



SABARI INN LIMITED

[Incorporated as a Private Limited Company on April 01, 1999 under the Companies Act, 1956 as Sabari Inn Private Limited vide Certificate of Incorporation issued by the Registrar of Companies, Chennai, Tamil Nadu. The name of the Company was changed to Sabari Inn Limited upon conversion into Public Limited Company and Company received a fresh Certificate of Incorporation from Registrar of Companies, Chennai; Tamil Nadu on July 20, 2010]

Registered Office: No.29, Thirumalai Pillai Road, T.Nagar, Chennai – 600 017

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Contact Person: K.R.Ramakrishnan, Chief Law Officer and Company Secretary & Compliance Officer

[For details regarding change in registered office of the Company please refer to section titled "History & Corporate Structure of the Company" on page. 89 of this Draft Red Herring Prospectus]

PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE ₹ 10/- EACH ("EQUITY SHARES") OF SABARI INN LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE), CONSISTING OF A FRESH ISSUE OF [●] EQUITY SHARES AGGREGATING TO ₹ 12500.00 LACS AND AN OFFER FOR SALE OF [●] EQUITY SHARES AGGREGATING TO ₹ 4500.00 LACS BY "ICICI PRUDENTIAL ASSET MANAGEMENT COMPANY LIMITED; PORTFOLIO MANAGERS ON BEHALF OF ITS CLIENTS MORE PARTICULARLY DESCRIBED AS INDIA OPPORTUNITIES PORTFOLIO – ICICI PRUDENTIAL PMS INDIA REAL ESTATE SECURITIES SERIES-I" AND "INDIA OPPORTUNITY REAL ESTATE FUND", ("THE SELLING SHAREHOLDERS"), TOTAL AGGREGATING TO ₹ 17000.00 LACS ("THE ISSUE"). UPTO [●] EQUITY SHARES AGGREGATING TO ₹ 100.00 LACS WILL BE RESERVED IN THE ISSUE FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES ("THE EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET ISSUE". THE ISSUE WOULD CONSTITUTE [●]% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY. THE NET ISSUE TO PUBLIC WOULD CONSTITUTE [●]% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

The Company is considering a Pre-IPO placement of up to 50,00,000 equity shares of ₹ 10/- each aggregating up to ₹ 2000.00 lacs with certain investors, prior to the completion of the issue. In such a case the issue size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum issue size of 25% of the post issue capital being offered to the public

PRICE BAND: ₹ [●] TO ₹ [●] PER EQUITY SHARE OF FACE VALUE ₹ 10/- EACH

THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

THE PROMOTERS OF THE COMPANY: MR. K.R.V. RAMANI, MRS. ARUNA RAMANI AND RAMANI (HUF)

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three (3) additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding ten (10) days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate Member(s). The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers, out of which 5% of the 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 eligible Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, not less than 15% of the Net Issue shall be made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be made available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO 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 Equity Shares is ₹ 10/- per equity share and the Issue Price is [●] times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares offered 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 of the Company nor 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 issued in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the statements in the section titled "Risk Factors" beginning on page no. 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 this Issue, which is material in the context of this 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 make 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.

IPO GRADING

The issue has been graded by [●] and has been assigned the [●] indicating [●] vide their letter dated [●]. For further details and rationale of grading please refer page no. [●].

LISTING

The Equity Shares of the Company are proposed to be listed on Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Company has received the in-principle approvals from these Stock Exchanges for the listing of the Equity Shares pursuant to their letters dated [●] and [●] respectively. For the purpose of this Issue, BSE is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER TO THE ISSUE

KEYNOTE CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LTD.

4th Floor, Balmer Lawrie Building, 5, J.N. Heredia Marg,
Ballard Estate, Mumbai – 400 001.

Tel: +91-22- 30266000-3; **Fax:** +91-22- 22694323

Website : www.keynoteindia.net; **E-mail:** mbd@keynoteindia.net

SEBI Registration No.: INM 000003606

AMBI No.: AMBI/ 040

Contact Person: Mr. Girish Sharma / Mr. Raunak Gokhale

REGISTRAR TO THE ISSUE



INTEGRATED ENTERPRISES (INDIA) LIMITED

2nd Floor, Kences Towers, 1, Ramakrishna Street,
North Usman Roar, T.Nagar, Chennai - 600 017

Tel No: +91-44-28140801 / 02 / 03; **Fax:** +91-44-28142479 / 28143378

Website: www.ieindia.com; **E-mail:** iposabari@ieindia.com

SEBI Registration No.: INR 000000544

Contact Person: Mr. Sriram S / Mr. Suresh Babu K

ISSUE SCHEDULE

BID/ ISSUE OPENS ON*

[●]

BID/ ISSUE CLOSES ON**

[●]

* Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date

** Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue Period being for a minimum of three Working Days.

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DEFINITIONS AND ABBREVIATIONS

TERM	DESCRIPTION
"SIL", "the Company", "We", "us" and "our Company"	Unless the context otherwise requires, refers to Sabari Inn Limited, a Public Limited Company incorporated under the Companies Act, 1956.

COMPANY RELATED TERMS

TERM	DESCRIPTION
Articles/ Articles of Association	The Articles of Association of the Company.
Auditors	The Statutory Auditor of the Company, being Essveeyar, Chartered Accountants.
Board/ Board of Directors	The Board of Directors of the Company or a Committee constituted thereof.
Director(s)	Director(s) of Sabari Inn Limited, unless otherwise specified.
Memorandum of Association	The Memorandum of Association of the Company.
Promoters	Mr. K.R.V. Ramani, Mrs. Aruna Ramani and Ramani (HUF)
Registered Office of the Company	No.29, Thirumalai Pillai Road, T.Nagar, Chennai - 600017

ISSUE RELATED TERMS AND ABBREVIATIONS

TERM	DESCRIPTION
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, the issue and allotment of Equity Shares pursuant to this Issue, and the transfer of Equity Shares pursuant to the Offer for Sale
Allottee	A successful bidder to whom the Equity Shares are allotted.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor category, with a minimum Bid of ₹ 1,000.00 lacs
Anchor Investor Bid/Issue Period	The date one day prior to the Bid/Issue Opening Date on which Bidding by Anchor Investors shall open and shall be completed
Anchor Investor Portion	Up to 30% of the QIB Portion, being up to [●] Equity Shares, which may be allocated by The Company in consultation with the Selling Shareholders and the BRLMs to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion, being up to [●] Equity Shares, 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
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and 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 The Company in consultation with the Selling Shareholders and the BRLMs
ASBA/ Application Supported by Blocked Amount	An application for subscribing to an issue, containing an authorisation to block the application money in a bank account.

TERM	DESCRIPTION
ASBA Investor	Prospective Investors in this Issue who intend to Bid/apply through ASBA
ASBA Form	Bid cum Application form for Investors intending to subscribe through ASBA
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares 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 and payable by the Bidder on submission of the Bid for this Issue.
Bid cum Application Form	The form in terms of which the Bidder shall make an indication to make an offer to subscribe to the Equity Shares and which will be considered as the application for the issue of the Equity Shares pursuant to the terms of this Draft Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus and the Bid-cum-Application Form.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Regional newspaper with wide circulation.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Regional newspaper with wide circulation.
Book Building Process/ Method	Book building mechanism as provided under Schedule XI of the SEBI Regulations, in terms of which this Issue is made.
BRLM/ Book Running Lead Manager	Book Running Lead Manager to this Issue, in this case being Keynote Corporate Services Limited.('Keynote')
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Cut-off Price	The Issue Price finalized by the Company in consultation with the BRLM and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account(s) to the Public Issue Account, which in no event shall be earlier than the date on which the Offer Document is filed with the Registrar of Companies, Gujarat, following which the Board of Directors shall allot Equity Shares and the Selling Shareholders shall give delivery instructions for transfer of Equity Shares constituting Offer for Sale to successful Bidders..
Designated Stock Exchange	In this case being the Bombay Stock Exchange Limited.

TERM	DESCRIPTION
DRHP/ Draft Red Herring Prospectus	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are issued and the size (in terms of value) of the Issue.
Equity Shares	Equity Shares of the Company of face value of ₹ 10/- each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into amongst the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and where applicable, refunds, if any, of the amounts collected, to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being [•].
Employee Reservation Portion	The Portion of the Issue being [•] Equity Shares aggregating to ₹ 100.00 Lacs available for allocation to eligible employees.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients	ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients more particularly described as 'INDIA OPPORTUNITIES PORTFOLIO - ICICI PRUDENTIAL PMS INDIA REAL ESTATE SECURITIES SERIES-I is a Selling Shareholder. The fund operates through its Investment Manager ICICI Prudential Asset Management Company Ltd having its registered office at 12 th floor, Narain Manzil, 23, Barakhamba Road, New Delhi 110 001. Portfolio Manager is authorized to provide Portfolio Management Services vide authorization no. INP000000373
India Opportunity Real Estate Fund	India Opportunity Real Estate Fund (Mauritius) is a Selling Shareholder. The Administrator for the Fund is Deutsche International Trust Corporation (Mauritius) Limited having its registered office at suite 450, 4th floor, Barkly Wharf, Le Caudan, Waterfront, Port Louis, Mauritius. The Administrator acts through Investment Managers Prudential Asset Manager (Singapore) Limited having its registered Office at 30 Cecil Street, #20-01 Prudential Tower, Singapore 049712.
Indian National	As used in the context of a citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	Public issue of [•] equity shares of face value ₹ 10/- each ("equity shares") of Sabari Inn Limited (the "company" or the "issuer") for cash at a price of ₹ [•] per equity share (including share premium of ₹ [•] per equity share), consisting of a fresh issue of [•] equity shares aggregating to ₹ 12500.00 lacs and an offer for sale of [•] equity shares aggregating to ₹ 4500.00 lacs by ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients more particularly described as 'INDIA OPPORTUNITIES PORTFOLIO - ICICI PRUDENTIAL PMS INDIA REAL ESTATE SECURITIES SERIES-I and India Opportunity Real Estate Fund, Mauritius ("the Selling Shareholders"), aggregating to ₹ 17000.00 lacs ("the Issue"). : Collectively the Fresh Issue and the Offer for Sale

TERM	DESCRIPTION
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by the Company in consultation with the BRLM, on the Pricing Date.
Net Issue	The Issue less the Employee Reservation Portion.
Mutual Funds	Means Mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders who have Bid for Equity Shares for an amount more than ₹ 200,000/- (but not including NRI's other than Eligible NRI's).
Non Institutional Portion	Consists of [●] Equity Shares of ₹ 10/- each aggregating to ₹ 2535.00 lacs, being not less than 15% of the Net Issue, available for allocation to Non Institutional Bidder(s).
Non-Resident Indian or NRI	A person resident outside India, as defined under the FEMA and the FEMA (Transfer or Issue of Security by a person Resident Outside India) Regulations, 2000, as amended from time to time.
Offer Document	Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus
Offer for Sale	Public offer of [●] Equity Shares through an offer for sale aggregating to ₹ 4500.00 Lacs by the Selling Shareholder for cash at a price of Rs [●] per Equity Share, consisting of the Net Issue and the Employee Reservation Portion.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in-Period	Means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of ₹ [●]/- and the maximum price ("Cap Price") of ₹ [●]/- and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Tamil Nadu, Chennai, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	A mutual fund, venture capital fund and foreign venture capital investor registered with the Board; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a

TERM	DESCRIPTION
	pension fund with minimum corpus of twenty five crore rupees; National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.
QIB Portion	Consists of [●] Equity Shares of ₹ 10/- each aggregating to ₹ 8450.00 lacs, being upto 50% of the Net Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
RHP/ Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this 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 after filing with the RoC after determination of the Issue Price.
Registrar/ Registrar to this Issue	Integrated Enterprises (India) Limited
Retail Individual Bidders	Individual Bidders (including HUF's) who have Bid for an amount less than or equal to ₹ 200,000 in any of the bidding options in this Issue.
Retail Portion	Consists of [●] Equity Shares of ₹ 10/- each aggregating to ₹ 5915.00 lacs, being not less than 35% of the Net Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Selling Shareholder	ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients and India Opportunity Real Estate Fund, Mauritius
Stock Exchanges	The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
Syndicate	The BRLM and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	[●]
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Member to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The Agreement amongst the Underwriters and the Company to be entered into on or after the Pricing Date.

GENERAL / CONVENTIONAL TERMS:

TERM	DESCRIPTION
Companies Act	The Companies Act, 1956, as amended from time to time.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
Indian GAAP	Generally Accepted Accounting Principles in India.
Insurance Act	Insurance Act, 1938, as amended from time to time.

TERM	DESCRIPTION
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
Non Resident	A person who is not resident in India except NRI's and FIIs.
RBI	Reserve Bank of India constituted under the RBI Act.
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AMBI	Association of Merchant Bankers of India
ASBA	Application Supported By Blocked Amount
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
AY	Assessment Year
BSE	Bombay Stock Exchange Limited.
BG/LC	Bank Guarantee/ Letter of Credit
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited.
CRISIL	Credit Rating and Information Services India limited
DP	Depository Participant
ECS	Electronic Clearing System
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued there under
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India
FIs	Financial Institutions
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/ Government	Government of India

ABBREVIATION	FULL FORM
HUF	Hindu Undivided Family
INR / ₹/ Rupees	Indian Rupees, the legal currency of the Republic of India
NAV	Net Asset Value
NRE Account	Non Resident External Account
NRI	Non Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
RoC/Registrar of Companies	The Registrar of Companies, Tamil Nadu, Chennai
RoNW	Return on Net Worth.
NCR	National Capital region

COMPANY & INDUSTRY RELATED TERMS

TERM	DESCRIPTION
ARR	Average Room Rental calculated by dividing the total room revenue by the number of rooms occupied.
F&B	Food and Beverage
FHRAI	Federation of Hotel and Restaurant Associations of India
HRACC	Hotel Restaurant Approval and Classification Committee
Occupancy	Total number of room days occupied divided by the total number of room days available
Project	The proposed project of the Company
MIS	Management Information System
T & T	Travel and Tourism
WTTC	World Travel & Tourism Corporation
Occupancy Rate	Total number of rooms occupied divided by the total number of rooms available.
Occupancy Level	The combined Saleable Area of the occupied units of a project as a percentage of the total Saleable Area of the project available for lease
RevPAR	Revenue per available Room
CAGR	Compounded Annual growth Rate

Notwithstanding the foregoing:

- a. In the section titled “Main Provisions of the Articles of Association of the Company” on page no. 239 of this Offer Document, defined terms have the meaning given to such terms in the Articles of Association of the Company.

CERTAIN CONVENTIONS AND USE OF MARKET DATA

In this Offer Document, any discrepancies in any table between the total and the sums of the amounts listed may be due to rounding-off.

Unless stated otherwise, the financial data in this Offer Document is derived from the financial statements of the Issuer prepared and restated in accordance with Indian GAAP, included in this Offer Document. Issuer's financial year commences on April 1 and ends on March 31 of the next calendar year. Accordingly, all references to a particular financial year are to the twelve-month period ended on March 31 of that year, unless otherwise specified.

Further, there are significant differences between Indian GAAP and US GAAP. Issuer has not attempted to explain those differences or quantify their impact on the financial data included herein, and the Issuer urges you to consult your own advisors regarding such differences and their impact on Sabari Inn Ltd. financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Offer Document 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 Offer Document should accordingly be limited.

In this Offer Document, unless the context otherwise requires, all references to the word "lacs" means "one hundred thousand" and the word "million" means "ten lacs" and the word "Crore" means "ten million". Throughout this Offer Document, all figures have been expressed in Rupees lacs, unless otherwise stated.

For additional definitions, please refer to the section titled 'Definitions and Abbreviations' starting from page no. i of this Offer Document. In the section titled 'Main Provisions of the Articles of Association of SIL beginning on page no. 239 of this Offer Document, defined terms have the meaning given to such terms in the Articles of Association of SIL.

The Industry data used in the document is as per the CRISIL Research Hotels Annual Review October 2010. CRISIL limited has used due care and caution in preparing this report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of this report may be published/reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on the views expressed in this report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.

CURRENCY OF PRESENTATION

In this Offer Document, references to "Rupees" or "₹" 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.

FORWARD-LOOKING STATEMENTS

This Offer Document contains certain “forward looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of Issuer are also forward-looking statements. These statements discuss future expectations; contain projections of result of operations or of financial conditions or state other “forward looking information”. When considering such forward statements, the investor should keep in mind the risk factors and other cautionary statements in the Offer Document.

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

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

- General economic and business conditions in the markets in which the Issuer operates and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the industry in which the Issuer operates;
- Increased competition in the respective industry;
- The nature of Issuer’s contracts with its customers which contain inherent risks and contain certain provisions which, if exercised, could result in lower future income and negatively affect its profitability;
- Unanticipated variations in the duration, size and scope of the projects;
- Changes in political and social conditions in India or in other countries that the Company may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;

For further discussion of factors that could cause SIL actual results to differ from Issuer’s expectations, see the sections titled “Risk Factors” beginning on page x, of this Draft Red Herring Prospectus. Neither the Issuer nor any of the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof. In accordance with SEBI requirements, the Issuer and the Book Running Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

PART I

SECTION I - RISK FACTORS

Any investment in the Issuer may not be suitable for all recipients of this Offer Document. Any potential investors are accordingly advised, before any investment, to consult independent financial advisers who specialize in advising on making investments in Indian securities and are conversant with rules and regulations governing investments in India.

Investors should carefully consider the risks described below and the other information in this Offer Document before investing. The Issuer's business and/or the Share Price could be adversely affected by any of these risks. In particular, any potential investor in, or purchaser of, Shares should pay particular attention to the fact that the Issuer is governed in India by a legal or regulatory environment which, in some respects, may differ from that which prevails in other countries. The trading price of the Shares could decrease due to any of these risks which may lead to losing all or part of the investment.

The risk factors noted in this section and other factors noted throughout the Offer Document, including certain risks and uncertainties, could cause actual results to differ materially from those contained in any forward looking statement.

The following risk factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Company and they are not set out in any order of priority. In particular, the Company's performance might be affected by changes in market and/or economic conditions and in legal, regulatory and tax requirements.

Additionally, there may be further risks of which the Board of Directors is not aware or believe them to be immaterial at present, which may, in the future, adversely affect the Company's business and the market price of the Ordinary Shares.

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

- Some events may not be material individually, but may be found material collectively.
- Some events may have material impact qualitatively instead of quantitatively.
- Some events may not be material at present but may have material impact in the future.

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Company's Equity Shares. If any of the following risks occur, the business of the Company, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment.

The risk factors are as envisaged by the management.

Unless specified or otherwise stated in the relevant risk factors set forth below, the Issuer is not in a position to quantify the financial or other implications of any risks mentioned in this section.

I. Internal Risks

The Company is involved in certain legal proceedings, incidental to its business and operations, which if determined against the Company, could have an adverse impact on the results of the operations and financial condition. The summary of such legal proceedings is as follows:

1. Litigations filed/ disputes/ cases pending/ Notices issued against the Company/ Promoters/ Directors/ Promoters Group/ Group Entities

Particulars	No. of cases	Financial implications where quantifiable (₹ in lacs)
Against our Company		
Notice relating to Unapproved Civil Construction	1	Not Ascertainable
Against our Director		
Mr. R. Thiagarajan		
Criminal matters	2	31.03
Mr. P. Vaidyanathan		
Criminal matters	1	5.06

2. Contingent liabilities not provided for, which if materializes may have an adverse effect on the financial condition and future financial performance of the Company.

The contingent liabilities not provided for as on 30/06/2010 are as follows:

Particulars	Amount (₹ in lacs)
Bank Guarantee in respect of export obligations for capital goods imported under Export Promotion Capital Goods (EPCG) Scheme	207.13
Total	207.13

3. The Company has for its T Nagar hotel made an application to Chennai Metropolitan Development Authority (CMDA) for regularization of construction of three additional floors. In the event of the said unapproved development being not approved by the appropriate authorities the Company may face the risk of punitive action.

The Company had permission for construction of a hotel at T. Nagar, Chennai with basement plus ground floor plus three floors vide permission no. 000582 dated 8/5/2001 from Chennai Metropolitan Development Authority (CMDA). The Company had vide application dated 29/11/2001 applied for construction of three additional floors for regularization and also paid the requisite fee for the same. Subsequently, the Company received a notice from CMDA dated 20/12/2001 calling for approved plan. The Company replied vide letter dated 20/12/2001 explaining that the Company has already made an application for construction of additional three floors for regularization. The Government of Tamil Nadu vide ordinance dated 27/7/2007 issued an ordinance suspending all punitive action for a period of one year in respect of any notice issued by

any local authority or any other authority empowered under relevant law with regard to any unapproved development completed prior to the date of the ordinance. This ordinance was followed thereafter by subsequent ordinances/act, which is enforceable as on date. In the event of any such unapproved developments being not approved by the appropriate authorities then the Company may face the risk of punitive action.

4. **The company proposes to utilize net issue proceeds to the extent of ₹ 7251.00 lacs towards capital expenditure to be incurred for new hotel being constructed at Bangalore. The hotel may not generate the desired revenues and expected benefits in the estimated time frame.**

The company has proposed to utilize an amount of ₹ 7251.00 Lacs constituting around 58.00% of the net issue proceeds towards the deployment of capital expenditure for building the hotel at Bangalore, near Airport. Presently, the Company has purchased the land for Bangalore hotel and commenced the construction activity after taking requisite approvals from the statutory authorities. An amount of ₹ 2283.28 lacs already been incurred towards the project. The capital expenditure plans are subject to the number of factors like timely execution of project, receipt of statutory approvals, natural calamities, economic stability, political developments, management perception and other factors that directly affect the long term functioning of the business. In the event of these occurrences, the company may run into cost overruns, delayed commencement of the proposed project and may not be able to achieve the desired revenues and benefits as foreseen by the Company.

5. **The Company intends to utilize an amount of ₹ 4700.00 Lacs constituting around 37.60 % of the net issue proceeds for long term lease for unidentified hotels. In the event the Company is unable to identify and utilise the proceeds for appropriate purposes, the business, results of operations and profitability could be adversely affected.**

The Company proposes to spread the Hotel network in Tier II business cities by entering into the long term lease agreement with the owners of the hotel properties. We believe that the Tier II cities are potential places for the business travelers and executives that will help the Company to increase the operating income and profitability apart from giving a visibility to the Company. The Company proposes to deploy ₹ 4700.00 Lacs from the net issue proceeds towards security deposit, advance rental payment, renovation and refurbishment expenses, working capital, etc.

The Company is subject to different risks associated with leased or licensed properties as compared to properties that it owns. For example, since the lease or license arrangements are subject to renewal from time to time on mutually agreeable terms, there may be an increase in license fees and lease rentals when they are renewed. The Company may not be able to renew such arrangements on terms that are favorable to them. Further, the lessor or licensor may decide to use the property for other purposes or otherwise terminate or not renew the arrangement. For details on leasehold properties please refer the section "Properties" beginning on page no. 79 of this DRHP.

6. **The existing revenue is dependent to an extent on the brand name "Quality Inn "and "Quality Hotel" for which the Company has entered into Franchisee Agreements with Choice Hospitality (India) Private Ltd. For its upcoming Hotel at Coimbatore, the Company has entered into a management agreement with Carlson Hotel Asia Pacific Pty Limited (Carlson). These franchise/management agreements are subject to risk of disputes, obligations, non renewal, termination etc.**

The Company with a view to grow and to capitalise on the Brand Value of Choice Hotels International, Inc has entered into franchisee agreements with Choice Hospitality (India) Private Ltd (the master franchisee of Choice Hotels International Inc) for its hotels at T-Nagar, Chennai and OMR Road, Chennai and Kodaikanal. These arrangements have helped the company to increase the footfall of guests at the ventured locations and have also helped in strengthening the brand visibility.

Under the franchise agreements, the Company has a continuing obligation to ensure that the hotels comply with the "Quality Inn" and "Quality Hotel" brand standards and must promptly provide any necessary funds for capital expenditures and upgrading to ensure that such broad standards are maintained. This may require the Company to make capital expenditures from time to time. Further, should there be a dispute regarding the compliance with the brand standards, or should these licenses are terminated or not renewed, the Company will not be able to continue operating under the "Quality Inn" and "Quality Hotel" brand. For its Hotel at Coimbatore, the Company has entered into a management agreement with Carlson.

In the event these contracts are not be renewed or terminated prior to expiration it would have an adverse impact on the brand image and financials of the Company.

7. The utilization of the net issue proceeds shall be entirely at the discretion of the Company and no independent monitoring agency has been appointed.

The fund requirement is based on Company's estimates. There is no guarantee that these will prove to be accurate and any significant deviation in the estimates could have an adverse impact on the operations of the Company. The deployment of issue proceeds towards the objects as mentioned on page no. 43 is entirely at the sole discretion of the Company and no independent agency has been appointed for monitoring the deployment.

8. The Company has entered into share subscription agreement with two investors that require the Company to obtain prior permission from them for certain acts which may limit Company's discretion in these matters.

The Company entered into a share subscription agreement with ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients and India Opportunity Real Estate Fund, Mauritius in the year 2007 to primarily benefit from the investment and also to widen the scope of operations of the Company. There are restrictive covenants in the agreement that limit the discretion of the Company. For further details on this agreement please refer "share subscription agreement" on page no. 90

9. If the Company is unable to obtain required approvals and licenses in a timely manner, the business and operations may be adversely affected.

The business model of the Company is largely dependent on the licenses and approvals of statutory and other regulatory authorities. The Company may from time to time, require certain approvals, licenses, registrations and permissions for undertaking the business. If the Company fails to obtain any of the approvals or licenses or renewals thereof, in a timely manner, or at all, the business could be adversely affected. For further details please see section titled "Government/ Statutory and Business Approvals" beginning on page no. 165 of this Draft Red Herring Prospectus. Licenses & Approvals which have been applied for but for which approval has not yet been received are as follows:

Sr. No.	Name of the License/Approval/Certificate	Expired on	Granting Authority	Status
Quality Inn Sabari T-Nagar Chennai				
1.	Renewal of license for the public performance of musical works under section 30 of the Copyright Act, 1957	30.11.2010	Licensing Dept., The Indian Performing Right Society Limited	Applied for renewal and renewal fees paid
2.	License to operate the lift bearing sr no. 8361 of Johnson Make under Rule 4 (2) and 5 (2) of Tamil Nadu Lift Rules 1997	9.11.2010	Electrical Inspector Chennai Division, Guindy, Chennai	Electrical Inspection done. Certificate awaited
3.	License to operate the lift bearing sr no. 8362 of Johnson Make under Rule 4 (2) and 5 (2) of Tamil Nadu Lift Rules 1997	9.11.2010	Electrical Inspector Chennai Division Guindy, Chennai	Electrical Inspection done. Certificate awaited
4.	License to operate the lift bearing sr no. 8363 of Johnson Make under Rule 4 (2) and 5 (2) of Tamil Nadu Lift Rules 1997	9.11.2010	Electrical Inspector Chennai Division Guindy, Chennai	Electrical Inspection done. Certificate awaited
5.	Public Performance License for all Sound Recordings controlled by Phonographic Performance Ltd.	31.01.2011	Phonographic Performance Ltd.	Applied for renewal
6.	Certificate of Registration for a Catering Establishment for employing not more than 150 persons	31.12.2010	Assistant Inspector of Labour, 19 th Circle, Chennai	Applied for renewal
Quality Sabari Classic OMR				
1.	License to operate lift bearing Sr. No. 52903-0-A of Mistubishi Make under Rule 4(2) and 5(2) of Tamil Nadu Lift Rules 1997	09.08.2010	Electric Inspector Kanchipuram South Division Chennai	Electrical Inspection done. Certificate awaited
2.	License to operate Sr. No. 52904-0-A of Mistubishi Make under Rule 4(2) and 5(2) of Tamil Nadu Lift Rules 1997	09.08.2010	Electric Inspector Kanchipuram South Division Chennai	Electrical Inspection done. Certificate awaited
3.	License to operate Sr. No. 52905-0-A of Mistubishi Make under Rule 4(2) and 5(2) of Tamil Nadu Lift Rules 1997	09.08.2010	Electric Inspector Kanchipuram South Division Chennai	Electrical Inspection done. Certificate awaited
4.	License to operate Sr. No. 52906-0-A of Mistubishi Make under Rule 4(2)	09.08.2010	Electric Inspector Kanchipuram	Electrical Inspection

	and 5(2) of Tamil Nadu Lift Rules 1997		South Division Chennai	done. Certificate awaited
5.	Consent under section 21 of Air (Prevention and Control of Pollution) Act, 1974, subject to general and conditions specified in the Consent Order	31.03.2010	District environmental Engineer Tamin Nadu Pollution Control Board Kancheepuram District	Inspection completed. Certificate awaited
6.	Consent under section 21 of Water (Prevention and Control of Pollution) Act, 1974, subject to general and conditions specified in the Consent Order	31.03.2010	District environmental Engineer Tamin Nadu Pollution Control Board Kancheepuram District	Inspection completed. Certificate awaited
7.	License under section 30 of the Copyright Act, 1957 authorising to perform all musical & literary works controlled by The Indian Performing Right Society Ltd.	31.10.2010	The Indian Performing Right Society Ltd.	Renewal fees paid. Certificate awaited
8.	Consent under section 21 of Air (Prevention and Control of Pollution) Act, 1981, subject to general and conditions specified in the Consent Order.	31.3.2010*	District Environmental Engineer Tamil Nadu Pollution Control Board Kancheepuram District Maraimalai Nagar	Inspection completed. Certificate awaited
9.	Certificate of verification of weights, measures etc. under the standards of weights and Measures (Enforcement) Act, 1985 - for Peg measures	26.10.2010	Asst. controller/Inspector of Legal Metrology	Applied for and waiting for inspection
Quality Inn Sabari Resorts Kodaikanal				
1.	Renewal of registration under section IX A of Tamil Nadu Tax on Luxury Hotel and Lodging Houses act, 1981	13.05.2010	Commercial Tax Officer (FAC) Kodaikanal	Renewal Fees paid
2.	Sanitary Certificate	Certificate dated 20.07.2009	Municipal Health Officer Kodaikanal Municipality	Application made for renewal
3.	Registration Certificate issued under Section 101 of Tamil Nadu Public Health Act, 1939	NA	Commercial Tax Officer, Kodaikanal	Application made for renewal

5.	FL.3 License under Tamil Nadu Liquor License and permit Rules, 1981	NA	Commissioner P&E, Chennai	Inspection done. Certificate awaited
Sabari Nest Coimbatore				
1.	Consent Order under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for operation of Industrial plant in the Air Pollution area and to make new discharge of emission from the stacks	31.03.2010	District Environmental Engineer TNPC Board Chennai 600 106	Inspection done. Certificate awaited
2.	Consent Order under section 21 of the Water (Prevention and Control of Pollution) Act, 1974 for discharge of sewage and trade effluent	31.03.2010	District Environmental Engineer TNPC Board Coimbatore	Inspection done. Certificate awaited
3.	Registration under Section 9A of the Tamil Nadu Tax on luxuries in the Hotel and Lodging Houses, act 1981	01.02.2010	Assistant Commissioner(CT)	Applied for renewal
5.	Registration Certificate issued under Section 101 of Tamil Nadu Public Health Act, 1939.		Assistant Health Officer, Zone VI, Corporation of Chennai	Application for renewal made

- 10. The company is dependent on Key Managerial Personnel (KMP) for its success and the absence of continued association of any of KMP could impair the ability to continue to manage and expand business efficiently.**

The success of the Company largely depends on the continued services and performance of the KMPs who have been associated with the Company for past several years. These KMPs have been the driving force behind the success of the business and brand till date. Their acumen, efforts and dedication have contributed mainly to the growth of Company. The Company believes that the absence of continued association of any of KMP could impair the ability to continue to manage and expand business efficiently

- 11. Unsecured loans taken by the Company can be recalled by the lenders at any time, which may affect the business and financial condition.**

As on June 30, 2010 the Company has outstanding unsecured loans to the extent of ₹ 508.71 lacs which has been taken in a normal course of business. Such unsecured loans may be recalled by the lenders at any time which may have an impact on the business of the Company.

- 12. One of the group companies has made loss in past three financial years. Any prolonged losses by Group Company could result in reduction of reputation of the Company.**

One of the Group Company which has made loss in for the financial period ended 30 September, 2009 (The First Financial Year) is tabulated below:

<i>Sr. No</i>	<i>Name of the Company</i>	<i>For the period ended on 30/09/2009 (₹ in lacs)</i>
1.	Sabari Nest Inn Private Limited	(250.34)

13. The inability to manage the growth strategy could disrupt the business and reduce the profitability.

The Company has experienced substantial growth in recent years and expects the business to continue to grow significantly. Although the Company plans to continue to expand the scale of operations through organic growth it may not grow at a rate comparable to the growth rate in the past, either in terms of income or profit. The Company expects the future growth to place significant demands on the management and operations, and require us to continuously evolve and improve the financial, operation and other internal controls across the organization. In particular, continued expansion increases the risks discussed in this section as well as other risks. However, new business initiatives may not be successful. This could hamper the growth prospects.

14. Increased competition in the hotel sector may adversely affect the operation of the hotels.

The Company competes for guests with other hotels in a highly competitive industry. The success of Company largely depends on the ability to compete in areas such as room rates, quality of accommodation, service levels, and brand recognition among others. The Company faces competition from existing hotel players and will also have to compete with any new hotel properties coming up in the city. 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 the Company operates. Such developments would affect the ability to compete with them and have a negative impact on the profitability of the Company.

15. The results of operations of the Company could be adversely affected by strikes, work stoppages or increased wage demands by the employees or any other kind of disputes with the employees.

The Company may experience disruptions to the operations due to disputes or other problems with the work force, which may adversely affect the business and results of operations of the Company. The Company may not be able to negotiate acceptable collective bargaining agreements with those who have chosen to be represented by unions, which could lead to union-initiated work stoppages, including strikes, which could adversely affect the business and results of operations. They may enter into contracts with independent contractors to complete specified assignments and these contractors are required to source the labour necessary to complete such assignments. Although the Company does not proposes to engage those labourers directly, it is possible under Indian law that the Company may be held responsible for wage payments to labourers engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments may adversely affect the business, financial condition and results of operations.

16. The Company has experienced negative cash flows from its operating activities.

The company has reported negative cash flows from its operating activities for the financial year FY 2007-08 to the tune of ₹ 668.71 Lacs. Any negative cash flows in future could affect the result of operations and financial conditions.

17. There are restrictive covenants in the agreements with Banks / Institutions from whom we have borrowed, which among other things require the company to obtain prior permission from them for certain acts which may limit company's discretion in these matters.

There are restrictive covenants in the agreements with banks / institutions from whom we have borrowed, which among other things require company to obtain prior permission from them for change in Management, declaring dividend and undertaking new project etc. which may limit company's discretion in these matters. Brief details of the restrictive covenants are as follows:

- (a) Borrower not to induct any person who is a Director on the Board of a Company which is/has been identified as a willful defaulter and in case is found to be on the Board of the Borrower, Borrower to take expeditious and effective steps for removal of such persons from the Board.
- (b) Company not to create, without the consent of the Bank any charge on its assets and revenues of the Company, including credit card receipts during the currency of the loan.
- (c) Company not to effect any major changes in the management of the Company without prior permission of the Bank.
- (d) During the subsistence of the liability of the Borrower to the Bank in respect of the credit facility, Borrower shall not, without the Bank's prior approval in writing:
 - (i) effect any change in its capital structure
 - (ii) formulate any scheme of amalgamation or reconstruction
 - (iii) undertake any new project, implement a new scheme of expansion or acquire fixed assets except those indicated in the funds flow statement submitted to the Bank from time to time and approved by the Bank.
 - (iv) invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies), normal trade credit or security deposits in the normal course of business or advances to employees being excepted.
 - (v) enter into borrowing arrangement either secured or unsecured with any other Bank, financial institution, company or otherwise or accept deposits apart from the arrangements indicated in the funds flow statements submitted to the Bank from time to time and approved by the Bank.
 - (vi) undertake any guarantee obligation on behalf of any other company (including group companies)
 - (vii) declare dividends for any year except out of profits relating to that year after making necessary provisions PROVIDED that no default has occurred in any term loan repayment obligations.
 - (viii) create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons.
 - (ix) sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank.
 - (x) enter into any contractual obligation of any long term nature or affecting the company financially to a significant extent.
 - (xi) change the practice with regard to remuneration of directors or commission, scale of sitting fee etc.
 - (xii) Permit any transfer of controlling interest or make any drastic change in the management set up.
 - (xiii) Repay monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans/advances. Rate of interest payable on such deposits/loans/advances to be lower than the rate of interest charged by the bank,

II. External Risks

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

The hotel sector may be unfavorably 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, 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 down-turn in the hotel industry. Such adverse developments in the hotel industry in India or in the cities where the hotels are located could have a negative impact on the profitability. Any slowdown in the Indian economy or future volatility in global commodity prices could adversely affect the business.

2. Disruptions or lack of basic infrastructure such as electricity, water supply and transport could affect the operations

The industry in which the Company operates is a service industry. Any disruption in basic infrastructure such as supply of electricity, water and transportation could affect the operations, the services to the guests and increase the operating costs, and as a result, could have an effect on the business and results of operations of the Company.

3. The hotel industry is subject to significant regulations.

The Company subject to numerous laws and regulations in all of the jurisdictions in which it operates including those relating to the preparation and sale of food and beverages, safety norms, health, excise and entertainment licensing laws. The 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. Any case of non-compliance with applicable laws can result into loss of operation and thus affecting the profitability.

