 0389023001 Date of Issue: September 2, 1998
4.	Foreign Trade Policy, 2004-09 Details: One Star Export House	Office of the Joint Director General of Foreign Trade, Ministry of Commerce & Industry	Status Holder No.: 03/14/ZA0143/100326 Date of Issue: March 26, 2010 w.e.f April 1, 2010 Valid till: March 31, 2014
5.	Services Export Promotion Council.	Director General, Ministry of Commerce and Industry, Government of India.	RCMC No.: SEPC/03/14/213/2008 Date of Issue: June 23, 2008 Valid till: March 31, 2011

The list of consents / approvals / licenses applied for and not yet obtained in the name of our Company are listed below:

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the Application
1.	Bombay Shops And Commercial Establishments Act, 1948	Inspector, Shops & Commercial Establishments	Application in the name of the Company for premises situated at Andheri - Application No.: 000556
2.	Bombay Shops And Commercial Establishments Act, 1948	Inspector, Shops & Commercial Establishments	Application in the name of the Company for the premises situated at 907/908 Dalamal Tower, 211 Nariman Point, Mumbai – 400021- Application No.: 000555

The list of consents / approvals / licenses obtained in the name of Pride Hotel, Ahmedabad are listed below:

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
A. Licenses / approvals specific to the business carried on at PRIDE HOTEL, AHMEDABAD			
1.	Prevention of Food Adulteration Rules, 1954	Assistant Commissioner Food & Drug Control Organization	License No.: 2/872/04 Date of Issue: November 3, 2004 Valid till: March 31, 2011

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
	Details: Approval of license for food supplies		
2.	Prevention of Food Adulteration Rules, 1954 Details: For F&B services	Assistant Commissioner Food & Drug Control Organization	License No.: PFA 6/14 Valid till March 31, 2011
3.	Ahmedabad Municipal Corporation License issued to the Company's hotel in Ahmedabad under the Bombay Provincial Municipal Corporation Act, 1949	Ahmedabad Municipal Corporation officer	License No: 6/11 Date of Issue: October 2009 Valid till: March 31, 2011
4.	District Health Officer, District Panchayat Officer, Ahmedabad, Gujarat. Details: Health License		License No.: 602/2004 Date of Issue: February 23, 2004
5.	Electrical Inspector, Ahmedabad Details: Permission for using of DG set		License No.: EIA/CERT/2715/2007 Date of Issue: June 8, 2007
6.	Office of the Collector of Electricity Duty Details: generating set for capacity of 300 KVA		Registration No.: 01-1000-001-09040 Date of Issue: June 17, 2008
7.	Permission from the Health Department for selling ice candy, biscuits, bakery product, milk product, oil.		License No.: FP 350 Date of Issue: November 8, 2007 Valid till: March 31, 2011
8.	Police Commissioner, Zone I, Ahmedabad City Details: Certificate for opening and running a restaurant from 5 am to 11:30 pm everyday		Certificate No.: 96/04/Satellite Date of Issue: November 10, 2004 Valid till: December 31, 2010
9.	Police Commissioner, Zone I, Ahmedabad City Details: Certificate for opening and running a Fine Dining Restaurant Hotel from 5 am to 11:30 pm everyday		Certificate No.: 151/05/Satellite Date of Issue: December 8, 2005 Valid till: December 31, 2012
10.	Police Commissioner, Zone I, Ahmedabad City Details: Certificate for opening and running a Mocktail Bar from 5 am to 11:30 pm everyday		Certificate No.: 152/05/Satellite Date of Issue: December 8, 2005 Valid till: December 31, 2012
11.	Deputy Director General, Ministry of Tourism, Government of India		Details of the Order: Star Classification Order Classification: 5 Star Ref No.: 25-HRACC(16)/04 W.E.F: December 19, 2006 – December 18, 2011
12.	Regional Director of Tourism, Western & Central Region Details: Approval of the hotel project		No.: TRAV.2(12)(AP)(527)/2003 Date of Issue: June 11, 2003
13.	Ahmedabad Urban Development Authority, Gujarat		Certificate No.: 919/9/2002/2568

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
	Details: BU permission to construct building		Date of Issue: November 3, 2004
14.	Ahmedabad Urban Development Authority, Gujarat Details: Building Completion Certificate		Certificate issued in Form No. 201 Date of Issued: February 16, 2004
15.	Health license issued by the Municipal Corporation, Ahmedabad		License No.: 616 Date of Issue: November 8, 2007 Valid till: March 31, 2011
16.	License for keeping Lodging Houses issued by Ahmedabad Municipal Corporation, Health License Department Details: Health License		License No.: 6/16 for year 2007-2008 Date of Issue: April 1, 2007 Valid till: March 31, 2011
17.	Consent from the town planning commission for construction of building as per requirement.		Certificate No.: PRM/ 63/ 11/ 97/20 Date of Issue: January 1, 2000
18.	Deputy Health Officer for running guest house.		License No: 6/16 Date of Issue: April 13, 2010 Valid till: March 31, 2011
19.	Bombay Provincial Municipal Corporation Act, 1949 and Urban Development and Urban Housing Department of the Government of Gujarat of the Gujarat Town Planning and Urban Development Act, 1976.	Divisional Fire Officer, Deputy Chief Fire Officer and Deputy Municipal Commissioner	Certificate in respect of adequate and effective installation of fire safety measures in a high rise building Date of Issue: October 9, 2009 Valid till: October 3, 2010
B. Approval from Central and State Tax Authorities			
20.	Income Tax Act, 1961	Director of Income Tax	Permanent Account Number (PAN): AAACP2962P
21.	Income Tax Act, 1961	National Securities Depository Limited	TAN.: AHMT02145D
22.	Service Tax Act, 1994	Office of the Commissioner of Service Tax, Department of Revenue	Service Tax Code Number: AAACP2962PST001 Date of Issue: March 9, 2007
23.	Gujarat State Tax on Professions, Trade Calling	Professions Tax Officer	Registration No.: PEC016740839 Date of Issue: October 25, 2008
24.	Central Sales Tax Act, 1956	Department of Sales Tax	Registration No.: 24573603205 Date of Issue: March 25, 2004
25.	Gujarat Sales Tax Act, 1969	Assistant Commissioner of Commercial Taxes, Ahmedabad	License No. 24073603205 Date of Issue: September 09, 2005
26.	Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976	Assistant Professional Tax Officer, Ahmedabad	License No.: PR0736000051 Date of Issue: February 3, 2004

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
27.	Gujarat Tax on Luxuries (Hotels and Lodging Houses) Act, 1977	Sub-Divisional Magistrate, Viramgamprant, Ahmedabad	Registration Certificate No.: SDM/GLT/SR: 1/04 Date of issue: November 5, 2004
C. Labour related approvals			
28.	Bombay Shops And Commercial Establishments Act, 1948	Inspector, Shops & Commercial Establishments	Registration No.: PII/BDK/01/0000023 Date of Issue: April 13, 2007
29.	Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952	Regional Provident Fund Commissioner, Gujarat State	Employees Provident Fund Code: GJ/AHD/ENF/II/24150991/1880 Date of Issue: January 13, 2005
30.	Employee State Insurance Act, 1948	Assistant Director	Employee State Insurance Code: 37-26290/112 Date of Issue: March 3, 2008
31.	Contract labour registration	Assistant Commissioner of Labour	CLA/REG/85/04/ZONE-2 Date of Issue: October 24, 2004
Others			
32.	Public Performance License issued by Phonographic Performance Limited Details: authorised to perform all sound recordings controlled by Phonographic Performance Limited		License No. 13/B/12297 Date of Issue: December 15, 2009 Valid till: December 14, 2010
33.	License under the Weight and Measurement Act issued by the Weights & Measures officer, Ahmedabad		License No.: CH 892 22 G10 Date of Issue: June 22, 2010 Valid till: June 22, 2011
34.	Chief Inspector of Lifts and Escalators, Gandhinagar, Gujarat Details: License to use a lift		License No.: G/7/4224/9027/04 Date of Issue: November 16, 2004 Valid till: November 15, 2010
35.	License for keeping of lodging house, except that already licensed as eating house under section 376 (1) of B.P.M.C. Act		License No.: 6/76 Valid till: March 31, 2011
36.	Chief Inspector of Lifts and Escalators, Gandhinagar, Gujarat Details: License to use a lift		License No.: G/7/4225/09028/04 Date of Issue: November 16, 2004 Valid till: November 15, 2010

The list of consents / approvals / licenses / renewals applied for and not yet obtained in the name of the Pride Hotel, Ahmedabad are listed below:

No.	Particulars of License	Status
1.	District Health Officer, District Panchayat Officer, Ahmedabad, Gujarat.	License No.: 602/2004 The renewal fee has been paid for this license and the renewed certificate is awaited.
2.	Chief Inspector of Lifts and Escalators,	License No.: G/7/3907/8270/04

No.	Particulars of License	Status
	Gandhinagar, Gujarat Details: License to use a lift	The renewal fee has been paid for this license and the renewed certificate is awaited.
3.	Chief Inspector of Lifts and Escalators, Gandhinagar, Gujarat Details: License to use a lift	License No.: G/7/3908/8271/04 The renewal fee has been paid for this license and the renewed certificate is awaited.

The list of consents / approvals / licenses yet to be applied for is listed below:

1. Consent from the Pollution Control Board to be obtained from Environmental Officer, Gujarat Pollution Control Board

The list of consents / approvals / licenses obtained in the name of Pride Hotel, Nagpur are listed below:

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
A. Licenses / approvals specific to the business carried on at Pride Hotel, Nagpur			
1.	Prevention of Food Adulteration Rules, 1954	Health Officer, Licensing Authority, City of Nagpur Corporation	License No.: 12890 Date of issue: August 26, 1999. Valid till: December 31, 2012
2.	Bombay Police Act, 1951 Details: License to open or keep a place of public entertainment	Commissioner of Police and the Licensing Authority, Nagpur	License No.: 13/91 of 1991 Date of Issue: October 31, 1991 Valid till: December 31, 2010
3.	Bombay Police Act, 1951 Details: Registration Certificate of an Eating House	Office of the Commissioner of Police, Nagpur City	Registration No.: 29/90 Dated: July 10, 1997 Renewed till: December 31, 2010
4.	Bombay Prohibition Act, 1949 Details: License for the sale at a hotel of imported foreign liquors and Indian-made foreign liquors on which excise duty has been paid at special rates.	Collector of Nagpur	License No.: 185/91-92 Date of Issue: August 21, 1991 Valid till: March 31, 2011
5.	Bombay Lift Rules, 1958 Details: to work lift in the hotel	Inspector of Lifts, Mumbai	Registration No.: 0B/558 Date of Issue: January 28, 1993
6.	Bombay Lift Rules, 1958 Details: to work lift in the hotel	Inspector of Lifts, Mumbai	Registration No.: 8B/554 Date of Issue: November 13, 1992
7.	Bombay Lift Rules, 1958 Details: to work lift in the hotel	Inspector of Lifts, Mumbai	Registration No.: 0B/553 Date of Issue: November 13, 1992
8.	Bombay Lift Rules, 1958 Details: to work lift in the hotel	Inspector of Lifts, Mumbai	Registration No.: 0B/664 Date of Issue: November 13, 1992

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
9.	Office of Coordinating Director, National Airport Authority , Bombay Region Details: NOC for the proposed building construction		Ref. No.: BT-/NOCC/CS191-U/26/72-74 Date of Issue: August 23, 1989
10.	Health Officer, Nagpur Municipal Corporation Details: NOC for running a swimming pool		Ref. No.: HO/527/Misc. Date of Issue: July 10, 2007
11.	Additional Commissioner of Police, Nagpur Details: license to keep a swimming pool in Nagpur city.		License No.: CPN/LC-1/4/SP of 2004 Date of Issue: May 19, 2001 Valid till: December 31, 2010
12.	Chief Fire Officer, Nagpur Municipal Corporation Details: NOC for fire fighting facilities		License No.: G17/1085/F13 Date of Issue: January 9, 2004
13.	Chief Fire Officer Details: Fire Fitness Certificate		No.: GA/923/FB Date of Issue: September 20, 2010-09-25 Valid till: March 18, 2011
14.	Police Commissioner, Nagpur Details: Approval from the police for keeping coffee shop open for 24 hours		License No.: 1/202/003 Date of Issue: August 26, 2003
15.	Authorised Signatory, Phonographic Performance Limited Details: Public Performance License		Registration No.: CS/03/SR/96 Date of Issue: December 30, 2009 Valid till: December 29, 2010
B. Approval from Central and State Tax Authorities			
16.	Income Tax Act, 1961	Director of Income Tax	Permanent Account Number (PAN): AAACJ3179J
17.	Income Tax Act, 1961	National Securities Depository Limited	TAN.: NGPT01730B
18.	Service Tax Act, 1994	Office of the Deputy Commissioner of Central Excise & Service Tax, Department	Service Tax Code Number: AAACP2962PST004 Date of Issue: August 27, 2008
19.	The Maharashtra Value Added Tax Act, 2002	Registration Officer, Sales Tax Officer	TIN: 27540345359 V Date of Issue: April 1, 2006 Details: Business of manufacturer, retailer and leasing.
20.	Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Assistant Professional Tax Officer	License No.: PT/6/4/6/27/18/151

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
21.	Maharashtra Tax on Luxuries (In hotels and Lodging Houses) Act, 1987	Luxury Tax Officer, Pune	License No.: E-24-E-0006
C. Labour related approvals			
22.	Bombay Shops And Commercial Establishments Act, 1948	Inspector, Bombay Shops & Commercial Establishments	Registration No.: IV-75-2087 Date of Registration: February 17, 1993 Valid for the year: December 31, 2010
23.	Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952	Regional Provident Fund Commissioner	Employees Provident Fund Code: MH/61723/PF/NF-II/Cir-I/NGP/1558
24.	Employees State Insurance Act, 1948	E.S.I.C	Employees State Insurance Code: 53-19443-101 Employer's Code: 23-3127-09
25.	Contract Labour (Regulation and Abolition) Act, 1970	Registering Officer, Contract Labour	Registration No.: RC No. 84/Dists/ 2002 Date of Issue: July 12, 2010 Valid till: December 31, 2010
26.	Star classification	Deputy Director General, Ministry of Tourism, Government of India	5 star classification – No.14-HRACC/(04)/06 expiring on September 03, 2013

The list of consents / approvals / licenses applied for and not yet obtained in the name of Pride Hotel, Nagpur are listed below:

No.	Particulars of License	Status
1.	The Building Engineer / The Additional Director of Town Planning, Nagpur Improvement Trust (NIT) – Nagpur City, NIT Building , Sadar, Nagpur	Application dated July 26, 2005, for clubbing 7 plots, (which has been sanctioned earlier), with the existing Pride Hotel plot for amalgamation and request for sanction of building plan. Application dated September 10, 2007, for further request to grant the building sanction. The Company has submitted the plans prevailing D.C.R. and F.A.R. permissible and also a copy of NOC from Airport Authority regarding the height of building, to NIT, Nagpur.
2.	Chief Fire Officer, Nagpur Municipal Corporation	Application dated March 26, 2010 for renewing fire license.
3.	Water (Prevention and Control of Pollution) Act, 1974	Application dated June 23, 2010 made to the Regional Officer, Maharashtra Pollution Control Board, Nagpur for renewing consent under the Water (Prevention and Control of Pollution) Act, 1974.
4.	Certificate of Gradation	Letter dated September 20, 2010 to the Health Department, Nagpur for renewal of certificate of gradation which expired on March 31, 2010.