4. Changes in the policies of Government of India and the political situation in India may affect the Operations of the company.

A significant change in India's economic liberalization and deregulation policies could affect business and economic conditions in India. Taxes and levies affect the cost and prices of the company's business. Any change in the policies, regulations and other levies regulated or imposed by either Central or State Government of India may have an adverse impact on the company's business.

5. Acts of violence or war, in India or other neighboring countries, could adversely affect Indian and Worldwide economic markets, result in a loss of business confidence, and adversely affect the business and profitability.

Acts of violence or war, including an increase in the terrorist activities in India or other neighboring 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 the business and profitability through reduction in business activity and business travel. Increased volatility in economic markets can have an adverse impact on the economies of India and other countries. The threat of additional terrorist attacks and other acts of violence or war also have a direct impact on

international travel and may have an adverse impact on the ability of Company to attract international guests.

6. The operations of the Company could be affected by natural calamities at or in the vicinity of the properties.

The operations of the Company are dependent on the ability to protect the properties from any natural calamity such as fire, earthquakes, and floods, natural and similar events. The occurrence of a natural disaster or other unanticipated problems at the hotels can cause interruptions in the operations of the Company. Any damage or failure that causes interruptions in the operations could have a negative impact on the profitability and financial condition. The results of the operations of the Company have been and will continue to be significantly affected by other factors outside the Company's control, such as political unrest etc, all of which may affect the level of travel and business activity.

7. The Company's business is exposed to the effects of exchange rate fluctuations.

The Company's assets, earnings and cash flows are influenced by fluctuations in exchange rates of other currencies against the rupee, and more particularly by movements in the US dollar. Any such fluctuations in exchange rates may affect company's operations and financial conditions.

8. Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact the business of the Company.

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact the Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on the Company's financial results and business prospects, ability to obtain financing for capital expenditures and the price of the Equity Shares.

9. After this Issue, the price of the Company's Equity Shares may be highly volatile, or an active trading market for the Equity Shares may not develop.

The prices of the Company's 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;
- The Company's profitability and performance;
- Perceptions about the future performance or the performance of Indian hospitality companies in general;
- Performance of the 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;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.

There can be no assurance that an active trading market for the Company's Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares of the Company

are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

Prominent Notes

1. Investors may contact the BRLM for any complaints/ information/ clarification pertaining to this Issue. For contact details of the BRLM, please refer to the cover page of this Offer Document.
2. Public Issue of [●] Equity Shares of ₹ 10/- each , comprising of fresh issue of [●] equity shares aggregating to ₹ 12500.00 lacs and an offer for sale of [●] equity shares by the selling shareholder for cash at a price of ₹ [●] per equity share aggregating to ₹ 4500.00Lacs
3. The Net worth as per re-stated audited financials of the Company as on 30/06/2010 is ₹ 10706.70 lacs.
4. The Book Value per equity share of the Company as per its restated audited financial statement as at 30/06/2010 is ₹ 15.80/-
5. The average cost of acquisition of the equity Shares of the Company by each of the promoter is ₹ 10/- each.
6. Details of group companies having business interest or other interests in the company:

Name of the Group Company	Registered Office	Nature of Interest
Sabari Nest Inn Private Limited (SNPL)	# 29, Thirumalai Pillai Road, T. Nagar, Chennai- 600 017, Tamil Nadu, India	SNPL owns the three hotel properties at Coimbatore, Chennai and Bangalore that have been leased out to the company on long term basis.
Sabari Supermarket Private Limited (SSPL)	# 29, Thirumalai Pillai Road, T. Nagar, Chennai- 600 017, Tamil Nadu, India	• SSPL is a lessor of convention centre used by Sabari Inn Limited (SIL) • SSPL acts as a vendor to SIL for purchase of provisions & groceries for the hotels operated by SIL.

7. Details on Related Party Transactions, are as follows:

₹ (In Lakhs)

LIST OF RELATED PARTY DISCLOSURES					
Name of the Related Party	Nature of Relationship	Nature of Transactions	Opening Balance (As at 01.04.2010)	During the Period	Closing Balance (As at 30.06.2010)
Sabari Foundations (P) Ltd	Associate Company	Loan-Liability	Nil	Nil	Nil

₹ (In Lakhs)

LIST OF RELATED PARTY DISCLOSURES					
Name of the Related Party	Nature of Relationship	Nature of Transactions	Opening Balance (As at 01.04.2010)	During the Period	Closing Balance (As at 30.06.2010)
Sabari Supermarket (P) Ltd		Purchase of Goods & Services	0.79 (Credit)	Nil	0.79 (Credit)
Sabari Nest Inn (P) Ltd		Purchase of Goods & Services	48.69 (Debit)	19.89	68.58 (Debit)
K.R.V. Ramani	Key Management Personnel	Remuneration		9.18	
K.R.V. Ramani		Rent Payments		1.20	
K.R.V. Ramani		Unsecured Loan	511.96 (Credit)	3.25 (Debit)	508.71 (Credit)
K.R.Ramakrishnan	Relative of Key Mgt Personnel	Remuneration		3.89	

8. The Company has not changed its name any time during the last three years immediately preceding the date of filing DRHP except for the deletion of the words "Private" consequent to conversion into a Public Limited Company.
9. There are no financing arrangements whereby the promoter group, the directors of the Company which is a promoter of the issuer, the directors of the issuers and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing draft offer document with the Board..
10. In addition to the BRLM, the Company shall be obliged to update the Offer Document and keep the public informed about any material changes till listing and till trading commences in respect of the shares issued through this issue.
11. The Company has not issued any equity shares in the last twelve months from the date of filing of this DRHP.

SECTION II INTRODUCTION

SUMMARY OF INDUSTRY AND BUSINESS OF THE COMPANY

The Industry data used in the document is as per the CRISIL Research Hotels Annual Review October 2010. CRISIL limited has used due care and caution in preparing this report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of this report may be published/reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on the views expressed in this report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.

INDUSTRY OVERVIEW

As per the Travel and Tourism Competitiveness Report 2009 by the World Economic Forum, India is ranked 11th in the Asia Pacific region and 62nd overall, moving up three places on the list of the world's attractive destinations. It is ranked the 14th best tourist destination for its natural resources and 24th for its cultural resources. The India travel and tourism industry ranked 5th in the long-term (10-year) growth and is expected to be the second largest employer in the world by 2019. The liberalization of Indian economy in 1991 and the integration of India into the global economy have given impetus to business travelers and tourist travelers.

India's hospitality industry has enjoyed robust growth over the past few years buoyed by a benign economic and political environment. Increase in domestic business and leisure travel has benefited hotels in India. Rising incomes, higher weekend trips and increased access to travel-related information over the internet have all propelled growth in hospitality. Premium segment hotels are more prominent in major business destinations in India, and are also dominant in popular tourist destinations like Goa, which attracts a lot of foreign clientele. However, in the second half of 2008-09, ARR's decreased due to fall in room demand on account of the global economic slowdown.

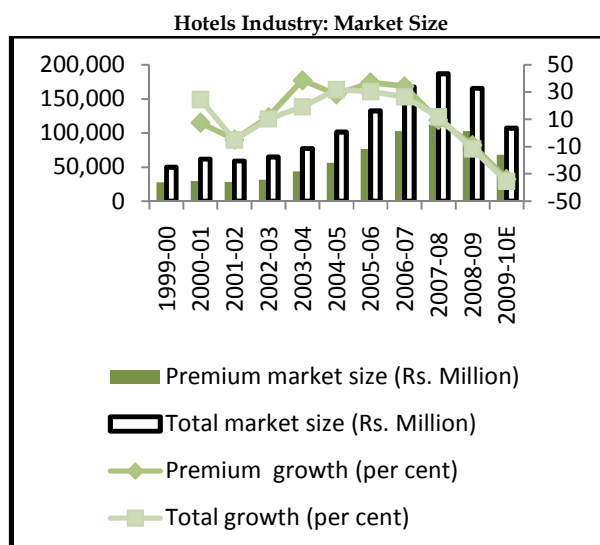
MARKET SIZE

The hotels industry witnessed robust growth during the period 2002-03 to 2007-08, with revenues registering a CAGR of 24 per cent. During the same period, the premium segment (comprising of 5 star 5 star deluxe hotels) registered a CAGR of 29 per cent. This rapid growth was driven by a benign political environment and rapid economic growth.

Business destinations such as Bengaluru, Mumbai and NCR witnessed high occupancy rates (ORs) and were able to leverage upon low availability premium hotel rooms to charge high average room rates (ARRs). On the other hand, leisure destinations were benefitted by rapid growth in foreign tourist arrivals (FTAs), which registered a CAGR of 14 per cent during the period 2002-03 to 2007-08.

As a result, the overall size of the hotels market in terms of revenue has more than doubled in the aforementioned period, from Rs 64.8 billion in 2003-04 to Rs 186.7 billion in 2007-08. During the same period, the premium hotels segment grew almost four times from Rs 31.6 billion in 2003-04 to Rs 112.4 billion in 2007-08. The rapid growth in revenues spurred investments in new properties, especially in the premium segment. Large supply additions were commissioned during the period 2006-07 to 2008-09.

However, industry revenues witnessed a sharp decline as a result of the global economic crisis in the latter half of 2008-09. The resulting fall in room demand across destinations was exacerbated by large supply additions, which forced players to reduce ARR. Consequently, hotel revenues have decline sharply over the last two years; revenues for the total market have decline at a CAGR of 24 per cent from Rs. 186.7 billion in 2007-08 to 106.7 billion in 2009-10, during the same period revenues for the premium segment have declined at a CAGR of 22 per cent from Rs 112.4 billion in 2007-08 to Rs 68.1 billion in 2009-10.



Source: CRISIL Research

Number of hotel rooms by category									
Category	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10E
Premium segment	20,343	22,082	24,183	25,141	26,021	28,010	29,090	30,329	33,217
Mid-market segment	29,001	28,506	28,788	33,094	32,209	34,971	35,885	37,321	40,306
Budget hotels	10,974	10,423	10,119	9,746	8,107	7,783	7,783	7,861	7,939
Heritage hotels	2,492	2,258	2,297	2,567	2,611	2,689	2,703	2,730	2,757
Others (unregistered etc)	30,440	29,816	30,854	31,712	37,368	40,357	45,200	49,720	53,201
Total rooms	93,250	93,085	96,241	102,260	106,316	113,810	120,661	127,960	137,421
Growth (y-o-y)		0%	3%	6%	4%	7%	6%	6%	7%
E: Estimate									
Source: CRISIL Research, FHRAI									

INDUSTRY CHARACTERISTICS

Business and Leisure Destinations

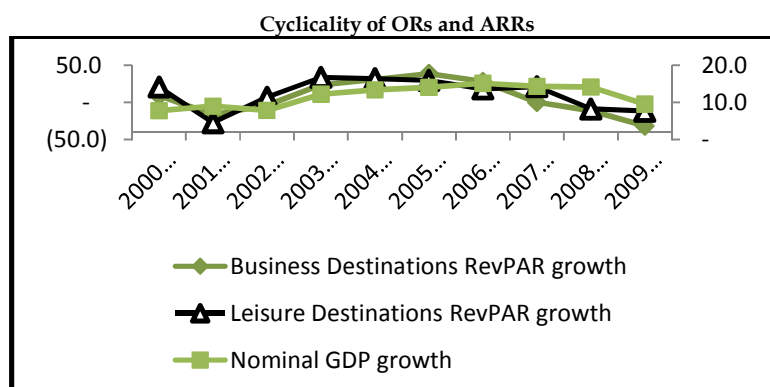
From the point of view of the hospitality sector, destinations may be classified as business or leisure destinations. It must be noted that the two are not mutually exclusive as some business destinations also have their fair share of leisure travelers and vice versa. The demand dynamics of the two segments are quite different, and can be discussed under the following headers:

Cyclicality

The hospitality sector is cyclical in nature. During positive cycles, the industry witnesses periods of sustained growth in average room rates (ARRs) and occupancy rates (ORs). This trend continues until the economy undergoes a downturn or there is excess supply in the sector. Usually occupancy rates begin to decline at the onset of an economic deceleration, and this is followed by a reduction in ARR. In the recovery phase, occupancy rates start to move up, and subsequently, ARRs also start increasing.

Business destinations are more sensitive to macro-economic factors; i.e. RevPAR growth in business destinations is more sensitive to macro-economic indicators such as nominal GDP growth. This is reflected by the fact that during the global economic crisis, RevPARs in business destinations declined at a CAGR of 22 per cent, compared to 11 per cent for leisure destinations.

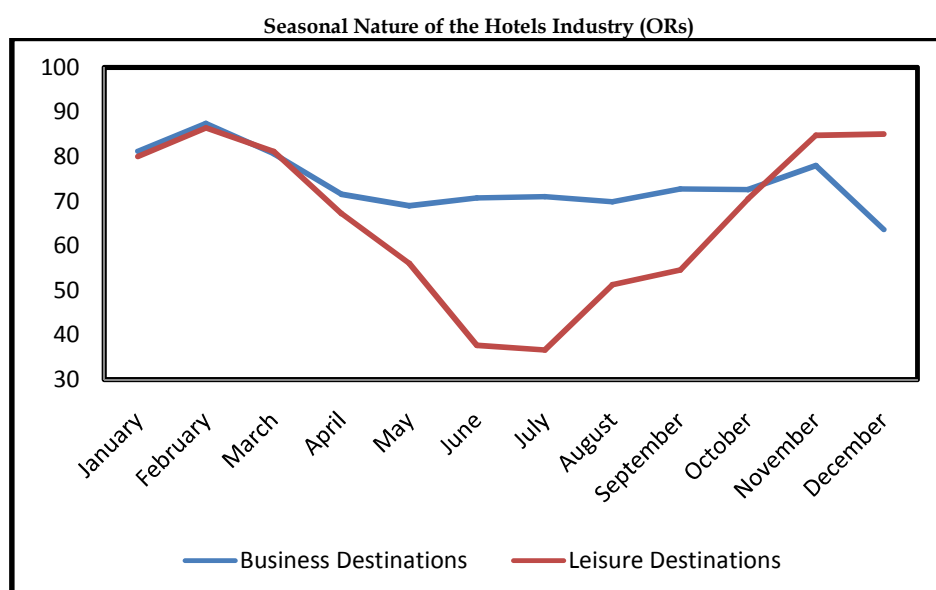
Leisure destinations on the other hand, show a greater sensitivity to non-economic factors such as terror attacks and health related travel warnings. This sensitivity is highlighted by sharper reduction in RevPAR growth in leisure destinations during 2001-02 (as a result of the World Trade Centre attacks on September 11), and in 2003-04 (as a result of SARS related travel advisories). It must be noted that the decline in RevPAR growth in 2008-09 and 2009-10 was largely because of the Mumbai terror attacks on 26th November 2008 and swine flu related travel advisories; this negative effect was compounded by the global slowdown.



Source: CRISIL Research

Seasonality

The nature of demand in the hotels industry is seasonal. However, the pattern of ORs shows significant variation in business and leisure destinations. Though the peak season for both business and leisure destinations coincides (January-March), for the remainder of the year they exhibit markedly different behavior. While business destinations maintain relatively constant ORs (albeit 5-10 per cent lower than the January-March period) throughout the year, ORs exhibit a sharp correction during the month of December, as this period coincides with the international holiday period. Leisure destinations on the other hand witness extremely low ORs (around 50 per cent) during the May-October period. On the other hand leisure destinations witness very high ORs (above 80 per cent) during the December holiday period.

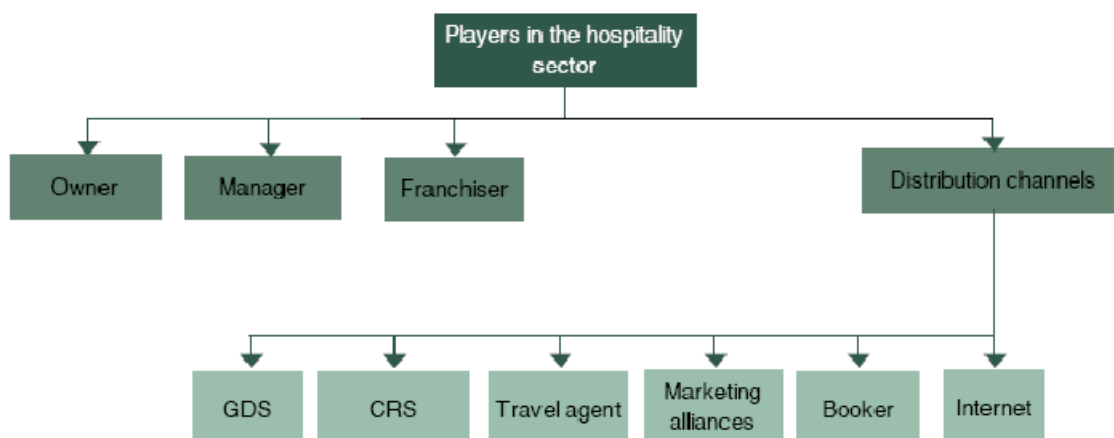


Source: CRISIL Research

Average Length of Stay (ALOS) and Occupancy Patterns

The demand for hotel rooms in business destinations is generally concentrated around weekdays; as a result, ORs are generally lower on weekends. The ALOS in business hotels is usually in the range of 1 to 2 nights with low levels of double occupancy (i.e. fewer occasions where more than one person shares a hotel room). Conversely, hotels in leisure destinations enjoy higher ORs on weekends, and generally have a higher ALOS of around 3-5 nights. The incidence of double occupancy is also higher in leisure destinations.

Value Chain



Value chain for a Hotel Industry has a Multi tier model. The Owner, Manager and The Franchisee are the three categories under which Players operate in the hotel Industry. All the three verticals are aided by the strong distribution channels which play a significant role.

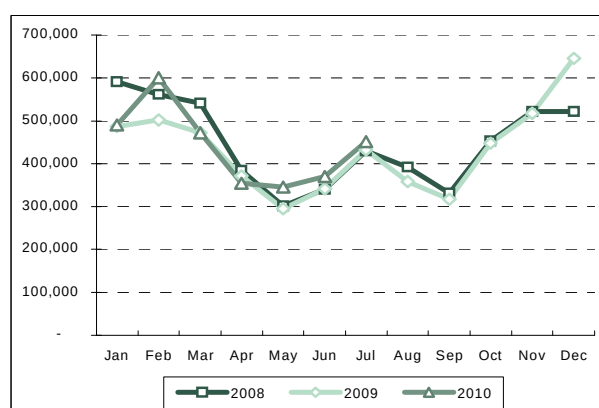
Industry Trends

Review: 2009-10 over 2008-09

ORs show a recovery, but Average Room Rates (ARRs) decline

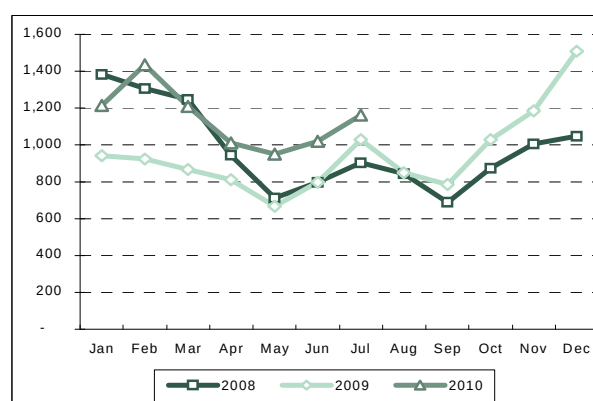
With the increase in Foreign Tourist Arrivals (FTAs), room demand posted a strong year-on-year (y-o-y) growth of around 30 per cent in the fourth quarter of 2009-10. As a result, ORs increased to reach 70 per cent levels in the last quarter of 2009-10 as against 65 per cent in the fourth quarter of 2008-09. However, supply additions continued to hamper ARR growth. As a result, ARR for the key business and leisure destinations remained flat during the fourth quarter of 2009-10.

Figure 1: India - Foreign tourist arrivals (number)



Source: CRISIL Research

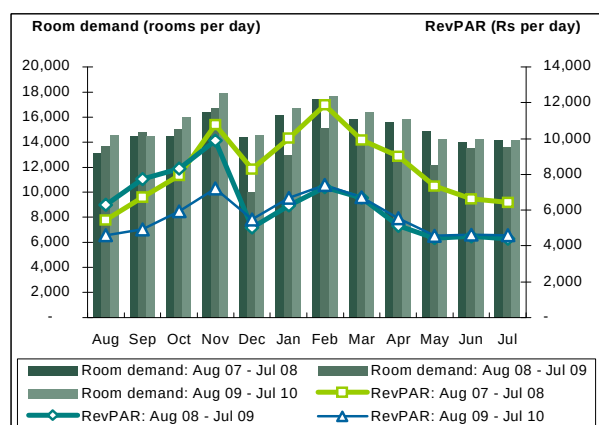
Figure 2: India - Forex earnings (million USD)



Source: CRISIL Research

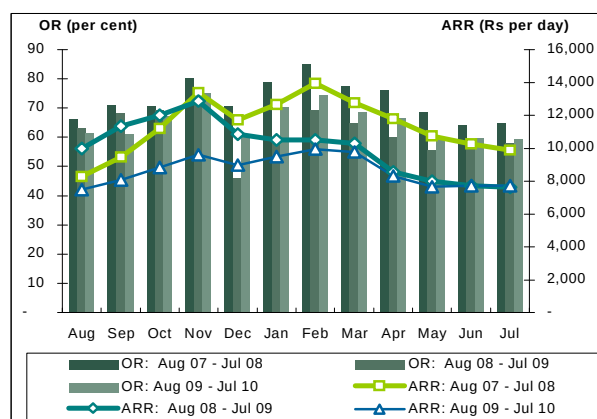
On an annual basis, despite the recovery in room demand in the latter half of the year, 2009-10 remained a year of stress for the premium hotel industry. Although, room demand increased by 4 per cent (y-o-y); ORs declined marginally over 2008-09 levels to 61 per cent. In addition, supply growth of 9 per cent during the same period forced players to reduce ARR by 19 per cent, as a consequence of which RevPARs declined by 23 per cent y-o-y to Rs 4,900.

Figure 3: India- Room demand and RevPAR



Source: CRISIL Research

Figure 4: India- ARR and OR



Source: CRISIL Research

The business destinations such as Mumbai, NCR and Bengaluru have shown the strongest recovery in terms of room demand, which saw a 35-40 per cent y-o-y in room demand during the fourth quarter of 2009-10. Other significant business destinations such as Hyderabad, Chennai, Kolkata and Pune also witnessed an increase in demand, but of a relatively lower scale (around 20 per cent). Buoyed by the increase in FTAs during the fourth quarter, leisure destinations (Goa, Agra and Jaipur) witnessed a 15-20 per cent increase during the same period.

Table 1: India Review and Outlook Summary

India	Supply growth	Demand growth	ARR growth	RevPAR growth
2003-04 to 2008-09	4.4%	3.7%	14.4%	17.7%
2009-10	9.1%	4.2%	-19.2%	-22.9%
2009-10 to 2014-15	8.4%	10.5%	2.4%	4.4%

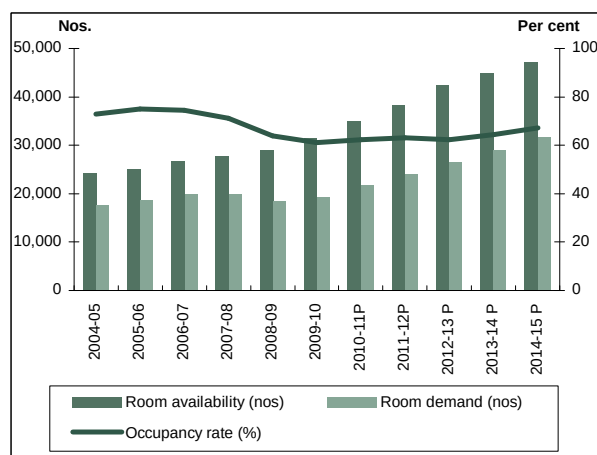
Source: CRISIL Research

Outlook: 2009-10 to 2014-15

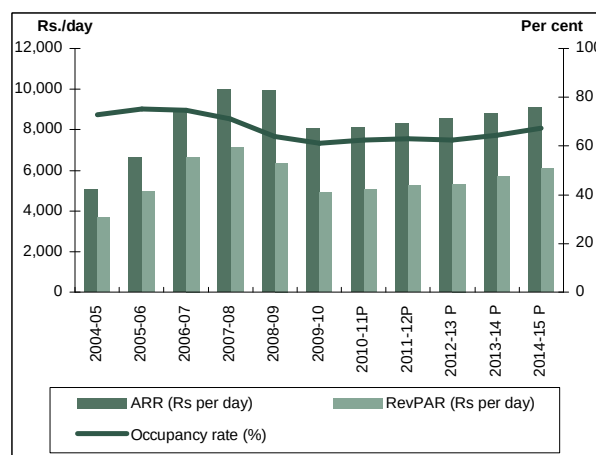
Increasing ORs to drive hotel revenue growth

Driven by increasing FTAs and a recovery in business related travel expenditure over the coming years, room demand at a pan-India level is projected to grow at a compounded rate of 11 per cent over the next 5 years. Supply additions during the same period will take place at a rate of 8 per cent.

Largely driven by an improvement in ORs; at a pan-India level, RevPARs are expected to grow at a CAGR of 4 per cent to Rs 6,100 by 2014-15.

Figure 5: India- Room availability, demand and OR


Source: CRISIL Research

Figure 6: India- ARR, OR and RevPAR


Source: CRISIL Research

Over the next 5 years, amongst the business destinations, RevPAR growth of hotels located in Mumbai, NCR and Bengaluru will be in the range of 4-6 per cent driven by an improvement in occupancy rates. RevPARs of hotels located in Hyderabad and Ahmedabad are likely to remain flat as a result of large supply additions.

With increasing foreign tourist arrivals and relatively lower supply additions, hotels located in leisure destinations like Goa, Agra and Jaipur will see a RevPAR growth of 4-8 per cent over the next 5 years.

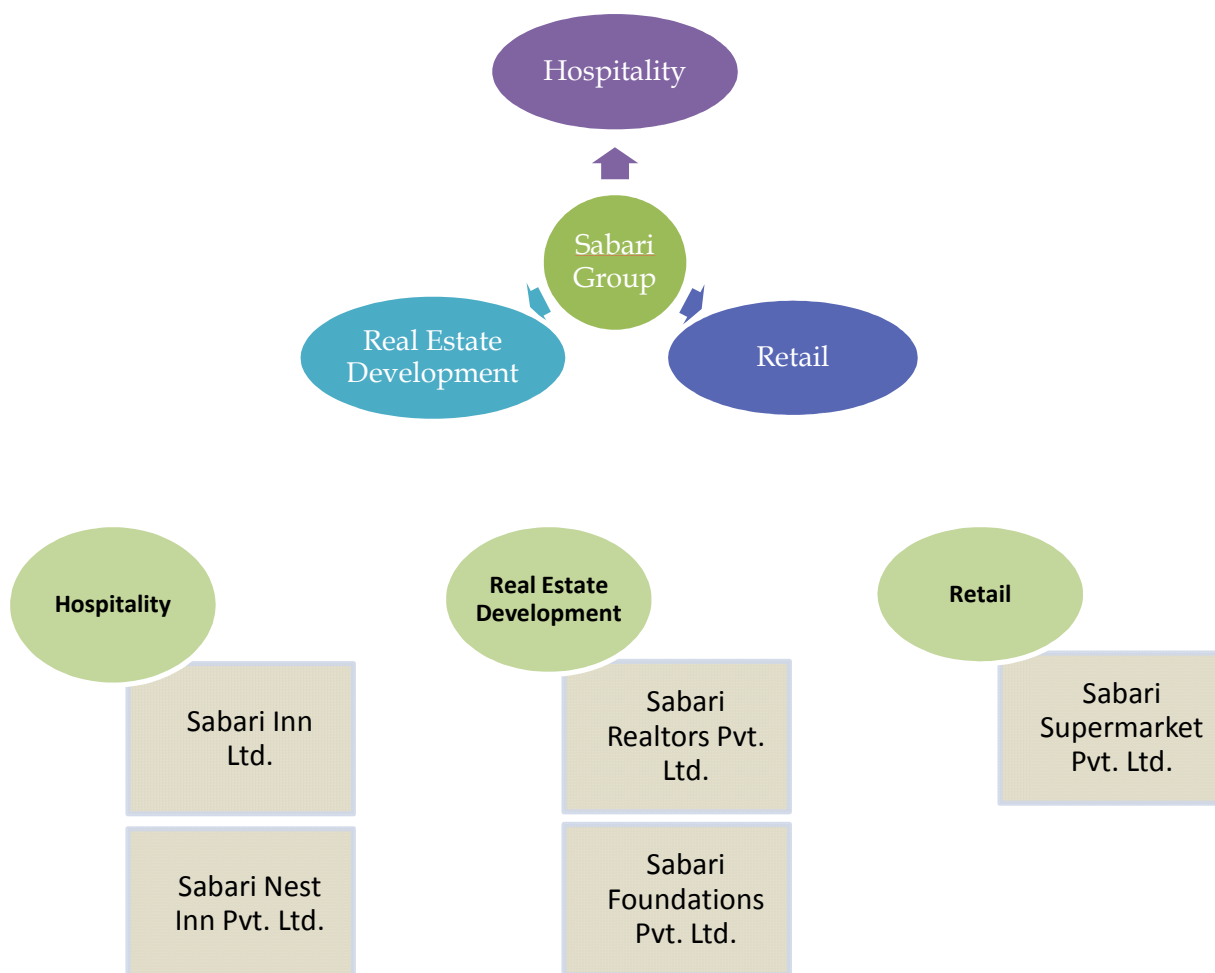
Profitability of hotels players to improve in 2010-11

In 2010-11, hotel revenues are expected to grow at 15-20 per cent after two years of decline. This increase will largely be driven by an expected improvement in ORs. Employee costs are expected to rise marginally to 23-25 per cent of sales, as the demand for hotel graduates, fuelled by large supply additions across destinations, is likely to exceed the existing supply. As a result of this shortage, hoteliers are expected increase employee compensation in order to retain existing staff and improve recruitment.

CRISIL Research estimates that due to improving sales and higher ORs, operating margins will to improve y-o-y to 30-35 per cent of sales.

BUSINESS OVERVIEW

The Company is a part of Sabari Group which has interest in Hospitality, Retail and Real Estate Development. The Company believes in the tradition of providing corporate hospitality, quality accommodation and business related services at affordable prices. The Company operates and manages hotels in the state of Tamilnadu and Karnataka. Sabari Nest Inn Pvt. Ltd. owns three budget hotel properties in Chennai, Coimbatore and Bangalore which are operated by the Company under long term lease arrangement. Its associate Company, Sabari Supermarkets Pvt. Ltd. runs the supermarket business under the brand name of “Nilgiris” on franchise business model at three locations in Chennai. Sabari Realtors Pvt. Ltd., another associate company in which ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients and India Opportunity Real Estate Fund has substantial equity investment, is implementing under a joint development arrangement a residential cum commercial complex of about 10,00,000 sq.ft near OMR Road, Chennai. Sabari Foundations Pvt. Ltd., also an associate company is implementing a commercial complex of about 2,00,000 sq. ft at centre of the city of Chennai under joint development arrangement. The broad structure of the group can be summarized as under:



The Company operates and manages chain of hotels in Chennai, Bangalore, Coimbatore and Kodaikanal in the state of Tamil Nadu and Karnataka. The Company believes that they are one of the “Value for Money” hotels which laid its foundation in Chennai and has expanded its footprints to Kodaikanaal, Coimbatore and Bangalore. The core strength of the Company lies in offering quality care and comfort to the guests at competitive prices.

Presently, the Company owns and manages a total of about 377 rooms. The Company has one 4 STAR hotel, one 3 STAR hotel in Chennai and one 3 STAR resort in Kodaikanal under the brands “Quality Inn” and “Quality Hotel”. The company has made the soft launch for its 3 STAR hotel at Coimbatore during November 2010. The commercial operation is expected by December 15, 2010. The Company also manages three budget hotels at Bangalore, Chennai and Coimbatore taken on lease from its associate company, Sabari Nest Inn Private Limited. The Company has recently entered into a long term lease agreement for operating “Mark Boulevard” hotel in Bangalore. The hotels operated by the Company are targeted to cater to different customer segments. The Company also operates a convention centre having two banquet hall facilities, adjacent to the 4 STAR hotel at T. Nagar, Chennai. This convention centre has been taken on lease from Sabari Supermarkets Pvt. Ltd.

The Company is expanding its presence in Karnataka by constructing a new hotel at Bangalore. The revenue break up from the main operations of the Company during last 3 years is as under:

Revenue Composition of main operations

Particulars	F.Y. 2007-08		F.Y.2008-09		F.Y.2009-10	
	Amount (₹ in lacs)	Percentage	Amount (₹ in lacs)	Percentage	Amount (₹ in lacs)	Percentage
Room	781.69	42.76	1266.25	44.30	2079.87	50.16
Food & beverages	863.57	47.24	1276.63	44.67	1897.37	45.75
Other Services	129.39	7.08	36.13	1.26	59.32	1.43
Other Income	53.41	2.92	279.22	9.77	110.17	2.66
Total	1828.05	100.00	2579.01	100.00	4146.83	100.00

Revenue earned from owned Hotels & Resort in F.Y.2009-10

(₹ in lacs)

Name of Hotel	Room	Food & Beverages	Other Services	Other Income	Total
Quality Inn Sabari, Chennai	819.08	957.73	43.08	93.94	1913.83
Quality Hotel Sabari Classic, Chennai	751.63	685.21	14.17	4.29	1455.30
Quality Inn Sabari Resorts, Kodaikanal	84.96	27.47	0.62	0.92	113.97
Total	1655.67	1670.41	57.87	99.15	3483.10

Revenue earned from Leased Hotels in F.Y.2009-10

(₹ in lacs)

<i>Name of Hotel</i>	<i>Room</i>	<i>Food & Beverages</i>	<i>Other Services</i>	<i>Other Income</i>	<i>Total</i>
Sabari's Nest, Bangalore	53.23	-	0.10	0.50	53.83
Sabari's Nest, Coimbatore	168.87	219.59	-	6.48	394.94
Sabari's Nest, Chennai	202.12	7.38	1.34	4.14	214.98
Total	424.22	226.97	1.44	11.12	663.75

COMPETITIVE STRENGTH

Strong Value Proposition: The Company believes that they are one of the “Value for Money” hotel chains which laid its foundation in Chennai and has expanded its footprints to Kodaikanal, Coimbatore and Bangalore. The core strength of the Company lies in offering quality care and comfort to the guests at competitive prices.

Strong Management Team: The Company has a complete professional management set up with professionals having rich experience in their respective field of operations like marketing, finance, human resource etc. The promoter, Mr. K.R.V. Ramani has substantial experience in the hotel industry. The Company's management has been able to visualize the dynamic changes affecting the industry and strike a balance between the cost and the objective of delivering quality service.

Locational Advantage: The existing hotels of the Company are located at prime locations and provide easy accessibility to airport, railways and commercial/business centres. A few of the hotels are located in the heart of cities providing easy access to shopping hub and other recreational facilities in the city.

Presence in different Price Segment: The Company believes that the global meltdown of economy in 2008 has made business travelers and guest more price sensitive and selective. The Company is present across different price categories of hotels - premium to economy segment. This enables us to have access to different categories of customers and provide a complete suite of offerings targeted at top, middle and junior executives of corporate clients. The following indicates the different star classification for the Hotels owned and managed by the Company.

<i>Name of Hotel</i>	<i>HRACC Classification</i>
Quality Inn Sabari, Chennai	4 STAR
Quality Hotel Sabari Classic, Chennai	3 STAR
Quality Inn Sabari Resorts, Kodaikanal	3 STAR
Sabari's Nest, Bangalore	N.A.
Sabari's Nest, Coimbatore	N.A.
Sabari's Nest, Chennai	N.A.
Mark Boulevard, Bangalore	N.A.

Affiliation with Global Brand: The Company has franchisee and marketing affiliation with Choice Group & Carlson Group. These groups are well known around the globe in hospitality industry and own multi brands in the hospitality segment. The brand of the Company “Sabari” is suffixed with the “Quality Inn/Quality Hotel” brand at different hotels wherein the tie ups are with the Choice Group. This provides higher brand visibility and easy acceptability amongst the potential guests and business travelers. It also strengthens the commitment towards providing quality service.

BUSINESS STRATEGY**Expanding Presence:**

The Company intends to increase the presence at major business cities and promising mid market segment cities depending on the market analysis comprising of demography, lifestyle, footfall of domestic and international travelers and other related factors. In line with this, the Company has presently identified Pune and Hyderabad wherein the Company proposes to enter into long term lease. The long term objective is to have Pan India presence mid market segment. The Company's experience in operating business hotels further motivates to expand in this segment. However, the company shall also evaluate the opportunities present in other categories of hotels like heritage, leisure, etc.

Collaboration with Corporate:

The globalization and shrinkage of world has increased the travelling of business executives domestically and internationally. The Company shall focus on collaborations and tie ups with corporate to ensure higher occupancy levels and steady business volume.

Franchisee Tie Ups: Presently, the Company has arrangement with Choice Hotels International using their brand name of "Quality" for few of its hotels. The Company feels that tie up with global brand has increased the brand image and acceptability. The Company has also entered into a Service Agreement with Carlson Hotel Asia Pacific Pty. Ltd. ("Carlson") by which Carlson has agreed to provide certain services to the Company in respect of the Coimbatore hotel. Carlson would provide technical and pre-opening services for the "PARK PLAZA" branded Hotel. The Company will explore opportunities of tie up with other global hospitality brands for the upcoming projects for sustained superior brand image.