The list of consents / approvals / licenses obtained in the name of Pride Hotel, Pune are listed below:

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
A. Licenses / approvals specific to the business carried on at Pride Hotel, Pune			
1.	Prevention of Food & Adulteration Act, 1954 Details: License for providing F&B services.	Health Department, Pune Municipal Corporation	License No.: LAPP1987-00223/2665 Date of Issue: June 23, 1997 Valid till: 2011
2.	Bombay Prohibition Act, 1949 Details: License required to sell certain prescribed foreign liquors.	Superintendent State Excise, Pune	License No.: 173 Date of Issue: November 19, 1987 Valid till: March 31, 2011
3.	License from Police Deapartment, Pune	Commissioner of Police	License No.: 10990 Valid till December 31, 2012.
4.	Permission to run restaurant	Pune Municipal Corporation	License No.: 4577 Date of Issue: March 29, 2010 Valid for 2010-2011
5.	B.E.D. Rules 1962	Electrical Inspector, Electrical Inspection Division, Pune	Registration No.: 4876 dt. 11/8/05 Date of Issue: August 22, 2005
6.	Health Department, Pune Municipal Corporation Details: License for boarding and lodging		License No.: L.CBP-9596-0034 Valid till: March 31, 2011
7.	Pune Municipal Corporation Details: Fire License		License No.: 3575 Date of Issue: January 6, 2007 Valid for the period 2010-2011
8.	Electrical Inspector, Government of Maharashtra Details: Permission for using of DG set		License No.: PG/35/3387 Date of Issue: June 7, 2005
9.	Bombay Lift Rules, 1958 Details: License to work the lift	Government of Maharashtra Industries, Energy and Labour Department	Registration No.: VI/03/PNB/7070 Date of Issue: February 21, 2007
10.	Bombay Lift Rules, 1958 Details: License to work the lift	Inspector of Lifts, Bombay	Registration No.: 0B/1200 Date of Issue: January 29, 1988
11.	Authorised Signatory, Phonographic Performance Limited Details: Public Performance License		Registration No.: CS/03/SR/96 Date of Issue: September 20, 2010 Valid from May 25, 2010 to May 24, 2011
12.	The Indian Performing Right Society Limited Certificate for Musical Works authorising performance of all musical and literary works controlled by the Indian Performing Right Society Limited u/s 33 (3) of the Copyright Act, 1957.		License No.: GL:PUN:00357 Date of Issue: January 1, 2010 Valid till: December 31, 2010.
B. Approval from Central and State Tax Authorities			

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
13.	Income Tax Act, 1961	Director of Income Tax	Permanent Account Number (PAN): AAACP2962P
14.	Income Tax Act, 1961	National Securities Depository Limited	TAN No.: PNEPOO466E
15.	Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Maharashtra Profession Tax Officer	License No.: PT/R/2/2/6/28/6278
16.	Central Sales Tax. Act, 1956	Department of Sales Tax	CST TIN: 27540345359 C Date of Issue: April 1, 2006 Valid from: April 1, 2006 till cancelled
17.	Maharashtra VAT Act, 2002	Department of Sales Tax	VAT TIN: 27540345359 V Date of Issue: April 1, 2006
18.	Maharashtra Tax on Luxuries (Hotels and Lodging Houses) Act, 1987	Luxury Tax Officer, Pune	Registration Certificate No.: H-24-H-0006 Date of issue: February 22, 1988 Luxury Tax No.: L24H006 With effect from: January 1, 1998
19.	Finance Act, 1969 Details: Registration with the Central Excise Department for payment of Service Tax	Assistant Commissioner Central Excise, Pune – III	Service Tax Code: AAACP2962PST002 Date of Issue: July 17, 2008
20.	Finance Act, 1969 Details: Services with respect to Internet Café	Office of the Commissioner of Central Excise Pune - III	Service Tax Code No.: TMPAM92700ST001 Date of Issue: July 11, 2005
21.	Finance Act, 1969 Details: Services of Mandap Keeper	Office of the Commissioner of Central Excise Pune - III	Service Tax Code No.: TMPAM8443AST001 Date of Issue: July 6, 2005
C. Labour related approvals			
22.	Employees State Insurance Act, 1948	E.S.I.C	Employees State Insurance Code : 33-31949/111
23.	Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952	Regional Provident Fund Commissioner	Employees Provident Fund Code: MH/30648
24.	Bombay Shops And Establishments Act, 1948	Inspector, Bombay Shops & Commercial Establishments	Registration No.: PN 0140303 Date of Registration: May 19, 1987 Valid till : December 31, 2012

The list of consents / approvals / licenses applied for and not yet obtained in the name of Pride Hotel, Pune are listed below:

No.	Particulars of License	Status
1.	Secretary, Urban Development Department, Government of Maharashtra, Sachivalaya, Mumbai	Application dated December 18, 2003, for grant of 0.5% of Additional FSI i.e. 1889.46 sq. metres as applicable to a 5-star hotel.

No.	Particulars of License	Status
		<p>Application dated March 31, 2004, for grant of 0.5% of Additional FSI i.e. 1889.46 sq. metres as applicable to a 5-star hotel.</p> <p>Pune Municipal Corporation sent a letter (dated October 2, 2006) to Urban Development Department, Government of Maharashtra, Mantralay, Mumbai, recommending the authority, to grant 0.5% FSI to Pride Hotel, Pune.</p>

The list of consents / approvals / licenses which are yet to be obtained in the name of Pride Hotel, Pune are listed below:

1. Renewal of Prevention of Food & Adulteration License bearing number 5654406
2. Consent to establish and operate to be obtained Maharashtra Pollution Control Board

The list of consents / approvals / licenses obtained in the name of Pride Hotel, Chennai are listed below:

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
A. Licenses / approvals obtained by the Company specific to the business carried on at Pride Hotel, Chennai			
1.	Tamil Nadu Public Health Act, 1939	Commissioner, Corporation of Chennai	Registration No.: 82/7695/04 Date of Issue: March 22, 2004
2.	Tamil Nadu Public Health Act, 1939	Commissioner, Corporation of Chennai	License No.: Z.O. V/AH0 V/ C. No. / 573/2010 Date of Issue: April 26, 2010. Validity: valid for the year 2010-2011.
3.	Chennai City Police Act, 1888	Commissioner of Police, Chennai	License No. in the name of Kings Park: 8M/G3/CPO Date of Issue: May 20, 2004
4.	Chennai City Municipal Corporation Act, 1919	Corporation of Chennai Revenue Department	License No. in the name of Kings Park: K070037910 Date of Issue: March 29, 2005
5.	Chennai City Municipal Corporation Act, 1919 Details: license to the run the restaurant Casablanca having area of 1434 sq. ft.	Commissioner, Chennai Municipal Corporation	License Code in the name of Pride Hotel: K070067964 Date of Renewal: March 20, 2010 Valid till: March 31, 2011
6.	Prevention of Food Adulteration Act, 1954 Prevention of Food Adulteration Rules, 1955 Details: for the manufacture for sale, storage of and sale of food products.	Health Officer, Licensing Authority, Chennai	License No.: K070062963 Date of issue: May 20, 2010. Valid till: March 31, 2011
7.	Star Classification Order issuing 3 star rating for the hotel which has 105 rooms.	Regional Director (South), India Tourism, Government of India, Southern Regional Office	Date of Issue: February 3, 2009 with effect from January 30, 2009 Valid till: January 29, 2014

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
8.	Chennai City Municipal Corporation Act, 1919	Commissioner, Chennai Municipal Corporation	License Code: K070067961 Date of Renewal: March 20, 2010 Valid till: March 31, 2011
9.	Chennai City Municipal Corporation Act, 1919 Details: license to the run the restaurant Puran Da Dhaba having area of 3572 sq. ft.	Commissioner, Chennai Municipal Corporation	License Code: K070067963 Date of Renewal: March 20, 2010 Valid till: March 31, 2011
10.	License for liquor quantity allowed to be possessed and issued at a time being not more than 1000 units only.	Commissioner of Prohibition and Excise	License No.: FL.3 No. 11/2010-2011 Date of Issue: June 22, 2010
11.	Tamil Nadu Lifts Act, 1997 Details: license to work a lift.	Electrical Inspector, Chennai/ North Division	Registration No.: 2034/EIC/North/Lift/2010 Date of Issue: June 30, 2010 Valid till: June 29, 2011
12.	Tamil Nadu Lifts Act, 1997 Details: license to work a lift.	Electrical Inspector, Chennai/ North Division	Registration No.: 2033/EIC/North/Lift/2010 Date of Issue: June 30, 2010 Valid till: June 29, 2011
13.	Tamil Nadu Lifts Act, 1997 Details: license to work a lift.	Electrical Inspector, Chennai/ North Division	Registration No.: 2032/EIC/North/Lift/2010 Date of Issue: June 30, 2010 Valid till: June 29, 2011
14.	Tamil Nadu Lifts Act, 1997 Details: license to work a lift.	Inspector of Lifts	Registration No.: N.F-696/EIC/CH/N/2010 Date of Issue: August 14, 2008 Valid till: August 13, 2011
15.	Tamil Nadu Lifts Act, 1997 Details: license to work a lift.	Inspector of Lifts	Registration No.: N.F-695/EIC/CH/N/2010 Date of Issue: August 14, 2008 Valid till: August 13, 2011
16.	Tamil Nadu Lifts Act, 1997 Details: license to work a lift.	Inspector of Lifts	Registration No.: N.F-694/EIC/CH/N/2010 Date of Issue: August 14, 2008 Valid till: August 13, 2011

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
17.	Director of Fire & Rescue Service Details: Fire license for hotel at Nagpur consisting of basement floor+ ground floor+ 9 floors.		License No.: 143/2010 (Renewal) Date of Issue: May 17, 2010 Valid till: May 16, 2011
18.	Stability certificate issued by the Assistant Executive Engineer certifying that the hotel is structurally sound to run a lodging house.		Date of Issue: March 30, 2010 Valid till: March 30, 2012
19.	Certificate issued under the Standards of Weights and Measures (Enforcement) Act, 1985 by the Inspector of Legal Metrology.		License No.: 1870 Date of Issue: May 18, 2010 Valid till: May 18, 2011
B. Labour related approvals			
20.	Employees State Insurance Act, 1948	E.S.I.C	Employees State Insurance Code: 51-54316-112
21.	Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952	Regional Provident Fund Commissioner	Employees Provident Fund Code: TN/39365
22.	Tamil Nadu Shops and Establishment Act.	Assistant Inspector of Labour, 32nd Circle	Registration No.: 148 Date of Issue: December 31, 2009 Valid till: December 31, 2010
C. Approvals from Central and State Tax Authorities			
23.	Income Tax Act, 1961	Director of Income Tax	Indralok Hotels Private Limited - Permanent Account Number (PAN): AABC14271R Somti Hotels Private Limited - Permanent Account Number (PAN): AAJCS3570R
24.	Service Tax Act, 1994	Office of the Deputy Commissioner of Central Excise & Service Tax, Department	Service Tax Code Number: AAACP2962PST005 Date of Issue: December 19, 2006
25.	Tamil Nadu VAT Act, 2006	Commercial Taxes Department, Government of Tamil Nadu	License No.: 33661122261 Date of Issue: February 28, 2007
26.	Tamil Nadu Tax on Luxuries in Hotel and Lodging Houses Act, 1981	Commercial Tax Officer, Chennai	Registration No.: T.N.L.H No. 1103806-07 Date of Issue: March 7, 2007
27.	Tamil Nadu Tax on Professions, Trades, Callings and Employment's Act, 1992	Professions Tax officer, Chennai	PT No.: 05-070-PE-0606 Date of Issue: Valid till: Till terminated
28.	Central Sales Tax Act, 1956	Department of Sales Tax, Government of India	CST NO.: 864387 Date of Issue: April 5, 2006

The list of consents / approvals / licenses applied for and not yet obtained in the name of Pride Hotel, Chennai are listed below:

No.	Particulars of License	Status
1.	Tamil Nadu Pollution Control Board application u/s 21 of the Air (Prevention and Control of Pollution) Act, 1981 and u/s 25-26 of the Water ((Prevention and Control of Pollution) Act, 1974	Application dated December 7, 2007 submitted to the Tamil Nadu Pollution control board.

Our Company is yet to make an application to The India Performing Right Society Limited for certificate for musical work which expired on June 30, 2010.

The list of consents/ approvals/ licenses obtained in the name of **Pride Hotel, Bengaluru** are listed below:

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
A. Licenses/ approvals obtained by the Company specific to the business carried on at Pride Hotel, Bengaluru			
1.	Trade License Certificate	Bruhat Bangalore Mahanagara Palike , Health Department	License No.: 02 Date of Issue: September 2, 2010 Valid till: March 31, 2011
2.	License for Sale of Indian Liquor (Other than Arrack) or Foreign Liquors or both to be Drunk in the Premises.	The Deputy Commissioner, Bangalore Urban District	Register No.: EXE1/21/05/CL-7/2010-11 Valid till: June 30, 2011
3.	Karnataka State Pollution Control Board Details: to discharge effluents (sewage) and emissions from D.G. Sets and hot water generators under the Water (Prevention and Control of Pollution) Act, 1974 and under the Air (Prevention and Control of Pollution), 1981 respectively.	Senior Environmental Officer	Consent Order No.: PCB/369/CNP/09/2321 Date of Issue: January 1, 2009 Valid till: December 31, 2010
B. Labour related approvals			
4.	Employees State Insurance Act, 1948	Commissioner, Employee State Insurance, Bangalore	Employees State Insurance Code: KAR.INSNP.53-26939-112 Date of Issue: June 10, 2009
5.	Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952	Regional Provident Fund Commissioner	PF Code: KN 43611 Date of Issue: July 13, 2009 w.e.f March 1, 2009
6.	Registration Certificate of Establishment under the Karnataka Shops and Commercial Act, 1961	Office of the Inspector	Registration No.: 76/VS/5378/2009 Date of Issue: April 30, 2009 Valid till: December 31, 2013
C. Approvals from Central and State Tax Authorities			
7.	Income Tax Act, 1961	Director of Income Tax	PAN: AAACP2962P Date of Issue: February 1, 1983
8.	TAN Registration	Director of Income	BLRP10643D

Sl. No.	Act under which the license/approval is issued	Issuing Authority	Details of the license / approval
		Tax	
9.	Service Tax Act, 1994	Office of the Deputy Commissioner of Central Excise & Service Tax, Department, Bangalore	Registration No.: AAACP2962PST006 Date of Issue: January 16, 2009 Registration has been issued for business carried out at M.G. Road, Bengaluru.
10.	Karnataka VAT Act, 2003 and the Central Sales Tax.	Assistant Commissioner of Commercial Taxes	TIN: 29450386649 Date of Issue: January 30, 2009
11.	Karnataka Tax on Luxuries Act, 1979	Assistant Commissioner of Commercial/ Luxury Tax	Registration No.: L04212025 Date of Issue: May 15, 2009 w.e.f. June 1, 2005
12.	Karnataka Tax on Professions, Trades, Callings and Employment's Act, 1976 Details: registered as a employer	Professions Tax officer, Bangalore	Registration No.: P00412426 Date of Issue: May 6, 2009 w.e.f. March 1, 2009
Others			
13.	License for using 25 computers commercially.	Kaspersky anti virus 6.0	License info: 0E5A-000451-065E3E56 Valid till : February 12, 2011 at 5:29:59 hours

Our Company is yet to make an application for the following licenses for its hotel at Bengaluru:

1. License to work a lift bearing license no. 14629-30/2/09-10 was valid for the year 2009-2010

Hotel Project in New Delhi

1. The following are the approvals received/ applications made for the project undertaken at New Delhi:

Our Company on September 17, 2010 submitted one set of the approved Municipal drawings of the site plan, ground coverage calculations, ground floor, service floor, first floor, second floor, typical floor, seventh floor, basement 1, basement 2, basement 3, terrace and sections, elevations and sections to the Airport Authority of India vide letter dated June 20, 2010 DIAL submitted the sanction of building plan for Asset No. 5A at Hospitality District at IGIA, New Delhi to the following authorities (a) Delhi Pollution Control Commissioner; (b) General Manager AAI, IGI Airport, (c) Secretary, Delhi Urban Arts Commission and (d) Chief Fire Officer.

By letter dated August 4, 2010 our Company made an application to the Center of Environment Management of Degraded Ecosystems for obtaining the environment clearance to be considered at the 21st SEAC meeting. Our Company vide letter dated August 25, 2010 made an application to the Chief Fire Officer, New Delhi for fire clearance for the plans submitted for the proposed hotel project at New Delhi.

The Airports Authority of India vide letter dated September 7, 2010 bearing number AAI/NOC/2010/169/1866 gave their no objection certificate for height clearance (NOC). The NOC was given for a height of 28.99 metres above the ground level. Some of the important conditions of the no objection are as follows:

- The NOC is subject to the provisions of the Indian Aircraft Act, 1934;
- Electric fire or oil fired furnace is obligatory;

- The NOC is valid for a period of 5 years from the date of issue of the building/ structure chimney is not constructed and completed within the above mentioned period of 5 years, then a fresh application for no objection has to be filed.

Our Company has received from the Assistant Labour Commissioner the certificate of registration dated September 10, 2010 under section 7 of the Contract Labour (Regulation & Abolition) Act, 1970 for employing 400 or more employees through the contractor M/s B.L Kashyap & Sons Limited for construction of mid market project at Asset Area 5A, Aero city, IGI Airport, New Delhi. The registration number allotted to our Company is ALC-HQ/46 (18)/2010 (R).

2. Our Company will require to obtain certain approvals/ registration upon commencement of business in the proposed hotel at New Delhi. Some of the licenses/ registrations which may be required by us are as follows:

- License under the Prevention of Food Adulteration Rules, 1954
- Licenses from the concerned municipal corporations and local authorities
- Licenses from the concerned health authorities for manufacture, sale, storage, distribution of food and beverage products
- Registrations and permissions under the applicable income tax, sales tax /value added tax and excise acts.
- Licenses under various labour legislations such as Provident Fund and Miscellaneous Provisions Act, 1952, Employee State Insurance Act, 1948, Contract Labour (Regulation and Abolition) Act, 1970 etc.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors of our Company has, pursuant to resolutions passed at its meeting held on July 30, 2010 authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary. The shareholders of the Company have, pursuant to resolution dated September 17, 2010 passed at their annual general meeting under Section 81(1A) of the Companies Act, authorized the Issue.

The Company has also obtained all other necessary contractual approvals required for the Issue. For further information, see the section “Licenses and Approvals” beginning on page 183 of this Draft Red Herring Prospectus.

Prohibition by SEBI

Our Company, Directors, Promoters, Promoter Group entities, Group Companies, directors and persons in control of our Promoters which are body corporates have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

The companies, with which our Promoters, Directors, directors and persons in control of our Promoters which are body corporates, are associated as promoters, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

As on date of this Draft Red Herring Prospectus, none of the directors of our Company are associated with the securities market.