Combination of ownership and leased properties: Out of the hotels operated and run by us, the Company owns 3 hotels and 4 hotels are taken on long term lease basis. In line with asset light strategy, the Company would look at entering into lease agreement with property owners which would reduce the initial expenditure towards acquisition and development of properties. The acquisition of properties on lease basis would enable the Company to establish a quick foothold with minimal lead time.

SUMMARY OF FINANCIAL INFORMATION

ANNEXURE I - RESTATED STATEMENT OF ASSETS AND LIABILITIES

		₹ In lacs					
Particulars		As At The Period Ended					
		30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
		(3 Months)	(12 Months)				
A.	Fixed Assets						
	Gross block	9250.92	9,236.71	7,515.20	7,235.52	2,982.61	2,958.55
	Less Depreciation	1207.09	1,118.66	778.56	478.90	341.94	256.11
	Net Block	8043.83	8,118.05	6,736.64	6,756.61	2,640.67	2,702.44
	Capital Work in Progress	10422.08	9,071.62	7,007.09	2,459.54	3,135.66	754.05
	Net Block after adjustment for Revaluation Reserve	18465.91	17,189.67	13,743.73	9,216.16	5,776.33	3,456.49
B.	Investments	-	-	-	-	-	-
C.	Current Assets, Loans and Advances						
	Inventories	145.34	139.07	171.86	167.25	92.75	87.39
	Sundry Debtors	666.65	706.99	191.79	146.99	81.89	67.39
	Cash and Bank Balances	296.03	150.64	1,781.45	3,147.87	814.47	51.80
	Loans and Advances	1145.16	1,189.28	745.46	1,890.31	163.01	111.60
		2253.17	2,185.98	2,890.56	5,352.42	1,152.11	318.18
D.	Liabilities and Provisions:						
	Secured Loans	8035.42	7,013.35	5,319.50	3,437.28	2,953.96	1,798.41
	Unsecured Loans	508.71	511.96	-	-	99.20	211.76
	Current Liabilities and Provisions	884.11	746.50	921.68	920.35	220.28	128.34
	Deferred Tax Liability	584.14	550.87	316.96	234.11	121.37	172.69
		10012.38	8,822.68	6,558.13	4,591.74	3,394.81	2,311.20
E.	Net Worth	10706.70	10,552.98	10,076.16	9,976.83	3,533.63	1,463.47
F.	Represented by						
	Share Capital	6784.31	6,784.31	6,784.31	6,784.31	3,360.00	1,525.00
	Reserves	3922.39	3,768.66	3,291.84	3,192.52	173.63	(61.47)
	Total	10706.70	10,552.98	10,076.16	9,976.83	3,533.63	1,463.53
G.	Misc. Expenditure to the extent not written off or adjusted	-	-	-	-	-	0.06
H.	Net Worth (F-G)	10706.70	10,552.98	10,076.16	9,976.83	3,533.63	1,463.47

ANNEXURE II - RESTATED STATEMENT OF PROFIT AND LOSS ACCOUNT

Rs. In Lacs						
Particulars	For The Period Ended					
	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
	(3 Months)	(12 Months)				
Income						
Sales:						
Rooms	614.96	2,079.87	1,266.25	781.69	378.79	268.91
Food and Beverages	445.83	1,897.37	1,276.63	863.57	603.02	420.94
Other Income	94.00	169.58	315.35	182.79	274.30	182.51
	1154.80	4,146.83	2,858.23	1,828.05	1,256.11	872.36
Expenditure						
Raw Materials Consumed	154.60	572.38	382.24	233.38	195.58	116.36
Staff Costs	194.92	777.68	557.48	337.52	170.61	136.79
Administration Expenses	151.51	519.12	419.70	313.88	207.62	106.56
Upkeep and Service Expenses	227.82	829.97	573.95	395.93	270.40	179.35
	728.85	2,699.15	1,933.36	1,280.70	844.20	539.07
Earning Before Depreciation Interest & Tax	425.95	1,447.68	924.87	547.35	411.91	333.29
Depreciation	88.44	345.63	302.11	142.22	90.37	85.28
Interest	140.20	405.38	429.39	233.40	131.96	136.56
Net Profit before tax and Extraordinary items	197.32	696.67	193.37	171.73	189.57	111.45
Taxation						
Minimum Alternate Tax Credit	100.00	120.79	20.64	17.67	21.17	9.28
Current tax	(100.00)	(120.79)	(34.28)	(25.29)	(26.16)	(13.08)
Deferred tax	(35.01)	(233.91)	(82.85)	(112.74)	51.32	(46.26)
Net Profit before Extraordinary Items	162.30	462.76	96.88	51.37	235.90	61.38
Extraordinary items	-	(1.05)	-	(8.27)	(0.88)	(1.52)
Net Profit after Extraordinary Items	162.30	461.71	96.88	43.09	235.03	59.86
Adjustments on account of Prior period Expenses	-	5.11	2.45	0.09	0.08	0.40
Adjusted Profit	162.30	466.82	99.33	43.19	235.10	60.26

ANNEXURE III – RESTATED STATEMENT OF CASH FLOW

Rs. In Lacs						
Particulars	For The Period Ended					
	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
	(3 Months)	(12 Months)				
Cash Flows from Operating Activities						
Net Profit before Taxation	187.31	710.73	195.82	163.55	188.77	110.32
<i>Adjustments for:</i>						
Depreciation	88.44	345.63	302.11	142.22	90.37	85.28
Loss on sales of Assets	-	1.05	-	8.27	0.88	1.52
Interest/ Dividend Income	(1.74)	(79.73)	(263.15)	(41.61)	(13.74)	(3.31)
Preliminary expenses Written off	-	-	-	-	0.06	0.06
Interest Paid	140.20	405.38	429.39	233.40	131.96	136.56
Operating Profit before Working Capital Changes	414.20	1,383.06	664.17	505.84	398.30	330.43
Change in Trade and Other Receivables	40.35	(515.21)	(44.80)	(65.10)	(14.50)	(15.95)
Change in Inventories	(6.27)	32.79	(4.62)	(74.50)	(5.36)	(17.49)
Change in Other Current Assets	146.45	(316.01)	1,244.68	(1,679.34)	(10.41)	(46.63)
Change in Current Liabilities	38.04	(260.01)	(32.96)	674.78	69.58	(1.03)
Income-taxes paid	(3.07)	(42.99)	(79.19)	(30.29)	(23.63)	1.00
Prior Period Expenditure	-	(5.11)	(2.45)	(0.09)	(0.08)	-
Net Cash Flow from Operating Activities	629.71	276.54	1,744.84	(668.71)	413.91	250.34
Cash Flow from Investing Activities						
Purchase of Fixed Assets	(14.21)	(1,725.01)	(279.69)	(4,271.94)	(30.70)	(236.31)
Capital Work in progress	(1,350.46)	(2,064.53)	(4,547.54)	676.11	(2,381.61)	(754.05)
Sale of Fixed Assets	-	2.02	-	5.60	1.30	1.96
Interest Received	1.74	79.73	263.15	41.61	13.74	3.31
Net Cash Flow used in Investing Activities	(1,362.94)	(3,707.78)	(4,564.08)	(3,548.62)	(2,397.27)	(985.10)
Cash Flows from Financing Activities						
Changes in Borrowings	17,639.49	8,962.53	3,905.14	1,795.01	2,040.52	2,221.13
Proceeds from Issuance of Capital	-	-	-	6,300.01	1,835.00	-
Increase in Reserves	-	-	-	100.00	-	-
Repayments	(16,620.67)	(6,756.72)	(2,022.93)	(1,410.89)	(997.52)	(1,542.00)
Share Application Money Received	-	-	-	-	-	200.00
Interest Paid	(140.20)	(405.38)	(429.39)	(233.40)	(131.96)	(132.03)
Net Cash Flow from Financing Activities	878.62	1,800.43	1,452.82	6,550.73	2,746.03	747.09
Net increase in cash and cash equivalents	145.39	(1,630.81)	(1,366.42)	2,333.40	762.67	12.33
Cash and Cash Equivalents (Opening Balance)	150.64	1,781.45	3,147.87	814.47	51.80	41.47
Cash and Cash Equivalents (Closing Balance)	296.03	150.64	1,781.45	3,147.87	814.47	51.80

THE ISSUE

Equity shares offered	
Issue	[●] Equity Shares aggregating to ₹ 17000.00 lacs
<i>Which comprises of:</i>	
Fresh Issue	[●] Equity Shares aggregating to ₹ 12500.00 lacs
Offer for Sale	[●] Equity Shares aggregating to ₹ 4500.00 lacs
<i>Of which:</i>	
Employee Reservation Portion	[●] Equity Shares aggregating to ₹ 100.00 lacs
Net Issue to the Public	
	[●] Equity Shares aggregating to ₹ 16900.00 lacs
Of Which	
QIB Portion *	Upto [●] Equity Shares constituting 50% of the (allocation on proportionate basis) net issue aggregating to ₹ 8450.00 lacs out of which 5% of the QIB Portion consisting of [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only (Mutual Funds Portion), and the balance Equity Shares shall be available for allocation to all QIBs, including Mutual Funds.
Non-Institutional Portion*	Not less than [●] Equity Shares of ₹ 10/- each, constituting 15% of the Net Issue aggregating to 2535.00 lacs (allocation on proportionate basis).
Retail Portion*	Not less than [●] Equity Shares of ₹ 10/- each, constituting 35% of the Net Issue aggregating to ₹ 5915.00 lacs (allocation on proportionate basis).
Equity Shares outstanding prior to the Issue	6,78,43,137 Equity Shares
Equity Shares outstanding post the Issue	[●] Equity Shares
* Under subscription, if any, in any of the above category would be met with spill over from any other category, at the sole discretion of the Company in consultation with the BRLM.	
Use of Issue Proceeds	See the section titled "Objects of the Issue" on page no. 36 of this Offer document.

ISSUE PROGRAM

ISSUE OPENS ON	ISSUE CLOSES ON
[●], 2011	[●], 2011

GENERAL INFORMATION

Name of the Company	Sabari Inn Limited
Registered Office	No. 29, Thirumalai Pillai Road, T. Nagar, Chennai – 600017, Tamilnadu, India
Corporate Office	No. 23/11, 2nd Main Road, Raja Annamalai Puram, Chennai – 600 028, Tamilnadu, India
Registration Number	042205
CIN	U55101TN1999PLC042205
Permanent Account Number (PAN)	AADCS2249H
Registrar of Companies	Block No. 6, B Wing, 2 nd Floor, Shastri Bhawan No.26, Haddows Road, Chennai-600 034, Tamil Nadu, India

PRESENT BOARD OF DIRECTORS

The Board of Directors of the company are:

Name	Designation	Status
Mr. K.R.V Ramani	Chairman & Managing Director	Chairman and Managing Director
Mr. K.R.Narayanan	Director	Non-Executive and Non-Independent
Mr. V.Janakiraman	Director	Non - Executive and Independent
Mr. T.R.Sridharan	Director	Non - Executive and Independent
Mr. P.Vaidyanathan	Director	Non - Executive and Independent
Mr. R.Thiagarajan	Director	Non - Executive and Independent

BRIEF DETAILS OF THE CHAIRMAN AND THE MANAGING DIRECTOR

Mr. K.R.V. Ramani (45 Years) is the Chairman and Managing Director of the Company. He holds Bachelor's Degree in field of Commerce. He is a first generation entrepreneur and founder of Sabari group. Mr. Ramani started his business venture as a builder/developer/promoter in the business of construction of residential and commercial properties in 1993 by promoting Sabari Foundations Pvt. Ltd. As a lateral expansion, the group ventured into the supermarket business under the brand name "Nilgiris" with franchisee arrangement, which presently runs three super markets in Chennai. He then ventured into hospitality services with the incorporation of Sabari Inn Pvt. Ltd. in 1999. He established the First Hotel - "Quality Inn Sabari" at T. Nagar, Chennai in the year 2002 with 72 Room Keys and thereafter expanded the business by setting up hotels at OMR, Chennai and Kodaikanal. Currently, Mr. K.R.V. Ramani owns and manages the gamut of businesses from realty to hospitality with significant stake in all the Group Companies.

For more details regarding the Directors please refer to section titled "Management" on page 102 of this Offer Document.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Name: Mr. K.R. Ramakrishnan,

Designation: Chief Law Officer and Company Secretary & Compliance Officer

No. 29, Thirumalai Pillai Road,

T. Nagar, Chennai – 600017

Tamil Nadu, India

SABARI INN LIMITED



Tel no: 044-28343030

Fax no: 044-28345868

Email: cscs@sabarihotels.com

cscs@sabarigroup.org

Website of the company: www.sabarihotels.com

Investors can contact the Compliance Officer in case of any pre-Issue and post-Issue related problems such as non receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders etc. on working days (except Saturday, Sunday, and Public Holidays).

BOOK RUNNING LEAD MANAGER TO THE ISSUE

KEYNOTE

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LIMITED

4th Floor, Balmer Lawrie Building,
5, J. N. Heredia Marg Ballard Estate,
Mumbai – 400 001

Tel.: (022) 3026 6000; Fax: (022) 2269 4323

E-mail: mbd@keynoteindia.net

Website: www.keynoteindia.net

Contact person: Mr. Girish Sharma / Mr. Raunak Gokhale

REGISTRAR TO THE ISSUE



INTEGRATED ENTERPRISES (INDIA) LIMITED

2nd Floor, Kences Towers, 1, Ramakrishna Street,
North Usman Road, T.Nagar, Chennai - 600 017

Tel No: (044) 28140801/02/03

Fax: (044) 28142479 /3378

E-mail: iposabari@iepindia.com

Website: <http://www.iepindia.com>

Contact Person: Mr. Sriram S./Mr. Suresh Babu K

STATUTORY AUDITOR TO THE COMPANY

ESSVEEYAR, CHARTERED ACCOUNTANTS

40/2A, Musiri Subramaniam Salai (Oliver Road),
Mylapore, Chennai – 600 004,

Tamil Nadu, India

Tel No: (044) 24950568

Fax: (044) 24950487

E-mail: essveeyar@gmail.com Contact Person : Mr. Vijayraghavan

FRN No: 00808S

Peer Review No: 004954

LEGAL ADVISOR TO THE ISSUE**CORPORATE LAW CHAMBERS INDIA**

Advocates
 44/A, Nariman Bhavan
 Near Atlanta Building,
 Nariman Point, Mumbai - 400021
Tel: 91 - 2266321528/ 589
Fax: 91-22-6632 1531
E-mail: ajai@corplawchambers.com
Contact Person: Mr. A.Y.Srinivasan

BANKERS TO THE COMPANY

STATE BANK OF BIKANER & JAIPUR UTI House, No. 29, Rajaji Salai, Chennai 600 001 Tamil Nadu, India Tel no: 044-25230282 Fax no: 044-25222326 E-mail: sbbj10286@sbbj.co.in Website: www.sbbjbank.com Contact Person: Mr. Gopikrishnan	STATE BANK OF INDIA #No. 232, NSC Bose Road, Chennai 600 001 Tamil Nadu, India Tel no: 044- 25341316 Fax no: 044- 25342476 E-mail: sbi.07347@sbi.co.in Website: www.sbi.com Contact Person: Mrs. Jayanthi
STATE BANK OF MYSORE Industrial Finance Branch, No. 576, Anna Salai, MOH Building, Teynampet, Chennai - 600 006 Tel No: 044-24320173 Fax No: 044-24320175 Email: ifbchennai@sbm.co.in Website: www.statebankofmysore.co.in Contact Person: Mr. G.D. Mathur	STATE BANK OF TRAVANCORE No. 162, Anna Salai, Chennai - 600 002 Tel No: 044-28521005 Fax No: 044-28523310 Email: mountroad@sbt.co.in Website: www.statebankoftravancore.com Contact Person: Mr. Ramachandran

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

[•]

SELF CERTIFIED SYNDICATE BANKS

As on date following banks are registered with SEBI for collection of ASBA forms:

1.	Axis Bank Ltd	20.	Bank of India
2.	State Bank of Hyderabad	21.	CITI Bank
3.	Corporation Bank	22.	IndusInd Bank
4.	State Bank of Travancore	23.	Allahabad Bank
5.	IDBI Bank Ltd.	24.	Karur Vysya Bank Ltd.
6.	State Bank of Bikaner and Jaipur	25.	The Federal Bank
7.	YES Bank Ltd.	26.	Indian Bank
8.	Punjab National Bank	27.	Central Bank of India

9.	Deutsche Bank	28.	Oriental Bank of Commerce
10.	Union Bank of India	29.	Standard Chartered Bank
11.	HDFC Bank Ltd.	30.	J P Morgan Chase Bank, N.A.
12.	Bank of Baroda	31.	Nutan Nagarik Sahakari Bank Ltd.
13.	ICICI Bank Ltd	32.	UCO Bank
14.	Vijaya Bank	33.	Canara Bank
15.	Bank of Maharashtra	34.	United Bank of India
16.	State Bank of India	35.	Syndicate Bank
17.	Andhra Bank	36.	South Indian Bank
18.	HSBC Ltd.	37.	Indian Overseas Bank
19.	Kotak Mahindra Bank Ltd.		

For the details of list of controlling banks along with its branches for ASBA please visit the website of SEBI, BSE and NSE at www.sebi.gov.in, www.bseindia.com, www.nseindia.com respectively.

MONITORING AGENCY

As per regulation 16(1) of the SEBI (ICDR) Regulations, 2009, monitoring agency is required to be appointed in case the public issue size exceeds ₹ 50,000 Lacs. Since the proposed issue size is less than ₹ 50,000 Lacs, the Company does not propose to appoint a Monitoring Agency. However, as per the Clause 49 of the Listing Agreement to be entered into with the stock exchanges upon listing of the equity shares in accordance with the Corporate Governance requirements, the Audit Committee of the Company would be monitoring the utilization of the proceeds of the Issue.

CREDIT RATING

As this is an Issue of Equity Shares, there is no requirement of credit rating for this Issue.

IPO GRADING AGENCY

[●]

IPO GRADING

This Issue has been graded by [●] as [●] indicating [●] fundamentals, pursuant to Regulation 26(7) of the ICDR Regulations. The IPO grade is assigned on a five point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO grade 1/5 indicating poor fundamentals.

The rationale/description by the IPO Grading Agency will be updated at the time of filing the Red Herring Prospectus with the Designated Stock Exchange.

TRUSTEES

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

PROJECT APPRAISAL

The Bangalore Hotel Project is appraised by State Bank of India and financed under consortium arrangement with State Bank of India, State Bank of Mysore and State Bank of Travancore.

INTER-SE ALLOCATION OF RESPONSIBILITIES

Keynote Corporate Services Ltd. Is acting as sole Book Running Lead Manager/BRLM to this Issue. The following table sets forth the responsibility and co-ordination for various activities of Keynote Corporate Services Limited.

Activity		Responsibility & Coordinator
A.	Capital Structuring with relative components and formalities such as the composition of equity instrument, Structuring of the issue instrument	Keynote
B.	Draft and design of the offer document and of advertisement/publicity material including newspaper advertisement and brochure/memorandum containing salient features of the offer document	Keynote
C.	Due Diligence certificate in compliance with SEBI (ICDR) Regulations, 2009 and other stipulated requirements and completion of prescribed formalities with Stock Exchanges, Registrar of Companies and SEBI	Keynote
D.	Marketing of the Issue, which will cover, interalia formulating of marketing strategies, preparation of publicity budget, arrangement for selection of Ad Media, Centres for holding conferences of Stock Brokers, Investors etc, Bankers to the Issue.	Keynote
E.	Selection of various agencies connected with the issue such as Registrars to the Issue, Printers, Advertising Agency and Brokers.	Keynote
F.	Selection of Bankers to the Issue, collection centres	Keynote
G.	Follow up with Bankers to the issue on collections and advising the issuer about closure of the issue based on correct figures	Keynote
H.	Post issue activities will involve submission of statutory reports, essential follow up steps including finalization of basis of allotment, listing of instrument and dispatch of certificates and refunds, coordination with various agencies connected with the work such as registrars to the issue, bankers to the issue, Self Certified Syndicate Banks and the bank handling the refund business. Even if many of these activities will be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable to discharge this responsibility through suitable agreement with the issue company.	Keynote

BOOK BUILDING PROCESS

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. The Book Running Lead Managers,
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
4. Registrar to the Issue;
5. Escrow Collection Banks; and
6. Self Certified Syndicate Banks

The Issue is being made through the 100% Book Building Process where upto 50% of the Net Issue to the public shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers ("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 other eligible QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the public 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.

In accordance with the SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. QIBs are required to pay full Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details, see section "Terms of the Issue" on page no. 194 of this Draft Red Herring Prospectus.

The Company shall comply with the SEBI Regulations and any other directions issued by SEBI for this Issue. In this regard, the Company has appointed Keynote Corporate Services Limited as the Book Running Lead Manager to manage the Issue.

The process of Book Building under the SEBI Regulations is subject to change(s) from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the 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 (including ASBA bidders) can bid at any price within the Price Band. For instance, assume a price band of ₹ 20 to ₹ 24 per equity share, issue size of 3,000 equity shares and receipt of five (5) 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 centers during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,000	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., ₹ 22 in the above example. The issuer, in consultation with the BRLMs will finalize the issue price at or below such cut-off price, i.e., at or below ₹ 22. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

- Check eligibility for bidding (please refer to the section entitled "Issue Procedure - Who Can Bid" on page no. 203 of this Draft Red Herring Prospectus.

- b) Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form and ASBA Bid cum application Form, as the case may be.
- c) Ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid Cum Application Form and ASBA Bid cum application Form, as the case may be.. 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 (see section entitled "Issue Procedure" on page no. 202 of this Draft Red Herring Prospectus.
- d) Ensure that the Bid cum Application Form and ASBA Bid cum application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid Cum Application Form.
- e) Bids by QIBs will only have to be submitted to the BRLMs; and
- f) Bids by ASBA bidders will have to be submitted to the designated Branches of the SCSBs. ASBA bidders should ensure that their bank account have adequate credit balance at the time of submission to the SCSBs to ensure that the ASBA Bid cum Application form is not rejected.

Withdrawal of the Issue

The Company and The Selling Shareholders, in consultation with the BRLMS, reserve the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. 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.

In such an event the Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, the Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after the Company becomes liable to repay it i.e. from the date of withdrawal, then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with at the rate of 15% per annum on application money.

Bid/Issue Programme

BID/ISSUE OPENS ON	[•], 2011
BID/ISSUE CLOSES ON	[•], 2011

The Company is considering participation by Anchor Investors in terms of ICDR Regulations. For details see "Issue Procedure-Bids by Anchor Investor" on page no. 207

Bids and any revision in Bids shall be accepted only between 10 a.m. and 5 p.m. (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid / Issue Closing Date, the Bids (excluding the ASBA Bidders) shall be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of ₹ 200,000 and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to ₹ 2,00,000. It is clarified that the Bids not uploaded in the book would be rejected. Bids by the ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular Bidder, the details as per the physical form of the Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

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, not later than the times mentioned above on the Bid/ Issue Closing Date. All times mentioned in the Draft Red Herring Prospectus is 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. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday).

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received 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 Exchange within half an hour of such closure.

Investors please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the Exchanges.

The Price Band will be decided by us in consultation with the BRLMs. The announcement of the Price Band shall also be made available in the websites of the BRLMs and at the terminals of the Syndicate. The Company and Selling Shareholders, in consultation with the BRLMs reserves the right to revise the Price Band during the Bidding/ Issue Period, provided that the Cap Price shall be less than or equal to 20% 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 the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) 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 Issue Period will be extended for three additional working days after revision of the 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 the BSE and the NSE, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of Equity Shares of the company, but prior to the filing of the Prospectus with the RoC, The Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Book Runners shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. The Underwriting Agreement is dated [•]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

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 RoC].

Name, address, telephone number, fax number and e-mail of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ Lacs)
[•]	[•]	[•]
[•]	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalized after pricing and actual allocation. The above underwriting agreement is dated [•]. In the opinion of the Board of Directors of the Company (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, as per schedule VIII, Part A, (VI)(B)(15) of SEBI ICDR Regulations, 2009 have been complied with. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIB Bidders is proportionate as per the terms of this DRHP.

The underwriting agreements mentioned above shall not apply to the subscriptions by the ASBA bidders in this offer.

CAPITAL STRUCTURE

The share capital of the Company as on the date of filing of this Draft Red Herring Prospectus with SEBI is as set forth below:

Share Capital	Aggregate Value at Nominal Price (Amount in ₹)	Aggregate Value at Issue Price (Amount in ₹)
A. Authorized Capital: 10,00,00,000 Equity Shares of Rs 10. Each	100,00,00,000	100,00,00,000
B. Subscribed and Paid Up Capital before this Issue: 6,78,43,137 Equity Shares of the Face Value of ₹ 10 /- each	67,84,31,370	67,84,31,370
C. Present Issue to the Public in terms of this Offer Document [•] Equity Shares of ₹ 10/- each Which comprises of: a) Fresh Issue: [•] Equity shares of ₹ 10/- each aggregating to ₹ 1,2500 Lacs b) Offer for sale #: [•] Equity shares of ₹ 10/- each aggregating to ₹ 4500 Lacs	[•] [•] [•]	125,00,00,000 45,00,00,000
Of Which Employee Reservation portion includes [•] Equity shares of ₹ 10/- each	[•]	1,00,00,000
D. Net Issue to the Public [•] Equity shares of ₹ 10/- Of which	[•]	169,00,00,000
i) QIB portion of upto [•] Equity Shares ⁽¹⁾	[•]	84,50,00,000
ii) Non Institutional Portion not less than [•] Equity Shares ⁽¹⁾	[•]	25,35,00,000
iii) Retail Portion of not less than [•] Equity Shares ⁽¹⁾	[•]	59,15,00,000
E. Issued, Subscribed and Paid-Up Capital after this Issue [•] Equity Shares of the Face Value of ₹ 10/- each	[•]	[•]
Securities Premium Account Before this Issue After this Issue	₹ 2875.70 lacs [•]	

⁽¹⁾ Under subscription, if any, in the above category would be met with spill over from any other category, at the sole discretion of the Company in consultation with the BRLM.

The Offer for Sale has been authorized by (1) India Opportunity Real Estate Fund (Mauritius) and (2) India Opportunities Portfolio – ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients pursuant to their consent dated December 08, 2010 respectively and December 09, 2010 respectively.

Note: The Company is considering a Pre-IPO placement of up to 50,00,000 equity shares aggregating up to ₹ 2000.00 lacs with certain investors, prior to the completion of the issue. In such a case the issue size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum issue size of 25% of the post issue capital being offered to the public.

Changes in the authorized capital since inception are as follows:

Date	Authorized Capital Increased From	Authorized Capital Increased to
Incorporation i.e. April 01, 1999	-	5,00,000 equity shares of ₹ 10/- each aggregating to ₹ 50.00 Lacs
October 28, 1999	5,00,000 equity shares of ₹ 10/- each aggregating to ₹ 50.00 Lacs	35,00,000 equity shares of ₹ 10/- each aggregating to ₹ 350.00 Lacs
December 23, 2000	35,00,000 equity shares of ₹ 10/- each aggregating to ₹ 200.00 Lacs	60,00,000 equity shares of ₹ 10/- each aggregating to ₹ 600.00 Lacs
April 10, 2002	60,00,000 equity shares of ₹ 10/- each aggregating to ₹ 600.00 Lacs	80,01,000 equity shares of ₹ 10/- each aggregating to ₹ 800.10 Lacs
December 01, 2003	80,01,000 equity shares of ₹ 10/- each aggregating to ₹ 800.10 Lacs	1,10,00,000 equity shares of ₹ 10/- each aggregating to ₹ 1100.00 Lacs
December 20, 2006	1,10,00,000 equity shares of ₹ 10/- each aggregating to ₹ 1100.00 Lacs	2,10,00,000 equity shares of ₹ 10/- each aggregating to ₹ 2100.00 lacs and 15,00,000 redeemable convertible cumulative preference shares of ₹ 100/- each aggregating to ₹ 1500.00 Lacs.
December 28, 2007	2,10,00,000 equity shares of ₹ 10/- each aggregating to ₹ 2100.00 lacs and 15,00,000 redeemable convertible cumulative preference shares of ₹ 100/- each aggregating to ₹ 1500.00 Lacs	The authorized share capital aggregating to ₹ 3600.00 lacs consisting of equity shares and redeemable convertible cumulative preference shares were reclassified and increased to 6,80,00,000 equity shares of ₹ 10/- each aggregating to ₹ 6800.00 Lacs
July 13, 2010	6,80,00,000 equity shares of ₹ 10/- each aggregating to ₹ 6800.00 Lacs	10,00,00,000 equity shares of ₹ 10/- each aggregating to ₹ 10,000.00 Lacs

Offer for Sale by Selling Shareholders

The Public Issue comprises of an offer for sale of [●] equity shares by **ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients and India Opportunity Real Estate Fund** (the “selling shareholders”)

Name of Selling Shareholder	Date of acquisition	No. of Equity Shares	Amount (₹ in lacs)
ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients	28/12/2007	[●]	2300.00
India Opportunity Real Estate Fund	08/01/2008	[●]	2200.00
TOTAL		[●]	4500.00

The Equity Shares constituting the Offer for Sale have been held by the respective Selling Shareholders for a period of more than one year till the date of the filing of the Draft Red Herring Prospectus with SEBI.

Notes to the Capital Structure:

1. History of Paid-up Equity Share Capital of the Company is as follows

Date of Allotment	Face Value (₹)	Issue Price (₹)	No. of Shares	Cum. No. of shares	Nature of allotment	Nature of Consideration
Incorporation April 15, 1999	10	10.00	2,000	2,000	Subscription to Memorandum	Cash
September 04, 1999	10	10.00	200	2,200	Non-Promoters	Cash
October 04, 1999	10	10.00	100	2,300	Non Promoter	Cash
March 25, 2000	10	10.00	29,97,700	30,00,000	Promoters, Promoter Group and Non-Promoters	Cash
March 25, 2001	10	10.00	6,55,000	36,55,000	Promoter, Promoter Group and Non-Promoters	Cash
December 03, 2001	10	10.00	12,45,000	49,00,000	Promoter and Promoter Group	Cash
March 25, 2002	10	10.00	11,00,000	60,00,000	Promoter, Promoter Group and Non-Promoters	Cash
May 07, 2002	10	10.00	10,30,000	70,30,000	Promoters and Promoter Group	Cash
December 10, 2002	10	10.00	9,70,000	80,00,000	Promoters and Promoter Group	Cash
December 01, 2003	10	10.00	25,00,000	1,05,00,000	Promoters	Cash
January 27, 2007	10	10.00	81,00,000	1,86,00,000	Promoters	Cash
December 27, 2007	10	10.00	1,50,00,000	3,36,00,000	Promoter	Conversion of 15,00,000 redeemable cumulative convertible preference shares (CCPS) of ₹ 100/- each allotted on January 27, 2007 into 1,50,00,000

Date of Allotment	Face Value (₹)	Issue Price (₹)	No. of Shares	Cum. No. of shares	Nature of allotment	Nature of Consideration
						equity shares of ₹ 10/- each
December 27, 2007	10	10.00	10,00,000	3,46,00,000	Promoter	Conversion of unsecured loan
December 28, 2007	10	18.65	1,69,60,784	5,15,60,784	Allotment to ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients	Cash
January 08, 2008	10	18.65	1,62,82,353	6,78,43,137	Allotment to India Opportunity Real Estate Fund, Mauritius	Cash

2. History of share capital of the promoters:

Name of Promoter	Date of allotment/ transfer	No of shares allotted/ transferred	Consideration	Face Value (₹)	Issue Price (₹)	% to post issue capital
Mr. K.R.V. Ramani	April 15, 1999	1,000	Cash	10	10.00	[●]
	March 25, 2000	14,98,900	Cash	10	10.00	[●]
	March 25, 2000	100	Cash	10	10.00	[●]
	December 12, 2001	7,50,000	Cash	10	10.00	[●]
	March 25, 2002	6,00,000	Cash	10	10.00	[●]
	May 7, 2002	5,00,000	Cash	10	10.00	[●]
	December 10, 2002	6,50,000	Cash	10	10.00	[●]
	December 01, 2003	15,00,000	Cash	10	10.00	[●]
	January 27, 2007	2,50,000	Cash	10	10.00	[●]
	January 27, 2007	75,00,000	Cash	10	10.00	[●]
	December 27, 2007	1,50,00,000	Cash (Conversion of redeemable CCPS)	10	10.00	[●]
	December 27, 2007	10,00,000	Cash (Conversion of Unsecured Loans)	10	10.00	[●]
	December 30, 2009	(6)	Transfer	10	10.00	[●]
	Sub Total (A)	2,93,49,994				

Name of Promoter	Date of allotment/ transfer	No of shares allotted/ transferred	Consideration	Face Value (₹)	Issue Price (₹)	% to post issue capital
Mrs. Aruna Ramani	April 15, 1999	1,000	Cash	10	10.00	[●]
	March 25, 2000	4,99,000	Cash	10	10.00	[●]
	March 25, 2001	80,000	Cash	10	10.00	[●]
	December 12, 2001	4,20,000	Cash	10	10.00	[●]
	May 7, 2002	5,00,000	Cash	10	10.00	[●]
	December 10, 2002	2,50,000	Cash	10	10.00	[●]
	December 01, 2003	10,00,000	Cash	10	10.00	[●]
	January 27, 2007	6,00,000	Cash	10	10.00	[●]
	Sub Total (B)	33,50,000				
Ramani (HUF)	March 25, 2000	5,00,000	Cash	10	10.00	[●]
	December 03, 2001	75,000	Cash	10	10.00	[●]
	March 25, 2001	75,000	Cash	10	10.00	[●]
	March 25, 2002	3,00,000	Cash	10	10.00	[●]
	May 07, 2002	30,000	Cash	10	10.00	[●]
	December 10, 2002	70,000	Cash	10	10.00	[●]
	January 27, 2007	8,50,000	Transfer	10	10.00	[●]
	Sub Total (C)	19,00,000				
Grand Total (A+B)		3,45,99,994				

3. Promoters Contribution and Lock-In:

The equity shares eligible for Lock-in as per Chapter IV of ICDR Regulations, 2009 for a period of 3 years is as under:

Name of Promoter	Date of allotment/ transfer	No of shares allotted/ transferred	Consideration	Face Value (₹)	Issue Price (₹)	% to post issue capital
Mr. K.R.V. Ramani	April 15, 1999	1,000	Cash	10	10.00	[●]
	March 25, 2000	14,98,900	Cash	10	10.00	[●]
	March 25, 2000	100	Cash	10	10.00	[●]
	December 12, 2001	7,50,000	Cash	10	10.00	[●]
	March 25, 2002	6,00,000	Cash	10	10.00	[●]
	May 7, 2002	5,00,000	Cash	10	10.00	[●]
	December 10, 2002	6,50,000	Cash	10	10.00	[●]
	December 01, 2003	15,00,000	Cash	10	10.00	[●]
	January 27, 2007	2,50,000	Cash	10	10.00	[●]
	January 27, 2007	75,00,000	Cash	10	10.00	[●]
	December 27, 2007	1,50,00,000	Cash (Conversion of redeemable CCPS)	10	10.00	[●]

Name of Promoter	Date of allotment/ transfer	No of shares allotted/ transferred	Consideration	Face Value (₹)	Issue Price (₹)	% to post issue capital
	December 27, 2007	10,00,000	Cash (Conversion of Unsecured Loans)	10	10.00	[●]
	December 30, 2009	(6)	Transfer	10	10.00	[●]
	Sub Total (A)	2,93,49,994				
Mrs. Aruna Ramani	April 15, 1999	1,000	Cash	10	10.00	[●]
	March 25, 2000	4,99,000	Cash	10	10.00	[●]
	March 25, 2001	80,000	Cash	10	10.00	[●]
	December 12, 2001	4,20,000	Cash	10	10.00	[●]
	May 7, 2002	5,00,000	Cash	10	10.00	[●]
	December 10, 2002	2,50,000	Cash	10	10.00	[●]
	December 01, 2003	10,00,000	Cash	10	10.00	[●]
	January 27, 2007	6,00,000	Cash	10	10.00	[●]
	Sub Total (B)	33,50,000				
Ramani (HUF)	March 25, 2000	5,00,000	Cash	10	10.00	[●]
	December 03, 2001	75,000	Cash	10	10.00	[●]
	March 25, 2001	75,000	Cash	10	10.00	[●]
	March 25, 2002	3,00,000	Cash	10	10.00	[●]
	May 07, 2002	30,000	Cash	10	10.00	[●]
	December 10, 2002	70,000	Cash	10	10.00	[●]
	January 27, 2007	8,50,000	Transfer	10	10.00	[●]
	Sub Total (C)	19,00,000				
	Grand Total (A+B)	3,45,99,988				

All the Equity Shares, which are being locked-in are eligible for computation of promoter's contribution and lock-in under Chapter IV of ICDR Regulations, 2009.

Pursuant to the SEBI Regulations, an aggregate of 20% of the post issue capital of the Company i.e. [●] equity shares of ₹10/- each held by the Promoter shall be locked-in for a period of three years from the date of Allotment in the Issue.

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Issue paid-up equity share capital from the date of allotment in the proposed public issue. Promoters' contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

Shares held by the person other than the Promoters, prior to this Issue, which are subject to lock in as per Regulation 37 of SEBI (ICDR) Regulations 2009, may be transferred to any other person holding shares which are locked in, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. As per Regulation 39 of SEBI (ICDR) Regulations, 2009, the locked-in Equity Shares held by the Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan. Provided that if securities are locked in as minimum promoters' contribution under Regulation 36 of the SEBI Regulations, the same may be pledged, only if, in addition to fulfilling the requirements of this clause, 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. Other than those shares that are locked in as promoter's contribution for three years, the entire pre-issue share capital will be locked in for a period of one year from the date of allotment in this public issue. Any 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.