Prohibition by RBI

Our Company, our Directors, our Promoters, group companies, directors and persons in control of our Promoters which are body corporates have not been declared as wilful defaulter by RBI or any other government authority and there have been no violation of securities laws committed by them in the past or no such proceedings are pending against our Company or them except as stated below

Mr. Narayanan was/ is a nominee director on the board of the following company which is appearing as a wilful defaulter on the website of CIBIL:

Name of the Company which is appearing in RBI defaulter list	Remarks
Gyan Leather Boards Limited	Mr. M. Narayanan was a nominee of IFCI Limited in the board of Gyan Leather Boards Limited in the past and is no longer associated with the said company.

Eligibility for the Issue

The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations as explained under the eligibility criteria calculated in accordance with standalone financial statements under Indian GAAP:

- The Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- The Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, for at least three out of the immediately preceding five years;
- The Company has a net worth of at least Rs. 10 million in each of the three preceding full years (of 12 months each);
- The aggregate of the proposed Issue and all previous issues made in the same financial years in terms of the issue size is not expected to exceed five times the pre-Issue net worth of the Company; and
- The Company has not changed its name within the last one year.

The Company's net profit, dividend, net worth, net tangible assets and monetary assets derived from the Restated financial statements on standalone basis included in the Draft Red Herring Prospectus as at, and for the last five years ended FY 2010 are set forth below:

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Distributable Profits ⁽¹⁾	170.87	206.34	205.49	111.51	39.84
Networth ⁽²⁾	1,426.66	1,255.76	1,049.43	303.20	191.63
Net Tangible Assets ⁽³⁾	1,812.06	1,681.57	1,329.51	595.76	397.43
Monetary Assets ⁽⁴⁾	89.78	526.62	495.56	9.50	8.66
Monetary Assets as a % of the Net Tangible Assets ⁽⁵⁾	4.95%	31.32%	37.27%	1.59%	2.18%

⁽¹⁾ Distributable profits' have been defined in terms of Section 205 of the Companies Act.

⁽²⁾ 'Net worth' has been defined as the aggregate of equity share capital and reserves (excluding revaluation reserve), less miscellaneous expenditures, if any.

⁽³⁾ 'Net tangible assets' means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 notified by the Companies (Accounting Standards) Rules, 2006.

⁽⁴⁾ Monetary assets comprise of cash and bank balances liquid investments in mutual funds and public deposit accounts with the Government.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000; otherwise the entire application money will be refunded forthwith. In case of delay, if any, in refund the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS 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 THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, EDELWEISS CAPITAL LIMITED AND ICICI SECURITIES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, EDELWEISS CAPITAL LIMITED AND ICICI SECURITIES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 30, 2010 WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKERS TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
- (A) **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- (B) **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- (C) **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, 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 RED HERRING PROSPECTUS/DRAFT PROSPECTUS.**
7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 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 THE BOARD. 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 PUBLIC ISSUE. NOT APPLICABLE.**

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. 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 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE.
- AS THE OFFER SIZE IS MORE THAN RS. 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
- (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
 - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. 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, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. 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, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

The filing of the Draft Red Herring Prospectus does not, however, absolve our Company from any

liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Manager, any irregularities or lapses in the Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Maharashtra in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Maharashtra in terms of Sections 56, 60 and 60B of the Companies Act.

Caution - Disclaimer from our Company and the BRLMs

Our Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's web site www.pridehotel.com, would be doing so at his or her own risk.

The BRLMs accepts no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLMs and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire our Equity Shares.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the

affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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 Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States 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.

Disclaimer Clause of BSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to BSE. The Disclaimer Clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to NSE. The Disclaimer Clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, Maharashtra, Everest 5th Floor, 100 Marine Drive, Mumbai – 400 002.

Listing

Applications will be made to the BSE and NSE for permission to deal in and for an official quotation of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it, i.e. from the date of refusal or within 7 days from the Bid/Issue Closing Date, whichever is earlier, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 Working Days of the Bid/Issue Closing Date.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) 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.”

Consents

Consents in writing of: (a) the Directors, our Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Issue; and (b) the Book Running Lead Manager, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the ROC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the ROC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009, J.G.Verma & Co., Chartered Accountants, our Company's Statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the ROC.

Expert Opinion

Except for the statutory auditors J.G.Verma & Co., Chartered Accountants and their report on accounts in the form and context in which it appears in this Draft Red Herring Prospectus, the report of [●] in respect of the IPO grading of this Issue annexed herewith and except as stated elsewhere in this Draft Red Herring Prospectus, our Company has not obtained any opinions from experts as defined in section 59(2) of the Companies Act.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Expense* (in Rs. million)	Percentage of the Issue Expenses*	Percentage of the Issue Size*
Lead management, Underwriting and Selling Commission	[●]	[●]	[●]
Advertising and marketing expense	[●]	[●]	[●]
Printing and stationery (including courier, transportation charges)	[●]	[●]	[●]
Registrars to the Issue	[●]	[●]	[●]
Fees paid to IPO Grading agency			
Others (legal fees, listing costs etc.)	[●]	[●]	[●]
Total	[●]	[●]	[●]

* Will be incorporated after finalisation of the Issue Price.

Fees Payable to the Book Running Lead Manager and Syndicate Members

The total fees payable to the BRLMs and the Syndicate Member (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLMs dated August 26, 2010 and the Issue Agreement dated September 27, 2010 executed between the Company and the BRLMs, a copy of which is available for inspection at our Corporate Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MoU between our Company and the Registrar to the Issue, a copy of which is available for inspection at our registered office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the

Issue to enable it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

IPO Grading

This Issue has been graded by [●] and has been assigned a grade of [●] indicating [●], through its letter dated [●]. For details in relation to the Report of the Grading Agency, please refer to “Annexures” beginning on page [●] of the Red Herring Prospectus.

Disclaimer of IPO Grading Agency: [●]

Particulars regarding Public or Rights Issues during the last Five Years

We have not made any public issue during the last five years.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the section entitled “Capital Structure” and “History and Corporate Matters” on pages 28 and 110 respectively of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Equity Shares

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our inception.

We have only one listed group company under the same management within the meaning of section 370(1)(b) of the companies act, 1956, namely “S.P.Capital Financing Limited”. S.P.Capital Financing Limited has not made any capital issue during the last three years

Promise vs. Performance

Our Company has not undertaken any public issues of securities previously.

Promise versus Performance – Previous Issues of Promoter Group Entities.

One of our promoter group companies namely, S.P.Capital Financing Limited made an initial public offer of 2,000,000 Equity Shares of Rs.10 each at a premium of Rs 10 per share aggregating Rs.40 million in March 1995. The objects of the issue were:-

- To strengthen and substantially expand the Company’s existing operations
- To give greater thrust to non fund based financial services
- To expand the existing fund based activities
- To increase investments in Equity of blue chip companies and PSU bonds
- To meet the costs of owned fixed assets which will provide infrastructure in its growth
- To meet issue expenses

The actual performance achieved by the S.P.Capital Financing against the projections specified, is shown in the table below.

(Rs in million)

Years	1995-96			1996-97			1997-98		
	Projected	Actual	Shortfall	Projected	Actual	Shortfall	Projected	Actual	Shortfall
Total Income	61.1	42.5	(18.60)	86	44.3	(41.70)	114.3	40	(74.30)
Profit Before Tax	26.0	26.3	-	34	12.3	(21.70)	41.7	4.6	(37.10)
Net Profit After Tax	26.0	26.0	-	30	11.1	(18.90)	36.7	3.52	(33.18)
EPS	4.33	4.33	-	5	1.8	(3.2)	6.11	0.58	(5.53)
Net Worth	114	116.42	-	130.8	122.5*	(8.4)	152.5	156.19	-

Years	1998-99			1999-00		
	Projected	Actual	Shortfall	Projected	Actual	Shortfall
Total Income	140.3	31.5	(108.80)	164.7	74.9	(89.80)
Profit Before Tax	50	1.3	(48.70)	52.8	1.7	(51.10)
Net Profit After Tax	39	1.2	(37.8)	40.3	1.6	(38.7)
EPS	6.5	0.19	(6.31)	6.71	0.26	(6.45)
Net Worth	173.5	152.38	(21.12)	192.8	153.94	(38.86)

The shortfall in the performance was due to prevalence of weak capital markets for the period under consideration that adversely affected the Merchant banking activities and also due to the norms specified by RBI to Non-Banking Finance Companies that led to the decline in lending operations under Lease / Hire Purchase / Bills Discounting

Outstanding Debentures, Bonds or Redeemable Preference shares

Our Company does not have any outstanding debentures, bonds or Redeemable Preference shares as of the date of filing this Draft Red Herring Prospectus.

Stock Market Data of the Equity Shares

This being an Initial Public Issue of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of at least six months from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders for the redressal of routine investor grievances shall be ten Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Anil Kumar Singla, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Pride Hotels Limited
908, Dalamal Tower, 211, Nariman Point,
Mumbai – 400 021 Maharashtra
Tel : + 91 22 228 44051
Fax: + 9122 228 44052
Email : ipo@pridehotel.com

Mechanism for redressal of Investor Grievances in respect of listed companies under the same management - S P Capital Financing Limited

The company has appointed Registrar and Transfer Agent for accepting, transferring and delivering share certificates. All transfers received in order are processed within thirty days of receipt. The company has appointed a compliance officer to redress all investor grievances. All inquiries, clarification and correspondence can be addressed by investors to the compliance officer. During the year ended March 31, 2010, all investor grievances were received by the company were redressed.

Changes in Auditors

Over the last three years, we have not effected any change in the auditors of the Company.

Capitalisation of Reserves or Profits

We have not capitalised our reserves or profits at any time other than as follows:

1. Bonus issue of 2,000,000 equity shares of Rs.10 each fully paid up on April 11, 1994 in the ratio of two equity shares for every one equity share held
2. Bonus issue of 12,000,000 equity shares of Rs. 10 each fully paid up on August 7, 2007 in the ratio of two equity shares for every one equity share held and
3. Bonus issue of 10,310,665 equity shares of Rs. 10 each fully paid up on March 31, 2010 in the ratio of one equity share for every two equity shares held.

Revaluation of Assets

The Company has revalued its fixed assets by replacing the historical cost by the present fair market value based on the valuation reports of approved valuers as under:

<i>(Rupees in million)</i>	
Particulars	Amount
Freehold land at Pune:	
(a) Historical cost	0.90
(b) Add: Increase due to revaluation in 1993-94	64.10
(c) Add: Increase due to revaluation in 2006-07	319.00
(d) Revalued amount	384.00
	=====
Hotel Building at Pune:	
(a) Historical cost	43.34
(b) Add: Increase due to revaluation in 1993-94	63.10
(c) Revalued amount	106.44
Freehold land at Ahmedabad:	
(a) Historical cost	12.98
(b) Add: Increase due to revaluation in 2006-07	112.42
(c) Revalued amount	125.40

* The present market value of the Land owned by our Company at Shivaji nagar Pune is Rs 384.00 million as certified by Deepak C. Shah, Government approved registered valuer and consulting chartered engineer vide his valuation report dated March 25, 2007

** The present market value of the Land owned by our Company at Bodakdev, S.G.Road, Ahmedabad is Rs 125.40million as certified by Deepak C. Shah, Government approved registered valuer and consulting chartered engineer vide his valuation report dated March 30, 2007

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the ASBA Bid-cum-Application Form, the Revisions Form, the CAN, the listing agreements with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the Registrar of Companies, the RBI, the FIPB and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Board of Directors of our Company has, pursuant to resolutions passed at its meeting held on July 30, 2010 authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary. The shareholders of the Company have, pursuant to resolution dated September 17, 2010 passed at their annual general meeting under Section 81(1A) of the Companies Act, authorized the Issue.

There are certain restrictive covenants in the agreements that we have entered into with our lenders. These restrictive covenants require us to seek the prior permission of the said bank for various activities, including amongst others, entering into any scheme of expansion, taking any new activity, invest or lend money except in the normal course of business, confining our Company's entire banking with the lender, investing by way of share capital, change in the management, change in capital structure etc. In this regards, our company has received our lenders consent for this Issue.

The Company has also obtained all other necessary contractual approvals required for the Issue. For further information, see the section "Licenses and Approvals" beginning on page 183 of this Draft Red Herring Prospectus.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act and the Memorandum of Association and the Articles of Association and shall rank *pari-passu* with the existing Equity Shares of the Company including rights in respect of dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, see the section "Main Provisions of the Articles of Association" beginning on page 248 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

The Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act, the SEBI Regulations and the provisions of the Listing Agreements.

Face Value and Issue Price

The face value of each Equity Share is Rs.10. The Floor Price of Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share. At any given point of time, subject to applicable law, there shall be only one denomination of Equity Shares. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company, in consultation with the BRLMs, and advertised in two widely circulated national newspapers one each in English and Hindi and one widely circulated Marathi newspaper which is the regional newspaper, at least two working days prior to the Bid/Issue Opening Date.

Compliance with SEBI Regulations

The Company shall comply with applicable disclosure and accounting norms specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders of the Company shall have the following rights:

1. The right to receive dividends, if declared;
2. The right to attend general meetings and exercise voting powers, unless prohibited by law;
3. The right to vote on a poll either in person or by proxy;
4. The right to receive offers for rights shares and be allotted bonus shares, if announced;
5. The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
6. The right to freely transfer their Equity Shares, subject to applicable foreign direct investment policy, foreign exchange regulations and other applicable laws; and
7. Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum of Association and the Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/or consolidation/splitting, see the section “Main Provisions of the Articles of Association” beginning on page 248 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

Under Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialized form. As per the SEBI Regulations, the trading of the Equity Shares shall be in dematerialized form only. Since trading of the Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in this Issue will be in electronic form in multiples of one (1) Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts in Mumbai, India.

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-tenants with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares that are Allotted shall vest. A person, being a nominee entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same benefits to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can only be made on the prescribed form available on request at the Registered Office of the Company or with the Registrar and transfer agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 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.

Further, the Board may at any time give notice requiring any nominee to choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant will prevail. If the investors wish to change their nomination, they are requested to inform their respective depository participants.

Minimum Subscription

If the Company does not receive a minimum subscription of 90% of the Issue including devolvement to the Underwriters within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act.

Furthermore, in accordance with Regulation 26(4) of the SEBI Regulations, the Company shall ensure that the number of Allottees under the Issue shall not be less than 1,000.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the “Securities Act”) or any state securities laws in the United States and 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). Accordingly, the Equity Shares will be offered and sold only outside the United States to non-US persons in offshore transactions in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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 Bids may not be made by persons in any such jurisdictions, except in compliance with the applicable laws of the such jurisdiction.

Application by Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for NRIs and FIIs registered with SEBI or FVCIs registered with SEBI.

As per RBI regulations, OCBs cannot participate in the Issue.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

Except for lock-in of the Pre-Issue Equity shares, Promoter’s minimum contribution and Anchor Investor lock-in in the Issue as mentioned on page 32 of the section “Capital structure”, there are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles and as mandated under the SEBI Regulations. For further details see the sections “Main Provisions of the Articles of Association” and “Capital Structure” beginning on pages 248 and 28 of this Draft Red Herring Prospectus, respectively.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment. If the Company withdraw from the Issue, the Company shall issue a public notice that shall include reasons for such withdrawal, within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform

the Stock Exchanges. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI Regulations, the QIBs shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

Equity Shares in Dematerialised Form

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

ISSUE STRUCTURE

The Issue is comprised of 10,400,000 Equity Shares by the Company at the Issue Price for cash, aggregating Rs. [●] million. The Issue will constitute 25.16 % of the fully diluted post-Issue paid up capital of the Company.

In the event of over subscription, allocation shall be made on a proportionate basis.

	QIBs⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares ⁽²⁾	Upto 5,200,000 Equity Shares or the Issue size less allocation to Non Institutional Bidders and Retail Individual Bidders	Not less than 1,560,000 Equity Shares or the Issue size less allocation to QIB Bidders and Retail Individual Bidders	Not less than 3,640,000 Equity Shares or the Issue size less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue size available for Allotment/allocation	Upto 50% of the Issue shall be Allotted to QIB Bidders. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Issue or the Issue Size less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of the Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate.	Proportionate.
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds Rs.100,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares so that the Bid Amount exceeds Rs.100,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares.

	QIBs⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Issue size, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed Rs.100,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply ⁽³⁾	Public financial institutions as specified in Section 4A of the Companies Act, FIIs and sub-accounts registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, Mutual Funds registered with SEBI, multilateral and bilateral development financial institutions, VCFs and FVCIs registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million, pension funds with minimum corpus of Rs.250 million in accordance with applicable law, the National Investment Fund and insurance funds set up and managed by the Indian Army, Navy or Air Force.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the <i>Karta</i>), companies, corporate bodies, scientific institutions, societies and trusts and FII sub-account registered with SEBI, which is a foreign corporate or foreign individual	Individuals (including HUFs in the name of the <i>karta</i> and Eligible NRIs) applying for Equity Shares such that the Bid Amount per individual Bidder does not exceed Rs.100,000 in value.