4. Pre & Post Shareholding pattern of the Company

The table below presents the Equity Shareholding pattern of the Company before the proposed Issue and as adjusted for the Issue.

Shareholder Category	No. of Share holders	Pre-Issue		Post-Issue		No. of Shares Pledged	
		No. of Equity Shares	%	No. of Equity Shares	%	No. of Equity Shares	%
Shareholding of Promoter and Promoter Group							
Individuals/ Hindu Undivided Family	3				[●]	Nil	Nil
Mr. K.R.V. Ramani		2,93,49,994	43.26	2,93,49,994			
Mrs. Aruna Ramani		33,50,000	4.94	33,50,000			
Ramani (HUF)		19,00,000	2.80	19,00,000			
Central Government/ State Government		-	-	-			
Bodies Corporate							
Financial Institutions/ Banks		-	-	-			
Any Others (Specify)		-	-	-			
Sub Total (A)(1)		3,45,99,994	51.00	3,45,99,994	[●]	Nil	Nil
Foreign							
Individuals (Non-Resident Individuals/ Foreign Individuals)		-	-	-	[●]	Nil	Nil
Bodies Corporate							
Institutions							
Any Other (Specify)							

Shareholder Category	No. of Share holders	Pre-Issue		Post-Issue		No. of Shares Pledged	
		No. of Equity Shares	%	No. of Equity Shares	%	No. of Equity Shares	%
Sub Total (A)(2)		-	-	-	[•]	Nil	Nil
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	3	3,45,99,994	51.00	3,45,99,994	[•]	Nil	Nil
Public Shareholding						Nil	Nil
Institutions				[•]	[•]	Nil	Nil
Mutual Funds/ UTI							
Financial Institutions/ Banks							
Central Government/ State Government							
Venture Capital Funds							
Insurance Companies							
Foreign Institutional Investors							
Foreign Venture Capital Investors							
Any Others (IOREF (Mauritius) and ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients)	2	3,32,43,137	49.00				
Sub Total (B)(1)		3,32,43,137	49.00				
Non-Institutions						Nil	Nil
Body Corporate		-	-				
Individuals							
Individuals - i. Individual shareholders holding nominal share capital up to ₹ 1 Lac	6	6	0.00				
Any Other (Specify)		-	-				
Non-Resident Indians							
(OCBs)							
Hindu Undivided Family							
Demat - Clearing Member							
Sub-Total (B)(2)	8	Nil	Nil	Nil	Nil		
Total Public Shareholding	8	3,32,43,143	49.00			Nil	Nil

Shareholder Category	No. of Share holders	Pre-Issue		Post-Issue		No. of Shares Pledged	
		No. of Equity Shares	%	No. of Equity Shares	%	No. of Equity Shares	%
(B)=(B)(1)+(B)(2)							
TOTAL (A)+(B)	11	6,78,43,137	100.00			Nil	Nil
Shares held by Custodians and against which Depository Receipts have been issued	-	-	-			Nil	Nil
GRAND TOTAL (A)+(B)+(C)	11	6,78,43,137	100.00	[•]	100.00	Nil	Nil

5. There are no transactions in the Company's Equity Shares by the Promoter & their relatives or the directors of the Company during a period of six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

6. Shareholders of the company and the number of equity shares held by them

6a. Top ten shareholders as on the date prior to filing this Draft Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1.	Mr. K.R.V. Ramani	2,93,49,994	43.26
2.	ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients	1,69,60,784	25.00
3.	India Opportunity Real Estate Fund	1,62,82,353	24.00
4.	Mrs. Aruna Ramani	33,50,000	4.94
5.	Ramani (HUF)	19,00,000	2.80
6.	Mr. K.R. Ramakrishnan	1	0.00
7.	Mr. T. Prasanna	1	0.00
8.	Mr. S.Ramabadran	1	0.00
9.	Mr. Ramesh Shiva	1	0.00
10.	Mr. D. Babu	1	0.00
11.	Mr. A.Kumaravel	1	0.00
	Total	6,78,43,137	100.00

6b. Top ten shareholders two years prior to filing this Draft Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1.	Mr. K.R.V. Ramani	2,93,50,000	43.26
2.	ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients	1,69,60,784	25.00
3.	India Opportunity Real Estate Fund	1,62,82,353	24.00
4.	Mrs. Aruna Ramani	33,50,000	4.94
5.	Ramani (HUF)	19,00,000	2.80
	Total	6,78,43,137	100.00

6c. Top ten shareholders ten days prior to filing this Draft Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1.	Mr. K.R.V. Ramani	2,93,49,994	43.26
2.	ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients	1,69,60,784	25.00
3.	India Opportunity Real Estate Fund	1,62,82,353	24.00
4.	Mrs. Aruna Ramani	33,50,000	4.94
5.	Ramani (HUF)	19,00,000	2.80
6.	Mr. K.R. Ramakrishnan	1	0.00
7.	Mr. T. Prasanna	1	0.00
8.	Mr. S.Ramabadran	1	0.00
9.	Mr. Ramesh Shiva	1	0.00
10.	Mr. D. Babu	1	0.00
11.	Mr. A.Kumaravel	1	0.00
	Total	6,78,43,137	100.00

7. Till date Company has not introduced any Employees Stock Option Schemes/ Employees Stock Purchase Schemes.
8. There is no “buyback” or “standby” arrangement for purchase of Equity shares by the company, promoters, directors, BRLM for the equity shares offered through this Draft Red Herring Prospectus.
9. The company has not raised any bridge loan against the proceeds of the issue
10. The company has eleven Shareholders as on the date of filing this Draft Red Herring Prospectus with SEBI.
11. An over-subscription to the extent of 10% of the net offer to public can be retained for purpose of rounding off to the nearest multiple of minimum allotment lot.
12. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and 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. The Company is considering a Pre-IPO placement of up to 50,00,000 equity shares aggregating up to ₹ 2000.00 lacs with certain investors, prior to the completion of the issue. In such a case the issue size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum issue size of 25% of the post issue capital being offered to the public.
13. The company has not made any issue of specified securities during the preceding one year.
14. The Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise.
15. The company has not revalued its assets since its incorporation.
16. The company has not made any public issue since its incorporation.
17. As on date all the equity shares of the company are fully paid-up.

18. The Company undertakes that at any given time, there shall be only one denomination for the Equity Shares of the Company and that it shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
19. As on the date of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into the Equity Shares. The shares locked in by the Promoter are not pledged to any party.
20. No payment, direct or indirect, in the nature of discount, commission allowance or otherwise shall be made either by the issuer company or the promoters in any public issue to the persons who receive firm allotment in the public issue.
21. As on date of filing this DRHP there are no equity shares held by BRLM.

OBJECTS OF THE ISSUE

The Issue comprises the Fresh Issue and the Offer for Sale. The object of the Offer for Sale is to carry out the sale of [●] Equity Shares aggregating to ₹ 4500 Lacs by the Selling Shareholders. The Company will not receive any proceeds from the Offer for Sale by the Selling Shareholders. The Issue consists of a fresh issue for ₹ 12,500 lacs. The net proceeds are proposed to be utilized by the company for the following objects:

Objects of Fresh Issue of Shares

1. *Financing of expansion / acquisition / setting up / lease of new hotels.*
2. *Repayment of the existing debts.*
3. *General corporate purpose*
4. *To meet the issue related expenses.*

The company believes that listing will enhance the company's brand name and create a public market for its equity shares in India.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable the company to undertake its existing activities and the activities for which funds are being raised by the company through the fresh issue.

Expenses related to the issue, including underwriting and management fees, selling commissions and other expenses will be borne entirely by the company. The Selling shareholder(s) will not bear any part of Issue related expenses.

The details of the Net Proceeds are summarized in the table below:

Particulars	Amount (₹ in lacs)
Gross Proceeds of the Issue	17,000.00
Less: Proceeds of the Offer for Sale	4,500.00
Net Proceeds	12,500.00

Requirement of Funds

Sr. No	Particulars	Amount (₹ in lacs)	Total Amount (₹ in lacs)
1.	Financing of Expansion/Setting up/ Lease of new Hotels		
1.1	Setting up of Hotel at Bangalore	7251.00	11951.00
1.2	Operating hotels on Long term lease at various locations	4700.00	
2.	Repayment of Existing Debts		4,000.00
3.	General Corporate Purposes		500.00
4.	To meet the issue related expenses		1,000.00
	Total Requirement of Funds		17451.00

Means of Finance

Particulars	Amount (₹ in lacs)
IPO	12,500.00
Term Loan from Banks*	3900.00
Internal Accruals	1051.00

*The Company has been sanctioned a total loan of ₹ 3900.00 lacs for Bangalore Hotel by State Bank of India for an amount of ₹2700.00 lacs, State Bank of Mysore for an amount of ₹ 550.00 lacs and State Bank of Travancore for an amount of ₹ 650.00 lacs vide their sanction letters dated 04/07/2008, 10/05/2010 and 12/08/2010 respectively. The brief details of the terms of loans are as follows:

Particulars	State Bank of India	State Bank of Mysore	State Bank of Travancore
Sanctioned Amount	₹ 2700.00 Lacs	₹ 550.00 Lacs	₹ 650.00 Lacs
Primary Security	1 st charge on all movable and immovable assets (including mortgage over immovable properties) present and future, of the project in Bangalore. Equitable mortgage of land with an extent of 50094 sq. ft bearing Khatta nos 303/115-117 at Bangalore Bellary Road and the building to be constructed thereon		
Collateral	-	Extension of Charge on the assets of the Pune Hotel Project	Extension of Charge on the assets of the Pune Hotel Project
Guarantee	Personal Guarantee of Mr. K.R.V Ramani and Mrs. Aruna Ramani		
Repayment	90 monthly installment	90 monthly installment	90 monthly installment
Interest rate	1.00% above SBAR (SBAR at present: 12.75 %p.a.)	At 0.50% above SBMPLR, presently 12.75% p.a.	At 0.50% above SBTPLR, presently 12.75% p.a.

1. *Financing of Expansion/Setting up/ Lease of new Hotels*

The company intends to utilize a part of the Net Proceeds for financing the expansion of the company's hotels and setting up of new hotels as detailed below:

Sr. No	Location of the project	Total Estimated Project Cost (₹ in lacs)
1.1	Setting up of Hotel at Bangalore	7251.00
1.2	Operating hotel on Long term lease at various locations	4700.00
	Total	11951.00

1.1 Setting up Hotel at Bangalore

The Company is setting up a four star hotel at Devanahalli, Bangalore with a total capacity of 120 rooms. The hotel is proposed to have two basement floors, one lobby, one banquet floor and three guest room floors with around 40 guest rooms on each floor. The Company has already acquired the land for the proposed hotel vide sale agreement dated 02/01/2008 for a total consideration of around ₹ 1160.49 lacs including stamp duty and registration charges. The Company has commenced the construction of hotel at the said location. An amount of ₹ 2283.28 lacs has already been incurred towards purchase of land and other expenses relating to construction of Building.

Brief Details of the upcoming Hotel project at Bangalore for which part of the funds are raised is as follows:

The Company is constructing a 4 star deluxe hotel at Bangalore with total capacity of 120 rooms with banquet and conference facility. The hotel is located near to international airport at Devanahalli, Bangalore. The nearness to airport would benefit the business class executives.



Perspective view of the proposed hotel

Rooms

The proposed hotel will have 120 Rooms classified as:

Sr. No	Type of Rooms	No. of Rooms
1.	Standard Room	102
2.	Deluxe Rooms	14
3.	Suites	4
Total Rooms		120

Facilities:

The hotel will have 3 banquet halls, 2 restaurants and a bar.

The total estimated cost to be incurred for setting up the hotel is stated below:

Sr. No	Particulars	Amount (₹ In lacs)	Total (Amount ₹ In lacs)
1.	Land	1160.49	1160.49
2.	Civil and Structural work	1740.17	4662.00
3.	Electricals	426.24	
4.	Furnishing and Interior	1261.41	
5.	Mechanical Services	533.81	
6.	Plant & Equip	506.03	
7.	Other Assets	194.34	1428.51
8.	Consultancy Charges	128.00	
9.	Preliminary and Pre Operative Expenses	1300.51	
Total			7251.00

The detailed break up of the estimated cost is as under:

Sr. No	Particulars	Name of the Supplier	Date of Quotation	Amount (₹ in lacs)
Civil and Structural				
1.	Civil and Structural Work	KNK Nexgen Construction Co	30/11/2009	947.72
2.	Civil and Structural Work	Rasi Constructions	05/01/2010	747.97
3.	Structural Glazing work	Care India Fabrication	12/05/2010	21.51
4.	Swimming pool	GYM Pool Consultants	19/05/2010	15.97
5.	Landscaping & Gardening	Ripple Engineering	27/05/2010	7.00
SUB TOTAL				1740.17
Electricals				
6.	Electrical Work	Jayaram Electricals Ltd	07/4/2010	375.26

Sr. No	Particulars	Name of the Supplier	Date of Quotation	Amount (₹ in lacs)
7.	Genset	GMMCO LTD	18/06/2010	50.98
SUB TOTAL				426.24
Furnishing and Interior				
8.	Furniture Furnishing & Interior Work	INSCALE	19/03/2010	781.71
9.	Lobby Area, Banquet Hall, Pre Function Area Interior Work	Viswakarma Decore	09/03/2010	214.86
10.	Interior Work- Bar and Rooms	A.P. interior	15/04/2010	104.84
11.	Interior Work- Coffee Shop	J.K.Interior	30/04/2010	160.00
SUB TOTAL				1261.41
Mechanical Services				
12.	Air Conditioning	Unitech Air Systems	25/06/2010	272.43
13.	Plumbing & Sanitation	Rameesh Associates P Ltd	12/03/2010	201.12
14.	Fire Fighting Systems	Aswin Engineers	26/03/2010	60.26
SUB TOTAL				533.81
Plant and Equipments				
15.	Hydro Pneumatic System	BI Marketing & Equipments	17/05/2010	10.09
16.	Sewage treatment plant	Statco Magnitudes P Ltd	10/05/2010	20.48
17.	Hot Water Boiler	Enmax Global Technologies	26/05/2010	42.14
18.	Water treatment plant	Water Treatment Technologies	10/05/2010	15.00
19.	Kitchen & Toilet Exhaust System	Aircontrol Equipment & Systems	07/06/2010	35.27
20.	Kitchen Equipments	Aircontrol Equipment & Systems	16/06/2010	30.34
21.	EPABX Systems	Enkay Technologies	18/06/2010	21.51
22.	Telephones	Online Instruments India PLtd	15/09/2010	7.02
23.	TV Sets	Online Instruments India PLtd	15/09/2010	45.60
24.	Signages	Inscale	12/09/2010	6.00
25.	Miscellaneous Equipments	Alsha Hotel Supplies	01/09/2010	38.22
26.	Laundry Equipments	Ramsons Garments & Equip.	25/05/2010	30.11
27.	Cold storage & Deep Freezer Room	Aswa Cool Solutions Pvt Ltd	31/05/2010	22.16

Sr. No	Particulars	Name of the Supplier	Date of Quotation	Amount (₹ in lacs)
28.	Safe & Lock System	Onity India Ltd	07/05/2010	7.66
29.	Computer	Precision Informatic Systems	23/06/2010	15.00
30.	Software	IDS Software P Ltd	21/06/2010	30.00
31.	Networking System	Chennai Datacom P Ltd	18/06/2010	10.08
32.	Lifts - 4Nos	Johnson Lifts	28/04/2010	119.35
SUB TOTAL				506.03
Other Assets				
33.	Crockery & Cutlery, Glassware	EAGM Hotel Supplies	13/09/2010	60.48
34.	Room, F & B Linen	Welco International	25/09/2010	25.39
35.	Uniform	JJ Fashions		15.36
36.	Housekeeping Equipments	Anugraha Multitech Co	07/09/2010	20.64
37.	F & B and Housekeeping Pantry Area	Baskar Enterprises	04/09/2010	30.91
38.	Kitchen utensils	S.Selladurai Nadar and Co	06/09/2010	15.35
39.	Operating Supplies Kit	Alsha Hotel Supplies	01/09/2010	26.21
SUB TOTAL				194.34
GRAND TOTAL				4662.00

Consultancy Charges

An amount of Rs. 128.00 lacs is proposed to be incurred towards payment of consultancy charges for various services rendered such as architectural and interior consultancy, project management fees, HVAC consultancy etc.

Preliminary and Pre Operative Expenses

An amount of Rs. 1300.51 lacs is estimated to be incurred towards preliminary and pre operative expenses which includes interest during construction period and other preliminary expenses.

1.2 Operating Hotels on a Long Term lease at various locations

The Company proposes to spread the Hotel network in Tier II business cities by entering into the long term lease agreement with the owners of the hotel properties. We believe that the Tier II cities are potential places for the business travelers and executives that will help the Company to increase the operating income and profitability apart from giving a visibility to the Company. We are in the process of identifying the hotels at the said locations and propose to invest a sum of ₹ 4700.00 lacs towards the same. In this direction the following steps have been taken:

- A. The Company has entered into a "Sub Lease Deed" with M/s. Prism Properties (Sub Lessor) and Courtyard Hotels and Resorts Pvt. Ltd. on 22/08/2010 for a period of 10 years for lease the hotel "THE MARK Boulevard" at Whitefield, Bangalore, which is the IT hub of the city. The total land area of the hotel is 37,424 sq. ft approx and the built up area is 48,972 sq. ft approx. The hotel has 76 rooms, 1 banquet hall, 1 restaurant and a lounge bar. The hotel is in close proximity to the large

corporate houses located at Whitefield. The Company has already made a payment of ₹ 300.00 lacs towards the interest free refundable security deposit. The Company has commenced the operations of the hotel w.e.f. 01/09/2010. The Company proposes to incur additional expenditure of ₹ 300.00 lacs towards refurbishment of the present facilities including making certain improvements in room furnishing, coffee shop and banquet hall, housekeeping equipments and other miscellaneous expenses. including expenses relating to transfer of license in the name of the Company.

- B. The Company has identified hotels at Pune and Hyderabad after conducting internal feasibility study and have initiated the due diligence process. On satisfactory due diligence, these hotels will be taken on long term lease.
- C. The Company is also exploring similar opportunities in other Tier II cities that will help the Company to increase the room keys inventory and achieve the long term objective of Pan India presence in mid market segment.

On these long term lease properties, the Company proposes to deploy an amount of ₹ 4700.00 lacs which will be utilized towards security deposit, advance rental payment, renovation and refurbishment expenses, working capital, etc.

2. Repayment of Loans availed by the company

The Company has availed debt facilities from certain banks. As on 30th June 2010 the Principal loan Outstanding against the company is ₹ 7665.73 lacs. The Company intends to utilize an amount of ₹ 4000.00 lacs out of the total net proceeds of the issue to repay a part of the outstanding loan amount as detailed below:

(₹ in lacs)

Sr.No	Name of the Bank	Date of Loan sanction	Rate of Interest (%) p.a.	Total amount	Principal amount outstanding as on 30 June 2010	Amount proposed to be repaid
1	State Bank of Bikaner & Jaipur, Chennai	12/04/2010	12.00	5400.00	4302.00	2400.00
2	State Bank of Mysore, Chennai	07/06/2010	12.00	3600.00	2825.01	1600.00

For the financial year ended 31/03/2010, the total interest and finance charges of the Company was ₹ 405.38 lacs. The part repayment of the above mentioned loan would result in reduction of the financing cost of the Company thereby leading to increase in profitability.

3. General Corporate Purpose

The Company proposes to utilize a sum of ₹ 500.00 lacs for general corporate purposes that include strategic initiatives, brand building exercises, strengthening of the marketing capabilities, meeting exigencies which the company in ordinary course of business may face, or any other purpose as approved by the board.

4. Issue related expenses

The expenses of this issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated issue expenses are as follows:

Activity	Estimated Expenses (₹ in lacs)	% of the Issue Expenses	% of the Issue Size
Lead Management, underwriting & selling commissions	600.00	60.00	3.53
Advertising and marketing expenses	175.00	17.50	1.03
Printing & Stationery expenses	100.00	10.00	0.59
Others (registrar fees, IPO Grading, legal, listing fees, etc.,)	125.00	12.50	0.73
Total estimated issue expenses	1000.00	100.00	5.88

The Selling shareholder(s) will not bear any part of Issue related expenses.

Working Capital

For the construction of the Bangalore hotel, the Company does not propose to utilize any amount of the net issue proceeds towards the working capital requirements. The present working capital requirement as of 30/06/2010 is ₹ 1369.06 lacs is being met by way of cash credit facilities to the extent of ₹ 500.00 lacs availed from State Bank of Bikaner and Jaipur and balance through internal accruals. The Company shall approach the banks for enhanced credit limits as and when required.

Schedule of implementation

The proposed schedule of implementation for the setting up of Hotel at Bangalore is detailed below:

Sr. No.	Particulars	Commencement	Completion
1.	Land & Site Development	Already Acquired	
2.	Building	Already Commenced	October 2011
3.	Plant and Equipments	January 2011	December 2011
4.	Commercial Launch	January 2012	

Year wise break-up of the expenditure proposed to be incurred on the project

(₹ In lacs)

Particulars	Amount to be spent during the year 2010- 11	Amount to be spent during the year 2011-12	Total
Setting up of Hotel at Bangalore	3500.00	3751.00	7251.00
Operating hotel on Long term lease at various locations	1000.00	3700.00	4700.00
Repayment of Existing Debts	-	4000.00	4000.00
General Corporate Purposes	-	500.00	500.00
Issue related expenses	200.00	800.00	1000.00
Total	4700.00	12751.00	17451.00

Sources and Deployment of Funds

The Company has spent an amount of ₹ 2602.80 lacs towards the implementation of project till 31.10.2010. The Company has received the Sources and Deployment of Funds Certificate dated December 08, 2010, from Essveeyar, Chartered Accountants, the Statutory Auditors of the Company.

Details of the sources and deployment of the funds as per the certificate are as follows:

Particulars	Amount (₹ in lacs)
Deployment of Funds	
Setting Up of Hotel at Bangalore	2283.28

Particulars	Amount (₹ in lacs)
Operating of Hotel on Long term lease (lease advance towards Bangalore Hotel)	300.00
Issue Expenses	19.52
Total	2602.80
Sources of Funds	
Term Loan from Bank	981.28
Internal Accruals	1621.52
Total	2602.80

Interim Use of Proceeds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received through the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.

Monitoring of Utilization of Funds

The Company will disclose the utilization of the proceeds of the Issue under a separate head in the financial statements clearly specifying the purposes for which such proceeds have been utilized. The Company will also in the financial statements provide details if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. No part of the proceeds of this Issue will be paid by the company as consideration to the Promoters, Directors, Key Management Employees or Companies promoted by the Promoters, save and except in the course of normal business.

Basic Terms of the Issue

The Equity shares being offered are subject to the provision of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this DRHP 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 subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

BASIS OF ISSUE PRICE

The Issue Price will be determined by the Company and Selling Shareholders in consultation with the BRLM on the basis of the demand from investors for the Equity Shares through the Book-Building Process. The face value of the Equity Shares is ₹ 10/- and the Issue Price is [•] times the face value at the lower end of the Price Band and [•] times the face value at the higher end of the Price Band.

Qualitative Factors:

- Existing profit making company in the hospitality sector having presence in Chennai, Coimbatore, Kodaikanal and Bangalore with capacity of 377 rooms
- Focus on business travelers which makes us less susceptible to the seasonality factor
- Strong Value Proposition
- Strong Management Team
- Locational Advantage
- Presence across different price categories
- Affiliation with global brand

Information presented in this section is derived from the restated audited financial statements of the Company for years ended March 31 2010, 2009, 2008, 2007 and 2006 and for the quarter ended 30th June, 2010

1. Basic and Diluted Earnings per Share (EPS)

Year ended	Basic EPS (₹)	Weight
March 31, 2008	0.24	1
March 31, 2009	0.15	2
March 31, 2010	0.70	3
Weighted Average	0.44	

Annualised EPS for the Quarter ended 30th June, 2010 ₹0.96

2. Price Earnings Ratio (P/E) in relation to the Issue Price of ₹[•] per Equity Share of ₹10/- each

Sr. No.	Particulars	
a.	P/E ratio based on Weighted average EPS for the three years ended March 31, 2008, 2009 and 2010 at the Floor Price	[•] times
b.	P/E ratio based on Weighted average EPS for the three years ended March 31, 2008, 2009 and 2010 at the Cap Price	[•] times

3. Return on Net worth (RoNW)

Year ended	RoNW (%)	Weight
March 31, 2008	0.43	1
March 31, 2009	0.99	2
March 31, 2010	4.52	3
Weighted Average	2.66	

RoNW for the Quarter ended 30th June, 2010 1.51%

4. *Minimum Return on Increased Net Worth required to maintain pre-issue EPS: [•]*

5. *Net Asset Value (NAV) per share, post-Issue and comparison with the Issue Price*

	NAV (Rs.)
NAV as at March 31, 2010	15.55
NAV after the Issue*	[•]
Issue Price	[•]

NAV as at 30th June, 2010 is 15.80

6. *Industry Average P/E*

Particulars	Name of the Company	P/E Multiple based on Price as on 07/12/2010
Highest	EIH Ltd.	76.96
Lowest	CHL	9.22
Industry Composite		39.50
Source for industry composite: Dalal Street Investment Journal, Hotels 05 December, 2010		

7. *Comparison with other listed companies*

The comparable ratios of the companies which are in similar business are given as follows:

Company	Face Value (₹)	31/03/2010					Market Price as on 07/12/2010 (₹)	P/E	Price/BV
		Equity (₹ in Cr.)	Sales (₹ in Cr.)	Net Profit (₹ in Cr.)	Book Value (₹)	EPS (₹)			
Bhagwati Banquets & Hotels Ltd.	10	29.30	86.00	10.20	47.00	3.50	140.00	40.00	2.98
CHL	10	11.00	70.00	12.50	76.00	11.40	105.10	9.22	1.38
EIH Ltd.	2	78.60	774.00	57.20	36.00	1.50	115.45	76.96	3.21
Royal Orchid Hotel	10	27.20	78.00	8.30	73.00	3.00	69.80	23.26	0.96
(Source: Dalal Street Investment Journal, Hotels Sep 13 – Sep 26, 2010)									
Sabari Inn Limited	10	67.84	41.46	4.71	15.50	0.24	NA	NA	NA

8. *The face value of Equity Shares of Sabari Inn Limited is Rs.10 and the Issue Price is [•] time of the Face Value.*

The Issue Price of ₹[•] has been determined by the Company and Selling Shareholders in consultation with the BRLM, on the basis of assessment of market demand from investors through the Book- Building Process and is justified based on the above factors. The face value of the Equity Shares is ₹ 10 each. The Issue Price is [•] times the face value at the lower end of the price band and [•] times the face value at the higher end of the Price Band.

On the basis of the above parameters the Issue Price of ₹ [•] per share is justified.

STATEMENT OF TAX BENEFITS**STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS. AS PER THE CERTIFICATE ISSUED BY STATUTORY AUDITORS OF THE COMPANY**

To
The Board of Directors
Sabari Inn Limited,
No. 29, Thirumalai Pillai Road,
T.Nagar, Chennai - 600 017.

We M/s **Essveeyar, Chartered Accountants** are the Statutory Auditors of Sabari Inn Limited having its registered office at No. 29, Thirumalai Pillai Road, T.Nagar, Chennai - 600 017. We hereby certify that under the current tax laws, the following tax benefits inter-alia, will be available to the Company and the members of the Company. However a member is advised to consider in his/her/its own case the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislation may not have direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

As per the existing provisions of the Income Tax Act 1961 and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to Sabari Inn Limited and its shareholders.

Special Tax Benefits

We believe that there are no special tax benefits available to the Company and its shareholders.

General tax benefits available:**A. Benefits to the company under Act**

1. Dividends exempt under section 10(34) and 10(35) of the IT Act.

Dividend (whether interim or final) received by the company from its investment in shares of another domestic company would be exempted in the hands of the company as per the provisions of section 10(34) read with section 115-O of the IT Act. In terms of section 10(35) of the IT Act, any income received from units of a Mutual Fund specified under section 10(23D) of the IT Act is exempt from tax, subject to such income not arising from the transfer of units in such Mutual Fund.

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets except shares held in a company or any other security listed in a recognised stock exchange in India or units of Unit Trust of India ('UTI') or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or UTI or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to the company from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to Securities Transaction Tax ("STT").

As per the provisions of section 112 of the IT Act, long-term capital gains other than those covered under section 10(38) of the IT Act are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains other than those covered under section 10(38) of the IT Act arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

However, from Assessment Year 2007-2008, such long-term capital gains will be included while computing book profits for the purpose of payment of Minimum Alternate Tax ("MAT") under the provisions of section 115JB of the IT Act.

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

3. Securities Transaction Tax

In terms of STT, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller individually. The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.

4. Exemption of capital gains arising from income tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a company on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in National Highway Authority of India (NHAI) or Rural Electrification Corporation (REC) notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any financial year.

5. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
6. In accordance with and subject to the provisions of section 32 of the Income tax Act, the Company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the Company, in terms of section 32(1)(ia), shall be entitled to claim Additional depreciation @ 20% of actual cost on new plant and machinery for the period of one year after acquired on or after 31st March, 2005.

7. In accordance with and subject to the provisions of section 35D of the Income tax Act, the Company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.
8. Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT becomes allowable.
9. Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs, as per section 32 of the Act, subject to the (2) of section 72 and sub-section (3) of section 73 of the Act.

Carry forward and Set off of Business Loss

10. Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.
11. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.
12. 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 of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.
13. 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.

B. Benefits to the Resident shareholders of the company under the IT Act

1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under section 64(1A) of the Income Tax Act 1961, will be exempt from tax to the extent of ₹ 1500 per minor child under section 10(32) of the Income Tax Act 1961.
3. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a

recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to a resident shareholder, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains [other than those covered under section 10(38) of the IT Act] are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.

4. Exemption of capital gains arising from income tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a resident shareholder on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from

such shares are used for either purchase of residential house property within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

However, if the resident shareholder transfers the residential house property within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year.

C. Benefits to the Non-resident shareholders of the company other than Foreign Institutional Investors and Foreign Venture Capital Investors

1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the non-resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under Section 64(1A) of the Income Tax Act 1961 will be exempt from tax to the extent of ₹ 1,500 per minor child per year in accordance with the provisions of section 10(32) of the Income Tax Act 1961.

3. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale the consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. Under first proviso to section 48 of the IT Act, the taxable capital gains arising on the transfer of capital assets being shares or debentures 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 done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a non-resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains (other than those covered under section 10(38) of the IT Act) are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered second proviso to section 48 and under section 10(38) of the IT Act] arising on transfer of listed

securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

4. Exemption of capital gain from income-tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a non-resident shareholder on transfer of a long-term capital asset (other than those covered under section 10(38) of the IT Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the non-resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains (other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act) arising to an individual or HUF on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property (subject to prior approval from Reserve Bank of India) within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

5. Non resident taxation

Under section 115-I of the IT Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XIII A of the IT Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:

Under section 115E of the IT Act, where shares in the company are acquired or subscribed to in convertible foreign exchange by a non-resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, will [in cases not covered under section 10(38) of the IT Act], be concessional tax at the flat rate of 10% (plus applicable surcharge and cess) (without indexation benefit but with protection against foreign exchange fluctuation)

Under provisions of section 115F of the IT Act, long-term capital gains [in cases not covered under section 10(38) of the IT Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange will be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption will be proportionately reduced. However the amount so exempted will be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

6. In accordance with the provisions of Section 115G of the Income Tax Act 1961, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the Income Tax Act 1961 if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income Tax Act 1961.
7. In accordance with the provisions of Section 115H of the Income Tax Act 1961, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Income Tax Act 1961 to the effect that the provisions of 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 assessment years until such assets are converted into money.
8. As per the provisions of section 115 I of the I.T. Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the Income Tax Act 1961, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Income Tax Act 1961.

9. Tax Treaty Benefits

As per the provisions of Section 90(2) of the Income Tax Act 1961, the provisions of the Income Tax Act 1961 would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

D. Benefits to Foreign Institutional Investors ('FII')

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a FII from its investment in shares of a domestic company would be exempt in the hands of the FII as per the provisions of section 10(34) read with section 115-O of the Act.

2. Long term capital gains exempt under section 10(38) of the Act.

As per the provisions of section 10(38) of the Act, long term capital gain arising to the FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

3. Capital gains

As per the provisions of section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

Rate of tax

Nature of Income	(%)*
Long-term capital gains	10
Short-term capital gains	30

* Plus applicable surcharge and cess

The benefits of foreign currency fluctuation protection and indexation as provided by section 48 of the Act are not available to a FII.

As per the provisions of section 10(38) of the Act, long term capital gain arising to FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per provisions of section 111A of the Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and is chargeable to STT.

Under section 196D (2) of the Income-tax Act, 1961, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.

4. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the FII. Thus, an FII can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

E. Benefits to the Mutual Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a Mutual Fund from its investment in shares of a domestic company would be exempt in the hands of the Mutual Fund as per the provisions of section 10(34) read with section 115-O of the Act.

2. 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 ('SEBI') or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or Mutual Funds authorised by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

F. Benefits to the Venture Capital Companies / Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a Venture Capital Company ('VCC')/ Venture Capital Funds ('VCF') from its investment in shares of another domestic company would be exempt in the hands of the VCC/VCF as per the provisions of section 10(34) read with section 115-O of the Act.

2. In case of a shareholder being a Venture Capital Company/ Fund, as per the provisions of Section 10(23FB) of the Income Tax Act 1961, any income of Venture Capital Companies/ Funds registered with the SEBI, would be exempt from Income Tax, subject to the conditions specified in the said subsection.

G. Benefits under the Wealth Tax Act, 1957

Asset as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

H. Benefits under the Gift Tax Act

As no Gift tax is leviable in respect of gifts made on or after October 1, 1998, but before April 1, 2006. As per amended section 56 (2) (vi) any gift received in money, the aggregate value of which exceeds ₹ 50,000/- is received without consideration, the whole of the aggregate value of such sum will be chargeable to tax. As per newly inserted section 56 (2) (vii) value of sum of money / immovable property/ movable property received without consideration or for inadequate consideration is in exceed of ₹ 50,000/- than the whole of the aggregate value of such sum will be chargeable to tax with effect from Dt: 01.10.2009.

Notes

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2009 & Finance Bill, 2010 and will be available only to the sole/ first named holder in case the shares are held by joint holders.
2. Some of the above benefits may under go changes, if the Direct Tax Code, comes into effect, as envisaged by the Government of India with effect from 1st April 2012.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. 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.
5. Tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.
6. The views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Place: CHENNAI
Date: 08/12/2010

For Essveeyar,
Chartered Accountants

Sd/-
R VIAJAYARAGHAVAN
Partner
Membership No.: 022442
F.R.No.000808S

SECTION III- ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

The Industry data used in the document is as per the CRISIL Research Hotels Annual Review October 2010. CRISIL limited has used due care and caution in preparing this report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of this report may be published/reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on the views expressed in this report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.

INDUSTRY OVERVIEW

As per the Travel and Tourism Competitiveness Report 2009 by the World Economic Forum, India is ranked 11th in the Asia Pacific region and 62nd overall, moving up three places on the list of the world's attractive destinations. It is ranked the 14th best tourist destination for its natural resources and 24th for its cultural resources. The India travel and tourism industry ranked 5th in the long-term (10-year) growth and is expected to be the second largest employer in the world by 2019.

The liberalization of Indian economy in 1991 and the integration of India into the global economy have given impetus to business travellers and tourist travellers. This has intensified and elevated room rates and occupancy levels in India. The growing economy and increased business opportunities in India have acted as a boon for Indian Hotel industry. The "Incredible India" destination campaign and the recently launched "Atithi Devo Bhavah" campaign have also helped in the growth of domestic and international tourism and consequently the hotel industry.

India's hospitality industry has enjoyed robust growth over the past few years buoyed by a benign economic and political environment. Increase in domestic business and leisure travel has benefited hotels in India. Rising incomes, higher weekend trips and increased access to travel-related information over the internet have all propelled growth in hospitality. Premium segment hotels are more prominent in major business destinations in India, and are also dominant in popular tourist destinations like Goa, which attracts a lot of foreign clientele. However, in the second half of 2008-09, ARR's decreased due to fall in room demand on account of the global economic slowdown.

MARKET SIZE

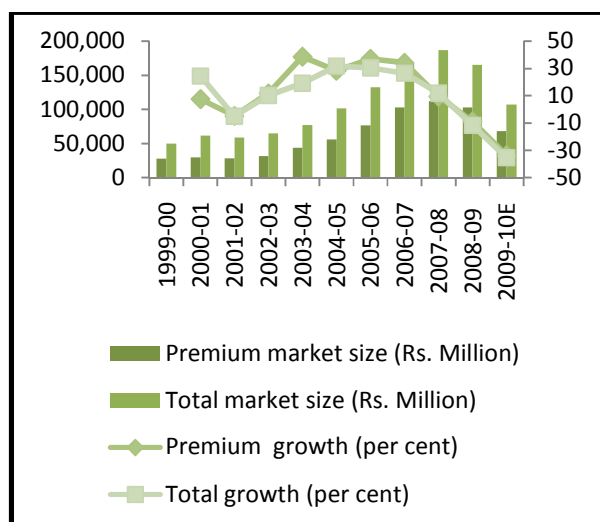
The hotels industry witnessed robust growth during the period 2002-03 to 2007-08, with revenues registering a CAGR of 24 per cent. During the same period, the premium segment (comprising of 5 star 5 star deluxe hotels) registered a CAGR of 29 per cent. This rapid growth was driven by a benign political environment and rapid economic growth.