	QIBs⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
Terms of Payment ⁽⁴⁾	The entire Bid Amount shall be payable at the time of submission of the Bid-cum-Application Form to the BRLMs.	The entire Bid Amount shall be payable at the time of submission of the Bid-cum-Application to the members of the Syndicate.	The entire Bid Amount shall be payable at the time of submission of the Bid-cum-Application to the members of the Syndicate

⁽¹⁾ *The Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. For further details, please see the section entitled “Issue Procedure” on page 217.*

⁽²⁾ *Subject to valid Bids being received at or above the Issue Price. This Issue is made in accordance with Rule 19(2)(b)(i) of the Securities Contracts Regulations Rules, 1957 (“SCRR”), as amended under the SEBI Regulations where the Issue will be made through the 100% Book Building Process wherein not more than 50% of the Issue will be allocated on a proportionate basis to QIB. Out of the QIB Portion (excluding the Anchor Investor Portion) 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBS and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.*

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of the Company, in consultation with the BRLMs and the Designated Stock Exchange.

⁽³⁾ *In case the Bid cum Application Form is submitted in joint names, the Bidders should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.*

⁽⁴⁾ *In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.*

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment. If the Company withdraws from the Issue, the Company shall issue a public notice that shall include reasons for such withdrawal, within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that they will proceed with an initial public offering of its Equity Shares, they shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Letters of Allotment or Refund Orders

The Company shall credit each beneficiary account with its depository participant within 12 working days from Bid / Issue Closing Date. Applicants that are residents of the 68 cities notified by SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008 will receive refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where the applicant is eligible to receive refunds through Direct Credit, NEFT or RTGS. In the case of other applicants, the Company shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first Bidder’s sole risk within 12 days of the Bid/Issue Closing Date.

Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders in case of Public Issues.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days from the Bid/Issue Closing Date;
- Dispatch of refund orders, shall be done within 12 Working Days from the Bid/Issue Closing Date;
- Instructions to the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBAs, within 12 days of the Bid Closing Date; and
- The Company shall pay interest at 15% per annum, if Allotment is not made, refund orders are not dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic mode/manner, the refund instructions have not been given to clearing members, and/or demat credits are not made to investors within eight days from the day the Company becomes liable to repay. For further details, refer to section “Issue Procedure” beginning at page 217 of this Draft Red Herring Prospectus.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by through any of the modes as described in the Draft Red Herring Prospectus. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Bid/Issue Program ^{(1) (2)}

BID / ISSUE OPENS ON [●]	BID / ISSUE CLOSES (FOR QIB BIDDERS) ON [●]
	BID / ISSUE CLOSES (EXCEPT FOR QIB BIDDERS) ON [●]

⁽¹⁾ The Company may consider participation by Anchor Investors in accordance with applicable SEBI Regulations on the Anchor Investor Bid/Issue Date, i.e., one day prior to the Bid/Issue Opening Date.

⁽²⁾ The Company may decide to close the Bidding Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulations.

The Company may consider participation by Anchor Investors for up to 30% of the QIB Portion in accordance with the SEBI Regulations on the Anchor Investor Bid/Issue Date. For details, see the section “Issue Procedure – Bids by Anchor Investors” beginning on page 220 of this Draft Red Herring Prospectus.

Bids and any revision in Bids shall be accepted only between 10 a.m. and 5 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs, except that on the Bid Closing Date for QIBs, Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. On Bid Closing Date for Retail and Non Institutional Bidders, Bids shall be accepted only between 10 a.m and 3 p.m (Indian Standard Time) and uploaded until (i) 4.00 P.M in case of Bids by Non institutional Bidders; and (ii) until 5.00 p.m or until such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs.100,000.

Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 3 p.m (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLM and the Syndicate Member shall not be responsible. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

The Registrar to the Issue shall only look at the data entered in the electronic records and will not conduct any verification of data in the electronic book vis a vis the data contained in any physical Bid Cum Application Form for a particular Bidder.

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids submitted by Retail Individual Bidders after taking into account the total number of Bids received until the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLMs to the Stock Exchange(s) within half an hour of such closure.

The Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The cap should not be more than 120% of the Floor Price and the Floor Price shall not be less than the face value of Equity Shares. Subject to compliance, with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed at least two working days prior to the Bid/Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional Working Days after such revision, subject to the Bidding Period not exceeding ten Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the website of the BRLMs and the terminals of the other members of the Syndicate.

ISSUE PROCEDURE

This section applies to all Bidders. All Bidders other than Anchor Investors can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to pay the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the application.

It may be noted that pursuant to the SEBI Circular (no. CIR/CFD/DIL/2/2010) dated April 6, 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 1, 2010.

Book Building Procedure

This Issue is being made through the 100% Book Building Process wherein upto than 50% of the Issue will be allocated to QIBs on a proportionate basis. Out of the QIB Portion (excluding the Anchor Investor Portion), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

Any Bidder other than Anchor Investors may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by SCSBs.

All Bidders other than ASBA Bidders are required to submit their Bids through the Syndicate or their affiliates. ASBA Bidders are required to submit their Bids to the SCSBs.

Investors should note that Allotment of Equity Shares to all successful Bidders will be only in the dematerialised form. In case DP ID, Client ID and PAN mentioned in the application form and entered into the electronic bidding system of the stock exchanges by the syndicate members do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only on the dematerialised segment of the Stock Exchanges. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified shall be 'suspended credit' and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such bidders.

Bid cum Application Form

Bidders shall use only the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Draft Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered. ASBA Bidders shall submit the ASBA Bid cum Application Form either in physical or electronic form (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding) to the SCSB authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders.

ASBA bid-cum application forms can be downloaded and printed from websites of the NSE and BSE. The ASBA forms so downloaded shall have a unique application number and can be used for making ASBA applications.

The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered multiple Bids.

On filing of the Prospectus with the RoC, the Bid cum Application Form shall be treated as a valid application form. On completion and submission of the Bid cum Application Form to a member of the Syndicate (and in the case of an ASBA Bid cum Application Form, to the SCSB), the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required under the SEBI Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form including ASBA Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-residents including Eligible NRIs, FVCIs and FIIs applying on a repatriation basis, excluding Anchor Investors	Blue
Anchor Investors*	White

**Bid cum Application Forms for Anchor Investors will be made available at our Registered Office, the BRLMs and with the members of the Syndicate.*

Who can Bid?

- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws.
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture capital funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund;
- Insurance funds set up and managed by army, navy or air force of the Union of India; and

- Multilateral and Bilateral Development Financial Institutions.

As per existing regulations, OCBs cannot participate in this Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by Associates of BRLMs and Syndicate Members

The BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Members are entitled to subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. However, the BRLMs, Syndicate Members and persons related to the BRLMs and the Syndicate Members shall not be allowed to subscribe to the Anchor Investor Portion.

Bids by Mutual Funds

As per the SEBI Regulations, 5% of the QIB Portion (excluding the Anchor Investor Portion), has been specifically reserved for Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event demand in the Mutual Fund Portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall be available for allocation proportionately, after excluding the allocation in the Mutual Fund Portion, in the QIB Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds subject to valid Bids being received at or above the price at which allocation is being done to Anchor Investors.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own over 10% of any company's paid-up share capital carrying voting rights.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being made.

Multiple applications

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by Non Residents including Eligible NRIs and FIIs on a repatriation basis

There is no reservation for Eligible NRIs or FIIs or FVCIs registered with SEBI. Such Eligible NRIs, FIIs and FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

Bids by Eligible NRIs

1. Bid cum Application Forms for Eligible NRIs applying on a repatriation basis (blue in colour) will be available at our Registered Office and with the Syndicate.
2. Only such applications as are accompanied by payment in freely convertible foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non Resident Ordinary ("NRO") accounts or by debits to their Non-Resident External ("NRE") or Foreign

Currency Non-Resident (“**FCNR**”) accounts should use the application form meant for Resident Indians (white in color).

Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Bids by FIIs

As per current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (*i.e.* 10% of 41,331,995 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. . In accordance with the foreign investment limits, the aggregate FII holding in us cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the “**SEBI FII Regulations**”), an FII, as defined in the SEBI FII Regulations, may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI Regulations. Associates and affiliates of the Underwriters, including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in, the Company.

Bids by SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, each, as amended, prescribe investment restrictions on Venture Capital Funds and FVCIs respectively registered with the SEBI. Accordingly, the holding in any company by any individual venture capital fund or FVIC registered with the SEBI should not exceed 25% of the corpus of the venture capital fund or FVIC. However, venture capital funds or FVCIs can invest only upto 33.33% of the investible funds by way of subscription to an initial public offer.

Bids by Anchor Investors

Our Company may consider participation by Anchor Investors in the QIB Portion for up to 30% of the QIB Portion in accordance with the SEBI Regulations. Only QIBs as defined in Regulation 2(1)(zd) of the SEBI Regulations and not otherwise excluded pursuant to Schedule XI of the SEBI Regulations are eligible to invest. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

- (a) Anchor Investors Bid cum Application Forms will be made available for the Anchor Investor Portion at our Registered Office, BRLMs and with the members of the Syndicate.
- (b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds Rs. 100 million. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of a

Mutual Fund registered with SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of Rs. 100 million.

- (c) One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.
- (d) The Bidding for Anchor Investors shall open one Working Day before the Bid/Issue Opening Date and shall be completed on the same day.
- (e) Our Company, in consultation with the BRLMs, shall finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion shall not be less than:
 - two, where the allocation under Anchor Investor Portion is up to Rs. 2,500 million; and
 - five, where the allocation under Anchor Investor Portion is over Rs. 2,500 million.
- (f) Allocation to Anchor Investors shall be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs before the Bid/Issue Opening Date.
- (g) Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.
- (h) In the event the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the higher price *i.e.* the Anchor Investor Issue Price.
- (i) The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.
- (j) Neither the BRLMs or any person related to the BRLMs, Promoters, Promoter Group shall participate in the Anchor Investor Portion. The parameters for selection of the Anchor Investors shall be clearly identified by the BRLMs and shall be made available as part of the records of the BRLMs for inspection by SEBI.
- (k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band which shall be published by our Company in an English national newspaper and a Hindi national newspaper, each with wide circulation at least two Working Days prior to the Bid/Issue Opening Date.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Bid cum Application Form. Failing this, our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a). With respect to Bids by FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b). With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration

issued by the Insurance Regulatory and Development Authority must be lodged with the Bid cum Application Form.

- (c). With respect to Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Our Company reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs 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 any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus. The Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated above.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. If the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to be Bid at the Cut-Off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders, indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs excluding Anchor Investors):** The Bid must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount exceeds Rs. 100,000. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws.

In case of revision in Bids, Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. If the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-Off Price. **A QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date.**

- (c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount at least Rs. 100 million. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.**

Information for the Bidders:

- (a) The Red Herring Prospectus will be filed by our Company with the RoC at least three days before the Bid/ Issue Opening Date.
- (b) Copies of the Bid cum Application Form and the Red Herring Prospectus will be available with the members of the Syndicate. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate. ASBA Bid cum

Application Forms can be obtained by Bidders from the SCSBs and electronic ASBA Bid cum Application Forms shall be available on the websites of SCSBs. ASBA Bid cum Application Forms can be downloaded from the website of Stock Exchanges as well. Furthermore, the SCSBs shall ensure that the abridged prospectus is made available on their websites.

- (c) The members of the Syndicate (in accordance with the terms of the Syndicate Agreement) and the Designated Branches shall accept Bids from the Bidder during the Bid/Issue Period in accordance with the terms of this Draft Red Herring Prospectus, provided that the BRLMs shall accept the Bids from the Anchor Investors only on the Anchor Investor Bidding Date.
- (d) Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the BRLMs or the Syndicate Members or their authorized agent(s) to register their Bids. Eligible Bidders can approach the Designated Branches to register their Bids under the ASBA process.
- (e) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate or Designated Branch. Bid cum Application Forms (except electronic ASBA Bid cum Application Forms), which do not bear the stamp of a member of the Syndicate or the Designated Branch, are liable to be rejected.

Information specific to ASBA Bidders:

- a) ASBA Bidders who would like to obtain the Red Herring Prospectus and/or the ASBA Form can obtain the same from the Designated Branches. ASBA Bidders can also obtain a copy of the Red Herring Prospectus and/or the ASBA Form in electronic form on the websites of the SCSBs.
- b) The Bids should be submitted to the SCSBs on the prescribed ASBA Form. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
- c) The SCSBs shall accept Bids only during the Bidding Period and only from the ASBA Bidders.
- d) The Book Running Lead Managers shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Form to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Offer through the ASBA process.
- e) The ASBA Form shall bear the stamp of the SCSBs and/or the Designated Branch, and if not, the same shall be rejected.
- f) ASBA Bidders shall correctly mention the bank account number in the ASBA Form and should ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Form to the respective Designated Branch. In case the amount available in the bank account specified in the ASBA Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the application.
- g) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the account holder as provided in the ASBA Form.
- h) Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid Cum Application Forms are available for download from the websites of the Stock Exchanges.

ASBA Bidders shall correctly mention their PAN, DP ID and Client ID in the ASBA Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Form.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bids and revisions of Bids must be:

- 1) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- 2) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Bid cum Application Form or in the Revision Form. Bidders must provide details of valid and active DP-ID, client ID and PAN clearly and without error. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate and/or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- 3) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Bidders are advised to ensure that the details are correct and legible.
- 4) For Retail Individual Bidders (including Eligible NRIs), the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The option to Bid at cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- 5) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount exceeds Rs. 100,000. Anchor Investors must ensure that their Bids are for such number of Equity Shares that the Bid Amount is at least Rs. 100 million. Bids cannot be made for over the Issue size.
- 6) Bids by Eligible NRIs, FVCIs and FIIs on a repatriation basis shall be in the names of individuals, or in the names of such FIIs, respectively, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- 7) In a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- 8) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate or their affiliates at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches. ASBA Bidders shall submit the ASBA Bid cum Application Form either in physical or electronic form (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding) to the SCSB authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate or the SCSB, as the case may be, will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

GENERAL INSTRUCTIONS

Dos:

- (a) Check if you are eligible to apply as per the terms of the Draft Red Herring Prospectus under applicable laws, rules and regulations;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour), the Non-Resident Bid cum Application Form (blue in colour), the Anchor Investor Bid cum Application Form (white in colour), as the case may be;
- (d) Ensure that the details about Depository Participant and Beneficiary Account are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be in the dematerialized form only;
- (e) Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a member of the Syndicate or the SCSB in case of ASBA Bidders (except in case of electronic ASBA Bid cum Application Forms);
- (f) With respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for Bidding has a bank account. Further, ensure that the ASBA Bid cum Application Form is signed by the account holder if the Bidder is not the account holder;
- (g) Ensure that the full Bid Amount is paid for Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked by the SCSBs in case of Bids submitted through the ASBA process;
- (h) Ensure that you have funds equal to the Bid Amount in your bank account of the respective Designated Branch of the SCSB;
- (i) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (j) Ensure that you request for and have received a TRS for all your Bid options;
- (k) Submit revised Bids to the same member of the Syndicate or Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS;
- (l) Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their PAN allotted under the I.T. Act. Applications in which the PAN is not matching with one entered by the Syndicate or the SCSB in the Bidding terminal and PAN as available with depositories for a given DP ID and client ID is liable to be rejected;
- (m) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects; and
- (n) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. If the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not submit a Bid without payment of the entire Bid Amount;
- (c) Do not Bid/revise the Bid to less than the Floor Price or higher than the Cap Price;
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the Designated Branch;
- (e) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest and in relation to ABSA Bidders in any other mode other than blocked amounts in the bank accounts maintained by SCSBs;
- (f) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or Designated Branch, as applicable;
- (g) Do not Bid at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (h) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceed the Issue size and/or investment limit or maximum number of Equity Shares that can be held under applicable laws or regulations or the maximum amount permissible under applicable regulations;
- (i) Do not submit more than five ASBA Bid cum Application Forms per bank account;
- (j) Do not Bid for amount exceeding Rs. 100,000 in case of a Bid by Retail Individual Bidders;
- (k) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.
- (l) Do not submit incorrect details of DP ID, Client ID and PAN or give details of demat account which is suspended or for which such details cannot be verified by the Registrar.

Method and Process of Bidding

- (a) Our Company and the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in widely circulated national newspapers (one each in English, Hindi and Marathi newspapers), at least two Working Days prior to the Bid/Issue Opening Date.
- (b) The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLMs, and advertised in an English national newspaper, a Hindi national newspaper, and a Marathi newspaper, each with wide circulation, at least two Working Days prior to the Bid/Issue Opening Date.
- (c) The BRLMs shall accept Bids from the Anchor Investors on the Anchor Investor Bidding Date, *i.e.* one Working Day prior to the Bid/Issue Opening Date. Bidders, except Anchor Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate, their authorized agents or SCSBs to register their Bids, during the Bid/Issue Period. The members of the Syndicate shall accept Bids from the all Bidders and shall have the right to vet the Bids, during the Bid/Issue Period in accordance with the terms of the Syndicate Agreement and Draft Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
- (d) The Bid/Issue Period shall be for a minimum of three Working Days and not exceeding 10 Working Days (including the Working Days for which the Issue is open in case of revision in Price Band). If the Price Band is revised, the revised Price Band and the Bid/Issue Period will be published in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation, together with an indication of such change on the websites of the BRLMs and SCSBs and at the terminals of the Syndicate Members.