Business destinations such as Bengaluru, Mumbai and NCR witnessed high occupancy rates (ORs) and were able to leverage upon low availability premium hotel rooms to charge high average room rates (ARRs). On the other hand, leisure destinations were benefitted by rapid growth in foreign tourist arrivals (FTAs), which registered a CAGR of 14 per cent during the period 2002-03 to 2007-08.

As a result, the overall size of the hotels market in terms of revenue has more than doubled in the aforementioned period, from Rs 64.8 billion in 2003-04 to Rs 186.7 billion in 2007-08. During the same period, the premium hotels segment grew almost four times from Rs 31.6 billion in 2003-04 to Rs 112.4 billion in 2007-08. The rapid growth in revenues spurred investments in new properties, especially in the premium segment. Large supply additions were commissioned during the period 2006-07 to 2008-09.

However, industry revenues witnessed a sharp decline as a result of the global economic crisis in the latter half of 2008-09. The resulting fall in room demand across destinations was exacerbated by large supply additions, which forced players to reduce ARR's. Consequently, hotel revenues have decline sharply over the last two years; revenues for the total market have decline at a CAGR of 24 per cent from Rs. 186.7 billion in 2007-08 to 106.7 billion in 2009-10, during the same period revenues for the premium segment have declined at a CAGR of 22 per cent from Rs 112.4 billion in 2007-08 to Rs 68.1 billion in 2009-10.

Hotels Industry: Market Size



Source: CRISIL Research

Number of hotel rooms by category									
Category	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10E
Premium segment	20,343	22,082	24,183	25,141	26,021	28,010	29,090	30,329	33,217
Mid-market segment	29,001	28,506	28,788	33,094	32,209	34,971	35,885	37,321	40,306
Budget hotels	10,974	10,423	10,119	9,746	8,107	7,783	7,783	7,861	7,939
Heritage hotels	2,492	2,258	2,297	2,567	2,611	2,689	2,703	2,730	2,757
Others (unregistered etc)	30,440	29,816	30,854	31,712	37,368	40,357	45,200	49,720	53,201
Total rooms	93,250	93,085	96,241	102,260	106,316	113,810	120,661	127,960	137,421
Growth (y-o-y)		0%	3%	6%	4%	7%	6%	6%	7%
E: Estimate									
Source: CRISIL Research, FHRAI									

INDUSTRY CHARACTERISTICS

Business and Leisure Destinations

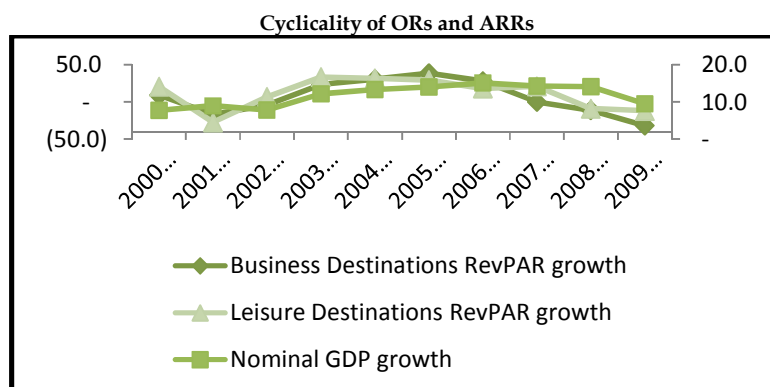
From the point of view of the hospitality sector, destinations may be classified as business or leisure destinations. It must be noted that the two are not mutually exclusive as some business destinations also have their fair share of leisure travelers and vice versa. The demand dynamics of the two segments are quite different, and can be discussed under the following headers:

Cyclicality

The hospitality sector is cyclical in nature. During positive cycles, the industry witnesses periods of sustained growth in average room rates (ARRs) and occupancy rates (ORs). This trend continues until the economy undergoes a downturn or there is excess supply in the sector. Usually occupancy rates begin to decline at the onset of an economic deceleration, and this is followed by a reduction in ARR. In the recovery phase, occupancy rates start to move up, and subsequently, ARRs also start increasing.

Business destinations are more sensitive to macro-economic factors; i.e. RevPAR growth in business destinations is more sensitive to macro-economic indicators such as nominal GDP growth. This is reflected by the fact that during the global economic crisis, RevPARs in business destinations declined at a CAGR of 22 per cent, compared to 11 per cent for leisure destinations.

Leisure destinations on the other hand, show a greater sensitivity to non-economic factors such as terror attacks and health related travel warnings. This sensitivity is highlighted by sharper reduction in RevPAR growth in leisure destinations during 2001-02 (as a result of the World Trade Centre attacks on September 11), and in 2003-04 (as a result of SARS related travel advisories). It must be noted that the decline in RevPAR growth in 2008-09 and 2009-10 was largely because of the Mumbai terror attacks on 26th November 2008 and swine flu related travel advisories; this negative effect was compounded by the global slowdown.



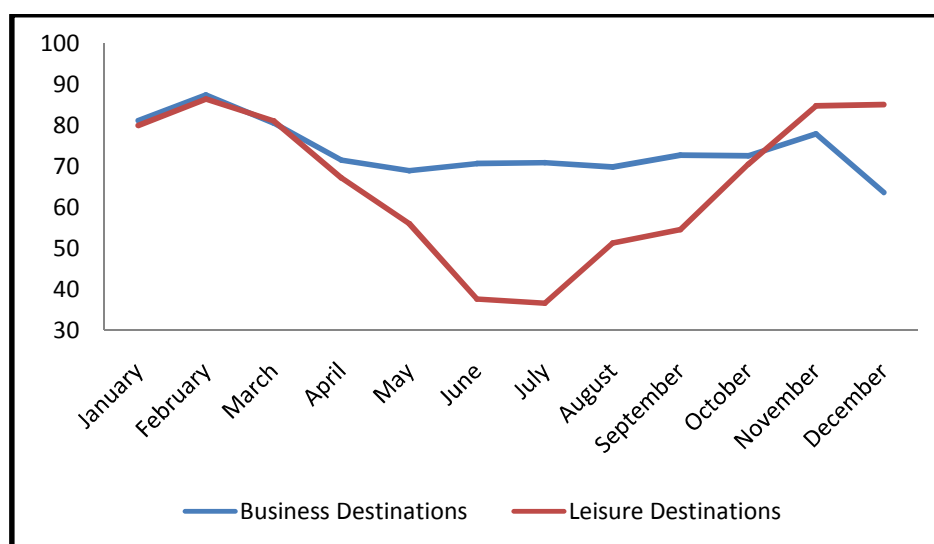
Source: CRISIL Research

Seasonality

The nature of demand in the hotels industry is seasonal. However, the pattern of ORs shows significant variation in business and leisure destinations. Though the peak season for both business and leisure destinations coincides (January-March), for the remainder of the year they exhibit markedly different behavior. While business destinations maintain relatively constant ORs (albeit 5-10 per cent lower than

the January-March period) throughout the year, ORs exhibit a sharp correction during the month of December, as this period coincides with the international holiday period. Leisure destinations on the other hand witness extremely low ORs (around 50 per cent) during the May-October period. On the other hand leisure destinations witness very high ORs (above 80 per cent) during the December holiday period.

Seasonal Nature of the Hotels Industry (ORs)

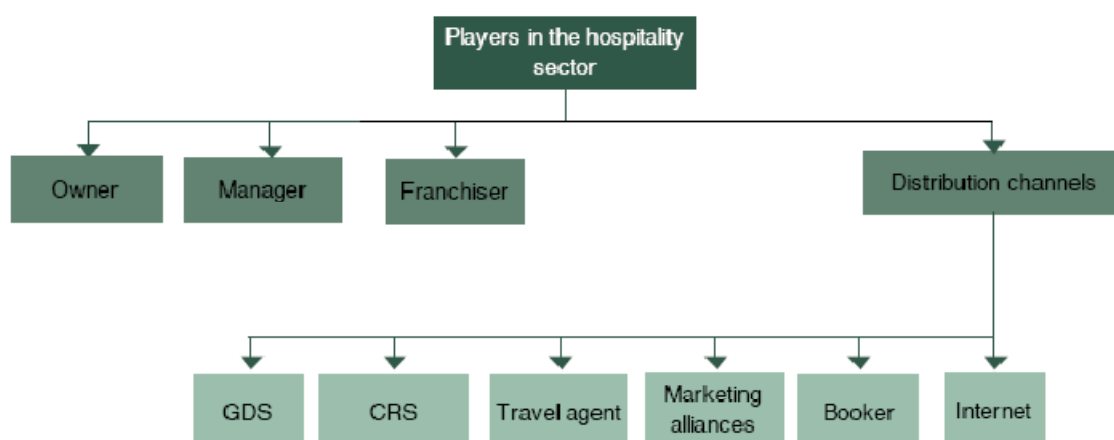


Source: CRISIL Research

Average Length of Stay (ALOS) and Occupancy Patterns

The demand for hotel rooms in business destinations is generally concentrated around weekdays; as a result, ORs are generally lower on weekends. The ALOS in business hotels is usually in the range of 1 to 2 nights with low levels of double occupancy (i.e. fewer occasions where more than one person shares a hotel room). Conversely, hotels in leisure destinations enjoy higher ORs on weekends, and generally have a higher ALOS of around 3-5 nights. The incidence of double occupancy is also higher in leisure destinations.

Value Chain



Value chain for a Hotel Industry has a Multi tier model. The Owner, Manager and The Franchisee are the three categories under which Players operate in the hotel Industry. All the three verticals are aided by the strong distribution channels which play a significant role.

Room revenue

Room revenue contribution volatile, varies across segments

Room revenues are higher for premium hotels vis a vis the mid market segment owing to the higher rates prevalent in the former category. Also, the contribution of room revenue decreases during negative cycles, as the food and beverage business is relatively less impacted at such times. Thus, a hotel having a successful food and beverage business is likely to better withstand an industry downturn.

Rooms	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
5-D	61	61	58	59	54	53	55	58	58	62
5 star	61	60	59	58	55	49	57	60	61	64
4 star	55	56	52	54	53	52	53	57	60	61
3 star	51	47	48	49	48	46	49	52	52	52
Food and beverages										
5-D	22	22	26	28	30	30	28	29	23	23
5 star	24	23	24	22	26	30	29	24	24	20
4 star	27	23	27	27	32	31	30	28	26	25
3 star	34	36	35	34	38	35	36	32	33	34
Banquets and conferences										
5-D	6	5	5	4	6	7	8	7	10	9
5 star	5	6	6	10	8	11	6	10	9	8
4 star	9	11	9	10	7	11	11	10	7	8
3 star	8	9	7	9	7	13	9	10	11	9
Others*										
5-D	11	11	11	9	10	10	9	7	9	7
5 star	10	11	11	10	12	10	9	6	7	8
4 star	10	10	11	9	8	6	7	5	7	5
3 star	0	0	10	0	0	6	7	6	5	5

* Includes telephone, rental income and minor operated (laundry, gift shop, business centre, health club etc)

Source: FHRAI

Ownership Model

Hotels follow a combination of ownership, manager, franchise and lease methods. The options for operating hotels are enumerated below:

- *Owner cum manager cum franchiser:* The hotel owner owns, manages and franchises its properties
- *Owner cum manager, and franchiser:* The owner owns and manages the property. However, the property is branded or co-branded with a franchiser.
- *Owner, and manager cum franchiser:* Owner owns the property that is managed and branded/co-branded with a franchiser.
- *Owner and lessee:* The owner grants a lease to the operator for a specified duration. The lessee incurs the capital expenditure for renovating the hotel. The lessee has an interest in the asset as there is lock-in period and penalty is chargeable if the lease agreement is not adhered to

- *Owner and licensee:* Owner enters into a license agreement with operator. The licensor receives a license fee. The licensee earns gross revenue and all expenses are borne by him. All employees and recruited and paid for by the licensee.

Ownership	Management Contract	Franchise	Lease and License
Ownership requires substantial capital outlays and involves the most risk	Operators hired to run the hotel receive remuneration from the owner in the form of a base fee(2 to 3 per cent of sales); they also receive an incentive fee (8 to 9 per cent of operating profits)	Franchisors license their brands, giving the hotel owner the right to use the brand, operating practices and reservations in exchange for a fee	The owner leases the property to a lessee for a lease duration
Gives the owner complete control over pricing and operating expenses	Expenses are borne by the owner while the operator establishes operational procedures and is responsible for the day to day functioning of the hotel	Franchisees are subject to inspection and have to adhere to the brand's standard	Usually the lease, a proportion of gross revenue is paid to the lessor
	Residual income/loss is borne by the owner	Fee paid to the franchisor includes an initial fee and an ongoing royalty	The duration of lease is fixed and a penalty is payable if the agreement is not adhered to
Entails a high fixed cost		Hotels also pay the franchisor for using their reservation systems	Usually entails a license agreement between the real estate developer and the hotel operator
		Franchisors enjoy significant operating leverage as it costs relatively less to add a new hotel	The licensor receives a license fee and the revenue earned goes to the operator

Distribution and Sales Channels

The major distribution and sales channels for Hotel Reservations are:

- **Global Distribution Systems (GDS):** 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.
- **Centralized Reservation Systems (CRS):** This system is primarily used by hotel chains with properties in different locations, whereby the a common central system is used for reservations in all the properties
- **Travel Agent:** Travel agents are the intermediaries between the traveler and the Hotel.

- **Marketing Alliances:** Major hotels are often associated with marketing alliances. These alliances provide the hotel direct access to reservation network, promotion, and Internet coverage. Major marketing alliances include Leading Hotels of the World, Leading Small Hotels of the World and airline tie-ups.
- **Internet:** Internet has become an effective medium for hotel reservations in India due to its ease and cost effectiveness.

(Source FHRAI)

Segment-wise Contribution Margin

Room contribution

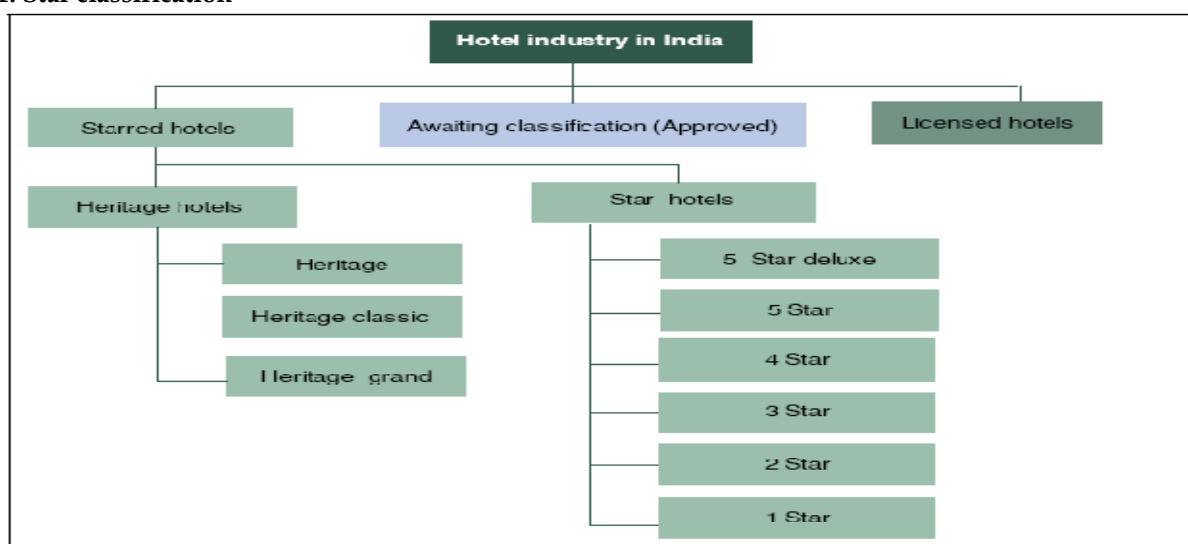
Room contribution primarily depends on average room rates, since costs such as manpower and energy, which are associated with rooms, are not significant. A rise in the ARR causes a direct increase in room contribution. Room contribution is at its highest in the premium segment, accounting for around 65-70 per cent of the hotel's total revenues. However, during a downturn, when ARRs and occupancy rates are on the decline, the contribution from room revenue declines to around 50 per cent.

F&B contribution

F&B revenues include income from room service, restaurant and banqueting activity. Banqueting accounts for a significant portion of total F&B revenue. Revenues from room service are directly dependent on room occupancy. F&B margins (excluding banqueting facilities) are generally at 45-50 per cent, which are very low as compared to room margins, thereby leading to lower overall margins in case of hotels focusing on F&B. The contribution from F&B usually ranges between 30-35 per cent of the total revenues. During a downturn, a strong F&B business helps soften the impact of lower room revenue.

Classification of Hotels

1. Star classification



Source: CRIISL Research

Starred hotels: These include hotels classified by the ministry of tourism into heritage hotels, 5-D, 5-star, 4-star, 3-star, 2-star and 1-star. Heritage hotels comprise old palaces and havelis, which have been converted into hotels. The ministry of tourism reclassifies hotels every 3 years, and is responsible for the

classification of 5-D, 5-star and 4-star hotels. The responsibility for the classification of 1-star, 2-star and 3-star hotels rests with state governments. Heritage and Heritage Classic include residences, havelis, hunting lodges, forts, palaces built prior to 1950 and 1935, respectively.

Approved (Awaiting classification) hotels: These include hotels that have acquired approval from the ministry of tourism but have not been classified into any star category.

Licensed units: These comprise hotels that have acquired a license from local municipal authorities to offer boarding and lodging facilities.

Classification on basis of Segment

Segment	Location	Category	Target	Rates
Premium	Around 50 per cent of these hotels are concentrated in the four metros	5 D, 5 star	Foreign business and leisure travellers, senior business executives and top government officials	Highest ARRs due to highest levels of service quality.
Mid market	Located in major cities as well as small cities and tourist destinations	3 star, 4 star	Middle level business executives and leisure travellers	Offer few facilities and charge lower than the premium segment.
Economy	Located in major cities as well as small cities and tourist destinations	1-star, 2-star	Largely targeted at domestic tourists	Minimum facilities. Charges are lower than that of the mid market segment.
Heritage	Heritage hotels comprise old palaces, havelis, castles, forts and residences, constructed prior to 1950, converted into hotels largely located in leisure tourist destinations like Jaipur.	Heritage Grand, Heritage Classic	Foreign leisure travellers	ARRs are lower than that of hotels in the premium segment

Hotel Concepts

Ecotel

An ecotel is a group of inns, hotels, or resorts that define the concept of environmental responsibility within the hospitality industry. All certified hotels have to pass a detailed inspection and satisfy stringent criteria designed by Hospitality Valuation Services (HVS) International, the international ecotel-accreditation agency. The ECOTEL® inspection is based on five separate inspections, each with a three-tiered Numerical Scoring System. The five inspections correspond with the five globe awards namely environmental commitment, solid waste management, energy efficiency, water conservation, employee education and community involvement. Since its establishment in 1994, over 1,100 hotels in over 30 countries have applied for the ecotel certification. However, to date, less than 5 per cent have been certified.

Resorts

Resorts cater to the leisure needs of a tourist. Usually located at hill stations or seashores, these are places for relaxation or recreation. Resorts can be further classified into hill resorts, health resorts, beach resorts, summer resorts and winter resorts.

Most resorts located at hill stations have well-defined off and peak season periods. Hence, their revenue inflows keep fluctuating. Among business destinations, resorts are usually characterised by higher occupancy rates during weekends as compared with weekdays.

Motels

The word motel (portmanteau of "motor and hotel" or "motorists' hotel") referred initially to a single building of connected rooms whose doors face a parking lot and/or common area or a series of small cabins with common parking. In general, motels are located along highways connecting important cities. The main features distinguishing a motel from a hotel are:

- Adequate parking facilities
- Cottage style accommodation (provided by most motels)
- Short duration of stay.

Floatels

A floatel is a floating hotel or a boat or ship operating as a hotel.

Boutique hotels

Boutique hotels differentiate themselves from larger chain/branded hotels and motels by providing personalized level accommodation and services / facilities. Boutique hotels are typically unique properties operated by individuals or companies with a small collection. The typical boutique hotel has less than 100 guest rooms, limited service, one or no boardroom, and food and beverage is generally outsourced. Boutique hotels are usually furnished in accordance with a theme, and are characterised by a high percentage of repeat clientele. Reportedly, there are around 500 boutique hotels worldwide

Service apartments

This concept is slowly gaining ground in the industry. Service apartments mainly target emigrants and long duration visitors, both business and leisure. These apartments offer all the luxuries of a five-star hotel, but at far more competitive rates, and in addition, give the "at home" feel. The customer can enjoy all the comforts of a hotel while simultaneously feeling the personal touch.

With more and more quality-conscious expatriates coming to India and stay for longer durations, 5-star service apartments have increasingly become the perfect option in terms of price, lifestyle and convenience. Service apartments are ideal for people who do not have to stay long enough to set up a home, but also stay long enough to want to live a more normal lifestyle while experiencing the creature comforts that a 5-star hotel offers.

This is an ideal accommodation even for foreigners who prefer the "home away from home" experience rather than "cramped" hotel rooms.

Industry Trends

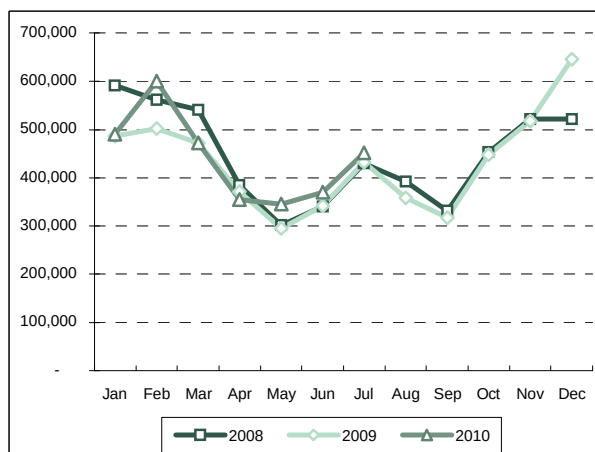
Review: 2009-10 over 2008-09

ORs show a recovery, but Average Room Rates (ARRs) decline

With the increase in Foreign Tourist Arrivals (FTAs), room demand posted a strong year-on-year (y-o-y) growth of around 30 per cent in the fourth quarter of 2009-10. As a result, ORs increased to reach 70 per cent levels in the last quarter of 2009-10 as against 65 per cent in the fourth quarter of 2008-09. However,

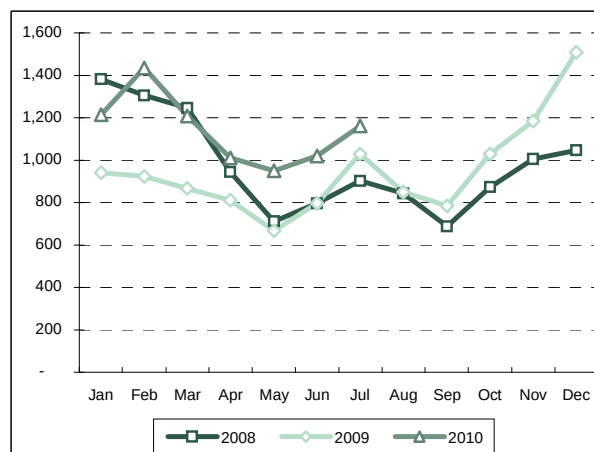
supply additions continued to hamper ARR growth. As a result, ARR for the key business and leisure destinations remained flat during the fourth quarter of 2009-10.

Figure 1: India - Foreign tourist arrivals (number)



Source: CRISIL Research

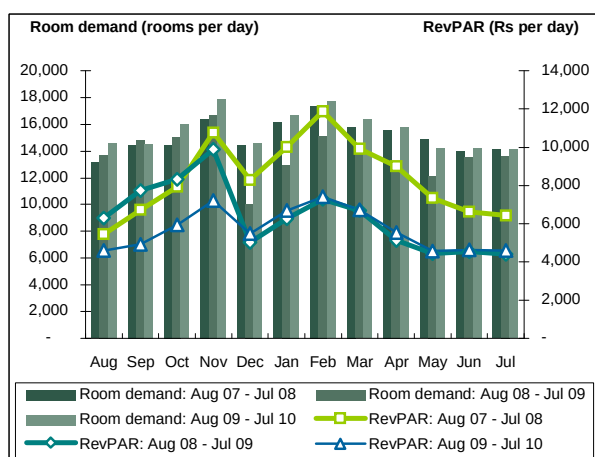
Figure 2: India - Forex earnings (million USD)



Source: CRISIL Research

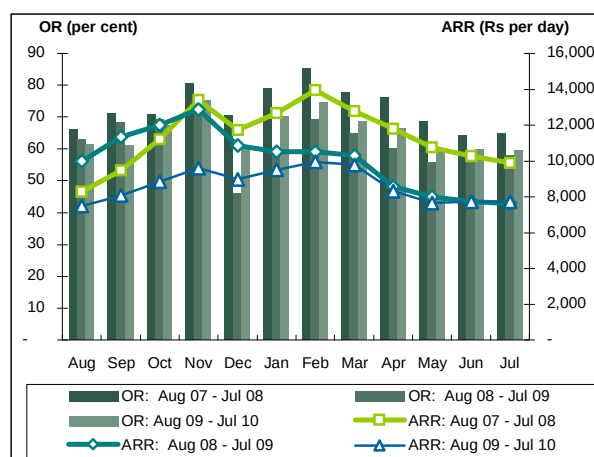
On an annual basis, despite the recovery in room demand in the latter half of the year, 2009-10 remained a year of stress for the premium hotel industry. Although, room demand increased by 4 per cent (y-o-y); ORs declined marginally over 2008-09 levels to 61 per cent. In addition, supply growth of 9 per cent during the same period forced players to reduce ARR by 19 per cent, as a consequence of which RevPARs declined by 23 per cent y-o-y to Rs 4,900.

Figure 3: India- Room demand and RevPAR



Source: CRISIL Research

Figure 4: India- ARR and OR



Source: CRISIL Research

The business destinations such as Mumbai, NCR and Bengaluru have shown the strongest recovery in terms of room demand, which saw a 35-40 per cent y-o-y in room demand during the fourth quarter of 2009-10. Other significant business destinations such as Hyderabad, Chennai, Kolkata and Pune also witnessed an increase in demand, but of a relatively lower scale (around 20 per cent). Buoyed by the

increase in FTAs during the fourth quarter, leisure destinations (Goa, Agra and Jaipur) witnessed a 15-20 per cent increase during the same period.

Table 1: India Review and Outlook Summary

India	Supply growth	Demand growth	ARR growth	RevPAR growth
2003-04 to 2008-09	4.4%	3.7%	14.4%	17.7%
2009-10	9.1%	4.2%	-19.2%	-22.9%
2009-10 to 2014-15	8.4%	10.5%	2.4%	4.4%
Source: CRISIL Research				

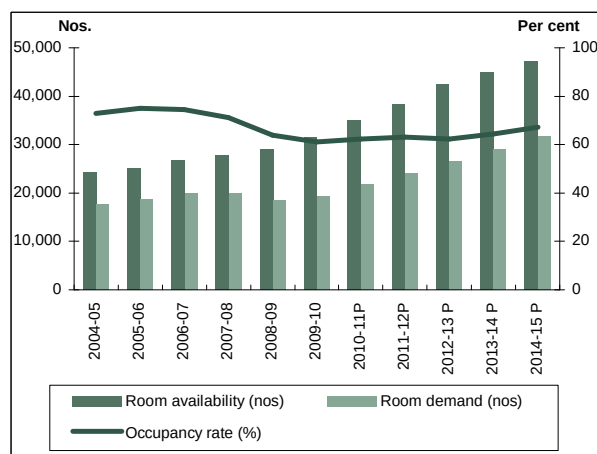
Outlook: 2009-10 to 2014-15

Increasing ORs to drive hotel revenue growth

Driven by increasing FTAs and a recovery in business related travel expenditure over the coming years, room demand at a pan-India level is projected to grow at a compounded rate of 11 per cent over the next 5 years. Supply additions during the same period will take place at a rate of 8 per cent.

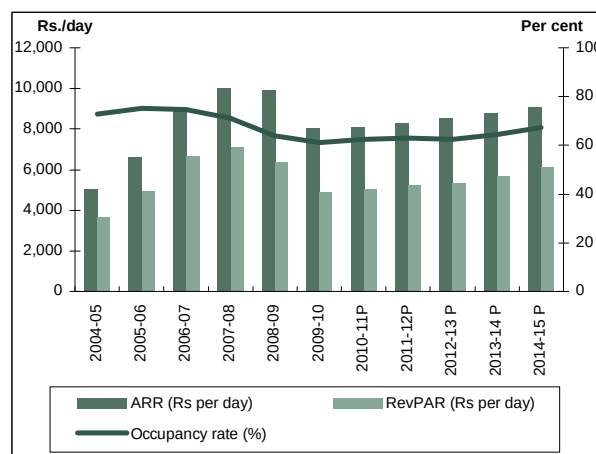
Largely driven by an improvement in ORs; at a pan-India level, RevPARs are expected to grow at a CAGR of 4 per cent to Rs 6,100 by 2014-15.

Figure 5: India- Room availability, demand and OR



Source: CRISIL Research

Figure 6: India- ARR, OR and RevPAR



Source: CRISIL Research

Over the next 5 years, amongst the business destinations, RevPAR growth of hotels located in Mumbai, NCR and Bengaluru will be in the range of 4-6 per cent driven by an improvement in occupancy rates. RevPARs of hotels located in Hyderabad and Ahmedabad are likely to remain flat as a result of large supply additions.

With increasing foreign tourist arrivals and relatively lower supply additions, hotels located in leisure destinations like Goa, Agra and Jaipur will see a RevPAR growth of 4-8 per cent over the next 5 years.

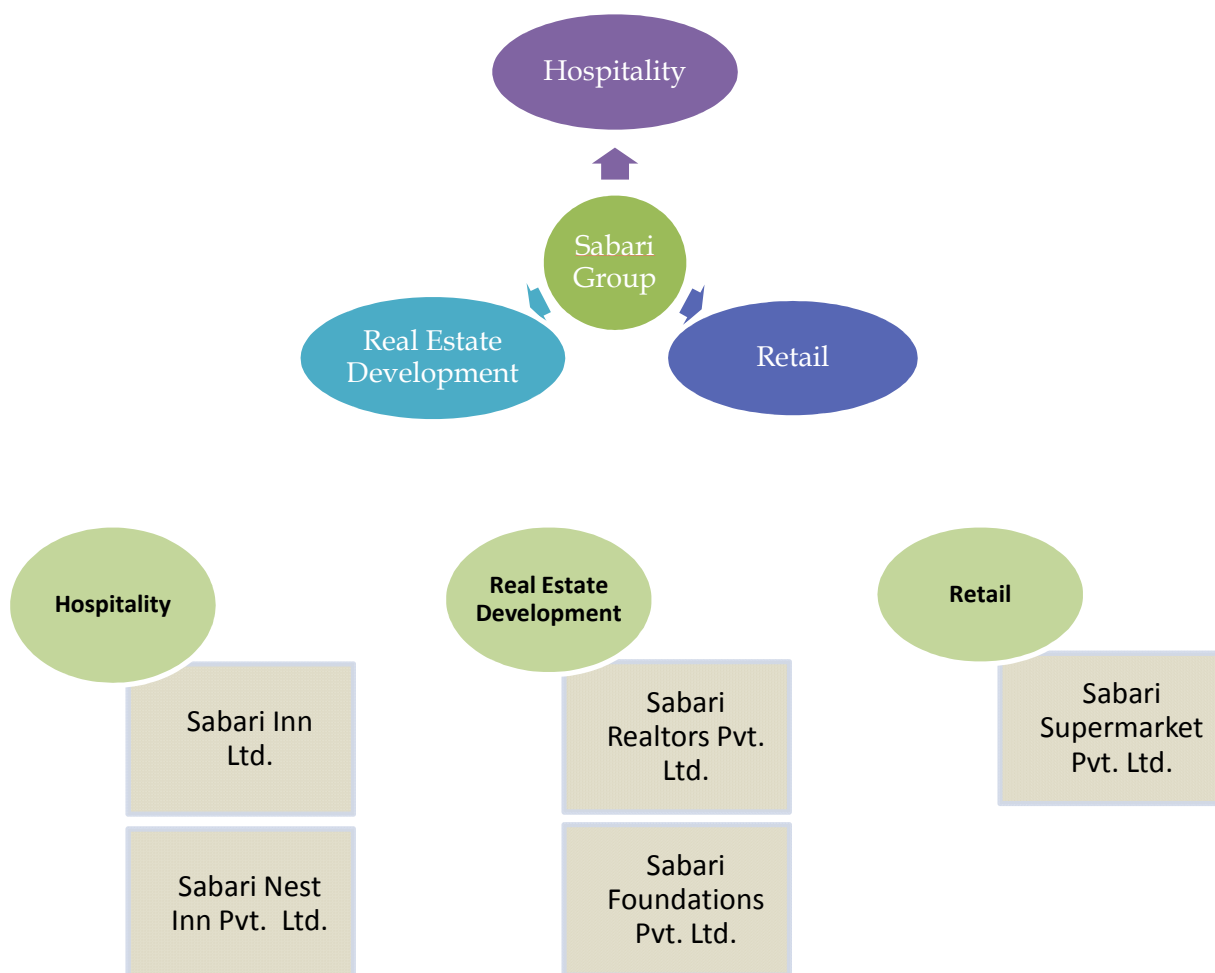
Profitability of hotels players to improve in 2010-11

In 2010-11, hotel revenues are expected to grow at 15-20 per cent after two years of decline. This increase will largely be driven by an expected improvement in ORs. Employee costs are expected to rise marginally to 23-25 per cent of sales, as the demand for hotel graduates, fuelled by large supply additions across destinations, is likely to exceed the existing supply. As a result of this shortage, hoteliers are expected increase employee compensation in order to retain existing staff and improve recruitment.

CRISIL Research estimates that due to improving sales and higher ORs, operating margins will to improve y-o-y to 30-35 per cent of sales.

BUSINESS OVERVIEW

The Company is a part of Sabari Group which has interest in Hospitality, Retail and Real Estate Development. The Company believes in the tradition of providing corporate hospitality, quality accommodation and business related services at affordable prices. The Company operates and manages hotels in the states of Tamil Nadu and Karnataka. Sabari Nest Inn Pvt. Ltd., owns three budget hotel properties in Chennai, Coimbatore and Bangalore which are operated by the Company under long term lease arrangement. Its associate Company, Sabari Supermarkets Pvt. Ltd. runs the supermarket business under the brand name of “Nilgiris” on franchise business model at three locations in Chennai. Sabari Realtors Pvt. Ltd., another associate company in which ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients and India Opportunity Real Estate Fund has substantial equity investment, is implementing under a joint development arrangement a residential cum commercial complex of about 10,00,000 sq.ft near OMR Road, Chennai. Sabari Foundations Pvt. Ltd., also an associate company is implementing a commercial complex of about 2,00,000 sq. ft at centre of the city of Chennai under joint development arrangement. The broad structure of the group can be summarized as under:



The Company operates and manages chain of hotels in Chennai, Bangalore, Coimbatore and Kodaikanal in the states of Tamil Nadu and Karnataka. The Company believes that they are one of the “Value for Money” hotels which laid its foundation in Chennai and has expanded its footprints to Kodaikanaal, Coimbatore and Bangalore. The core strength of the Company lies in offering quality care and comfort to the guests at competitive prices.

Presently, the Company owns and manages a total of about 377 rooms. The Company has one 4 STAR hotel, one 3 STAR hotel in Chennai and one 3 STAR resort in Kodaikanal under the brands “Quality Inn” and “Quality Hotel”. The company has made the soft launch for its 3 STAR hotel at Coimbatore during November 2010. The commercial operation is expected by December 15, 2010. The Company also manages three budget hotels at Bangalore, Chennai and Coimbatore taken on lease from its associate company, Sabari Nest Inn Private Limited. The Company has recently entered into a long term lease agreement for operating “Mark Boulevard” hotel in Bangalore. The hotels operated by the Company are targeted to cater to different customer segments. The Company also operates a convention centre having two banquet hall facilities, adjacent to the 4 STAR hotel at T. Nagar, Chennai. This convention centre has been taken on lease from Sabari Supermarkets Pvt. Ltd.