- (e) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see “**Bids at Different Price Levels**” below, within the Price Band and specify the demand (*i.e.*, the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- (f) Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate or the SCSBs will enter each Bid option into the electronic Bidding system as a separate Bid and generate a Transaction Registration Slip (“**TRS**”), for each price and demand option and shall, on demand, give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- (g) With respect to ASBA Bidders, on receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid.
- (h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “**Payment Instructions**” on page 229 of this Draft Red Herring Prospectus.

Bids at Different Price Levels and Revision of Bids

- (a) The Price Band and the minimum Bid lot size shall be decided by our Company in consultation with the BRLMs and advertised at least two Working Days prior to the Bid/Issue Opening Date, in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation at least two Working Days prior to the Bid/Issue Opening Date.
- (b) Our Company in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side *i.e.* the floor price can move upward or downward to the extent of 20% of the floor price disclosed at least two Working Days prior to the Bid/Issue Opening Date and the Cap Price will be revised accordingly.
- (c) In case of revision in the Price Band, the Bid/Issue Period will be extended for at least three additional Working Days after revision of Price Band subject to a maximum of 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation and also by indicating the change on the websites of the BRLMs, SCSBs and at the terminals of the Syndicate Members.
- (d) Our Company in consultation with the BRLMs can finalize the Issue Price and Anchor Investor Issue Price within the Price Band in accordance with this section, without the prior approval of or intimation to the Bidders.
- (e) The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at Cut-off Price. However, Bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (f) Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price with the members of the Syndicate. In case of

ASBA Bidders bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price, the Retail Individual Bidders who Bid at Cut-off Price shall receive the refund of the excess amounts from the Escrow Account(s).

- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount *i.e.*, original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (*i.e.*, original Bid Amount plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders bidding at the Cut-off Price the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Escrow Account(s).
- (i) Our Company in consultation with the BRLMs shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000. In the event of any revision in the Price Band, whether upward or downward, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of Bidder's Permanent Account Number, Depository Participant's name, DP ID number and beneficiary account number provided by them in the Bid cum Application Form and as entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs as the case may be, the Registrar to the Issue will obtain from the Depository the demographic details including the Bidder's address, occupation and bank account details including the nine-digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf ('Demographic Details'). These Demographic Details would be used for giving refunds and allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders. It is mandatory to provide the bank account details in the space provided in the Bid cum Application Form and Bid cum Application Forms that do not contain such details are liable to be rejected. Hence, Bidders are advised to immediately update their bank account details, PAN and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Registrar to the Issue or the Escrow Collection Banks or the SCSBs or our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their depository account details in the Bid cum Application Form. Please note that in case the DP ID, Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate, do not match with the DP ID, Client ID and PAN available in the depositories' database, such Bid cum Application Form is liable to be rejected.

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR PAN, DP ID NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE PERMANENT ACCOUNT NUMBER GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS PROVIDED IN THE DEPOSITORY ACCOUNT. IF THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, on request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders (where refunds are not being made electronically)/allotment advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allotment advice/CANs 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 Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Any such delay shall be at the Bidders sole risk and neither our Company nor Escrow Collection Banks nor the BRLMs nor the Registrar to the Issue shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Draft Red Herring Prospectus, Bidders may note that refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, Bidders PAN (in case of joint Bids, PAN of first applicant), the DP ID and the beneficiary's identity, such Bids are liable to be rejected.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account(s) until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

Payment into Escrow Account(s) for Bidders other than ASBA Bidders

Each Bidder (other than ASBA Bidders) shall draw a cheque or demand draft or, remit the funds electronically through the RTGS mechanism for the entire Bid Amount as per the following terms:

- (a) The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the member of the Syndicate. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order shall not be accepted.
- (b) The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:
 - In case of Resident QIB Bidders: “[●]”
 - In case of Non Resident QIB Bidders: “[●]”
 - In case of Resident Retail and Non-Institutional Bidders: “[●]”

- In case of Non-Resident Retail and Non-Institutional Bidders: “[●]”
- (c) In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price within two Working Days of the Bid/Issue Closing Date. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them (or unblocked in their ASBA Accounts, in case of ASBA Bids).
- (d) Our Company in consultation with the BRLMs, in their absolute discretion, shall decide the list of Anchor Investors to whom the provisional CAN or CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names shall be notified to such Anchor Investors. The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:
- In case of resident Anchor Investors: “[●]”
 - In case of non-resident Anchor Investors: “[●]”
- (e) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
- (f) In case of Bids by NRIs applying on non-repatriation basis, the payments may be made out of an NRO Account of a Non-Resident Bidder.
- (g) In case of Bids by FIIs or FVCIs the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- (h) The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders until the Designated Date.
- (i) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
- (j) Within 12 Working Days from the Bid/Issue Closing Date, the Registrar to the Issue shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
- (k) Payments should be made by cheque, or demand draft drawn on any bank (including a cooperative Bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash, stockinvest, money orders or postal orders will not be accepted.
- (l) In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

- (m) Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form, failure of the Issue or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the Bid Amount in the relevant bank account and the SCSBs shall unblock the Bid Amount on receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Other Instructions

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and QIB Portion (excluding Anchor Investor Portion) will not be considered as multiple Bids.

After Bidding on an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the Designated Branches of SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form. Submission of a second Bid cum Application Form, whether an ASBA Bid cum Application Form, to either the same or to another Designated Branch of the SCSB, or a Non-ASBA Bid cum Application Form, will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the ASBA Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in ***“Build up of the Book and Revision of Bids”***.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five ASBA Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account.

Our Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. A check will be carried out for the same PAN. In cases where the PAN is same, such Bids will be treated as multiple applications.

‘PAN’ or ‘GIR’ Number

Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should

mention his/her PAN allotted under the I.T. Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction.

Any Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Right to Reject Bids

In case of QIB Bidders Bidding in the QIB Portion, the Syndicate, may reject Bids provided that such rejection shall be made at the time of acceptance of the Bid and the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company have the right to reject Bids based only on technical grounds and/or as specified in the Draft Red Herring Prospectus. However, our Company in consultation with the BRLMs, reserve the right to reject any Bid received from Anchor Investors without assigning any reasons. Consequent refunds shall be made through any of the modes described in the Draft Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds and/or as specified in this Draft Red Herring Prospectus.

The Bidders may note that in case the DP ID, Beneficiary Account Number and PAN mentioned in the Bid cum Application Form and as entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, do not match with the DP ID, Beneficiary Account Number and PAN available in the depository database, the Bid is liable to be rejected.

Grounds for Technical Rejections

Bidders should note that incomplete Bid cum Application Forms and Bid cum Application Forms that are not legible will be rejected by the members of the Syndicate or SCSBs. Bidders are advised to note that Bids are liable to be rejected among other things, on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
2. Application on plain paper;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors;
5. PAN not stated (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the Floor Price;
8. Bids at a price over the Cap Price;
9. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;
10. Submission of more than five ASBA Bid cum Application Forms per ASBA Account;

11. Bids for number of Equity Shares which are not in multiples of [●];
12. Category not ticked;
13. Multiple Bids as described in the Draft Red Herring Prospectus;
14. In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted;
15. Bids accompanied by cash, stockinvest, money order or postal order;
16. Signature of sole and/or joint Bidders missing. In addition, with respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
17. Bid cum Application Form does not have the stamp of the BRLMs the Syndicate Members or Designated Branches (except for electronic ASBA Bids);
18. Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete or incorrect;
19. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid cum Application Forms;
20. In case no corresponding record is available with the Depositories that matches three parameters namely, PAN (in case of joint Bids, PAN of the first applicant), the DP ID and the beneficiary's account number;
21. With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
22. Bids for amounts greater than the maximum permissible amounts prescribed by applicable law;
23. Bids by OCBs;
24. Bids by persons in the United States;
25. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
26. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders uploaded after 4.00 P.M. on the Bid/Issue Closing Date;
27. Bank account details for the refund not given;
28. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
29. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and
30. Bids that do not comply with the securities laws of their respective jurisdictions.

Electronic Registration of Bids

- (a) The members of the Syndicate and the SCSBs will register the Bids received, except Bids received from Anchor Investors, using the online facilities of the Stock Exchanges. Details of Bids in the

Anchor Investor Portion will not be registered on the online facilities of the Stock Exchanges. There will be at least one online connectivity in each city, where the Stock Exchanges are located in India and where such Bids are being accepted. The BRLMs, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the members of the Syndicate and/or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

- (b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents and the SCSBs during the Bid/Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis.
- (c) On the Bid/Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis. In order to ensure that the data uploaded is accurate, the Syndicate may be permitted one Working Day after the Bid/Issue Closing Date to amend some of the data fields (currently DP ID, Client ID) entered by them in the electronic bidding system. Bidders are cautioned that a high inflow of Bids typically experienced on the last Working Day of the Bidding may lead to some Bids received on the last Working Day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on Monday to Friday (excluding any public holiday).
- (d) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges a graphical representation of consolidated demand and price would be made available at the bidding centres and at the websites of each of the Stock Exchanges during the Bid/Issue Period along with category wise details.
- (e) At the time of registering each Bid, the members of the Syndicate or the Designated Branches of the SCSBs in case of ASBA Bids shall enter the following details of the Bidder in the electronic system:
 - Name of the Company.
 - Bid cum Application number.
 - Investor Category – Individual, Corporate, non-institutional, qualified institutional buyer, Eligible NRI, FII, or Mutual Fund, financial institutions, insurance companies, etc.
 - PAN of the first applicant.
 - Depository Participant Identity (“**DP ID**”).
 - Beneficiary account number of the Bidder
 - Numbers of Equity Shares Bid for.
 - Price option.
 - Cheque amount.
 - Cheque number.
- (f) A system generated TRS, on demand, will be given to the Bidder as a proof of the registration of each of the Bidding options. **It is the Bidder’s responsibility to obtain the TRS from the**

members of the Syndicate or Designated Branches. The registration of the Bid by the member of the Syndicate or the Designated Branches does not guarantee that the Equity Shares shall be allocated/Allotted.

- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (h) In case of QIB Bidders, the members of the Syndicate have a right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids may be rejected only on technical grounds. Furthermore, the SCSBs shall have no right to reject Bids except on technical grounds.
- (i) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company our Promoters, our management or any scheme or project of our Company nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (j) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The members of the Syndicate shall be given one Working Day after the Bid/Issue Closing Date to verify the information uploaded on the online IPO system during the Bidding Period after which the Registrar to the Issue shall proceed with the Allotment of Equity Shares.
- (k) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of the electronic facilities of the Stock Exchanges.

Build up of the book and revision of Bids

- (a) Bids received from various Bidders through the members of the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs at the end of the Bidding Period.
- (c) During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate and the Designated Branches will not accept incomplete or inaccurate Revision Forms.
- (e) The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the Designated Branch of the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. Retail

Individual Bidders Bidding in such categories should note that the revised amount should not exceed Rs. 100,000. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Draft Red Herring Prospectus. With respect to ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions. In such cases the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the basis of Allotment.

- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and will, on demand, receive a revised TRS from the members of the Syndicate or Designated Branches, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Price Discovery and Allocation

- (a) Based on the demand generated at various price levels, our Company in consultation with the BRLMs shall finalize the Issue Price.
- (b) Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLMs, subject to compliance with the SEBI Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs before the Bid/Issue Opening Date.
- (c) Under-subscription, if any, in any category may be met with spill over from any other category at the sole discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.
- (d) Allocation to Non-Residents, including Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI, applying on repatriation basis will be subject to applicable law.
- (e) The BRLMs in consultation with our Company shall notify the members of the Syndicate of the Issue Price and allocations to Anchor Investors, where the full Bid Amount has not been collected from the Anchor Investors due to the Issue Price being higher than the Anchor Investor Issue Price.
- (f) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date, but before the Allotment without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders Bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date. Further, Anchor Investors shall not be allowed to withdraw their Bid after the Anchor Investor Bidding Date.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in terms of Section 56, 60 and 60B of the Companies Act, which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Draft Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Draft Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

After the Anchor Investor Bidding Date, a physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received in the Anchor Investor Portion. Based on the physical book and at the discretion of our Company, and the BRLMs, selected Anchor Investors may be sent a CAN, within two Working Days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them. This provisional CAN and the final allocation is subject to (a) the physical application being valid in all respect along with receipt of stipulated documents, (b) the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price, and (c) Allotment. In the event of a technical rejection or in the event the Issue Price is higher than the Anchor Investor Issue Price, a revised CAN will be sent to Anchor Investors. The price of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they shall be required to pay any additional amount, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN, if any, by the Pay-in Date specified in the revised CAN, for any increased price of Equity Shares. The Pay-in Date in the revised CAN shall not be later than two Working Days after the Bid/Issue Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment, see below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment see below.

C. For QIBs in the QIB Portion (excluding the Anchor Investor Portion)

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. Allotment to all successful QIB Bidders will be made at the Issue Price. The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows:
 - (i) In the event Mutual Fund Bids exceed 5% of the QIB Portion (excluding the Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding the Anchor Investor Portion).
 - (ii) In the event the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor Portion) then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
 - (b) In the second instance Allotment to all QIBs shall be determined as follows:
 - (i) In the event of oversubscription in the QIB Portion (excluding the Anchor Investor Portion), all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, which have received allocation as per (a) above for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders (excluding the Anchor Investor Portion).
 - (iii) Under-subscription below 5% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate Allotment to QIB Bidders shall not be less than [●] Equity Shares.

D. For Anchor Investor Portion

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company in consultation with the BRLMs, subject to compliance with the following requirements:
 - (a) not more than 30% of the QIB Portion will be allocated to Anchor Investors;
 - (b) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors;
 - (c) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto Rs. 2,500 million

and minimum number of five Anchor Investors for allocation more than Rs. 2,500 million.

- The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid/Issue Opening Date by intimating the Stock Exchanges. The method of proportionate basis of Allotment is stated below.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

Sr. No.	Particulars	Issue details
1.	Issue size	200 million equity shares
2.	Allocation to QIB*	100 million equity shares
3.	Anchor Investor Portion	30 million equity shares
4.	Portion available to QIBs other than Anchor Investors [(2) minus (3)]	70 million equity shares
	Of which:	
	a. Allocation to MF (5%)	3.5 million equity shares
	b. Balance for all QIBs including MFs	66.50 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

* Where 50% of the issue size is allotted to QIBs.

B. Details of QIB Bids

Sr. No.	Type of QIB bidders [#]	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 3.50 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 66.50 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	6.65	0
A2	20	0	2.66	0
A3	130	0	17.29	0
A4	50	0	6.65	0
A5	50	0	6.65	0
MF1	40	0.70	5.32	6.02

Type of QIB bidders	Shares bid for	Allocation of 3.50 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 66.50 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
MF2	40	0.70	5.32	6.02
MF3	80	1.40	10.64	12.04
MF4	20	0.35	2.66	3.01
MF5	20	0.35	2.66	3.01
	500	3.50	66.50	30.10

Please note:

- The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in “Issue Structure” on page 217 of this Draft Red Herring Prospectus.
- Out of 70 million Equity Shares allocated to QIBs, 3.5 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.
- The balance 66.50 million Equity Shares (i.e. 70 - 3.5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).
- The figures in the fourth column titled “Allocation of balance 66.50 million Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X $66.50 / 500$
 - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X $66.50 / 500$
 - The numerator and denominator for arriving at allocation of 66.50 million shares to the 10 QIBs are reduced by 3.2 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Issue

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, our Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

Except in relation to Anchor Investors, the Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- Bidders will be categorised according to the number of Equity Shares applied for.
- The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that

category multiplied by the inverse of the over-subscription ratio.

- d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
- i) The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is as far as possible, equal to the number of Equity Shares calculated in accordance with (b) above; and
 - ii) Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company in consultation with the BRLMs.

Issuance of Allotment Advice

- (a) On approval of the basis of Allotment by the Designated Stock Exchange and on Allotment by the Board of Directors or any committee constituted thereof, the Registrar to the Issue shall send to the members of the Syndicate and SCSBs a list of their Bidders who have been Allotted Equity Shares in the Issue. For Anchor Investors, see “**Notice to Anchor Investors: Allotment/Reconciliation and Revised CANs.**”
- (b) The Registrar to the Issue will then dispatch an allotment advice to the Bidders who have been Allotted Equity Shares in this Issue.

Bidders who have been Allotted Equity Shares shall receive the allotment advice from the Registrar to the Issue.

Designated Date and Allotment of Equity Shares

- Our Company will take all steps within their powers to enable that (i) Allotment of Equity Shares; and (ii) credit to successful Bidder's depository account will be completed within 12 Working Days, respectively, of the Bid/Issue Closing Date.
- In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified shall be 'suspended credit' and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such bidders

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be

represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated December 31, 2007, between NSDL, our Company and the Registrar to the Issue;
- Agreement dated December 10, 2007, between CDSL, our Company and the Registrar to the Issue.

Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one valid beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the PAN, Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (h) Trading in the Equity Shares would be in dematerialised form only, on the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, PAN, Bidders depository account details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, the bank account number in which an amount equivalent to the Bid Amount was blocked.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Branches, Bidders can contact the relevant Designated Branch.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, reproduced below:

“Any person who:

- (a) *makes in a fictitious name, an application to a company for acquiring or subscribing for, any*

shares therein, or

- (b) *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.”