The Company is expanding its presence in Karnataka by constructing a new hotel at Bangalore. The revenue break up from the main operations of the Company during last 3 years are as under:

Revenue Composition of main operations

Particulars	F.Y. 2007-08		F.Y.2008-09		F.Y.2009-10	
	Amount (₹ in lacs)	Percentage (%)	Amount (₹ in lacs)	Percentage (%)	Amount (₹ in lacs)	Percentage (%)
Room	781.69	42.76	1266.25	44.30	2079.87	50.16
Food & beverages	863.57	47.24	1276.63	44.67	1897.37	45.75
Other Services	129.39	7.08	36.13	1.26	59.32	1.43
Other Income	53.41	2.92	279.22	9.77	110.17	2.66
Total	1828.05	100.00	2579.01	100.00	4146.83	100.00

Revenue earned from owned Hotels & Resort in F.Y.2009-10

(Rs in lacs)

Name of Hotel	Room Revenue	Food & Beverages	Other Services	Other Income	Total
Quality Inn Sabari, Chennai	819.08	957.73	43.08	93.94	1913.83
Quality Hotel Sabari Classic, Chennai	751.63	685.21	14.17	4.29	1455.30
Quality Inn Sabari Resorts, Kodaikanal	84.96	27.47	0.62	0.92	113.97
Total	1655.67	1670.41	57.87	99.15	3483.10

Revenue earned from Leased Hotels in F.Y.2009-10
(Rs in lacs)

<i>Name of Hotel</i>	<i>Room Revenue</i>	<i>Food & Beverages</i>	<i>Other Services</i>	<i>Other Income</i>	<i>Total</i>
Sabari's Nest, Bangalore	53.23	-	0.10	0.50	53.83
Sabari's Nest, Coimbatore	168.87	219.59	-	6.48	394.94
Sabari's Nest, Chennai	202.12	7.38	1.34	4.14	214.98
Total	424.22	226.97	1.44	11.12	663.75

OPERATIONAL DETAILS OF HOTELS AND RESORTS
Details of hotels owned by the company
1. Quality Inn Sabari

Quality Inn Sabari located at #29, Thirumalai Pillai Road, T. Nagar, Chennai. This is the flagship hotel of the Company that commenced its operation on October 15, 2002. The company has positioned this hotel as a premium business stay hotel. Quality Inn Sabari is presently accorded with 4 Star Deluxe Hotel by HRACC.


Rooms

This hotel has 72 rooms comprising of Executive Rooms, Deluxe Rooms and Suite Rooms with single and twin sharing basis.

Sr. No	Type of Rooms	No. of Rooms
1	Executive Rooms	54
2	Deluxe Rooms	17
3	Suite Rooms	1
	Total	72

Food and Beverages

Rendezvous and Cascade are the two in house restaurants serving gastronomic delights and gourmet cuisine to the guests of Hotel. It also has ZERO° - The Bar.

Other Facilities

The hotel including the convention centre adjacent to the hotel, has five conference and banqueting facilities with total area of around 7000 sq. ft approx. The conference and banquet facilities cater the needs of corporate houses, functions, conferences, meeting, social parties and other events. Centralized A/c in all Rooms, Business Center, 24 hrs Room Service, On call doctor, In-house Travels, LCD TV's in all rooms, Wi-Fi Internet, In-house Laundry, ISD Enabled are the other facilities offered to the guest.

Location Advantages

- o Located in the heart of Chennai's shopping Paradise at T Nagar and close to major business hub
- o 10 minutes drive to US Consulate / Spencer Plaza
- o 12 kms from Chennai International and Domestic Airports
- o 6 kms from Chennai Central / Egmore Railway station

2. Quality Hotel Sabari Classic

Quality Hotel Sabari Classic located at #33, Rajiv Gandhi Salai (OMR), Navalur, Chennai. This hotel commenced its operation on September 15, 2007. This hotel was started with the objective to provide visibility of Sabari brand amongst the large corporates and also tap the IT corridor of OMR. Quality Hotel Sabari Classic is presently accorded with 3 Star Deluxe Hotel by HRACC.

**Rooms**

This hotel has 84 Executive and Deluxe Rooms classified as:

Sr. No	Type of Rooms	No. of Rooms
1	Executive Rooms	73
2	Deluxe Rooms	11
	Total Rooms	84

Food and Beverages

The in-house Restaurant - "The Bytes" serves traditional and international cuisine to the guests. It also has ZERO° - The Bar.

Other Facilities

The hotel has 3 conference and banqueting facilities with total area of 3050 sq.ft approx to cater the needs of corporate houses in the vicinity. Centralized A/c in all Rooms, Business Centre, 24 hrs Room Service, On call doctor, In-house Travels, LCD TV's in all rooms, Wi-Fi Internet, In-house Laundry, ISD Enabled in all rooms. The swimming pool and SPA is under construction and is expected to get ready by November 2011..

Location Advantages

- o Located at heart of the IT corridor of Chennai - the Old Mahabalipuram Road, Chennai.
- o Major IT companies and Corporate companies within 6 kms proximity
- o 40 minutes drive from Chennai International and Domestic Airport

3. Quality Inn Sabari Resorts

Quality Inn Sabari Resorts is the first international brand resort in Kodaikanal, which is one of the most popular hill resorts in South India. It is a hill station that stands amidst sylvan beauty on the southern crest of the upper Palani Hills near Madurai in Tamilnadu. The resort commenced its operation on 15th February, 2009. This resort caters to international travellers, dignitaries, business and leisure travellers.



Rooms

This resort has 40 Standard and Deluxe Rooms classified as:

Sr. No	Type of Rooms	No. of Rooms
1	Standard Room	36
2	Deluxe Room	4
	Total Rooms	40

Food and Beverages

"Rendezvous" the all day dining restaurant specializes in Indian, continental and Pan Asian delights with elaborate menu and lavish buffet.

Other Facilities

The resort has 2 banquet rooms with total area of 1400 sq ft. approx and a convention centre of 1680 sq. ft. for organizing conferences, business meets and events.

Location Advantages

- o Kodaikanal is major tourist attraction for domestic as well as international tourist.
- o 2 kms from Kodaikanal Bus Stand.
- o 2 hours drive from Madurai Airport

4. Park Plaza – Coimbatore

The Company has built a 3 star hotel (in principle approval received for 3 star classification and final accreditation awaited) at Coimbatore with total capacity of 110 rooms. The soft launch of the hotel was made on November 20, 2010 and the hotel is slated to commence commercial operations by December 15, 2010. The hotel is surrounded by Corporate Offices of all major Textile Industries. The Company has



positioned this hotel as a premium business class hotel. The hotel will be branded as “Park Plaza”, a brand owned by Carlson Group.

The Company has entered into a Service Agreement with Carlson Hotel Asia Pacific Pty. Ltd. (“Carlson”) by which Carlson has agreed to provide certain services to the Company in respect of the management of the hotel. Carlson would provide technical and pre-opening services for the “PARK PLAZA” branded Hotel. For further details relating to the agreement please refer paragraph title “History and Corporate Structure of the company” on page no. 89

Rooms

This hotel has 110 rooms classified as under:

Sr. No	Type of Rooms	No. of Rooms
1	Standard Rooms	92
2	Deluxe Rooms	14
3	Suites	4
	Total Rooms	110

Food and Beverages

The hotel will have a restaurant that serves traditional and international cuisine to the guests. It will also have a Bar.

Other Facilities

The hotel will have 4 conference and banqueting facilities with total area of 5800 sq.ft approx. The hotel has centralized A/c rooms, Business Centre, 24 hrs Room Service, On call doctor, In-house Travels, LCD TV's in all rooms, Wi-Fi Internet, In-house Laundry and ISD Enabled in all rooms. The hotel will also have swimming pool and a pool garden.

Location Advantages

- o Located at National Highway of South India's Cotton city of Coimbatore.
- o Surrounded by the all major Corporate Houses of Coimbatore and the Textile Industries.
- o Located on a major arterial road, it is at 2kms from Coimbatore Airport, at 10kms from Coimbatore Bus stand and Railway Station
- o Located at 1hr drive from Tirupur, the Garment Hub of South India.

Details of hotels taken on long term lease basis

1. The Mark Boulevard - Bangalore

The Mark Boulevard hotel operated by us is located at # 23, EPIP Zone, Whitefield, Bangalore and has been positioned as a business boutique hotel for the business travellers. The Company has taken on lease the hotel for a period of 10 years. The Company has commenced the operations of the hotel w.e.f. 01/09/2010. For further details relating to the lease agreement please refer paragraph title "Properties" on page no. 79



Rooms

The Mark Boulevard Hotel comprises of 76 exquisitely designed and furnished rooms including 15 extra-large luxury club rooms

Food and Beverages

"Fusion Express," the multi cuisine restaurants offers exotic fine dining experience to guests whereas *"Checkered Bar"* serves an array of cocktails and beverages.

Other Facilities

This Hotel has a Board Room and Banquet Halls that can accommodate from 6 to 125 guests. Other facilities include a fully equipped Business Centre with a secretarial service and 24-hour internet connectivity, state-of-the-art gym.

Location Advantages

The Hotel is 4 kms from the International Tech Park, the IT Hub of Bangalore and 12 kms from the central business district of the city, MG Road. From the Whitefield area, the new Bangalore International Airport in Devanahalli is 55 kms away, approximately a 2-3 hour drive.

2. Sabari's Nest

The Company operates three budget hotels located at Bangalore, Chennai and Coimbatore that have been taken on long term lease from the associate company "Sabari Nest Inn Pvt. Ltd." for a period of 30 years from the date of the respective agreement. These hotels are located at buzzing areas of respective location that provide accommodation facility at affordable rates. For further details relating to the lease agreement please refer paragraph title "Properties" on page no. 79

Rooms

The total rooms at different location are as below:

Sr. No	Sabari's Nest Hotels	No. of Rooms
1	Bangalore	23
2	Chennai	44
3	Coimbatore	38

Food and Beverages

The in-house restaurants of these budget hotels offer quality food and beverages.

Other Facilities

These hotels have centralized A/c in all Rooms, 24 hrs Room Service, On call doctor, In-house Travels, TV's in all rooms, Wi-Fi Internet, In-house Laundry, ISD Enabled in all rooms

COMPETITIVE STRENGTH

Strong Value Proposition: The Company believes that they are one of the "Value for Money" hotel chain which laid its foundation in Chennai and has expanded its footprints to Kodaikanaal, Coimbatore and Bangalore. The core strength of the Company lies in offering quality care and comfort to the guests at competitive prices.

Strong Management Team: The Company has a complete professional management set up with professionals having rich experience in their respective field of operations like marketing, finance, human resource etc. The promoter, Mr. K.R.V. Ramani has substantial experience in the hotel industry. The Company's management has been able to visualize the dynamic changes affecting the industry and strike a balance between the cost and the objective of delivering quality service.

Locational Advantage: The existing hotels of the Company are located at prime locations and provide easy accessibility to airport, railways and commercial/business centres. A few of the hotels are located in the heart of cities providing easy access to shopping hub and other recreational facilities in the city.

Presence in different Price Segment: The Company believes that the global meltdown of economy in 2008 has made business travellers and guest more price sensitive and selective. The Company is present across different price categories of hotels - premium to economy segment. This enables us to have access to different categories of customers and provide a complete suite of offerings targeted at top, middle and junior executives of corporate clients. The following indicates the different star classification for the Company's hotels:

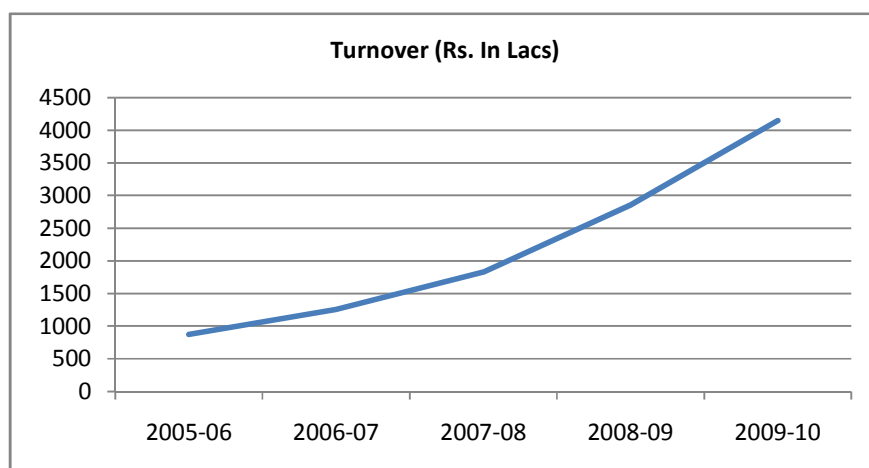
<i>Name of Hotel</i>	<i>HRACC Classification</i>
Quality Inn Sabari, Chennai	4 STAR
Quality Hotel Sabari Classic, Chennai	3 STAR
Quality Inn Sabari Resorts, Kodaikanal	3 STAR
Sabari's Nest, Bangalore	N.A.
Sabari's Nest, Coimbatore	N.A.
Sabari's Nest, Chennai	N.A.
Mark Boulevard, Bangalore	N.A.

Affiliation with Global Brand: The Company has franchisee and marketing affiliation with Choice Group & Carlson Group. These groups are well known around the globe in hospitality industry and own multi brands in the hospitality segment. The brand of the Company “Sabari” is suffixed with the “Quality Inn/Quality Hotel” brand at different hotels wherein the tie ups are with the Choice Group. This provides higher brand visibility and easy acceptability amongst the potential guests and business travelers. It also strengthens the commitment towards providing quality service.

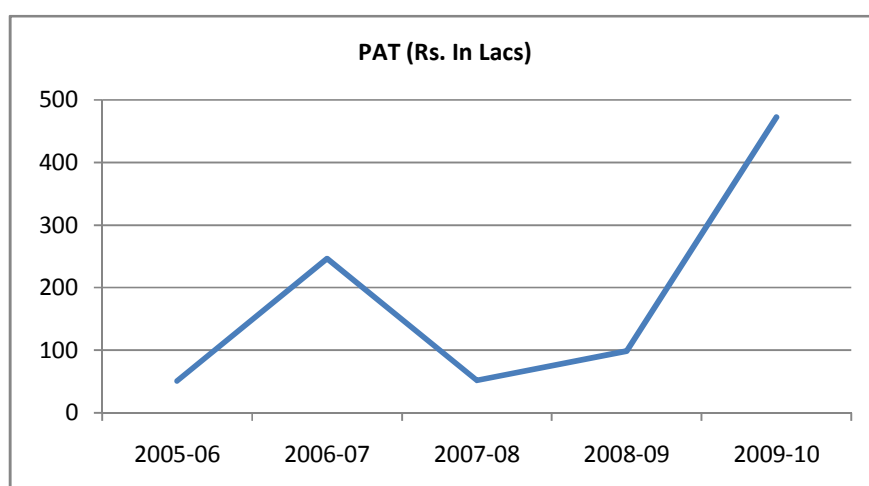
FINANCIAL PERFORMANCE

Financial Performance of the Company in the last five years reflected in terms of the growth in the turnover of the Company and the Profit After Tax.

Turnover



Profit After Tax



BUSINESS STRATEGY

Expanding Presence:

The Company intends to increase the presence at major business cities and promising mid market segment cities depending on the market analysis comprising of demography, lifestyle, footfall of domestic and international travellers and other related factors. In line with this, the Company has presently identified Pune and Hyderabad wherein the Company proposes to enter into long term lease. The long term objective is to have Pan India presence mid market segment. The Company's experience in operating business hotels further motivates to expand in this segment. However, the company shall also evaluate the opportunities present in other categories of hotels like heritage, leisure, etc.

Collaboration with Corporates:

The globalization and shrinkage of world has increased the travelling of business executives domestically and internationally. The Company shall focus on collaborations and tie ups with corporates to ensure higher occupancy levels and steady business volume.

Franchisee Tie Ups: Presently, the Company has arrangement with Choice Hotels International using their brand name of "Quality" for few of its hotels. The Company feels that tie up with global brand has increased the brand image and acceptability. The Company has also entered into a Service Agreement with Carlson Hotel Asia Pacific Pty. Ltd. ("Carlson") by which Carlson has agreed to provide certain services to the Company in respect of the Coimbatore hotel. Carlson would provide technical and pre-opening services for the "PARK PLAZA" branded Hotel. The Company will explore opportunities of tie up with other global hospitality brands for the upcoming projects for sustained superior brand image.

Combination of ownership and leased properties: Out of the hotels operated and run by us, the Company owns 3 hotels and 4 hotels are taken on long term lease basis. In line with asset light strategy, the Company would look at entering into lease agreement with property owners which would reduce the initial expenditure towards acquisition and development of properties. The acquisition of properties on lease basis would enable the Company to establish a quick foothold with minimal lead time.

OCCUPANCY LEVEL OF THE HOTELS AND RESORT

Name of Hotel	2007-08(%)	2008-09 (%)	2009-10
Quality Inn Sabari, Chennai	80.00%	81.00%	77.00%
Quality Hotel Sabari Classic, Chennai	44.00%	51.00%	84.00%
Quality Inn Sabari Resorts, Kodaikanal	N.A.	N.A.	29.00%
Sabari Nest - Bangalore	N.A.	N.A.	42.00%
Sabari's Nest, Coimbatore	N.A.	46.00%	66.00%
Sabari's Nest, Chennai	N.A.	63.00%	69.00%

Estimated & Projected occupancy levels

Name of Hotel	2010-11(%) Estimated	2011-12(%) Projected	2012-13(%) Projected
Quality Inn Sabari, Chennai	85.00%	90.00%	90.00%
Quality Hotel Sabari Classic, Chennai	85.00%	85.00%	90.00%

Name of Hotel	2010-11(%) Estimated	2011-12(%) Projected	2012-13(%) Projected
Quality Inn Sabari Resorts, Kodaikanal	55.00%	60.00%	65.00%
Park Plaza - Coimbatore	50.00%	70.00%	85.00%
Bangalore Hotel	N.A.	50.00%	65.00%
Sabari Nest – Bangalore	50.00%	55.00%	60.00%
Sabari's Nest, Coimbatore	75.00%	80.00%	85.00%
Sabari's Nest, Chennai	75.00%	80.00%	85.00%
The Mark Boulevard, Bangalore	50.00%	75.00%	80.00%

EQUIPMENTS

Presently the Company has Kitchen equipments, Restaurant & Bar equipments, Laundry equipments, air-conditioning plant, elevators, hot water boilers and steam boiler system, hydro pneumatic plant, water treatment plant, sewerage treatment plant, fire fighting equipments, electrical equipments and power back-up systems and other movable materials. For details of equipments to be purchased for new hotels, please refer objects of issue on page no."36"

INFRASTRUCTURE FACILITIES AND UTILITIES

Registered Office:

The registered office of the Company is located at 29, Thirumalai Pillai Road, T.Nagar, Chennai – 600 017. The property wherein the registered office of the Company is situated is owned by the Company.

Corporate Office:

The corporate office of the Company is located at 23/11, second main road, Raja Annamalaipuram, Chennai – 600 028. The premises of the corporate office has been taken on lease from Mr. M.V. Chandran for a period of 7 years from 01.01.2008.

Utilities

- **Power:** The power requirement for hotels and resorts is catered through respective state electricity boards. The company has also made provision for the power back by installing DG Sets for continuous and smooth supply of power.
- **Water:** The Company has requisite water connections from local municipal bodies at the hotels to cater the water requirements. The Company believes in saving the water resources and have displayed small placard in each room to prevent the wastage of resources.

Services

The Company is exclusively into services of hospitality, food and beverages and also undertakes large outdoor catering services.

CLIENTELE

The efforts, perseverance and hospitality of the management have helped the Company to earn and retain large corporates as a part of clientele list. This includes Indian Oil Corporation, Bharat Heavy Electricals Ltd., Tata Iron & Steel Co. Ltd., Maruti Suzuki, SBI Life Insurance Co. Ltd., Sun Pharmaceuticals Industries Ltd., Renault Nissan Automotive Industries, Polaris, Hexaware, FL Smith & Co., Infosys, Cognizant, Sree Sakthi Paper Mills Limited, General Motors, etc.

COLLABORATIONS

The details of the collaborations entered by the company are as follows:

Name of the Company	Services Offered/Type of Business	Date of MOU/Agreement	Nature/Purpose of Agreement
Choice Hospitality India Limited (Master Franchisee of Choice Hotels International Inc)	Hospitality Sector	5 th July, 2007	Franchisee agreement for use of Brand Name "Quality Inn" owned by Choice group. Marketing Agreement
Carlson Hotels Asia Pacific Pty Ltd.	Hospitality Sector	07 th July, 2010 & 24 th August, 2010	Hotel Development Services Agreement & Hotel Management Services Agreement

For details of these agreements, please refer to page no. 92

PERSONNEL

The company has a total employee strength of 493 employees as on September 30, 2010. The break up of the employees as per the functional areas is categorized below:

Sr. No	Department	No. of employees
1.	Front Office	47
2.	Food & Beverage Production & Services	85
3.	Food & beverage Service	81
4.	Kitchen Stewarding	35
5.	House Keeping	89
6.	Engineering	43
7.	Travel Assistance	19
8.	Sales and Marketing	14
9.	Human Resource	7
10.	Finance and Accounts	32
11.	Purchase	7
12.	Security	21
13.	Laundry	8
14.	EDP/Systems	5
15.	Total	493

The above strength includes 47 employees recruited for the Park Plaza Coimabtoire Hotel. Further, about 115 more employees are expected to be recruited for the the Park Plaza Coimabatore. For the Bangalore Hotel Company proposes to recruit about 160 employees at appropriate time.

PROPERTY TAKEN ON LEASE

Sr No.	Location	Address	Area	Lessor	Amount	Tenure
1.	Chennai	No. 103, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004.	24,579 sq. ft	Sabari Nest Inn Private Limited	Rs 9.00 lacs per month with escalation of 15% of the last rent paid at the completion of every three years of lease Refundable Security deposit of Rs.1.80 crore	30 years commencing from 15/12/2008
2.	Coimbatore	739- A, Avinashi Road, Coimbatore - 641 108	36,158 sq. ft.	Sabari Nest Inn Private Limited	Rs.10.00 lacs per month with escalation of 15% of the last rent paid at the completion of every three years of lease Refundable Security deposit of Rs.200.00 lacs	30 years from 15/12/2008
3.	Bangalore	No. 171, Brigade Road, Bangalore	20,950 sq. ft	Sabari Nest Inn Private Limited	Rs.6.00 lacs per month with escalation of 15% of the last rent paid at the completion of every three years of lease Refundable Security deposit of Rs.120.00 lacs	30 years from 02/01/2009
4.	Chennai	Old No.15, New No.29, Chinniah Street, T Nagar, Chennai 600 017	6127 sq. ft	Sabari Super market Pvt. Ltd.	Rs.1.50 lacs per month with escalation of 15% of the last rent paid at the completion of every three years of lease Security deposit of Rs.22.50 lacs	12 years from 01/12/2007
5.	Chennai	Office premises at First Floor at Door No.11, New Door No.23, II Main Road, R A Puram, Chennai 600 028	3000 sq. ft	Mr. M.V.Chandran	Rs.0.80 lacs per month 1.1.2008 to 31.12.2009 12.5% increase for the second term of 3 years from 1.1.2010 to 31.12.2012. 12.5% increase for the third term of 2 years from 1.1.2013 to 31.12.2014 Security deposit of Rs.10.00 lacs	7 years from 1.1.2008
6.	Bangalore	Kundalahalli village, K.R.Puram Holi, Bangalore	Land: Admeasuring 16	Prism Properties	(i) From 22 nd August 2010 till 31 st August 2010 -	10 years from 22/08/2010

		East	guntas (i.e. 17,424 sq.ft) Building: Built up area - 48,972 sq.ft. including of basement, ground, four upper floors and terrace floor Kitchen block and the access path - 5,208 sq. ft.	409, Christhurayan Building, Mount Road Coonoor 643 010. (Sub-Lessor) & Courtyard Hotels and Resorts Private Ltd. 854, 10th Main Road 4th Cross HAL 2nd Stage Indiranagar Bangalore ("Courtyard")	Rs.1,64,094/- being the land rent for the plot. (ii) From 1st September 2010, Land Rent to be escalated at the rate of 5% and thereafter @5% upon the expiry of every 12 months (iii) Hotel rent - Rs.6,75,000/- per month during the first five years of the term and Rs. 7,42,000/- per month during the last five years of the term. If the leases of the building is renewed for a further 5 years, monthly rent payable in respect of the hotel shall be Rs.8,16,000/-	
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FREEHOLD PROPERTY

Sr. No	Location	Address	Area	Purpose
1.	Chennai	No.29, Thirumalai Pillai Road, T Nagar Chennai - 17	4.64 grounds (11,136 Sq. ft)	Quality Inn Hotel
2.		D No. 18, Thirumalai Pillai Road, T.Nagar, Chennai 600 017,	4085 sq. ft	
3.		D No. 18, Thirumalai Pillai Road, T. Nagar, Chennai - 600 017	688 Sq.ft.	
4.		No. 63/3, situated at 33, Rajiv Gandhi Salai, Navalur Village- 603 103, Kanchipuram District,	85 Cents	
5.	Kodaikanal	Ward C, Block 17, Door No. (164 A3) - 4/9 and (164-A4)- 4/8, Sivanadi Road, Kodaikanal Village, Kodaikanal Taluk, Dindigul District	76 cents	Hotel under the name of Quality Inn Sabari Resorts
6.	Coimbatore	Survey no. 114/2C Part, 116/1B (Part), 116/2A2 (Part) situate at Mylampatti, Chinniampalayam, Palladam Taluka, Coimbatore District.	1 acre	Being developed into a hotel project
7.	Munnar	Land comprised in Survey No. 224, Survey No. 34 situated in Revenue No.1, Chinnakanal Village	10 acres & 77 cents (4.3581 hectares)	Presently Vacant Land
8.	Bangalore	Khata No. 303/115 to 117 in Survey No. 115, 116 and 117 (earlier bearing Survey No. 73) situated at, Kannamangala Village, Devanahalli Taluk, Bangalore Rural District.	1 acre & 6 guntas (50,094 sq.ft)	Being developed into a hotel project
9.	Pune	Survey No.49, Hissa No.3, situate, lying and being at Village, Taluka Mulshi, District Pune, now situated within the administrative limits of Pimpri Chinchwad Municipal Corporation	25.75 ares out of 29 ares	Presently Vacant Land
10.		Survey No. 49, Hissa No.3, situate, lying and being at Village, Taluka Mulshi, District Pune, now situated within the administrative limits of Pimpri Chinchwad Municipal Corporation	3.25 ares, out of 29 ares	

Sr. No	Location	Address	Area	Purpose
11.		Survey No. 48, Hissa No. 4 of Village Wakad, Taluka Mulshi, District Pune, now situated within the administrative limits of Pimpri Chinchwad Municipal Corporation	17.25 ares out of land admeasuring 46 ares	
12.		Portion of land on the eastern side out of land bearing survey no. 42, Hissa No. 1, situate, lying and being at Village Wakad, Taluka Mulshi, District Pune, now situated within the administrative limits of Pimpri Chinchwad Municipal Corporation	10.20 ares out of land admeasuring 46 ares.	

INTELLECTUAL PROPERTY RIGHTS



The logo **Sabari** used by the company is owned by the promoter – Mr. K.R.V. Ramani, who has applied for the registration of logo with trademark authority at Chennai. The said application has been accepted and the logo has been advertised in the trademarks journal and the matter is pending for issue of registration certificate. Presently no consideration / fee in any manner is being paid by the company for the use of the logo.

EXPORT OBLIGATIONS

The Company has imported some of its kitchen equipments, furniture and fixtures, decorative items etc under EPCG scheme. As per the EPCG scheme, the obligation has to be discharged within a period of 8 years from the date of issue of licence. The outstanding export obligation as on 31/03/2010 of the company is ₹ 2297.96 lacs. The export obligation of the company is discharged by way of foreign exchange earnings from international travellers.

COMPETITION

The company primarily competes with the other hotels operating at the locations wherein it has a presence. The company also may face competition from the other existing players in the locations wherein it proposes to set up hotels / acquire hotels on lease basis. The company believes that the positioning, marketing and sales strategy, quality of services offered, brand image etc will insulate to a large extent from the competition.

MARKETING AND SALES STRATEGY

The company opines that marketing and sales strategy plays pivotal role in attracting first time clients. The marketing team of the company identifies the target market and accordingly designs strategies to attract the customers. The company has sales force in each of its hotels and also a centralized marketing team to co-ordinate the efforts of the teams at different hotels. The focus of the marketing team is to improve the occupancy levels at the hotels at an optimized Average Room Rent (ARR). The team also

focuses on banquet orders and large outdoor catering contracts, which is also a major revenue earner to the Company. The Company also provides online reservation facilities at its owned hotels.

The company also stresses on the Customer Relationship Management process and venture into marketing campaigns such as direct mailers, telemarketing, web marketing advertisement in media, etc. to promote the hotels of the Company and to get repeat customers.

To make the brand of the Company visible amongst the feeders and the customers, the company organizes road shows for the travel agents, conducts food festivals, theme lunches and dinners. The company also participates in seminars and meets, does tie up with travel portals such as Make My Trip, Yatra, expedia.com, travelguru.com etc.

The company has also participated in travel tourism fair organized by Government of Tamilnadu held in the year 2009.

KEY INDUSTRY 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.

Legislations related to Hotel Industry

Tourism Policy of the Government of India

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

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

Classification of Hotels

Under the Tourism Policy of the Government of India, hotels may, at their option, obtain classification in a star category by applying to the Ministry of Tourism, Government of India in the following categories: Five Star Deluxe, Five Star, Four Star, and Three Star. The Hotel and Restaurant Approval and Classification Committee inspect and assesses the hotels based on various criteria including the quality of facilities and services provided at the hotel. Upon the hotel obtaining the qualifying mark prescribed for a particular status of star classification, and based on a recommendation of the Hotel and Restaurant Approval and Classification Committee, the hotel is given the relevant star classification by the Ministry of Tourism, Government of India. Various approved projects are eligible for various concessions and facilities that are announced by the Government from time to time besides, getting worldwide publicity through the India Tourism offices located in India and abroad.

Registration of Tourist Trade Act

Every state in India has in general a Registration of Tourist Trade Act (the "Tourist Trade Act"). The Tourist Trade Act requires all hotels, travel agents, tour operators, tourist guides, tourist taxi operators and dealers of notified articles and other persons engaged in tourist activities in each particular state to register themselves under the Tourist Trade Act. Under the Tourist Trade Act of each state, some officers

of the Tourism Department have been vested with magisterial powers, including the power of compounding in case of cheating, overcharging, harassment, pestering, touting, etc. faced by tourists.

The Prevention of Food Adulteration Act, 1954

The Prevention of Food Adulteration Act is a Central legislation and provides provisions for the prevention of adulteration of food. The Gujarat State Government has adopted the Central Act which requires any person/ entity manufacturing / storing / selling food articles to be registered under the provisions of the Act.

The Companies Act, 1956

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

Regulation of Foreign Investment in India

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations promulgated there under. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of investments in excess of the specified sectoral limits under the automatic route, approval for such investment may be required from the FIPB and/or the RBI. Further, FIIs may purchase shares and convertible debentures of an Indian company under the portfolio investment scheme through registered brokers on recognized stock exchanges in India. Regulation 1 (4) of Schedule II of the FEMA Regulations provides that the total holding by each FII or SEBI approved sub-account of an FII shall not exceed 10% of the total paid-up equity capital of an Indian company or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs and sub accounts of FIIs added together shall not exceed 24% of the paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24% may be increased up to the statutory ceiling as applicable, by the Indian company concerned passing a resolution by its board of directors followed by the passing of a special resolution to the same effect by its shareholders.

Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 was enacted as a general legislation to safeguard the environment from all sources of pollution by enabling coordination of the activities of the various regulatory agencies concerned, to enable creation of an authority with powers for environmental protection, regulation of discharge of environmental pollutants etc. The purpose of the Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws, such as Water Act &

Air Act. It includes water, air and land and the inter-relationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

Income-tax Act, 1961

The Income Tax Act, 1961 deals with the taxation of individuals, corporate, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

Service Tax

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 requires that where provision of certain listed services, whole taxable services exceeds ₹ 400,000, a service tax with respect to the same must be paid. Every person who is liable to pay service tax must register himself for the same

Central Sales Tax Act (CST)

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on interstate sales and states the principles and restrictions as per the powers conferred by Constitution.

Standards of Weights and Measures Act, 1976

This legislation and the rules made there under apply to any packaged commodity that is sold or distributed. It provides for standardization of packages in specified quantities or numbers in which the manufacturer, packer or distributor shall sell, distribute or deliver some specified commodity to avoid undue proliferation of weights, measures or number in which such commodities may be packed. Any person intending to pre-pack or import any commodity for sale, distribution or delivery has to make an application to the Director of Legal Metrology for registration.

Standards of Weights and Measures Enforcement Act, 1985

The Standards of Weights and Measures Enforcement Act, 1985 regulates the classes of weights and measures manufactured, sold, distributed, marketed, transferred, repaired or used and the classes of users of weights and measures. The Act was passed with a view to regulating and modernizing the standards used in India based on the metric system. The units of weight which are sought to be used in day to day trade are required to be periodically inspected and certified by the designated authorities under this act for their accuracy

Value Added Tax ("VAT")

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT

liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

The Minimum Wages Act, 1948 ("Minimum Wages Act")

Minimum Wages Act was enacted to provide for minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains list of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952

The Act is applicable to factories employing more than 20 employees and may also apply to such establishments and industrial undertakings as notified by the Government from time to time. All the establishments under the Act are required to be registered with the Provident Fund Commissioners of the State. Also, in accordance with the provisions of the Act the employers are required to contribute to the Employees' Provident Fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining allowances (if any) payable for the time being to the employees. A monthly return in Form 12 A is required to be submitted to the commissioner in addition to the maintenance of registers by the employers.

Payment of Gratuity Act, 1972

A terminal lump sum benefit paid to a worker when he or she leaves employment after having worked for the employer for a prescribed minimum number of years is referred to as "gratuity". The provisions of the Act are applicable to all the factories. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A and thereafter whenever there is any change in the name, address or change in the nature of the business of the establishment a notice in Form B has to be filed with the authority. The Employer is also required to display an abstract of the Act and the rules made there-under in Form U to be affixed at the or near the main entrance. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under Payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable to every establishment employing 20 or more employees. The said Act provides for payment of the minimum bonus to the employees specified under the Act. It further requires the maintenance of certain books and registers such as the register showing computation of the allocable surplus; the register showing the set on & set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees. Further it also require for the submission of Annual Return in the prescribed form (FORM D) to be submitted by the employer within 30 days of payment of the bonus to the Inspector appointed under the Act.

Contract Labour (Regulation and Abolition) Act, 1970

The purpose of Contract Labour (Regulation and Abolition) Act 1970, is to regulate the employment and protect the interests of the workers who are hired on the basis of individual contracts in certain establishments. In the event that any activity is outsourced, and is carried out by labourers hired on contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund etc.

Employment (Standing Orders) Act, 1950

The Industrial Employment (standing orders) Act requires employers in industrial establishments to formally define conditions of employment under them. It applies to every industrial establishment wherein 100 (reduced to 50 by the Central Government in respect of the establishments for which it is the Appropriate Government) or more workmen are employed. The Act calls for the submission of such conditions of work to the relevant authorities for their approval.

The Equal Remuneration Act, 1976 ("Equal Remuneration Act") and Equal Remuneration Rules, 1976

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 was implemented. The Act provides that no discrimination shall be shown on the basis of sex for performing similar works and that equal remuneration shall be paid to both men and women when the same work is being done.

Employees State Insurance Act, 1948

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

The Maternity Benefit Act, 1961 ("Maternity Act")

The purpose of Maternity Act 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter-alia for payment of maternity benefits, medical bonus and enacts prohibition on dismissal, reduction of wages paid to pregnant women etc.

Registrations under the applicable Shops & Commercial Establishments Acts of the respective States in which The Company has an established place of business/ office ("Shops Act")

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.

HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

Brief History

The Company was originally incorporated as Sabari Inn Private Limited in the State of Tamil Nadu on April 01, 1999 under the Companies Act, 1956 vide certificate of incorporation issued by The Registrar of Companies, Tamil Nadu, Chennai. Subsequently the company was converted into Public Limited vide a fresh certificate of incorporation dated July 20, 2010 from The Registrar of Companies, Tamil Nadu, Chennai.

Name of the Company	Sabari Inn Limited
Date of Incorporation	01/04/1999
Corporate Identity Number	U55101TN1999PLC042205
Registered Office	No.29, Thirumalai Pillai Road, T.Nagar, Chennai – 600 017

Major Events

Year	Events
2002	Launch of 3 Star Hotel Quality Inn Sabari, T Nagar, Chennai with marketing arrangement and franchise agreement with Choice Hospitality (India) Limited
2005	Upgradation of Quality Inn Sabari at T. Nagar to 4 Star status
2007	Launch of 3 Star Hotel - Quality Hotel Sabari Classic at OMR, Chennai - Investment of ₹ 6199.84 lacs made by ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients and India Opportunity Real Estate Fund, Mauritius by entering into share subscription agreement
2008	- Acquired land for construction of Hotel property at Bangalore and Coimbatore - Entered into lease agreement with Group Company for operating the budget hotels “Sabari’s Nest” at Bangalore, Chennai and Coimbatore
2009	- Launch of 3 Star Resort - Quality Inn Sabari Resorts at Kodaikanal - Awarded the Finalist award for “International Quality Hotel 2009” for the Quality Hotel Sabari Classic at OMR, Chennai
2010	- Awarded the “Employer - Employee Relationship Award 2010” for the Sabari Group of Hotels by Rotary Club of Madras Southwest, Chennai - Entered into Hotel Development Services Agreement with Carlson Hotels Asia Pacific Pty Ltd. for “Park Plaza” at Coimbatore - Entered into Management Services Agreement with RHW Hotel Management Services Limited for “Park Plaza” at Coimbatore . - Entered into long term lease for operating the Hotel “The Mark Boulevard” at Whitefield, Bangalore - Soft launch of Coimbatore Hotel

CHANGE IN THE REGISTERED OFFICE

The registered office of the Company was shifted to its own premises at No.29, Thirumalai Pillai Road, T.Nagar, Chennai – 600 017 from Door No 24, Dr. Nair Road , T. Nagar, Chennai – 600 017 to ,vide Board resolution dated January 17, 2005 .