Payment of Refund

Bidders other than ASBA Bidders must note that on the basis of the DP ID, beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the MICR code. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In the case of Bids from Eligible NRIs and FIIs, refunds, dividends and other distributions, if any, will normally be payable in Indian Rupees only and net of bank charges and/or commission. Where so desired, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post. Neither the Company will be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Mode of Refunds

For Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Bidders having an account at any of the centres specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
2. Direct Credit – Bidders having bank accounts with the Refund Bank, as per the Demographic Details received from the Depositories shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by our Company.
3. RTGS – Bidders having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds Rs. 1 million, shall be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Bidder's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code (“IFSC”). Charges, if any, levied by the Refund Bank for the same would be borne by our Company. Charges, if any, levied by the Bidder's bank receiving the credit would be borne by the Bidder.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Bidders' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Bidders have registered their MICR number and their bank account number 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 Bidders through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.

5. For all other Bidders, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids and the SCSBs shall complete the unblocking of funds within one Working Day thereafter.

Disposal of Applications and Application Moneys and Interest in Case of Delay

With respect to Bidders other than ASBA Bidders, our Company shall take all steps required to be taken by them to ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges after the Allotment of Equity Shares within the time periods prescribed in this regard by SEBI.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working Days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities by it for listing are completed and trading commences within 12 Working Days of the Bid/Issue Closing Date at all the Stock Exchanges where the Equity Shares are proposed to be listed.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 12 Working Days of the Bid/Issue Closing Date;
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days from the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's bank account shall be made within 12 Working Days from the Bid/Issue Closing Date; and
- Our Company shall pay interest at 15% per annum for any delay beyond the time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day the Company becomes liable to repay. If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Letters of Allotment or Refund Orders or instructions to the SCSBs

Our Company shall take steps required to be taken by it to enable dispatch of refund orders, if any, of value up to Rs. 1,500, under certificate of posting, and shall dispatch refund orders above Rs. 1,500, if any, by registered or speed post at the sole or first Bidder's sole risk within 12 Working Days from the Bid/Issue

Closing Date. Applicants 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 12 Working Days from Bid/Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date, which shall be duly completed by the SCSBs within that time after the receipt of such instruction from the Registrar.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/instruction to SCSB by the Registrar to the Issue

Allotment of Equity Shares in the Issue, the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than 12 Working Days of the Bid/Issue Closing Date. Our Company further agrees that to pay interest at the rate of 15% per annum if the allotment letters or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within eight days from the day the Company becomes liable to repay. If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertakings by our Company

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities by the Company for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed will be completed within 12 Working Days of the Bid/Issue Closing Date;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed herein shall be made available to the Registrar to the Issue by the Company;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/refund orders to Eligible NRIs shall be dispatched within specified time;
- That no further issue of Equity Shares shall be made until the Equity Shares offered through the Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
- That adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

Our Company shall not have recourse to the Issue Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers within two days, in which the pre-Issue advertisements were published, providing reasons for not proceeding with the Issue. The BRLMs, through the Registrar, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also promptly inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

In the event our Company in consultation with the BRLMs, withdraws the Issue after the Bid/Issue Closing Date, a fresh offer document will be filed with SEBI in the event we subsequently decide to proceed with the initial public offering.

Utilisation of Issue Proceeds

The Board of Directors certifies that:

- All monies received in the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed until the time any part of the Issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised; and
- Details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued thereunder. 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 FIPB and the RBI. Foreign investment limit is allowed up to 100% under automatic route in our Company.

FIIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

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 Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States 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 above information is given for the benefit of the Bidders. Our Company and the BRLMS 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 number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

CAPITAL

Article 4 provides that the Company in General Meeting may, from time to time, by an ordinary resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting, resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company and with a right of voting at General Meetings of the Company in conformity with Section 87 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of the Act.

Article 5 provides that except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Article 6 provides that subject to the provisions of the Act and these Articles, the shares/securities (whether Equity or Preference) shall be under the control of the Directors who may allot, forfeit or otherwise dispose of the same to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par or at discount, and with full power to give any person the option to call for or be allotted shares of any class of the company either at premium or at par or at discount, such option being exercisable at such times and for such consideration as the Board thinks fit.

Article 7 provides that on the issue of Redeemable Preference Shares under the provision of Article 6 hereof the following provisions shall take effect:-

- (a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption.
- (b) No such shares shall be redeemed unless they are fully paid.
- (c) 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.
- (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid up share capital of the Company.

Article 8 provides that subject to the provisions of Section 80 of the Act, the redemption of Preference Shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

- (1) The Company may exercise the powers of issuing sweat equity shares conferred by Section 79A of the Act of a class of shares already issued subject to the following conditions:
 - (a) the issue of sweat equity shares is authorised by a special resolution passed by the Company in general meeting;
 - (b) the resolution specifies the number of shares, their value and the class or classes of directors or employees to whom such equity shares are to be issued; and
 - (c) not less than one year has at the date of issue elapsed since the date on which the Company was entitled to commence business.

- (2) Subject to the provisions of Section 79A and other applicable provisions of the Act and the Rules made thereunder, the Company may issue Sweat Equity Shares if such issue is authorised by a Special Resolution passed by the Company in the general meeting. The Company may also issue shares to employees including its Directors, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorised by a Special Resolution of the Company in general meeting subject to the provisions of the Act and the Rules and applicable guidelines made thereunder, by whatever name called.

Article 9 provides that:

- (a) Pursuant to Section 77A of the Act, the Company may purchase its own shares or other specified securities out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy-back purposes by passing a special resolution in the general meeting of the Company.
- (b) Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted under Section 77A of the Companies Act, 1956 and the applicable guidelines and regulations that may be issued in this regard.

Article 10 provides that the Company may from time to time by Special Resolution reduce its share capital in the manner authorised by law and in particular may pay off any paid-up share capital upon the footing that it may be called up again or otherwise 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.

CONSOLIDATION, DIVISION AND SUB-DIVISION

Article 11 provides that subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 94; and the resolution whereby any share is sub-divided, may determine that, as between the holders of the share resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

MODIFICATION OF CLASS RIGHTS

Article 12 provides that:

- (a) If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 106 and 107 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.
- (b) The rights conferred upon the holders of the Shares (including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking *pari passu* therewith.

Article 13 provides that subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms

and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

Article 14 provides that:

- (1) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:
 - (a) such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date;
 - (b) such offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer if not accepted, will be deemed to have been declined;
 - (c) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) shall contain a statement of this right;
 - (d) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner as they think most beneficial to the company.
- (2) Notwithstanding anything contained in sub-clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever:
 - (a) if a special resolution to that effect is passed by the company in General Meeting, or
 - (b) where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.
- (3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - (a) to extend the time within which the offer should be accepted; or
 - (b) to authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued by the company:
 - (i) to convert such debentures or loans into shares in the company; or

- (ii) to subscribe for shares in the company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
 - (b) in the case of debentures or loans other than debentures issued to, or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debenture or raising of the loans.
- (5) In addition to and without derogating from the powers for that purpose conferred on the Board under Article 13 the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount as the meeting shall determine and with full power to give any person (whether a member or not) the option of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

Article 15 provides that the shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Article 16 provides that an application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.

Article 17 provides that subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.

Article 18 provides that the money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.

Article 19 provides that every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.

Article 20 provides that Shares may be registered in the name of any limited company or other corporate body but not in the name of firm, an insolvent person or a person of unsound mind.

CERTIFICATES

Article 21 provides that:

- (a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the

Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or a whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.

- (b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.
- (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

Article 22 provides that if any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2 for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable thereof in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

Article 23 provides that:

- (a) If any share stands in the names of two or more persons, the person first named in the Register shall as

regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.

- (b) The Company shall not be bound to register more than three persons as the joint holders of any share.

Article 24 provides that except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Article 25 provides that if by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.

UNDERWRITING AND BROKERAGE

Article 26 provides that subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

Article 27 provides that the Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.

INTEREST OUT OF CAPITAL

Article 28 provides that where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building the provision of any plant, or onshore or offshore rigs, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital at a rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

CALLS

Article 29 provides that:

- (1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.
- (2) A call may be provoked or postponed at the discretion of the Board.
- (3) A call may be made payable by installments.

Article 30 provides that fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

Article 31 provides that a call be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear

on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.

Article 32 provides that whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.

Article 33 provides that the Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the resident at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.

Article 34 provides that if any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

Article 35 provides that if by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.

Article 36 provides that On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Article 37 provides that neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

Article 38 provides that:

- (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums, actually called for, and upon the amount so paid or satisfied in advance, or so much thereof, as from time to time exceeds the amount of the calls then made upon the shares in respect of such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.
- (b) The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

LIEN

Article 39 provides that the Company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

Article 40 provides that for the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.

Article 41 provides that the net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

FORFEITURE AND SURRENDER OF SHARES

Article 42 provides that if any Member fails to pay the whole or any part of any call or installment or any moneys due to in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.

Article 43 provides that the notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

Article 44 provides that if the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

Article 45 provides that when any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.

Article 46 provides that any shares so forfeited, shall be deemed to be the property of the Company and

may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.

Article 47 provides that any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.

Article 48 provides that the forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Article 49 provides that a declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

Article 50 provides that the Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

Article 51 provides that upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

Article 52 provides that in the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.

Article 53 provides that the Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.

TRANSFER AND TRANSMISSION OF SHARES

Article 54 provides that:

- (a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.
- (b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.

Article 55 provides that the instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and statutory modifications thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof.

Article 56 provides that the Company shall not register a transfer in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the

transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

Article 57 provides that subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares. Transfer of shares/debentures in whatever lot shall not be refused.

Article 58 provides that if the Company refuses to register the transfer of any share or transmission of any rights therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.

Article 59 provides that no fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

Article 60 provides that subject to the provisions of Section 154 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may, from time to time, determine.

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year or any statutory modification thereof.

Article 61 provides that the instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.

Article 62 provides that where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

For this purpose the notice to the transferee shall be deemed to have been duly 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.

Article 63 provides that:

- (a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.
- (b) Before recognizing any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.

Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnify or otherwise, as the Board in its absolute

discretion, may consider adequate.

- (c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Article 64 provides that subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee as instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.

Article 65 provides that subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration.

Article 66 provides that every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

Article 67 provides that the Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

Article 68 provides that in the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 54 hereof as circumstances permit.

Article 69 provides that no transfer shall be made to an insolvent or person of unsound mind.

NOMINATION

Article 70 provides that:

- i) Notwithstanding anything contained in the articles, every holder of shares or debentures of the Company may, at any time, nominate a person in whom his/her shares or debentures shall vest in the event of his/her death and the provisions of Section 109A and 109B of the Companies Act, 1956 shall apply in respect of such nomination.
- ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the shares or debentures of the Company in the manner specified under Section 109A of the Companies Act, 1956.
- iii) The Company shall not be in any way responsible for transferring the shares and/or debentures consequent upon such nomination.
- iv) If the holder(s) of the shares or debentures survive(s) nominee, then the nomination made by the

holder(s) shall be of no effect and shall automatically stand revoked.

Article 71 provides that a nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:

- (i) to be registered himself as holder of the share or debenture, as the case may be; or
- (ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture-holder, could have made:
- (iii) If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;
- (iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

DEMATERIALIZATION OF SHARES

Article 72 provides that for the purpose of this Article, unless the context otherwise requires:

A. Definitions:

In the following Article, Depositories Act, Beneficial Owner, Depository, SEBI, Security, Shareholder or member shall mean and include Depositories Act, Beneficial Owner, Depository, SEBI, Security, Shareholder or member as defined in the definition portion.

B. Dematerialization of Securities:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize or rematerialize its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialized form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

C. Option for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security;

D. Securities in Depositories to be in fungible form:

All securities held by a Depository shall be dematerialized and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;

E. Rights of Depositories and Beneficial Owners:

- i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;
- ii. Save as otherwise provided in (i) above, the Depository as a registered owner of the Securities shall not have any voting rights or any other right in respect of the securities held by it;
- iii. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

F. Service of information:

Notwithstanding anything to the contrary contained in these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies and discs.

G. Transfer of Security:

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

H. Section 83 and 108 of the Act not apply:

- i. Section 83 of the Act shall not apply to the shares with a Depository;
- ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

I. Register and Index of beneficial owners:

The Register and Index of Beneficial Owner, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of these Articles.

J. Intimation to Depository:

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

K. Stamp duty on securities held in dematerialization form:

No stamp duty would be payable on shares and securities held in dematerialized form in any medium as may be permitted by law including any form of electronic medium.

L. Applicability of the Depositories Act:

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

M. Company to recognize the rights of registered Holders as also the beneficial Owners in the records of

the Depository:

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards to receipt of dividend or bonus or service of notices and all or any other matters connected with the Company and accordingly, the Company shall not except as ordered by a Court of competent jurisdiction or as by law required be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

JOINT HOLDER

Article 73 provides that where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles:

- (a) the Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.
- (b) on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person.
- (c) only the person whose name stands first in the Register of Members may give effectual receipts of any dividends or other moneys payable in respect of share; and
- (d) only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall be deemed to be service on all the holders.

CONVERSION OF SHARES INTO STOCK

Article 74 provides that the Company may, by ordinary resolution in General Meeting.

- a) convert any fully paid-up shares into stock; and
- b) re-convert any stock into fully paid-up shares of any denomination.

Article 75 provides that the holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Article 76 provides that the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose.

Article 77 provides that such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words “share” and “shareholders” in those regulations shall include “stock” and “stockholders” respectively.

BORROWING POWERS

Article 78 provides that subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board receive deposits or loans from members either as an advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank,

institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.

Article 79 provides that any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

Article 80 provides that the payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture-stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.

Article 81 provides that any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Article 82 provides that if any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favor such mortgage or security is executed.

Article 83 provides that subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

MEETING OF MEMBERS

Article 84 provides that:

- (a) The Company shall, in each year, hold, in addition to any other meetings, a General Meeting as its Annual General meeting, and shall specify the meeting as such in the notice calling it, and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that the next and the Annual General Meeting shall be held within six months of the expiry of its financial year.

Provided that if the Registrar shall have, for any special reason, extended the time within which any Annual General Meeting shall be held, by a period not exceeding three month, then such Annual General Meeting may be held within such extended period.

- (b) Every Annual General Meeting shall be called at a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the City, town or village in which the Registered office is situated.
- (c) The Statutory Meeting of the Company shall be held at such place and at such time (not less than one

month nor more than six months from the date at which the Company is entitled to commence business) as the Directors may determine and in connection therewith, the Directors shall comply with the provisions of Section 165 of the Act.

Article 85 provides that all the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.

Article 86 provides that the Directors may call an Extra-ordinary General Meeting whenever they think fit.

Article 87 provides that:

- (a) A General Meeting of the Company, Annual or Extraordinary and by whomsoever called, may be called by giving not less than 21 days clear notice in writing.
- (b) A General Meeting may be called by giving shorter notice than that specified in clause (1) hereof if consent is accorded thereto (a) in the case of an Annual General Meeting by all the members entitled to vote thereto and (b) in case of any other general meeting, by members of the Company holding not less than ninety-five per cent of such part of the paid up share capital of the Company as gives a right to vote at the meeting.

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this clause in respect of the former resolution and not in respect of the latter.

Article 88 provides that no General Meeting, Annual or Extraordinary shall be competent to enter upon discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.

Article 89 provides that for all purposes the quorum at a general meeting shall be give members personally present. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

Article 90 provides that:

- (a) The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.
- (b) No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.

Article 91 provides that the Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place, but 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 thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or any business to be transacted at an adjourned meeting.

Article 92 provides that in the case of an equality of votes the Chairman shall both on a show of hands and on a poll (if any) have casting vote in addition to the vote or votes to which he may be entitled as a Member.

Article 93 provides that any pool duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.

Article 94 provides that at any general meeting a resolution including a special resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of a show of hands) demanded:

- (a) by the Chairman or
- (b) by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution; or
- (c) by any member or members present in person or by proxy and holding shares in the company on which an aggregate sum of not less than Rupees fifty thousand has been paid up.

Article 95 provides that a declaration by the Chairman that in pursuance of voting on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and any entry to that effect in the books containing the minutes of the proceedings of the meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes in favor or against such resolution.

Article 96 provides that the demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

Article 97 provides that no Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.

Article 98 provides that subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

Article 99 provides that on a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Article 100 provides that if any Member is lunatic or, idiot, the vote in respect of his shares shall be cast by his legal guardian(s), provided that such evidence of the authority of the person claiming to vote as shall be accepted by the Directors shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.

Article 101 provides that notwithstanding anything contained in the provisions of the Companies Act, 1956, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.

Article 102 provides that if there are joint holders of any shares, any one of such persons may vote at any meeting or appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of the said persons remain present than the person whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.

Article 103 provides that votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly authorized as mentioned in Article 104.

Article 104 provides that a body corporate (whether a company within the meaning of the Act or not) may,

if it is member or creditor of the Company (including being a holder of debentures) authorize such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 187 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorized by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.

Article 105 provides that:

- (a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, becoming presently payable.

A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.

Article 106 provides that any person entitled under Article 64 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote provided he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.