Main Objects

The main objects of the company to be pursued by the Company on its incorporation are:

1. To carry on the business as hoteliers, hotel proprietors, hotel managers and operators, refreshment contractors and caterers, restaurant keepers, refreshment room proprietors, ice-cream merchants, sweetmeat merchants, milk manufacturers and merchants, bakers, confectioners, professional merchants, licensed victuallers, wine and spirit merchants, blenders and bottlers.
2. To carry on the business as manufacturers, producers, processors, makers, inventors, convertors, importers, exporters, traders, buyers, sellers, retailers, wholesalers, suppliers, indentors, packers, movers, preservers, stockists, agents, sub-agents, merchants, distributors, consignors, jobbers, brokers, concessionaries or otherwise deal in all types of food and food product, meat, fish, groceries, fruit, confectionery, wine, spirits, beer and other beverages whether alcoholic or not, tobacco, chemists and druggists suppliers, linen, furniture, furnishings, and other articles required by visitors to the company's premises and others.

Changes in Memorandum of Association

The Company has made the following changes in Memorandum of Association apart from the changes made on account of increase in authorized capital.

Date of Shareholder's Approval	Nature of Changes in the Memorandum of Association
13/07/2010	Change of name on conversion to public limited company

Shareholders' Agreement:

The Company entered into share subscription cum shareholders' agreement with the following parties vide agreement dated 28/12/2007.

- Mr. K.R.V. Ramani, Ms. Aruna Ramani, K.R.V Ramani (HUF) termed as "Promoters" and
- India Opportunity Real Estate Fund, Mauritius as " Foreign Investor" and
- ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients " Indian Investor"

The foreign and Indian investors are collectively referred as "investors".

Purpose of the Agreement

To lay down the understanding between the parties on the terms and conditions subject to which the investors will acquire stake in the Company and to confirm and record their mutual understanding on various issues.

Important terms of the Agreement

- (i) The obligation of the Investors to subscribe to the shares of the Company is subject to and conditional upon fulfillment of conditions precedent specified in the Agreement.
- (ii) Subject to the fulfillment of the conditions precedent specified in the Agreement, the Company has agreed to issue to the Investors and the Promoters shall cause the Company to issue to:

- (a) Indian Investor 1,69,60,784 fully paid up equity shares of the company
- (b) Foreign Investor 1,62,82,353 fully paid equity shares of the Company
- (iii) The shares are to be issued at a price of Rs.18.65/- per share (includes premium).
- (iv) Subsequent to the subscription and allotment of shares to the Indian Investor and the Foreign Investor, the shareholding in the Company is to be as follows:

Promoters:	51%
Indian Investor	25%
Foreign Investor	24%
- (v) Company to use the entire proceeds from subscription by the Indian Investor and the Foreign Investor strictly in accordance with the Business Plan and Annual Budget.
- (vi) As long as the Investors are invested in the Company, Promoters not to transfer their shareholding in the Company except with the prior written approval of each of the Investor, in the manner specified in the Agreement.
- (vii) Company not to allow the current agreement for branding of the Hotels under the Quality Inn brand to terminate, except in the event Choice Hotels – Quality Inn in breach of the Agreement, only after obtaining the prior written consent of the Investors.
- (viii) Company not to repay or convert unsecured loans of the Promoters until each investor has received an IRR at the rate specified in the Agreement on post tax basis of its investment.
- (ix) In the event of short fall in the funds required for any project, the promoters shall infuse required funds.
- (x) In the event of the number of rooms in Hotel Quality Inn Sabari which may be reduced on account of any potential legal action, the Promoters shall convey in favour of the Company, the additional land adjacent to the hotel at a minimal price, such that existing number of rooms and car parking slots of the hotel is not reduced.
- (xi) Company to take and maintain insurance against risks as specified in the Agreement.
- (xii) Promoters to vote, in respect of their shareholding in the Company to ensure that the provisions of the Agreement to the extent they are incorporated in the Memorandum and Articles of Association of the Company and its obligations are duly and validly performed.
- (xiii) Business of the Company to be conducted in accordance with the Business Plan and Annual Budget to be updated or amended, prior to the beginning of each financial year. Means of finance developing the projects to be specified in the Business Plan.
- (xiv) The Investors are entitled to maintain their stake in the Company. Further issue of shares by the Company will in compliance with the provisions specified in the said Agreement.
- (xv) Decision in respect of certain matters mentioned in the Agreement to be taken by the Board only with the affirmative vote of each Investor Director present at the meeting, unless written consent is given by the Investor prior to the meeting at which such decision is taken or such consent has been specifically waived in writing by the Investor.
- (xvi) Promoters, Investor and other shareholders of the Company not to act in any matter that is prejudicial to the rights of other parties under the Agreement. Each party to co-operate and support each other in the best interest of the Company.
- (xvii) Notwithstanding anything to the contrary in the agreement, in the event Promoters' percentage interest falling below 51%, for any reason other than with the prior written approval of each Investor, the number of Directors to be reduced to three of which each Investor shall nominate one Director, the quorum requirement shall be as per the Companies Act and all decisions of the Board to be taken by the majority.
- (xviii) Transfer of shares by any party to the Agreement to be in conformity with the provisions of the Agreement, transfer of shares by each Investor inter-se, to an affiliate or to any third party excepted.
- (xix) Shareholding of the Promoters to remain locked-in until such time each Investor is invested in the Company, unless prior consent of each Investor is obtained.

- (xx) In the event of default as specified in the Agreement, each Investor is entitled to PUT its shares and cause the Promoters to purchase any or all of the shares held by such Investor in the Company at the price arrived at as per the formula provided in the Agreement. Failure by the Promoters to honour the PUT option within 30 business days, would entitle the Investors to sell their shares to any third party at any price/terms and in such an event, the Investors shall be entitled to drag the Promoters to sell their shares (either part or in full) at the same terms/price. Additionally, on the Investor invoking their rights, the Board shall stand reconstituted with the Investor Directors comprising majority of the Board.
- (xxi) The promoters will take steps to list the shares of the Company by way of an Initial Public Offering (IPO) by June 2012. The investors will be entitled to offer for sale 100% of their shares in the company during or before such an IPO. The Promoters agree and undertake that they shall, without any recourse to Investors whatsoever, obtain all the relevant approvals, statutory or otherwise as may be necessary to provide exit to investors by way of an IPO. The Investors shall not be named as Promoters in the offer document. The price at which shares will be issued/ offered to the Public shall be acceptable to the Promoters & Investors. . If a category I Merchant Banker acceptable to both Promoters and Investors certifies that in event the Company lists its shares in an IPO in June 2012 and such IPO would allow each Investor to exit at an IRR of 25% then, no investor shall be entitled to object to the Company proceeding with such IPO.
- (xxii) If the IPO does not take place by June 30, 2012, then the Promoters shall have an option to purchase all shares (but not less than all shares) held by both Investors at a price that shall provide each Investor with an IRR of 38% ("Promoters Option"). The Promoters Option shall be exercised on or before October 1, 2012, failing which the option shall automatically lapse. All costs associated with the purchase of shares as a result of exercise of Promoters Option shall be borne by the Promoters.
- (xxiii) In the event the Promoters choose not to exercise the Promoters Option or have failed to do so on or before October 1, 2012, each Investor shall be entitled to transfer all or part of its shares to any third party at any price such Investor deems fit.
- (xxiv) In the event the Investors collectively inform the Company that they are unable to find a third party to purchase their shares, then by December 2012, the Company shall mandatorily sell each of its hotels one by one at a valuation which provides the Exit Valuation (IRR of 25% or a price equivalent to enterprise value / immediate past 12 months EBIDTA multiple of 8.5 times less outstanding net debt whichever is higher) to each Investor and the Company shall thereafter distribute in terms of applicable law, the proceeds of such sell off to each Investor. Upon sale of the last of the hotels, the Company shall be wound up
- (xxv) The Board of the Company shall consist of 6 (Six) Directors, 3 each to be nominated by the Promoters and the Investors collectively will nominate the rest three.
- (xxvi) The promoters undertake not to veto or otherwise obstruct the appointment of the Investor Directors in accordance with this Clause. The Investor undertakes not to veto or otherwise obstruct the appointment of the Promoter Directors in accordance with this clause. The Investor Directors shall not be subject to retirement by rotation.
- (xxvii) The Investor shall have the right to appoint additional Directors to the Board in proportion of their combined shareholding in the company. The removal/ reappointment of any additional director / independent director shall be subject to prior written consent of the Investors.
- (xxviii) Agreement to remain valid as long as the Investors hold any share in the Company. The Agreement is subject to mutual termination and automatic termination as provided in the Agreement.
- (xxix) Except as permitted by the Agreement or otherwise agreed in writing by the Board with the Investors' prior written consent, the Promoters shall not, either personally or through an agent or Company or otherwise, directly or indirectly be concerned in any business directly

or indirectly manufacturing, operating, selling or distributing products or services which compete with any business then carried by the Company.

- (xxx) Agreement is subject to confidentiality clause as provided in the Agreement. Exceptions to the Confidentiality clause also have been provided.
- (xxxix) Disputes under the Agreement subject to arbitration. Such arbitration to be subject to the provisions of Arbitration and Conciliation Act, 1996.
- (xxxii) No party, except any Investor shall assign or transfer its rights and liabilities under the Agreement to any person without the prior written consent of all other parties. Subject to the provisions of the Agreement, the Investor shall be entitled to assign its rights and obligations under the Agreement to any third party without the consent of other parties. However the Investor shall intimate the other parties of such assignment.
- (xxxiii) Agreement to be governed by laws of India. Courts in Mumbai shall have exclusive jurisdiction.

Other Agreements

Quality Inn Sabari, T-Nagar, Chennai

1. International & Domestic Franchise & Marketing Agreement with Choice group

The agreement dated 9th March, 2001 was entered between Choice Hospitality (India) Limited an Indian company under the India Companies Act, whose registered office is at 4/11, Shanti Niketan, new Delhi- 110 021 and whose registration no is 28887 (hereafter known as **Master Franchisee**) and Sabari Inn Private Limited, an Indian Company under the Indian Companies Act whose registered office is at 29, Thirumalai Pillai Road, T. Nagar, Chennai 60 017 and whose registration number is 42205 (hereafter known as **Franchisee**)

Master Franchisee and Choice Hotels International, Inc ("**Choice**") have executed an agreement dated 5th November, 1999 ("**Master Franchisee Agreement**" in which Master Franchisee has been licensed to grant franchisees in territory and to act as "**Master Franchisee**" under Choice franchisee agreement. The agreement has been renewed for a further period of five years with effect from 1st January, 2008 on a revised fee. Other Franchisee obligations remains the same as per the earlier agreement dated 9th March, 2001.

Important terms of the agreement

- 1) Franchisee shall strictly act in accordance with Franchisee Operations Manual and Rules and Regulation and all future amendments thereto as may be provided to Franchisee time to time by Master Franchisee and shall operate the Franchised Hotel under system and in accordance with terms and condition of agreement.
- 2) Franchisee shall pay all Travel commissions on monthly basis. The franchisee shall participate in Choice's Centralized Travel Agent Commission Payment Program.
- 3) Franchisee shall prominently display at the Franchised Hotel the Franchised Marks in exterior and interior signage and in all advertising and promotion of Franchised Hotel.
- 4) Franchisee shall be solely responsible for conducting local advertising and promotion of the Franchised Hotel and the expense thereof. Franchisee shall participate fully and without exception in all marketing programmes, sales promotions and services of Choice and Master Franchisee as the Choice or Master Franchisee may determine to be necessary and desirable for system from time to time.

5) Franchisee agrees that the existence of any claims it may have against master Franchisee, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Master Franchisee of the covenants mentioned in the terms of the agreement. Franchisee agrees to pay all costs and expenses incurred by Master Franchisee in connection with the enforcement of the agreement terms.

Fees and Payments

1) Initial Franchisee fee: In consideration of the franchisee rights granted as per the agreement, Franchisee shall pay to Master Franchisee a onetime, non refundable initial franchisee fee of Rs 5.00,000 (Rupees Five Lacs)

As and when additional rooms are made operative in the Hotel, the initial membership fee will be payable at the rate of US \$ 200 per hotel room, on a per-room basis as per foreign exchange prevailing rate at that time.

Revised on 1st January, 2008

2) Franchisee & Marketing Services Fee: Franchisee shall pay Master Franchisee monthly an ongoing franchisee and marketing services fee (the franchisee & Marketing service Fee in the following manner:

The Franchisee shall pay to master Franchisee a monthly fixed fee of ₹ 1.75 Lacs towards Franchisee Fee and ₹ 1.75 Lacs towards Marketing Services. The total Franchisee and Marketing services Fee will amount to Rs 3.50 Lacs per month and is inclusive of taxes. The fixed Fee would increase by 10% after every year over the fee for the immediate preceding year.

3) Reservation Fee: Franchisee shall pay to Master Franchisee monthly during the term, a reservation fee of

US \$ 4.50 only for reservation services relating to each reservation made by Choice hotels International system

OR

US \$ 4 only for each booking made through Global Distribution system to which Choice's reservation system is connected or such other amount as may be charged from time to time by the relevant global distribution system.

4) if any amounts payable to Master Franchisee are not paid by the Payment due date, Franchisee shall pay Master Franchisee interest on any outstanding amount from the Payment Date at a rate of one and half percent per month.

Term

The agreement stays valid for a period of five (5) years with effect from 1st January, 2008. The agreement and terms thereof shall be reviewed from renewal or termination on or before 31st December, 2012.

Quality Hotel Sabari Classic, OMR, Chennai

1. Franchise Agreement with Choice Group

The agreement dated 5th July, 2007 was entered between Choice Hospitality (India) Limited an Indian company under the India Companies Act, whose registered office is at 4/11, Shanti Niketan, new Delhi- 110 021 and whose registration no is 28887 (hereafter known as **Master**

Franchisee) and Sabari Inn Private Limited, an Indian Company under the Indian Companies Act whose registered office is at 29, Thirumalai Pillai Road, T. Nagar, Chennai 60 017 and whose registration number is 42205 (hereafter known as **Franchisee**)

Master Franchisee and Choice Hotels International, Inc ("**Choice**") have executed an agreement dated 5th November, 1999 ("**Master Franchisee Agreement**") amended on 1st April, 2005 in which Master Franchisee has been licensed to grant franchisees in territory and to act as "**Master Franchisee**" under Choice franchisee agreement.

Important terms of the agreement

- 1) Franchisee shall strictly act in accordance with Franchisee Operations Manual and Rules and Regulation and all future amendments thereto as may be provided to Franchisee time to time by Master Franchisee and shall operate the Franchised Hotel under system and in accordance with terms and condition of agreement.
- 2) Franchisee shall pay all Travel commissions on monthly basis. The franchisee shall participate in Choice's Centralized Travel Agent Commission Payment Program.
- 3) Franchisee shall prominently display at the Franchised Hotel the Franchised Marks in exterior and interior signage and in all advertising and promotion of Franchised Hotel.
- 4) Franchisee shall be solely responsible for conducting local advertising and promotion of the Franchised Hotel and the expense thereof. Franchisee shall participate fully and without exception in all marketing programmes, sales promotions and services of Choice and Master Franchisee as the Choice or Master Franchisee may determine to be necessary and desirable for system from time to time.
- 5) Franchisee agrees that the existence of any claims it any have against master Franchisee, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Master Franchisee of the covenants mentioned in the terms of the agreement. Franchisee agrees to pay all costs and expenses incurred by Master Franchisee in connection with the enforcement of the agreement terms.

Fees and Payments

- 1) **Initial Franchisee Fee:** In consideration of franchisee rights granted as per the agreement, Franchisee shall pay to Master Franchisee a non-refundable initial franchisee fee at the rate US \$ 20 per hotel room payable in Rupees in India.

As and when additional rooms are made operative in the Hotel, the initial membership fee will be payable on a per-room basis at the fee terms and foreign exchange prevailing rate at that time.

- 2) **Franchisee & Marketing Services Fee:** A monthly fixed franchisee fee equivalent to ₹ 1,50,000/- per month plus Marketing Fee of ₹ 1,50,000/- per month, total of ₹ 3,00,000 per month exclusive of taxes for the first year of operations payable on the 7th day of succeeding month. These fees shall increase @ 10% year on year from the second year onwards over the fee paid for the immediate preceding year.

Addendum 1

Addendum dated 15th day of April 2009 between Choice Hospitality (India) limited (Master Franchisee) and Sabari Inn Private Limited (Franchisee).

For the period starting from 1st April, 2009 to 31st March 2010, the Franchisee & Marketing Fee payable is revised to ₹ One Lac (Rs 1, 00,000) per month i.e. ₹ 50,000 per month as Franchisee Fee and ₹ 50,000 per month as Marketing services Fee payable on 7th day of every month without any adjustment whatsoever.

Addendum 2

Addendum dated 22nd day of June 2010 between Choice Hospitality (India) limited (Master Franchisee) and Sabari Inn Private Limited (Franchisee).

For the period starting from 1st April, 2010 to 31st March 2011, the Franchisee & Marketing Fee payable is revised to ₹ One Lac (₹ 1, 82,000) per month i.e. ₹ 91,000 per month as Franchisee Fee and ₹ 91,000 per month as Marketing services Fee payable on 7th day of every month without any adjustment whatsoever.

With effect from 1st April, 2011 the original terms of Franchisee agreement dated 5th July, 2007 would be applicable unless otherwise mutually agreed between the parties.

3) Reservation Fee: Franchisee shall pay to Master Franchisee, monthly, during the term a reservation fee of US \$ 4.50/- only for Reservation Transactions relating to reservations made through Choice's reservation Services. This fee may be increased from time to time.

4) GDS Fee: Franchisee shall pay to Master Franchisee a fee equal to US \$ 4.50 only for each booking made through a global distribution system(GDS) to which Choice's reservation system is connected, or such other amount as may be charged from time to time by the relevant global distribution system. This shall be paid directly to the Master Franchisee on a monthly basis.

5) The Franchisee shall also pay software license fee to Choice Hotels India for message centre to be installed at the Hotel, so that the hotel may receive reservations from Choice Hotels India, presently the fees is US \$ 1,500 per hotel.

Term

The agreement is effective from 5th July, 2007 and shall terminate on the tenth anniversary of the operating date, or at any time thereafter; provided, however, that prior to any such termination one party shall give the other party no less than six months prior written notice of such termination. The parties may agree to extend or renew the term for a further period of ten years upon written agreement of both parties and signed by an authorized representative of each party at least ninety days prior to expiration of the term.

HOTEL DEVELOPMENT SERVICES AGREEMENT

The Company had entered into a Services Agreement with Carslon Hotel Asia Pacific Pty. Ltd. ("Carslon") by which Carslon has agreed to provide certain services to the Company in respect of its Hotel project being developed at Mylampatti Village, Chinnampalayam, Coimbatore.

Following are some of the material details of the Agreement.

Date of the Agreement: 7th July, 2010

Duration of the Agreement 7th July 2010 to the date that the Hotel is fully open and managed by Carslon.

Nature of transaction covered

Carlson to provide technical and pre-opening services (both detailed in the agreement) for the “PARK PLAZA” branded Hotel located at Avinashi Road, Mylampatti Village, Chinnampalayam, Coimbatore.

Gist of some of the material terms

- (i) Carlson to use good faith efforts to perform the services in accordance with the pre-opening budget.
- (ii) Company’s responsibilities include:
 - Designing and constructing the Hotel to comply with the brand standards and requirements and in accordance with the approved plans and specifications. In addition Hotel to be constructed, furnished, fitted and fully equipped so that the class, quality, function and aesthetic standard of all internal and external finishings and fittings, together with the guest rooms, public and “back of house” areas and the exterior, shall be no less than those of the Park Plaza Noida (“**Reference Hotel**”) as at the opening date of the Reference Hotel.
 - Providing Carlson with all necessary information that Carlson needs.
 - Assembling a Project Team that is experienced in the design and construction of hotels of a class and type similar to the Hotel.
 - Establishing and maintaining a Project schedule that will consist of a timeline that details the timeframes for design, bidding and procurement, construction, installation.
 - Establishing and maintaining a Project budget which shall include allocations for FF & E (furniture, furnishing, fixtures and equipments) and OS & E (Operating supplies and equipments) and all operating systems.
 - At Carlson’s request, construct one model room for a standard room and one model room for a selected suite room, with a section of adjoining guest room corridor and external walls for Carlson’s approval, prior to the commencement of any interior fit out.
- (iii) Company to pay to Carlson fee for the services rendered at the rate specified in the agreement. Such payment is to be made every month from the date of the signing of the agreement upto and including the Actual Opening Date.
- (iv) Right of termination given to either party under certain circumstances.
- (v) Carlson can assign its rights, benefits and obligations under the Agreement to any third party, without the consent of the Company. Company not to assign or otherwise transfer all its rights, benefits and obligations under the agreement to anyone without Carlson’s consent.
- (vi) Company to purchase and maintain, subject to Carlson’s approval builder’s “all risk” and public liability insurance with minimum limits and other terms in accordance with Carlson’s requirements. Company to require the general contractor of the project and other project team members to maintain insurance policies with minimum limits and other terms in accordance with the requirements of Carlson.
- (vii) Disputes subject to arbitration in accordance with the International Arbitration Rules of Singapore International Arbitration Centre. Venue of arbitration is in Singapore.
- (viii) Agreement and the relationship between the parties is subject to and governed by the laws of India.

HOTEL MANAGEMENT AGREEMENT

The Company had entered into a Management Agreement with RHW Hotel Management Services Limited for operating the Hotel being constructed by the Company at Coimbatore.

Following are the Gist of some of the terms of the Agreement.

Date of the Agreement	24 th August 2010
Parties to the Agreement	The Company (therein and hereinafter referred to as “the Owner”) and RHW Hotel Management Services Ltd. Ground Floor, Commercial Plaza Radisson Hotel Delhi National Highway 8 New Delhi 110 037. (therein and hereinafter referred to as “the Manager”)
Scope of the Agreement	Manager will operate the Hotel being constructed by the Company at Avinashi Road, Mylampatti Village, Chinnampalayam, Coimbatore and in respect of such operation provide certain services as mentioned in the Agreement.
Period of the Agreement	Commences on the Soft Opening Date (as defined in the Agreement) and expires on 31st December of the year in which the fifteenth annual anniversary of the Opening Date occurs. Parties may negotiate two renewals of the Operating Term for further period of five years each on the same or different terms but only by written agreement signed by both of them.
Fee payable by the Owner	For services being provided by the Manager, the Owner shall pay to the Manager base management fee, royalty fee, incentive fee, reservation charges and marketing contribution at the rates specified in the Agreement.

Gist of some of the other material terms

- (i) Owner to complete construction and to ensure that Opening Date occurs not later than 31st May 2011. Owner responsible for construction of the hotel in compliance with approved plans.
- (ii) Construction to conform to the Operating Standards and the Hotel Development Services Agreement. Owner shall design, complete, equip and furnish the Non-Hotel facilities in accordance with Operating Standards or when there is no Operating Standard that applies, then to a quality level comparable to the operating standards in general.
- (iii) Manager to operate the hotel as “Park Plaza Coimbatore” . Owner not to change the name of the hotel without Manager’s approval.
- (iv) Manager to provide Reservation services through the Reservation System, marketing activities in the Asia Pacific region and other parts of the work for the benefit of the hotel and other hotels under the “Park Plaza” brand name, purchasing FF&E, OS&E and other goods and services from the

Manager and Technology System. These services could be provided either by the Manager directly or through Affiliates from outside India.

- (v) Manager to establish certain policies mentioned in the Agreement for the hotel employees. Manager and Owner to review the policies from time to time.
- (vi) Manager will determine the charges for the rooms, commercial space, entertainment, food and beverages taking into account the competitive environment and the financial objectives established in the Annual Plan in consultation with the owner.
- (vii) Manager will provide the hotel employees with the necessary system information needed to establish and will assist them in establishing all employment policies for the hotel employees in consultation with the Owner, including salaries, wages, fringe benefits etc. All hotel employees will be the employees and agents of the Owner.
- (viii) Manager will review and approve all Annual Plans before they are submitted to the Owner. Annual Plans to include financial statements, analysis of the market and a marketing plan, general description of the Capital Improvement Projects and Reserve Fund work, cash flow projections and any other item of expenditure as may be reasonably required by the Owner. Owner to notify the Manager of those portions of the Annual Plan that the Owner approves and disapproves, including reasons for Owner's objections. Owner and Manager to use their good faith efforts to agree on the disapproval portion.
- (ix) Provision has been made for maintaining proper books of accounts, records and statements in respect of operation of the hotel and for furnishing of financial statements at periodic statements.
- (x) Subject to Manager's approval, Owner to appoint an independent auditor of national or international repute having hotel experience with internationally branded hotels.
- (xi) Prior to the Opening Date, Manager will arrange, at Owner's cost the purchase of all necessary components of the Technology System from the Manager's approved suppliers and shall install and maintain the Technology System at the Hotel. Manager may periodically modify or upgrade the Reservation System, its internet web site and the Technology System.
- (xii) Manager will arrange for the purchase of all interior and exterior signs for the hotel as provided for in the Annual Plan at Owner's cost and expenses.
- (xiii) Manager to use prudent business judgment in operating the hotel in compliance with Legal Requirements and the requirements of any insurance companies covering any of the risks against which the hotel is insured.
- (xiv) Owner to maintain insurance sufficient to provide Owner and Manager with reasonable and adequate protection in the operation of the hotel.
- (xv) Provision of indemnity by the Owner to the Manager and its affiliates and their respective partners, shareholders, directors, officers, agents, employees etc. against claims by third parties relating to or arising out of the Agreement or the construction or operation of the hotel or any acts or omissions of the Owner or anyone associated with the Owner.
- (xvi) Owner to use the marks and systems (both as defined in the Agreement). Owner not to assert any ownership of the marks and system and will not take any action to contest Manager's rights to them.
- (xvii) Owner undertakes that it shall not and shall ensure that the Non- Hotel Facilities shall not use the marks (including "Park Plaza" name and logo) and the system in any manner other than solely for the hotel.
- (xviii) Owner not to use any Confidential and Proprietary System Information for any purpose other than with respect to the construction and operation of the hotel pursuant to this Agreement. Manager

may modify the Confidential and Proprietary System Information at any time. Owner has no right with respect to such information other than those that are granted in this Agreement.

- (xix) Provision has been made for termination of the Agreement and consequences of such termination. The Agreement to terminate upon the termination (not expiration) of the Hotel Development Services Agreement.
- (xx) Manager may assign this Agreement in whole or in part without the Owner's consent to (i) an Affiliate (ii) any successor or assignee of Manager result from any merger, consolidation or reorganization or (iii) another person that acquires all or substantially all of Manager's business and assets. The transferee/assignee to assume all of Manager's obligations under this Agreement and to operate the hotel as a "Park Plaza" hotel. Owner may assign this Agreement and the Hotel to an Affiliate provided that Owner remains primarily liable under this Agreement to the Manager. Owner not to effect an ownership transfer to any third party without the Manager's written consent and the Hotel and this Agreement must be transferred to the same person. Manager not to withhold consent provided the ownership transfer fulfills the conditions specified in the Agreement.
- (xxi) Right of first refusal given to the Manager in the event the Owner desires to sell the Hotel.
- (xxii) Owner may place a mortgage on the hotel with and collaterally assign its interest in this Agreement to an institutional lender as mortgagee without Manager's approval as long as the conditions specified in the Agreement are complied with.
- (xxiii) Agreement is subject to laws of India.
- (xxiv) Disputes under the Agreement to be resolved by arbitration in accordance with the rules of the Singapore International Arbitration Centre in force. Any award rendered by the arbitration tribunal is final and binding upon each party. Venue of arbitration shall be Singapore
- (xxv) Agreement is subject to force majeure clause.
- (xxvi) The Agreement contains a clause for confidentiality by either party.
- (xxvii) Owner to obtain at its costs and expenses, all approvals as are necessary for entering into this Agreement and the Hotel Development Services Agreement. Owner unconditionally and irrevocably consents to Carlson Hotels Worldwide Inc. and/or its holding companies, subsidiaries, affiliates or sister concerns to
 - Set up subsidiaries for developing, constructing, owning, managing, operating, leasing and/or promoting one or more hotels, resorts and/or serviced apartments and/or acquire or invest in one or more companies for developing, constructing, owning, managing, operating, leasing and/or promoting one or more hotels, resorts and/or serviced apartments through joint venture with an Indian entity and/or through a subsidiary.
 - Enter into arrangement in India with any person for management, technical assistance/collaboration, franchising, group services, marketing services and trade mark licensing in the hotel, resorts and/or serviced apartments.
 - Authorize or permit any other persons or entity to develop, construct, manage, operate, lease or promote one or more hotels, resorts and/or serviced apartments.

FINANCIAL PARTNERS

There are no financial partnership agreements entered into by the Company.

STRATEGIC PARTNERS

There are no strategic partnership agreements entered into by the Company.

SUBSIDIARY OF THE COMPANY

The Company does not have any subsidiary.

COMMON PURSUITS

Presently none of the other group companies are in the same line of business of operating hotels except for the fact that the company is apart from operating the hotels owned by the company itself, is also operating the hotels owned by the group company – Sabari Nest Inn Private Ltd. and the convention centre owned by Sabari Supermarket Pvt. Ltd. The company shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details on the related party transactions, to the extent of which the Company is involved, see “Related Party Transactions” on page 122.

MANAGEMENT
Board of Directors

The following table sets forth details regarding the present Directors:

Name, Designation Residential Address, Age, Occupation DIN No.	Date of Appointment / Re-appointment	Qualification	Remuneration per annum (₹ in lacs)	Other Directorships held
Mr. K.R.V. Ramani <i>S/o Late K.R. Ramachandran</i> Designation: Chairman & Managing Director Add:#9/5, Seethamani Colony Extension, First Cross Street, Teynampet, Chennai – 600 018 DOB: 20/01/1965 Occupation: Industrialist Status: Executive & Non-Independent DIN: 00208160	01/04/1999	B.Com	72.00	- Sabari Nest Inn Private Limited - Sabari Realtors private Limited - Sabari Foundations private Limited - Sabari Supermarket private Limited - Sabari Stocks private Limited - Sabari Cuisines private Limited - Vishranthi Sabari – Partnership Firm
Mr. K.R. Narayanan <i>S/o K.R. Ramachandran</i> Designation: Director Add:#9/5, H-S, Hiranya, 67/69, Greenways Road, R.A. Puram, Chennai – 600 028 DOB: 21/06/1959 Occupation: Professional Status: Non-Executive & Non-Independent DIN: 00225135	30/11/1999	B.Com, FCA, Grad CWA	Sitting Fees	Jupiter Netboss Private Limited

Name, Designation Residential Address, Age, Occupation DIN No.	Date of Appointment / Re-appointment	Qualification	Remuneration per annum (₹ in lacs)	Other Directorships held
Mr. Venkatraman Janakiraman S/o Kumbakonam Ramaswami Venkataraman Designation: Director Add:# 1C, Alamar Court, New No 242, Old No 271, Avvai Shanmugham Road, Royapettah, Chennai, Tamil Nadu, 600014 DOB: 15/02/1940 Occupation: Professional Status: Non-Executive & Independent DIN: 00051804	26/02/2010	M.Sc (Geology), FIIBF, Fellow of Mineralogical Society of India	Sitting Fees	- Arjun Technologies Limited - Arjun Health & Hygiene Limited - IL&FS Securities Services Limited - IL&FS Waste Management and Urban Services Limited - Road Infrastructure Development Company of Rajasthan Limited - Edelweiss Asset Reconstruction Company Limited
Mr. T.R.Sridharan S/o T.R.Srinivasachari Designation: Director Add:# Old -7, State Bank Colony, New No 2, Vannanthurai Road Adyar Chennai, Tamil Nadu India 600020 DOB: 15/05/1939 Occupation: Professional Status: Non-Executive & Independent DIN: 00004546	30/12/2009	B.Com (Hons.) CAIIB	Sitting Fees	- Sundaram Clayton Limited - Optimus Global Services Limited

Name, Designation Residential Address, Age, Occupation DIN No.	Date of Appointment / Re-appointment	Qualification	Remuneration per annum (₹ in lacs)	Other Directorships held
Mr. P. Vaidyanathan <i>S/o N Panchapagesan</i> Designation: Director Add: #7AB, Block III, Kences Enclave, No. 1 Chari St. ,T Nagar, Chennai 600 017 DOB: 15/05/1939 Occupation: Professional Status: Non-Executive & Independent DIN: 00029503	03/09/2010	FCA, ACS, AICWA	Sitting Fees	• City Union Bank Limited • Hatsun Agro Product Limited • Economist Communications Limited • Suja Shoe Industries Pvt. Limited • Embassy Property Developments Limited
Mr.R.Thiagarajan <i>S/o K. Ramamirthnam</i> Designation: Non-Executive and Director Add: # 6, Second Floor, Bishop Wallers Avenue, South Mylapore, Chennai 600 004 DOB: 24/07/1961 Occupation: Professional Status: Non-Executive & Independent DIN: 00010650	03/09/2010	B.Com, FCA, FCS	Sitting Fees	• Delta Global Financial Services Limited • IJR Investments Private Limited • IKR Investments Private Limited

NOTE: There has been no arrangement or understanding with any of the major shareholders, customers, suppliers pursuant to which the directors were selected as a director or member of Senior Management.

Details of Current and Past Directorship in listed companies that have been suspended from Stock Exchanges

None of the directors of the company have been directors in any other listed company(ies) which have been suspended from the stock exchanges.

Details of Current and Past Directorship in listed companies that have been delisted from Stock Exchanges

Name of the Director	Name of the Company	Listed on Stock Exchange	Year of Delisting	Compulsory/ Voluntary Delisting	Reason for Delisting	Relisted Yes/ No	Term of Directorship Held
Mr. Thiagarajan	India Meters Limited	Madras Stock Exchange	2009-10	Voluntary Delisting	Merger under section 391 to 394 of the Companies act under the orders of Honourable High Court of Madras with a Unlisted Company	No	5 Years

BRIEF BIOGRAPHY OF THE DIRECTORS

Mr. K.R.V. Ramani (45 Years) is the Chairman and Managing Director of the Company. He holds Bachelor's Degree in field of Commerce. He is a first generation entrepreneur and founder of Sabari group. Mr. Ramani started his business venture as a builder/developer/promoter in the business of construction of residential and commercial properties in 1993 by promoting Sabari Foundations Pvt. Ltd. As a lateral expansion, the group ventured into the supermarket business under the brand name "Nilgiris" with franchisee arrangement, which presently runs three super markets in Chennai. He then ventured into hospitality services with the incorporation of Sabari Inn Pvt. Ltd. in 1999. He established the First Hotel - "Quality Inn Sabari" at T. Nagar, Chennai in the year 2002 with 72 Room Keys and thereafter expanded the business by setting up hotels at OMR, Chennai and Kodaikanal. Currently, Mr. K.R.V. Ramani owns and manages the gamut of businesses from realty to hospitality with significant stake in all the Group Companies.

Mr. K.V. Narayanan (51 years) is a Non-Executive and Non-Independent Director of the Company and brother of Mr. K.R.V. Ramani. He is a practicing Chartered Accountant with rich experience of more than 25 years in the field of Finance. He has been associated with the Company since inception and has played important role in providing critical inputs relating to financial matters of the Company

Mr. Venkatraman Janakiraman (70 years) is a Non-Executive and Independent Director of the Company. He holds Masters of Science Degree in Geology and is a Fellow of Indian Institute of Banking and Finance and Fellow of Mineralogical Society of India. He has held key positions viz., the Managing Director of

State Bank of India, Chairman & Managing Director of Centurion Bank. He was extensively involved in the rehabilitation of the Centurion Bank.

Mr. T.R.Sridharan (aged 71 years) is a Non-Executive and Independent Director of the Company. He has about forty years of experience in international banking, capital markets, administrative and operational portfolios in domestic banking. He has held position of Chairman & Managing Director of Canara Bank for two years (April 1997 to May 1999). He has five years experience as member of BIFR (June 1999 to May 2004). He was actively involved in the evaluation of "Country Financial Accountability Assessment (CFAA) of various countries, as a consultant for the World Bank (May 1996 to October 1996).

Mr. P. Vaidyanathan (aged 63 years) is the Non-Executive and Independent Director of the Company. He is a Chartered account, Cost account and Company Secretary by qualification. He is a pioneer in Financial services Industry with over 35 years of experience. Presently he is the Non Executive Chairman of City Union Bank Limited wherein his family has substantial stake. He is a member of "Disciplinary Action Committee" of **National Securities Depository Limited (NSDL)**. He is also a member of the **SEBI** advisory committee on "Misselling Vs. Right Selling of Mutual Fund". Mr Vaidyanathan is also member of "Investors Education and Protection Fund Committee" managed by Ministry of Corporate Affairs, Ministry of Finance.

Mr.R.Thiagarajan (aged 49 years) is the Non Executive and Independent Director of Company. He is a Bachelor of Commerce, Chartered Accountant and a Company Secretary by qualification. He has professional experience of over 10 years, a leading pharmaceutical company based at Hyderabad. His last position held at the company was Chief of Finance and Company Secretary. He started his private practice since 1995 at Chennai.

Apart from the above board of directors, the Company is ably advised on various matters by **Mr. T.S.Krishnamurthy** – Chairman Emeritus. Mr. T.S. Krishnamurthy is a post graduate in Economics and has done his M.Sc. (Fiscal Studies) from the University of Bath (U.K). Mr. T.S. Krishnamurthy is a Retd. I.R.S officer who has held important positions in the Government of India including Secretary, Department of Corporate Affairs, Chief Election Commissioner of India. He has also held important positions in Ministry of Finance and was the first Chairman of the Investors Education and Protection Fund.