Article 107 provides that no Member personally present shall be entitled to vote on a show of hands unless such member is present by attorney or is a corporation present by proxy or a company present by a representative duly Authorized under the provisions of the Act in which case such attorney, proxy or representative may vote on a show of hands as if he were a Member of the Company. In the case of a company the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such company and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.

Article 108 provides that any member of the Company entitled to attend and vote at a Meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote on a poll, instead of himself provided always that a proxy so appointed shall not have any right whatsoever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a member entitled to attend and vote is entitled one or more proxies.

Article 109 provides that every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any one of the forms set out in Schedule IX of the Act, or if the appointer is a body corporate be under its seal or be signed by any Officer or attorney duly Authorized by it.

Article 110 provides that a vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.

Article 111 provides that every member entitled to vote at a Meeting of the Company according to the provisions of these Articles on any resolution to be moved thereof shall be entitled during the period beginning twenty-four hours being the time fixed for the commencement of the Meeting, to inspect proxies lodged, at any time during the business hours of the Company provided not less than three days notice in writing of the intention to inspect is given to the Company.

Article 112 provides that no objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Article 113 provides that the Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the time of taking a poll shall be the sole judge of the validity of every vote tendered at such poll.

Article 114 provides that:

- (1) Where by any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting.
- (2) The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.
- (3) The following resolution shall require special notice:
 - (a) resolution under Section 225 of the Act at an Annual General Meeting for appointing a person as Auditor other than a retiring Auditor or providing expressly that a retiring Auditor shall not be re-appointed.
 - (b) resolution under Section 284 of the Act removing a Director before the expiry of his period of office.
 - (c) resolution under Section 284 of the Act appointing a Director in place of the Directors so removed.

DIRECTORS

Article 115 provides that until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than twelve.

The First Directors of the Company are:

1. MR. LALCHAND CHANDANMAL MUTHA
2. MR. S.P. JAIN
3. MR. SATISH LALCHAND MUTHA
4. MRS. MEENA SURESHCHAND JAIN

Article 116 provides that a Director of the Company shall not be bound to hold any Qualification Shares in the Company.

Article 117 provides that:

- (a) Subject to the provisions of the Companies Act, 1956 and notwithstanding anything to the contrary contained in these Articles, any Financing Company or Body Corporate or Bank or Insurance Corporation (hereinafter referred to as "the Financial Institution") shall have a right to appoint, remove, reappoint, substitute from time to time, its nominee as a Director (hereinafter referred to as the "Nominee Director") on the Board of the Company, so long as any moneys remain owing to them or any of them, by the Company, out of any Financial assistance granted by them or any of them to the Company by way of loan and/or by holding debentures and/or share in the Company and/or a result of underwriting or direct subscription and/or any liability of the Company arising out of the guarantee furnished by the Financial Institution on behalf of the Company remains outstanding.
- (b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. Subject to the aforesaid Article 117(a) the said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.

- (c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observe to attend the meetings of the Board or any other Committee constituted by the Board.
- (d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.

Article 118 provides that any trust deed for securing the debentures or debenture-stock (or a deed or mortgage of any assets of the Company) may if so arranged, provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debenture-stock (or in the case of a deed of mortgage by the person or persons having such power) of some person to be a Director of the Company and may empower such trustees or holders of debentures or debenture-stocks (or such person or persons) from time to time, remove any Director so appointed. The Director appointed under the article is herein referred to as the "Debenture Director" (or a "Mortgage Director") and the term "Debenture Director" (or "Mortgage Director") means the Director for the time being in office under this article. This Debenture Director (or the Mortgage Director) shall not be liable to retire by rotation, or be removed by the Company. The trust deed (or the mortgage deed) may contain such ancillary provisions as may be arranged between the Company and the trustees (or mortgage) and all such provisions shall (subject to the provisions of the Act) have effect notwithstanding any of the other provisions herein contained.

Article 119 provides that any Advocate or Chartered Accountant or any professional who may for the time being be a Director of the Company:

- (a) shall be entitled to charge the Company, professional remuneration for all work done by him for or on behalf of the Company at the rate agreed upon and on such terms and conditions as may be agreed upon:
- (b) shall be entitled to vote on all resolutions on all matters in any way he thinks fit irrespective of the fact that he has advised upon or been concerned with any matters relating to the said resolution prior to the passing thereof or is likely to advice upon or may have to deal with matters relating to any resolution after the same has been passed.
- (c) shall not be liable or responsible for the day to day or routine management and running of the Company and its affairs including setting aside, appropriations or payment of any statutory dues by or on behalf of the Company; and
- (d) shall be indemnified by the Company in respect of and fines or penalties that may be imposed upon him as a Director of the Company as a result of any act or omission of the Company and/or any of its Officers in failing to comply with any requirements of the law whether with regard to any payments to be made or otherwise howsoever, and also against all costs, charges and expenses that may be incurred by him in any proceeding against or relating to the said Professional Director in his capacity as a Director.

Article 120 provides that the Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of Office of the Original Director is determined before he so returns to that State, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

Article 121 provides that subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting.

Article 122 provides that subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director who shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

Article 123 provides that:

- (a) Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act for attending meetings of the Board or committees thereof.
- (b) The remuneration of a Director for his service shall be such sum as may be determined by the Board of Directors but not exceeding such sum as may be prescribed by the Act or Central Government and/or the listing agreement with Stock Exchange. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in General Meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine, and in default of such determination shall be divided amongst the Directors equally.
- (c) Subject to the provisions of the Act, a Director who is neither in the whole-time employment of the Company nor a Managing Director, may be paid remuneration either:
 - (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
 - (ii) by way of commission if the Company by a special resolution authorizes such payment

Article 124 provides that the Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for traveling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

Article 125 provides that if any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing out of the city of his normal residence or otherwise for any of the purposes of the Company, the Company shall subject as aforesaid, remunerate such Director either by a fixed sum or by a percentage of profits or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his remuneration above provided.

Article 126 provides that the continuing Directors may act notwithstanding any vacancy in their body, provided that if the number falls below the minimum number fixed by Article 115 hereof the continuing Directors may act for the purpose of increasing the number of Directors to that minimum number, or for summoning a General Meeting of the Company or in emergencies but not other purpose.

Article 127 provides that subject to the provisions of the Act and observance and fulfillment thereof and subject to restrictions imposed by Articles, no Director shall be disqualified by his office of a Director in the Company from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relationship thereby established, but it is declared that the nature of his interest must be disclosed by him as provided by the Act.

Article 128 provides that a Director of the Company may become a Director of any Company promoted by the Company, or in which he may be interested as a vendor or Member and subject to the provisions of the Act and these Articles no such Director shall be accountable for any benefits received as a Director or Member of such Company.

Article 129 provides that the Company shall observe the restriction imposed on the Company in regard to grant of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any, of the Act.

Article 130 provides that subject to the provisions of the Act and these Articles, the Company may by an

Ordinary Resolution in General Meeting from time to time increase or reduce within the maximum limit permissible the number of Directors provided that any increase in the number of Directors exceeding the limit in that behalf provided in the Act shall not have any effect unless approved by the Central Government and shall become void if and so far it is disapproved by the Government.

PROCEEDING OF THE BAORD OF DIRECTORS

Article 131 provides that:

- (a) The Board of Directors may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit.
- (b) The Chairman of the Board of Directors or the Managing Director or any two Directors may at any time convene a meeting of the Board of Directors.

Article 132 provides that the Directors may from time to time elect from among their members a Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.

Article 133 provides that questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.

Article 134 provides that subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

Article 135 provides that the Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

Article 136 provides that:

- (a) A resolution passed by circular without a meeting of the Board or a committee of the Board appointed under Article 134 shall, subject to the provisions of sub-clause (b) hereof and the Act be as valid and effectual as a Resolution duly passed at a meeting of the Board or of a committee duly called and held.
- (b) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by a circular, if the Resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than the quorum requisite for a Meeting of the Board or the committee as the case may be) and to all other Directors or other members of the Committee at their usual addresses in India and has been approved by such of the Directors or members of the committee as are then in India or by a majority of such of them as are entitled to vote on the Resolution.
- (c) Subject to the provisions of the Act, a statement signed by the Managing Director, Secretary or other person authorized in that behalf by the directors certifying the absence from India of any Directors shall for the purposes of this Article be prima facie conclusive.

Article 137 provides that subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.

Article 138 provides that subject to the provisions of Section 287 of the Act, the quorum for a Meeting of

the Directors shall be one-third of the total strength of the Board of Directors, or two Directors whichever is higher.

RETIREMENT AND ROTATION OF DIRECTORS

Article 139 provides that:

- (a) Not less than two-third of the total number of directors of the Company shall be person whose period of office is liable to determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company, in General Meeting.
- (b) The remaining Directors shall be appointed in accordance with the provisions of the Articles.

Article 140 provides that at the Annual General Meeting in each year one-third of the Directors for the time being as are liable to retire by rotation or, if their number is not three or multiple of three then the number nearest to one-third shall retire from office.

Article 141 provides that subject to the provisions of the Act and these Articles the Directors to retire by rotation under the foregoing Article 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. Subject to the provisions of the Act, a retiring Director shall retain office until the dissolution of the meeting at which the re-appointment is decided or his successor is appointed.

Article 142 provides that subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-appointment.

Article 143 provides that subject to the applicable provisions of the Act and these Articles, the Company, at the Annual General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by selecting the retiring Director or some other person thereto.

Article 144 provides that:

- (1) If the place of the retiring Director is not so filled up and the meeting had not expressly resolved not fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- (2) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:
 - (a) At the meeting or at the previous meeting a resolution for the re- appointment of such Director has been put to the meeting and lost;
 - (b) The retiring Director has by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
 - (c) He is not qualified or is disqualified for appointment;
 - (d) A resolution whether special or ordinary is required for the appointment or re-appointment by virtue of any provisions of the Act;
 - (e) Sub-clause (2) of Section 263 of the Act is applicable to the case.

Article 145 provides that:

- (1) Subject to the provisions of the Act and these Articles, any person who is not a retiring Director shall be eligible for appointment to the Office of Director at any General Meeting if he or any member intending to propose him, has at least 14 clear days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for that office or the intention of such member to propose him as a candidate for that office as the case may be. The Company shall duly comply with the provisions of Section 257 of the Act for informing its members of the candidature of the Director concerned.

- (2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257, signifying his candidature for the office of a Director) proposed as candidate for the office of a Director shall sign and file with the company, his consent in writing to act as a Director, if appointed.
- (3) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an additional or alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re-appointed as an additional.

Or alternate Director immediately on the expiry of his term of office, shall not act as a Director of the company, unless he has within 30 days of his appointment signed and filed with the Registrar his concerned in writing to act as such Director.

Article 146 provides that at a General Meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution moved in contravention of this Article shall be void whether or not objection was taken at the time to its being so moved: Provided that where a resolution so moved is passed and no provision for the automatic re-appointment of retiring Directors by virtue of these Articles or the Act in default of another appointment shall apply.

REMOVAL OF DIRECTORS

Article 147 provides that:

- (1) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any Director before the expiry of his period of office.
- (2) Special notice as provided by Section 190 of the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
- (3) On receipt of notice of a resolution to remove a director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the company) shall be entitled to be heard on the resolution at the meeting.
- (4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representation in writing to the Company (not exceeding a reasonable length) and requests its notification to members of the Company, the company shall unless the representation is received by it too late, for it to do so:
 - (a) in the notice of the resolution given to members of the company state the fact of the representation having been made, and
 - (b) send a copy of the representation to every member of the company, and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting.

Provided that copy of the representation need not be sent or read out at the meeting on the application of the Company or of any other person who claims to be aggrieved if the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.

- (5) A vacancy created by the removal of a director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 121 or Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed.

Provided special notice of the intended appointment has been given under sub-clause (2) hereof. A director so appointed shall hold office until the date up to which his predecessor would have held

office if he had and not been removed as aforesaid.

- (6) If the vacancy is not filled under sub-clause (5), it may be filled as a casual vacancy in accordance with the provisions in so far as they are applicable, of Article 122 or Section 262 of the Act, and all the provisions of that section shall apply accordingly.
- (7) A Director who was removed from the office under this Article shall not be reappointed as a Director by the Board of Directors.

Article 148 provides that the Board of Directors shall not except with the consent of the Company in General Meeting:

- (a) sell, lease, or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the Company the whole or substantially the whole of any such undertaking.
- (b) remit or give time for the repayment of any debt due by a Director;
- (c) invest otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred in sub-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 on with difficulty or only after a considerable time;
- (d) borrow moneys in excess of the limits prescribed in the Act.
- (e) contribute, to charitable and other funds not directly relating to the business of the Company or the Welfare of its employees, any amounts the aggregate of which will in any financial year exceed Fifty Thousand Rupees or five percent of its average net profits as determined in accordance with the Act during the three financial years, immediately preceding, whichever is greater.

Article 148 provides that:

- (1) The Board shall exercise the following powers on behalf of the Company and it shall do so only by means of resolution passed at the meetings of the Board of Directors:
 - (a) the power to make calls on members in respect of money unpaid on their share;
 - (b) the power to issue debentures;
 - (c) the power to borrow moneys otherwise than on debentures;
 - (d) the power to invest the funds of the Company;
 - (e) the power to make loans.

Provided that the Board may, by resolution passed at a meeting, delegate to any Committee of Directors or the Managing Director, or the Secretary, or any principal officer of the Company or of any of its branch offices the powers specified to in (c), (d) and (e) of this sub-clause to the extend specified below on such conditions as the Board may prescribe.

- (2) Every resolution delegating the power referred to in sub-clause (1) (c) shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the delegate. Provided, however, that where the Company has an arrangement with its bankers for the borrowing of money by way of overdraft, cash credit or otherwise, the actual day-to-day operation of the overdraft, cash credit or the accounts by means of which the arrangement made availed of shall not require sanction of Board.
- (3) Every resolution delegating the power referred to in sub-clause (1) (d) shall specify the total amounts up to which the funds may be invested and the nature of the investments which may be made by the delegates.
- (4) Every resolution delegating the power referred to in sub-clause (1) (e) shall specify the total amount

up to which loans may be made by the delegates, 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.

- (5) Nothing contained in this Article shall be deemed to affect the right of the Company in General Meeting to impose restrictions and conditions on the exercise by the Board and any of the powers referred to in (a), (b), (c) and (d) of clause (1) above.

POWERS OF THE BOARD

Article 150 provides that the business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Without prejudice to the general powers conferred by the Article 149 and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding two Articles, it is hereby, declared that the Directors shall have the following powers, that is to say:

- (1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorized to carry on, in any part of India.
- (2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.
- (3) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.
- (4) At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
- (6) To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.
- (7) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.
- (8) To accept from any member, so far as may be permissible by law, a surrender of the shares or any

part thereof, on such terms and conditions as shall be agreed upon.

- (9) To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.
- (10) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either accordingly to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.
- (11) To act on behalf of the Company in all matters relating to bankruptcy insolvency.
- (12) To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.
- (13) Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- (14) To execute in the name and on behalf of the Company in favor of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;
- (15) To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.
- (16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.
- (17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.
- (18) Before recommending any dividend subject to provisions of Section 205 of the Act, to set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended or divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other

assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper

- (19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, laborers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.
- (20) To comply with the requirement of any local law which in their opinion it would be in the interest of the Company be necessary or expedient to comply with.
- (21) From time to time and at any time to establish any local board for managing the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local Boards, and to fix their remunerations;
- (22) Subject to Section 292 of the Act, from time to time, and at any time to delegate to any person so appointed any of the powers, authorities, and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys; and to authorize the members for the time being of any local Board, or any of them to fill up any vacancies, and such appointment or delegation may be made on such terms and conditions to the Board may think fit, and the Board may at any time remove any person so appointed and may revoke or vary such delegation.
- (23) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorized by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favor of the members or any of the members of any local Board established as aforesaid or in favor of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favor of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.
- (24) Subject to Sections 294 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
- (25) From time to time to make, vary and repeal rules for the regulations of the business of the Company in Officers and employees.
- (26) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.
- (27) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.

- (28) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereat under the provisions of Sections 76 and 208 of the Act and of the provisions contained in these presents.
- (29) To redeem preference shares.
- (30) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.

Article 151 provides that subject to the provisions of the Act and of these Articles, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

Article 152 provides that subject to the provisions of the Act and to these Articles, a Managing Director or a Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation in accordance with the provisions of the Act but shall be subject to the provisions of any contract between him and company be subject to the same provisions as to resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director or Whole-time if he ceased to hold the office of Director from any cause. Provided that if at any time the number of Directors (including the Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being then such Managing Director or Managing Directors' or Whole-time Director or Whole-time Directors as the Directors shall from time to time determine as to who shall be made liable to retirement by rotation in accordance with the provisions of the Act to the intent that the number of directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.

Article 153 provides that the remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.

Article 154 provides that subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board. The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.

THE SECRETARY/MANAGER

Article 155 provides that the Directors may from time to time appoint a duly qualified person to be the Secretary/Manager of the Company and on such terms and conditions as they shall deem fit and may from time to time suspend, remove or dismiss him from office and appoint another in his place.

THE SEAL

Article 156 provides that:

- (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.
- (b) The Company shall also be at liberty to have an Official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

Article 157 provides that every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constitute attorney, be signed by any two Director and Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 21(a).

DIVIDEND WARRANTS

Article 158 provides that:

- (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

Article 159 provides that the Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

Article 160 provides that:

- (1) No Dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-clause (2) or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and except after the transfer to the reserves of the Company of such percentage out of the profits for that year not exceeding ten per cent as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf. PROVIDED HOWEVER whether owing to inadequacy or absence of profits in any year, the Company proposes to declare out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and whether any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government.
- (2) The depreciation shall be provided either:
 - (a) to the extent specified in Section 350 of the Act; or
 - (b) in respect of each item of a depreciable asset, for such an amount as is arrived at by dividing 95

per cent of the original cost thereof to the Company by the specified period in respect of such asset; or

- (c) on any other basis approved by the Central Government which has the effect of writing off by way of depreciation 95 per cent of the original cost of the Company of its such depreciable asset on the expiry of the specified period; or
- (d) as regards any other depreciation assets for which no rate of depreciation has been laid down by the Indian Income-tax Act, 1961 or the rules made there-under on such basis as may be approved by the Central Government by any general order published in the Official Gazette or by any special order in the case of the Company;

Provided that where depreciation is provided for in the manner laid down in Clause (b) or Clause (c), then in the event of the depreciated assets being sold, discarded, demolished or destroyed, the written down value thereof at the end of the financial year in which the asset is sold, discarded, demolished or destroyed shall be written off in accordance with the proviso to Section 350 of the Act.

- (3) No dividend shall be payable except, in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.
- (4) Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.
- (5) For the purposes of this Article 'Specified period' in respect of any depreciable asset shall mean the number of years at the end of which at least 95 per cent of the original cost of that asset to the Company will have been provided for by way of depreciation, if depreciation were to be calculated in accordance with the provisions of Section 350 of the Act.

Article 161 provides that the Board of Directors may from time to time, pay to the members such interim dividends as in their judgment the position of the Company profiles.

Article 162 provides that the Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Article 163 provides that where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

Article 164 provides that all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

Article 165 provides that the Board of Directors may retain the dividend payable upon shares in respect of which any person under Article 64 has become entitled to be a member, or any person under the Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

Article 166 provides that no member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

Article 167 provides that a transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

Article 168 provides that any one of several persons who are registered as joint holders of any share may

give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

Article 169 provides that the dividend payable in cash may be paid by cheque or warrant sent through post direct to the registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holder or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any dividend lost, to the member or person entitled thereto by forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.

Article 170 provides that notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

Article 171 provides that:

- (1) The Company shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within “thirty” or such days as may be prescribed from the date of the declaration of the dividend unless:-
 - (a) where the dividend could not be paid by reason of the operation of any law;
 - (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;
 - (c) where there is a dispute regarding the right to receive the dividend;
 - (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder; or
 - (e) where for any other reasons, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
- (2)
 - (a) The amount of dividend, including interim dividend, declared shall be deposited in a separate bank account within five days from the date of declaration of such dividend or such time as may be prescribed in the Act from time to time.
 - (b) Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called “**Unpaid/Unclaimed Dividend Account PRIDE HOTELS LIMITED**”.
 - (c) The Company shall transfer any money transferred to the unpaid dividend account of the company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

The Board shall forfeit no unclaimed or unpaid dividend.

Article 172 provides that all amounts due as provided in Section 205C of the Companies Act, 1956, which remains unpaid or unclaimed for a period of seven years from the date of transfer to the prescribed accounts provided in the Act shall be transferred by the Company to Investor Education and Protection Fund established under Section 205C of the Act.

Article 173 provides that no unclaimed dividend shall be forfeited and no unpaid dividend shall bear interest as against the Company.

Article 174 provides that any General Meeting declaring a dividend may on the recommendations of the Directors make a call of the Members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and members be set off against the calls.

CAPITALISATION

Article 175 provides that:

- (1) The Company in General Meeting may, upon the recommendation of the Board, resolve:
 - (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and
 - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled hereto, if distributed by way of dividend and in the same proportions.
- (2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:
 - (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
 - (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
- (3) A Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

Article 176 provides that:

- (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall:-
 - (a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and;
 - (b) generally to do all acts and things required to give effect thereto.
- (2) The Board shall have full power:-
 - (a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also
 - (b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on all such members.
- (4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

MINUTES

Article 177 provides that:

- (1) The Company shall cause minutes of all proceeding of General Meetings and of all proceedings of

every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

- (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed;
 - (a) in the case of minutes of proceedings of a meeting of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting; and
 - (b) in case of minutes of proceedings of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.
- (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (6) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall contain:-
 - (a) the name of the Directors present at the meeting; and
 - (b) in the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.
- (7) Nothing contained in Clauses (1) to (6) hereof shall be deemed to require the inclusion in any such minutes of any manner which in the opinion of the Chairman of the meeting;
 - (a) is or could reasonably be regarded as defamatory of any person;
 - (b) is irrelevant or immaterial to the proceedings; or
 - (c) is detrimental to the interest of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion of non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

Article 178 provides that the minutes of meeting kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

Article 179 provides that where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings, there at to have been duly taken place and in particular all appointments of Directors or liquidators made at the meeting shall be deemed to be valid.

Article 180 provides that:

- (1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 196 of the Act be determined by the Company in General Meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.
- (2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of thirty-seven paise for every hundred words or fractional part thereof required to be copied.

Article 181 provides that no document purporting to be a report of the proceedings of any General Meeting

of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by Section 193 of the Act, to be contained in the Minutes of the proceedings of such meeting.

ACCOUNTS

Article 182 provides that:

- (1) The Company shall keep at its head office proper Books of Account with respect to:
 - (a) all sums of money received or expended by the Company and the matters in respect of which the receipt and expenditure take place.
 - (b) all sales and purchases of goods by the Company.
 - (c) the assets and liabilities of the Company.
 - (d) such particulars relating to utilization of material or labor or other items of cost as may be prescribed by Section 209(1)(d) of the Act.

All or any of the books of account aforesaid may be kept at such other place in India as the Board of Director may decide and when the Board of Directors so decides the Company shall, within 7 days of the decision, file with the Registrar a notice in writing giving the full address of that other place.

- (2) Where the Company has a branch office, whether in or outside India, the company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transactions effected at the branch office are kept at that office and proper summarized returns are made up to dates at intervals of not more than three months are sent by the branch office to the Company at its Head Office or other place referred to in clause (1).
- (3) The books of account and other books and papers shall be open to inspection by any Director during business hours.
- (4) The books of account relating to a period of not less than eight years immediately preceding the current year together with the vouchers relating to any entry in such books of account shall be preserved in good order.
- (5) 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 by Members not being Directors, and no Member (not being a Director) shall have the right of inspecting any account or books or documents of the Company except as conferred by law or authorized by the Board.
- (6) The Directors shall from time to time, in accordance with the provisions of the Act cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheet, Profit and Loss Accounts and Reports as are required by the Act and within the periods therein mentioned.

AUDIT

Article 183 provides that the Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from the conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall, within 7 days of the appointment, give intimation thereto to every Auditor so appointed. Provided that before any appointment or re-appointment of Auditor or Auditors is made by the Company at any Annual General Meeting a written certificate shall be obtained by the Company from the Auditor or Auditors proposed to be so appointed to the effect that the appointment or re-appointment if made will be in accordance with the limits specified in sub-section (IB) of Section 224 of the Act.

Article 184 provides that every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company whether kept at the head office of the Company or elsewhere and shall be entitled to require from the officers of the Company such information and explanations as he may think necessary for the performance of his duties as Auditor.

Article 185 provides that the Auditor shall make a report to the members of the Company on the accounts examined by him and on every Balance Sheet and Profit and Loss Account and on every other document declared by the Act to be part of or annexed to the Balance Sheet and Profit and Loss Account which are to

be laid before the Company in General Meeting in terms of the Act.

Article 186 provides that the Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.

FOREIGN REGISTER

Article 187 provides that the Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debentureholders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.

DOCUMENTS AND SERVICES OF NOTICES

Article 188 provides that any document or notice to be served or given by the Company be signed by a Director or such person duly authorized by the Board for such purpose and the signature may be written or printed or lithographed.

Article 189 provides that documents or notices of every General Meeting shall be served or given in the same manner hereinbefore authorized on or to every member, every person entitled to a share in consequence of the death or insolvency of a member and the Auditor or Auditors for the time being of the Company.

Article 190 provides that:

- (a) A document may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office or by leaving it at its Registered Office.
- (b) Subject to provisions of the Act, any notice or document delivered or sent by post to or left at the Registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the Company have notice of his decease be deemed to have been duly served in respect of any registered share whether held solely or jointly with other person by such Member until some other person be registered in his place as the holder or jointholders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all person, if any, jointly interested with him or her in any such shares.

Article 191 provides that save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorized Officer of the Company and need not be under the Common Seal of the Company.

REGISTERS AND DOCUMENTS

Article 192 provides that the Company shall keep and maintain Registers, Books and Documents as required by the Act or these Articles, including the following:

- (1) Register of Investment made by the Company but not held in its own name, as required by Section 49(7) of the Act and shall keep it open for inspection by any member or debenture holder of the Company without charge.
- (2) Register of Mortgages and Charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 134 of the Act and shall keep open for inspection of any creditor or member of the Company without fee and for inspection by any person on payment of a fee of such sum as may be prescribed by Central Government.
- (3) Register and Index of Members as required by Sections 150 and 151 of the Act and shall keep the same open for inspection of any member or debenture holder without fee and of any other person on payment of such sum as may be prescribed by Central Government.
- (4) Register and Index of Debenture Holders under Section 152 of the Act and keep it open for inspection by any member or debenture holder without fee and by any other person on payment of such sum as may be prescribed by Central Government.

- (5) Foreign Register if thought fit as required by Section 157 of the Act and it shall be open for inspection and may be closed and extracts may be taken therefrom and copies thereof as may be required, in the manner mutatis mutandis, as is applicable to the Principal Register.
- (6) Register of Contracts, and Companies and firms in which Directors are interested, as required, by Section 301 of the Act and shall keep it open for inspection of any member free of charge.
- (7) Register of Directors, and Secretary etc, as required by Section 303 of the Act and shall keep it open for inspection by any member of the Company without charge and of any other person on payment of a fee of Rupees one for each inspection.
- (8) Register as to Holidays by Directors of shares and/or debentures in the Company as required by Section 307 of the Act and shall keep it open for inspection by any member or debenture holder of the Company on any working day during the period beginning fourteen days before the date of the Company's Annual General Meeting and ending three days after the date of its conclusion.
- (9) Register of Investments made by the Company in shares and debentures of the bodies corporate as required by Section 372 of the Act.
- (10) Books recording minutes of all proceedings of General Meeting, and of all proceedings at meetings of its Board of Directors or of Committee of the Board in accordance with the provisions of Section 193 of the Act.
- (11) Copies of Annual Returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.
- (12) Register of loans as required by Section 370 of the Act.

Article 193 provides that the Registers mentioned in Clauses 9 and 12 of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company, as provided for in clause 3 of the said Article. Copies of entries in the Registers mentioned in the foregoing Article shall be furnished to the persons entitled to the same on payment of such sum as may be prescribed by Central Government. The Company shall give inspection of the above Registers to the persons entitled to the same on such days and during such business hours as may consistently with the provisions of the Act in that behalf be determined by the Company in General Meeting.

WINDING UP

Article 194 provides that if the Company is to be wound up and the assets available for distribution among the Members as such are insufficient to repay the whole of the paid-up capital, 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 which ought to have been paid-up, at the commencement of the winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the Members are 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 at the commencement of the winding up paid-up or which ought to have been paid on the shares held by them respectively.

But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

Article 195 provides that:

- (a) If the Company is to be wound up, whether voluntarily or otherwise, the liquidators may with the sanction of a Special Resolution, divide amongst the contributories, in specie or kind any part of the assets of the company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators, shall think fit.
- (b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in

accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on, any contributory who would be prejudiced thereby shall have a right to dissent and have ancillary rights as if such determination where a Special Resolution passed pursuant to Section 494 of the Act.

- (c) In case any share to be divided as aforesaid involve a liability to call or otherwise any person entitled under such division to any of the said shares may within ten days after passing of the Special Resolution by notice in writing direct the liquidators to sell his portion and pay him the net proceeds and the liquidators shall if practicable act accordingly.

Article 196 provides that a Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said section.

INDEMNITY

Article 197 provides that subject to provisions of Section 201 of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 633 of the Act on which relief is granted to him by the Court.

Article 198 provides that subject to the provisions of Section 201 of the Act, no Director, Auditor or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the insolvency or tortuous act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

Article 199 provides that subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

SECRECY

Article 200 provides that:

- (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by

the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

- (b) No member or other person (other than a Directors) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company between 10.00 am to 4.00 pm on working days from the date of this Draft Red Herring Prospectus until the Bid Closing Date/ Issue Closing Date.

Material Contracts

1. Issue Agreement dated September 27, 2010 signed between our Company, Edelweiss Capital Limited and ICICI Securities Limited
2. Memorandum of Understanding dated September 23, 2010 signed between our Company and Karvy Computershare Private Limited, Registrar to the Issue.
3. Escrow Agreement dated [●] executed between our Company, the BRLMs, the Registrar and the Escrow Collection Bankers.
4. Syndicate Agreement dated [●] executed between our Company, the BRLMs, Syndicate members and the Registrar.
5. Underwriting Agreement dated [●] executed between our Company, the BRLMs and the Syndicate Members.

Material Documents / Documents for Inspection

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Copy of the Certificate of Incorporation of our Company dated February 1, 1983.
3. Fresh certificate of incorporation consequent on conversion of company from Private Limited to Public Limited dated June 13, 2007
4. Copy of the Shareholders' resolution dated September 17, 2010 in relation to this Issue and other related matters.
5. Resolution of the Board of Directors dated July 30, 2010 in relation to this Issue and other related matters.
6. Present terms of employment between the Company and the Directors (Mr. S.P.Jain and Mr. Satyen Jain) as approved by the Board and the shareholders of the Company as per their agreements each dated September 18, 2007
7. Consents of BRLMs, Registrar to the Issue, Bankers to the Company, Escrow Bankers and Bankers to the Issue, Legal Advisor to the Issue, IPO Grading Agency, Syndicate Member Auditors to our Company, Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
8. Copy of the Auditors Report dated September 27, 2010 issued by Statutory Auditors of the Company, M/s. J.G. Verma & Co., Chartered Accountants, regarding Standalone financial statements of the Company, as restated for the last five financial years (FY2006 – FY2010) and Consolidated financial statement of the Company, as restated, for the last 3 financial years (FY2008 – FY2010)
9. Copy of the Tax Benefit Certificate dated September 27, 2010 issued by the Statutory Auditors M/s. J.G. Verma & Co., Chartered Accountants.
10. Annual Reports of the Company for the last 5 financial years (FY2006 – FY2010)
11. Shareholders Agreement dated September 7, 2007 executed with Kotak India Real Estate Fund – as amended by the Amendment Agreement dated September 27, 2010.
12. Memorandum of Understanding dated December 15, 2007 executed with Primary Real Estate Advisors Private Limited and Primary Real Estate Investments.
13. Scheme of Amalgamation sanctioned by the Bombay High Court and High Court of Judicature of Gujarat in respect of merger of Shubhlaxmi (Bodakdev) Properties Private Limited with our Company
14. Agreement dated July 26, 1995, between the Government of Maharashtra through SICOM and Jagsons Hotels Private Limited for the Grant of Incentive for setting up hotel in Nagpur.

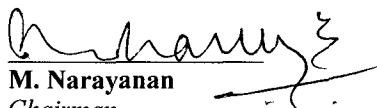
15. Development Agreement dated February 24, 2010 executed by the Company and DIAL; and the Infrastructure Development and Services Agreement dated February 24, 2010 executed by the Company and DIAL.
16. Copy of the Tripartite Agreement dated December 31, 2007 between NSDL, our Company and Karvy Computershare Private Limited.
17. Copy of the Tripartite Agreement dated December 10, 2007 between CDSL, our Company and Karvy Computershare Private Limited.
18. In-principle listing approvals dated [●] and [●] from NSE and BSE respectively.
19. Due diligence certificate dated September 30, 2010 to SEBI from the BRLMs.
20. SEBI observation letter no [●] dated [●] and our in-seriatim reply to the same dated [●].
21. A Report of the IPO Grading Agency [●] furnishing the rationale for it's grading, disclosed in the Red Herring Prospectus.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

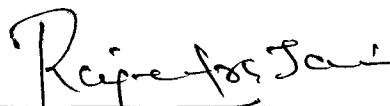
DECLARATION

We, the Directors of our Company, hereby declare that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the regulations issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made thereunder or regulations issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS



M. Narayanan
Chairman,
Independent Director


Sureshchand Premchand Jain
Managing Director

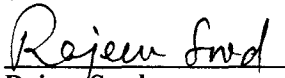

Rajendra L. Jain
Independent Director


Srinivasan Subramanian
Non-Executive & Non-Independent Director


Arun K. Nayar
Executive Director


Satyen Jain
Whole time Director & Chief Executive Officer

SIGNED BY OUR VICE PRESIDENT (FINANCE)


Rajeev Sood
Vice President, Finance

Place: **MUMBAI**

Date: **30.09.10**