Relationships between Directors

Mr. K.R. Narayanan is brother of Mr. K.R.V Ramani. Except the stated relationship there is no relationship between any of the directors of the Company.

Service Contract entered into by Directors with the Company

The service contract dated 27/09/2010 entered into by the Company with the Chairman and Managing Director does not provide any benefits upon termination of employment.

COMPENSATION OF MANAGING DIRECTOR/WHOLE TIME DIRECTORS

Mr. K.R.V. Ramani, Chairman & Managing Director

Mr. K.R.V Ramani is re-appointed as Chairman and Managing Director vide Annual general Meeting dated 27/09/2010 for a period of 5 years with effect from 01/10/2010. The terms of remuneration as recommended by Remuneration committee on 03/09/2010 are:

Salary

The salary payable to Mr. K.R.V. Ramani effective from 01/10/2010 is Rs.6,00,000 per month that includes Rs.1,00,000/- as salary and Rs.5,00,000/- as other allowances.

Perquisites

- Contribution to Provident Fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the income tax act, 1961.
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service
- Encashment of leave at end of tenure
- Entitled to one month's leave with pay per completed year of service
- Medical benefits as per rules of the Company
- Entitled to rent free accommodation.
- Chauffeur driven car
- Telephone at residence

Minimum Remuneration

In the event of inadequacy of profits in any financial year of the Company, Mr. K.R.V.Ramani shall be entitled to the minimum remuneration as applicable under Schedule XIII to the Act

The above remuneration has been fixed for a period of three years from 01/10/2010 by remuneration committee and it shall be revised thereafter.

Compensation Paid to the Managing Directors during previous years

Particulars	2009-10 (₹ in Lacs)
Salary	39.72
Perquisites	Nil

Shareholding of Directors in the Company

Sr. No	Name of the Directors	No. of shares held	% of shareholding in the company
1.	Mr. K.R.V. Ramani	2,93,49,994	43.26
2.	Mr. K.R. Narayanan	Nil	Nil
3.	Mr. T.R.Sridharan	Nil	Nil
4.	Mr. V.Janakiraman	Nil	Nil
5.	Mr. P.Vaidyanathan,	Nil	Nil
6.	Mr. R. Thiagarajan	Nil	Nil
Total		2,93,49,994	43.26

Borrowing Powers of Directors

The Company has passed an resolution at its EGM held on July 13, 2010 in terms of the provisions of section 293(1)(d) of the Act, whereby it has authorized the Board of Directors to borrow money up to ₹ 400.00 Crores (Rupees Four Hundred Crores) from time to time.

Qualification Shares required to be held by the Directors

The directors are not required to hold any qualification shares.

Interest of Directors

Except as stated in the “Statement of Related Party Transaction” beginning on page no. 122 of this Draft Red Herring Prospectus, all the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board and Committees as well as to the extent of remuneration and/or reimbursement of expenses payable to them in accordance with the provisions of the Companies Act and in terms of the Articles of Association. The Director may also be regarded as interested in the Equity Shares, if any, held by them or their relatives in the Company or that may be subscribed by and allotted/transferred to the companies, firms and trusts and other entities in which they are interested as Directors, members, partners, trustees or otherwise.

Compliance with Corporate Governance requirements

The provisions of the Listing Agreement to be entered into with the Stock Exchange(s) will be applicable to the Company immediately upon the listing of the Equity Shares with the Stock Exchanges. The Company has complied with the corporate governance code in accordance with Clause 49 to the extent possible. The Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

In terms of the Clause 49 of the Listing Agreement, The Company has already constituted the following committees.

Audit Committee

The Audit Committee was constituted at the Board meeting held on September 3, 2010. The Audit Committee comprises of the following members

Name of Director	Status in Committee	Nature of Directorship
Mr. P. Vaidyanathan	Chairman	Independent Director
Mr. R. Thiagarajan	Member	Independent Director
Mr. V Janakiraman	Member	Independent Director
Mr. K R V Ramani	Member	Non - Independent Director

The role of the Committee has been defined to include the following activities:

- Overseeing the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fee.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director’s Responsibility Statement to be included in the Board’s report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.

- Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- (e) Reviewing with the management, the quarterly financial statements before submission to the board for approval
- (f) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- (g) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- (h) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (i) Discussion with internal auditors any significant findings and follow up there on.
- (j) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (k) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (l) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (m) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- (n) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Remuneration Committee

The Remuneration Committee was constituted on September 03, 2010 and comprises the following directors of the Board.

Name of Director	Status in Committee	Nature of Directorship
Mr. V Janakiraman	Chairman	Independent Director
Mr. P. Vaidyanathan	Member	Independent Director
Mr. R. Thiagarajan	Member	Independent Director
Mr. T.R.Sridharan	Member	Independent Director

The terms of reference of the Remuneration Committee are as follows:

- (a) The Remuneration Committee recommends to the board the compensation terms of the executive directors.
- (b) Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- (c) Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- (d) Ensuring the remuneration policy is good enough to attract, retain and motivate directors.

- (e) Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of The Company and the shareholders.

Shareholders'/ Investor Grievances Committee

The Company has constituted the Shareholders and Investors Grievances Committee on September 03, 2010. The Committee consists of the following Directors.

Name of Director	Status in Committee	Nature of Directorship
Mr. T.R.Sridharan	Chairman	Independent Director
Mr. P.Vaidyanathan	Member	Independent Director
Mr. K.R.V.Ramani	Member	Non – Independent Director
Mr. K.R.Narayanan	Member	Non – Independent Director

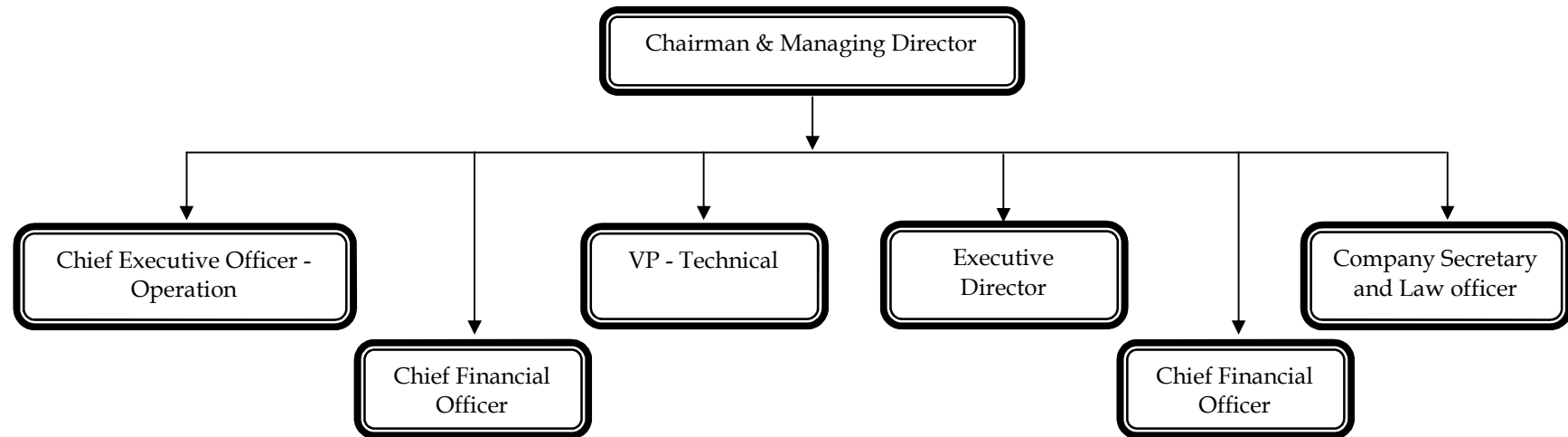
The scope and function of this committee is to consider and review shareholders'/ investors' grievances and complaints and ensure that all shareholders'/ investors' grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/ or legal impediments.

Changes in The Board of Directors

The changes in the Board of Directors during the last three years are as follows:

Name	Date of Change	Reason for Change
Mr. Naresh Pathak	28/12/2007	Resignation
Mr. T.R.Sridharan	30/12/2009	Appointment
Mr. V. Janakiraman	26/02/2010	Appointment
Mr. P. Vaidyanathan	03/09/2010	Appointment
Mr. R.Thiagarajan	03/09/2010	Appointment
Mrs. Aruna Ramani	03/09/2010	Resignation

MANAGEMENT ORGANIZATION STRUCTURE



KEY MANAGERIAL PERSONNEL

Sr. No	Name	Designation	Functional Area	Qualification	Date of Joining	Total Experience (in years)	Previous Employer	Remuneration paid in 09-10 (₹ in lacs)
1	Mr. Sunil Mathur 52 Years	Executive Director	Operation, Sales & Marketing and Human Resource	B.A. (Economics), PGDHM	15/07/2010	30 Years	Wyndham Hotel Group	N.A.
2.	Mr. K.R. Ramakrishnan 63 Years	Chief Law Officer and Company Secretary & Compliance Officer	Legal and Secretarial	B.Sc, LLB, FCS & AICWA	01/02/2008	40 Years	Kirloskar Constructions and Engineers Ltd.	15.00
3.	Mr. Ramesh Siva 39 Years	Chief Executive Officer	Operations of Hotels and Resorts	B.A., DHMCT & AN	17/07/2003	15 years	Savera Hotel	20.40
4.	Mr. D. Babu 39 Years	Chief Financial Officer	Finance and Accounts	B.A, M.Com, FCA & ISA, B.L	21/01/2005	15 Years	Self Employed	20.40
5.	Mr. D.Gideon 65 Years	Vice President (Technical)	Project Execution	B.E. and M.I MARE	05/06/2007	45 Years	Choice Hotels India	15.00
6.	Mr. A.Kumaravel 48 Years	Vice President (Finance)	Operation and Project Finance	B.Com, FCA	08/02/2008	25 Years	Aban Constructions Pvt. Ltd.	15.00
8.	Mr. Pradeep Krishna 46 years	General Manager	Operations- T.Nagar Hotel , Chennai	DHMCT & AN , MTM	27/03/2004	23 Years	Ambika Empire Hotel	9.60
9.	Mr. Samir Kumar Sharma 44 Years	General Manager	Operations- OMR Hotel , Chennai	B.Com	10/05/2007	22 Years	The Residency Hotel	8.40
10.	Mr. Akash Gupta 42 Years	General Manager	Operations- Park Plaza Hotel , Coimbatore	B.A. , DHMCT & AN	02/08/2010	19 Years	RainTree Hotel	18.00
11.	Mr. Lionel Arthur Leo 45 Years	General Manager	Corporate Affairs & HR	B.A. , SSL , PGDPM & IR, DHRM	02/06/2009	23 Years	The Residency Group of Hotels	7.20

Note: As on date, all the employees named above are on the roll of the Company as permanent employees except Mr. Sunil Mathur, who has been appointed as a consultant. Further there is no arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which key managerial personnel were selected as a director or member of senior management.

Changes in Key Managerial Personnel

Name	Date of Change	Reason for Change
Mr. K.R. Ramakrishnan	01/02/2008	Appointment
Mr. A. Kumaravel	08/02/2008	Appointment
Mr. Lionel Arthur Leo	02/06/2009	Appointment
Mr. Sunil Mathur	15/07/2010	Appointment
Mr. Akash Gupta	02/08/2010	Appointment

Shareholding of the Key Managerial Personnel

Name	Number of shares held	Percentage of Shares held
Mr. Ramesh Siva	1	0.00
Mr. D.Babu	1	0.00
Mr. K.R. Ramakrishnan	1	0.00
Mr.A. Kumaravel	1	0.00
Total	4	0.00

Relationship with Directors / Promoters of the company

Except for Mr. K.R. Ramakrishnan who is brother of Mr. K.R.V Ramani, the promoter, none of the Key Managerial Personnel are related to the promoters, directors of SIL and other Key Managerial Personnel.

Bonus or Profit Sharing Plan for Key Managerial Personnel

There are no profit sharing plans or schemes for key managerial personnel. Company may in future implement Employee Stock Option Plans as may be approved by the members of the Company.

Loans to Key Managerial Personnel

There are no loans outstanding from Key Managerial Personnel

Interest of Key Managerial Personnel

None of the Key Managerial Personnel have any interest in the Company except to the extent of shareholding, remuneration and reimbursement of expenses.

Employee Stock Option Schemes

Till date, the Company has not introduced any Employees Stock Option Scheme/Employee Stock Purchase Scheme.

Payment or benefit to Officers (non-salary related)

No other benefits or payments have been made to any officer of SIL. At present, the Company does not intend to give any benefit or any payment to any of SIL employees. Incentive Plans if any as may be required to be implemented shall be approved by the shareholders at that point of time.

PROMOTERS AND PROMOTER GROUP

The Promoters

- Mr. K.R.V. Ramani
- Mrs. Aruna Ramani

Details of Promoter being an individual

1. Mr. K.R.V. Ramani

	Mr. K.R.V. Ramani (45 Years) is the Chairman and Managing Director of the Company. He holds Bachelor's Degree in field of Commerce. He is a first generation entrepreneur and founder of Sabari group. Mr. Ramani started his business venture as a builder/developer/promoter in the business of construction of residential and commercial properties in 1993 by promoting Sabari Foundations Pvt. Ltd. As a lateral expansion, the group ventured into the supermarket business under the brand name "Nilgiris" with franchisee arrangement, which presently runs three super markets in Chennai. He then ventured into hospitality services with the incorporation of Sabari Inn Pvt. Ltd. in 1999. He established the First Hotel - "Quality Inn Sabari" at T. Nagar, Chennai in the year 2002 with 72 Room Keys and thereafter expanded the business by setting up hotels at OMR, Chennai and Kodaikanal. Currently, Mr. K.R.V. Ramani owns and manages the gamut of businesses from realty to hospitality with significant stake in all the Group Companies.	
	Identification Details	
	Passport No.	Z1763545
	Driving License Number	TN09 20080004384

2. Mrs. Aruna Ramani

	Mrs. Aruna Ramani (43 Years) , wife of Mr. K.R.V. Ramani, holds Bachelor of Science Degree. She is the one of the promoter of the Company and has been actively involved in the management of the group companies.	
	Identification Details	
	Passport Number	A9462407
	PAN	AICPR9284P

3. Ramani (HUF)

The HUF with Mr. K.R.V Ramani as Karta is engaged in the business of Civil Construction. The HUF was formed on 01/04/2000 and has its office at 9/5, Seethammal colony Extension, 1st Cross Street, Teynampet, Chennai 600 018.

The coparceners of HUF are as follows:

Mrs. Aruna Ramani
Ms. Apoorva Ramani

Financials**(₹ In lacs)**

Particulars	2008-09	2007-08	2006-07
Capital	17.77	41.15	33.54
Sales /Income	13.50	10.30	9.84

The financials of HUF for F.Y.2009-10 are not available.

The Company confirms that the Permanent Account Number, Bank Account Numbers, Passport Number of the promoters have been submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus. Further, the Promoters have not been detained as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters except as discussed in section titled "Legal and Regulatory Information" on page no. 160 of this Draft Red Herring Prospectus.

INTEREST OF PROMOTERS

All the Promoters who are on the Board of Company may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Promoters may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively.

Except as mentioned above the promoters do not have any interest in the business of the company.

The Group Companies/Entities

The following are the Group Companies/Entities

Sr. No.	Name of the Group Companies/Partnership Firm
1.	Sabari Supermarket Private Limited
2.	Sabari Nest Inn Private Limited
3.	Sabari Realtors Private Limited
4.	Sabari Foundations Private Limited
5.	Sabari Cuisines Private Limited
6.	Sabari Stocks Private Limited
7.	Vishranthi Sabari (Partnership Firm)
8.	Vishranthi Sabari Constructions (Partnership Firm)

The details of the Group Companies are as follows:

1. SABARI SUPERMARKET PRIVATE LIMITED (SSPL)

SSPL was incorporated on 23/03/1999 with Registrar of Companies, Tamil Nadu. The CIN of the Company is U52190TN1999PTC042129. The registered office is situated at "Nilgiris", 29, Thirumallai Pillai road, T. Nagar, Chennai, Tamil Nadu-600017. The company is presently engaged in the business of Super Market and Departmental Stores.

Present Board of Directors	1) Mr. K.R.V. Ramani 2) Mrs. Aruna Ramani
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Present Share Holding Pattern of the Company:

Sr. No.	Category	No. of shares held of ₹ 10/- each	% of total share capital
1	Mr. K.R.V. Ramani	5,49,000	99.82
2	Mrs. Aruna Ramani	1,000	0.18
	Grand Total	5,50,000	100.00

Brief Audited Financials:

(₹ In Lacs)

Particulars	Financial Year Ended 31 st March		
	2007-08	2008-09	2009-10
Equity Share Capital at face value of ₹ 10/- each	55.00	55.00	55.00
Share Application Money	250.00	250.00	250.00
Reserves & Surplus	85.88	115.88	167.94
Total Income	1433.80	1662.94	3204.32
Profit After Tax	19.32	29.99	52.06
Earnings Per Share (₹) (Face Value ₹ 10/-)	3.51	5.45	9.47
Net Asset Value (NAV) (₹)	25.61	31.07	40.53

SSPL has not made any capital issue during last three years. SSPL is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.

The Company has not made any loss in the immediately preceding financial year.

2. SABARI NEST INN PRIVATE LIMITED (SNIPL)

SNIPL was incorporated as "Sabari Nest Inn Private Limited." on 19/08/2008 with Registrar of Companies, Tamil Nadu. The Registration Number of the company is 068917 of 2008 and the CIN Number is U55101TN2008PTC068917. The registered office is situated at No. 29, Thirumallai Pillai road, T. Nagar, Chennai, Tamil Nadu-600017.

The main object of the company is to carry out the business of hotels, lodging rooms or apartment housekeepers, licensed victuallers, cafeteria, resorts with facilities such as bars, swimming pools, importers and manufacturers of aerated mineral & artificial waters and other drinks. The company was incorporated also to carry on all the business of purveyors, restaurants, caterers for public, tourist car

operators, importers and brokers of food, amusement, recreation and entertainments of all kinds that may be required by the guests or visitors to the company's premises.

Present Board of Directors	1) Mr. K.R.V. Ramani 2) Mrs. Aruna Ramani
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Present Share Holding Pattern of the Company:

Sr. No.	Category	No. of shares held of ₹ 10/- each	% of total share capital
1	Mr. K.R.V. Ramani	2,00,05,000	99.98
2	Mrs. Aruna Ramani	5,000	0.02
	Grand Total	2,00,10,000	100.00

Brief Audited Financials:

(₹ In Lacs)

Particulars	For the Financial Period ended 30 th September, 2009
Equity Share Capital of face value ₹ 10/- each	2001.00
Redeemable Cumulative Preference Share Capital (Face Value ₹ 100/-)	160.00
Reserves & Surplus	Nil
Total Income	591.01
Profit After Tax	(250.34)
Earnings Per Share (₹) (Face Value ₹ 10/-)	(1.25)
Net Asset Value (NAV) (₹)	8.75

SNIPPL has not made any capital issue during last three years. SNIPPL is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.

3. SABARI REALTORS PRIVATE LIMITED (SRPL)

SRPL was incorporated on 28/05/2007 with Registrar of Companies, Tamil Nadu. The CIN of the company is U70101TN2007PTC063682. The registered office is situated at #29, Thirumallai Pillai Road, T. Nagar, Chennai, Tamil Nadu-600017.

The main object of the company is to carry on the business of engineering contractors, undertaking and executing contract works of construction of building, roads, bridges and other super structures on behalf of various organizations, individuals, governments. The company also focuses to develop, purchase and or sells lands or construct buildings thereon and other related activities.

Present Board of Directors	1) Mr. K.R.V. Ramani 2) Mrs. Aruna Ramani
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Present Share Holding Pattern of the Company:

Sr. No.	Category	No. of shares held of ₹ 10/- each	% of total share capital
1	Mr. K.R.V. Ramani	40,05,000	14.00
2	Mrs. Aruna Ramani	40,05,000	14.00
3	ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients	1,00,000	0.35
4	India Opportunity Real Estate Fund	2,05,00,000	71.65
	Grand Total	2,86,10,000	100.00

Brief Audited Financials:
(₹ In Lacs)

Particulars	Financial Year Ended 31 st March		
	2007-08	2008-09	2009-10
Equity Share Capital at face value of Rs.10/- each	1.00	2861.00	2861.00
Reserves & Surplus	Nil	940.00	980.18
Total Income	Nil	Nil	1864.73
Profit After Tax	Nil	Nil	40.18
Earnings Per Share (Rs.) (Face Value Rs. 10/-)	NA	N.A.	0.14
Net Asset Value (NAV) (Rs.)	10.00	13.28	13.43

SRPL has not made any capital issue during last three years. SRPL is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.

4. SABARI FOUNDATIONS PRIVATE LIMITED (SFPL)

SFPL was incorporated on 28/06/1993 with Registrar of Companies, Tamil Nadu. The CIN of the Company is U70101TN1993PTC025339. The registered office is situated at No. 29, Thirumallai Pillai road, T. Nagar, Chennai, Tamil Nadu-600017, India.

The company is engaged in the business of property development, buy and or sell of land and other related real estate activity.

Present Board of Directors	1.) Mr. K.R.V. Ramani 2.) Mrs. Aruna Ramani 3.) Mr. T.Prasanna
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Present Share Holding Pattern of the Company:

Sr. No.	Category	No. of shares held of ₹ 100/- each	% of total share capital
1	Mr. K.R.V. Ramani	3,82,500	92.17
2	Mrs. Aruna Ramani	32,500	7.83
	Grand Total	4,15,000	100.00

Brief Audited Financials:

(₹ In Lacs)

Particulars	Financial Year Ended 31 st March		
	2007-08	2008-09	2009-10
Equity Share Capital at face value of ₹ 100/- each	25.00	415.00	415.00
Share Application Money	1350.00	1000.00	1000.00
Reserves & Surplus	43.45	9.98	35.74
Total Income	91.70	90.22	140.00
Profit After Tax	27.10	6.53	25.76
Earnings Per Share (₹) (Face Value Rs. 100/-)	108.40	4.95	6.21
Net Asset Value (NAV) (₹)	273.80	102.40	108.61

SFPL has not made any capital issue during last three years. SFPL is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.

The Company has not made any loss in the immediately preceding financial year.

5. SABARI CUISINES PRIVATE LIMITED (SCPL)

SCPL was incorporated on 31/07/2009 with the Registrar of Companies Tamil Nadu, Chennai. The CIN of the Company is U55101TN2009PTC072442. The registered office is situated at #29, Thirumallai Pillai Road, T. Nagar, Chennai, Tamil Nadu-600017.

The main object of the company is to carry on the business of high end food court multi cuisine restaurants under franchise agreement or otherwise and to have chain of food restaurants, cafes and related activities. The Company has not commenced its operation.

Board of Directors:

Present Board of Directors	1) Mr. K.R.V. Ramani
	2) Mrs. Aruna Ramani

Present Share Holding Pattern of the Company:

Sr. No.	Category	No. of shares held of ₹ 10/- each	% of total share capital
1	Mr. K.R.V. Ramani	5,000	50
2	Mrs. Aruna Ramani	5,000	50
	Grand Total	10,000	100.00

Financials:

SCPL has not commenced any activity since incorporation and hence there are no financials available for relevant period.

SCPL has not made any capital issue during last three years. SCPL is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.

6. SABARI STOCKS PRIVATE LIMITED (SSPL)

SSPL was incorporated on 02/01/2009 with Registrar of Companies, Tamil Nadu. The CIN of the company is U65993TN2009PTC070361. The registered office is situated at #29, Thirumallai Pillai Road, T. Nagar, Chennai, Tamil Nadu-600017

The main object of the company is to acquire and hold shares, to invest the funds of Company in shares, stocks, debentures, debenture stocks, bonds, obligations and securities and to accumulate funds and lend. The Company has not commenced any operations since incorporation.

Present Board of Directors	1) Mr. K.R.V. Ramani 2) Mrs. Aruna Ramani
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Present Share Holding Pattern of the Company:

Sr. No.	Category	No. of shares held of ₹ 10/- each	% of total share capital
1	Mr. K.R.V. Ramani	5,000	50
2	Mrs. Aruna Ramani	5,000	50
	Grand Total	10,00,000	100.00

Financials

SSPL has not commenced any activity since incorporation and hence there are no financials available for relevant period.

SSPL has not made any capital issue during last three years. SSPL is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.

7. Vishranthi Sabari (Partnership Firm)

Vishranthi Saabri is a partnership firm engaged in the business of Civil Construction, Real estate, Property Development and Interior Decorators. The partners of the firm are Mr. K.R.V. Ramani (50%) and Mr. M.R. Rajkumar Reddy (50%). Their registration No of Vishranthi Sabari is 267 of 2006. The registered office is situated at No. 29, Thirumalai Pillai Road, T. Nagar, Chennai 600 017.

8. Vishranthi Sabari Constructions (partnership Firm)

Vishranthi Saabri is a partnership firm engaged in the business of Civil Construction, Real estate, Property Development and Interior Decorators. The partners of the firm are Mrs. Aruna Ramani (50%) and Mrs. M.R. Varija (50%). The registration No for Vishranthi Sabari Constructions is 606 of 2006. The registered office is situated at No. 29, Thirumalai Pillai Road, T. Nagar, Chennai 600 017.

Common Pursuits

Presently none of the other group companies are in the same line of business of operating hotels except for the fact that the company is, apart from operating the hotels owned by the company itself, also operating the hotels owned by the group company – Sabari Nest Inn Private Ltd. and the convention centre owned by Sabari Supermarket Pvt. Ltd. The company shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

Payment or Benefit to the Promoter

Other than salary and remuneration of the Promoter Directors, Dividends if any, declared by the company on shares held by them, there are no payment or benefits to promoters of the company.

Related party transactions

For details of the related party transactions, please see the sections titled “Auditor’s Report” Annexure XV: Statement of Related Party Transaction on page 143

Defunct Promoter Group Companies

The Company does not have any defunct group company.

Disassociation from companies

The promoters have not disassociated themselves from any of the companies / firms during the three proceeding years from the date of filing of this DRHP.

DIVIDEND POLICY

The Company has not paid any dividend so far. The declaration and payment of any dividends in the future will be recommended by the Board of Directors, at its discretion, and will depend on a number of factors, including the Company's earnings, positive cash flows from operations, capital requirements and overall financial condition. In addition, the Company's ability to declare and pay dividends may be restricted by the terms of its financing agreements executed if any with the lenders. Issuer is committed to building and developing the business of the Company. Accordingly, it may propose to reinvest any profits generated and not pay dividends, following this issue. The Issuer cannot assure that any future dividends will be declared or paid or that the amount thereof will not be decreased from the previously declared dividends, if any.

PART II**SECTION - IV FINANCIAL INFORMATION****AUDITORS' REPORT**

To,
The Board of Directors,
Sabari Inn Limited,
No.29, Thirumalai Pillai Road,
T.Nagar, Chennai - 600 017

Dear Sirs,

1. We have examined the Financial Information of SABARI INN LIMITED (the Company) annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus (DRHP)/ Red Herring Prospectus (RHP)/ Prospectus. The said Financial Information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part-II of Schedule II to the Companies Act, 1956 ('the Act'), and the Securities and Exchange Board of India ("SEBI")-(Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time, issued by the Securities and Exchange Board of India in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarification and in accordance with the terms of our engagement letter dated 23rd August 2010 issued in connection with its Proposed Initial Public Offering (IPO) of equity shares. (The Financial Information has been prepared by the Company and approved by the Board of Directors.)

2. Financial Information as per Audited Financial Statement:

We have examined the attached 'Summary Statement of Assets and Liabilities' as restated of the Company as at 30th June 2010, 31st March 2010, 31st March 2009, 31st March 2008, 31st March, 2007 and 31st March, 2006 (**Annexure I**) and the attached 'Statement of Profit and Loss' as restated (**Annexure II**) and the attached 'Statement of Cash Flows' as restated (**Annexure III**) for the quarter ended 30th June 2010 and financial years ended on 31st March 2010, 2009, 2008, 2007 and 2006 together referred to as 'Restated Summary Statement'. These Summary Statements have been extracted from the financial statements for the quarter ended 30th June 2010 and year ended 31st March 2010 audited by us and for the years 2009, 2008, 2007 and 2006 audited by Mr.V.Karthikeyan B.sc, F.C.A, Chartered Accountant and have been adopted by the Board of Directors/ Members and examined by us. Based on our examination of these summary statements, we state that:

- i) The 'Restated Summary Statements' have to be read in conjunction with the notes given in **Annexure IV**.
- ii) The 'Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as on 30th June 2010.
- iii) The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate in the year/period to which they are related.
- iv) There are no extra ordinary items that need to be disclosed separately in the Restated Summary Statements.

- v) There are no qualifications in the auditors' report on the financial statements that require adjustments to the Restated Summary Statements.

3. Other Financial Information

We have examined the following information relating to the quarter ended 30th June 2010, financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 of the Company, proposed to be included in the DRHP/ RHP/ Prospectus, as approved by the Board of Directors and annexed to this report:

- i. Significant Accounting Policies and Notes on Restated Summary Statements (Annexure IV)
 - ii. Schedule of Secured Loans for the period ended on 30th June 2010 (Annexure V)
 - iii. Schedule of Unsecured Loans for the quarter ended 30th June 2010 and years ended 31st March 2010, 2009, 2008, 2007 and 2006 (Annexure VI)
 - iv. Age-wise Schedule of Sundry Debtors for the quarter ended 30th June 2010 and years ended 31st March 2010, 2009, 2008, 2007 and 2006 (Annexure VII)
 - v. Schedule of Loans and Advances for the quarter ending 30th June 2010 and years ended 31st March 2010, 2009, 2008, 2007 and 2006 (Annexure VIII)
 - vi. Schedule of Investments for the quarter ended 30th June 2010 and years ended 31st March 2010, 2009, 2008, 2007 and 2006 (Annexure IX)
 - vii. Schedule of Other Income for the quarter ended 30th June 2010, and years ended 31st March 2010, 2009, 2008, 2007 and 2006 (Annexure X)
 - viii. Details of Dividends Paid for the quarter ended 30th June 2010 and years ended 31st March 2010, 2009, 2008, 2007 and 2006 (Annexure XI)
 - ix. Statement of Tax Shelter (Annexure XII)
 - x. Summary of Accounting Ratios based on adjusted profits related to earnings per share, net asset value and return on net worth (Annexure XIII)
 - xi. Statement of Capitalization as at 30th June 2010 (Annexure XIV)
 - xii. Related Party Disclosure for the quarter ended 30th June 2010 and years ended 31st March 2010, 2009, 2008, 2007 and 2006 (Annexure XV)
- 4. Schedule of Contingent Liabilities for the years ended 30th June 2010 (Annexure XVI)**
- 5. In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above for the quarter ended 30th June 2010, and the years ended 31st March 2010, 2009, 2008, 2007 and 2006 have been prepared in accordance with Part IIB of schedule II of the Act and the Regulations, 2009.**

6. This report should not in any way be construed as a re-drafting of any of the previous audit report given by Mr.V.Karthikeyan B.sc, F.C.A, Chartered Accountant or us nor should this be construed as a new opinion on any of the financial statements referred to herein.
7. This report is intended solely for your information and for inclusion in the DRHP/ RHP/ Prospectus in connection with the proposed IPO of the Company and not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours Faithfully

Sd/-
R.Vijayaraghavan
Partner
Membership No. : 022442
Firm Registration No: 000808S
Place : Chennai
Date : 08/12/2010

ANNEXURE I - RESTATED STATEMENT OF ASSETS AND LIABILITIES

		₹ In lacs					
Particulars		As At The Period Ended					
		30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
		3 Months	12 Month period				
A.	Fixed Assets						
	Gross block	9250.92	9,236.71	7,515.20	7,235.52	2,982.61	2,958.55
	Less Depreciation	1207.09	1,118.66	778.56	478.90	341.94	256.11
	Net Block	8043.83	8,118.05	6,736.64	6,756.61	2,640.67	2,702.44
	Capital Work in Progress	10422.08	9,071.62	7,007.09	2,459.54	3,135.66	754.05
	Net Block after adjustment for Revaluation Reserve	18465.91	17,189.67	13,743.73	9,216.16	5,776.33	3,456.49
B.	Investments	-	-	-	-	-	-
C.	Current Assets, Loans and Advances						
	Inventories	145.34	139.07	171.86	167.25	92.75	87.39
	Sundry Debtors	666.65	706.99	191.79	146.99	81.89	67.39
	Cash and Bank Balances	296.03	150.64	1,781.45	3,147.87	814.47	51.80
	Loans and Advances	1145.16	1,189.28	745.46	1,890.31	163.01	111.60
		2253.17	2,185.98	2,890.56	5,352.42	1,152.11	318.18
D.	Liabilities and Provisions:						
	Secured Loans	8035.42	7,013.35	5,319.50	3,437.28	2,953.96	1,798.41
	Unsecured Loans	508.71	511.96	-	-	99.20	211.76
	Current Liabilities and Provisions	884.11	746.50	921.68	920.35	220.28	128.34
	Deferred Tax Liability	584.14	550.87	316.96	234.11	121.37	172.69
		10012.38	8,822.68	6,558.13	4,591.74	3,394.81	2,311.20
E.	Net Worth	10706.70	10,552.98	10,076.16	9,976.83	3,533.63	1,463.47
F.	Represented by						
	Share Capital	6784.31	6,784.31	6,784.31	6,784.31	3,360.00	1,525.00
	Reserves	3922.39	3,768.66	3,291.84	3,192.52	173.63	(61.47)
	Total	10706.70	10,552.98	10,076.16	9,976.83	3,533.63	1,463.53
G.	Misc. Expenditure to the extent not written off or adjusted	-	-	-	-	-	0.06
H.	Net Worth (F-G)	10706.70	10,552.98	10,076.16	9,976.83	3,533.63	1,463.47

ANNEXURE II - RESTATED STATEMENT OF PROFIT AND LOSS ACCOUNT

₹ In lacs						
Particulars	For The Period Ended					
	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
	3 Months	12 Months				
Income						
Sales:						
Rooms	614.96	2,079.87	1,266.25	781.69	378.79	268.91
Food and Beverages	445.83	1,897.37	1,276.63	863.57	603.02	420.94
Other Income	94.00	169.58	315.35	182.79	274.30	182.51
	1154.80	4,146.83	2,858.23	1,828.05	1,256.11	872.36
Expenditure						
Raw Materials Consumed	154.60	572.38	382.24	233.38	195.58	116.36
Staff Costs	194.92	777.68	557.48	337.52	170.61	136.79
Administration Expenses	151.51	519.12	419.70	313.88	207.62	106.56
Upkeep and Service Expenses	227.82	829.97	573.95	395.93	270.40	179.35
	728.85	2,699.15	1,933.36	1,280.70	844.20	539.07
Earning Before Depreciation Interest & Tax	425.95	1,447.68	924.87	547.35	411.91	333.29
Depreciation	88.44	345.63	302.11	142.22	90.37	85.28
Interest	140.20	405.38	429.39	233.40	131.96	136.56
Net Profit before tax and Extraordinary items	197.32	696.67	193.37	171.73	189.57	111.45
Taxation						
Minimum Alternate Tax Credit	100.00	120.79	20.64	17.67	21.17	9.28
Current tax	(100.00)	(120.79)	(34.28)	(25.29)	(26.16)	(13.08)
Deferred tax	(35.01)	(233.91)	(82.85)	(112.74)	51.32	(46.26)
Net Profit before Extraordinary Items	162.30	462.76	96.88	51.37	235.90	61.38
Extraordinary items	-	(1.05)	-	(8.27)	(0.88)	(1.52)
Net Profit after Extraordinary Items	162.30	461.71	96.88	43.09	235.03	59.86
Adjustments on account of Prior period Expenses	-	5.11	2.45	0.09	0.08	0.40
Adjusted Profit	162.30	466.82	99.33	43.19	235.10	60.26

ANNEXURE III - RESTATED STATEMENT OF CASH FLOW

₹ In lacs						
Particulars	For The Period Ended					
	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
	3 Months	12 Months				
Cash Flows from Operating Activities						
Net Profit before Taxation	187.31	710.73	195.82	163.55	188.77	110.32
<i>Adjustments for:</i>						
Depreciation	88.44	345.63	302.11	142.22	90.37	85.28
Loss on sales of Assets	-	1.05	-	8.27	0.88	1.52
Interest/ Dividend Income	(1.74)	(79.73)	(263.15)	(41.61)	(13.74)	(3.31)
Preliminary expenses Written off	-	-	-	-	0.06	0.06
Interest Paid	140.20	405.38	429.39	233.40	131.96	136.56
Operating Profit before Working Capital Changes	414.20	1,383.06	664.17	505.84	398.30	330.43
Change in Trade and Other Receivables	40.35	(515.21)	(44.80)	(65.10)	(14.50)	(15.95)
Change in Inventories	(6.27)	32.79	(4.62)	(74.50)	(5.36)	(17.49)
Change in Other Current Assets	146.45	(316.01)	1,244.68	(1,679.34)	(10.41)	(46.63)
Change in Current Liabilities	38.04	(260.01)	(32.96)	674.78	69.58	(1.03)
Income-taxes paid	(3.07)	(42.99)	(79.19)	(30.29)	(23.63)	1.00
Prior Period Expenditure	-	(5.11)	(2.45)	(0.09)	(0.08)	-
Net Cash Flow from Operating Activities	629.71	276.54	1,744.84	(668.71)	413.91	250.34
Cash Flow from Investing Activities						
Purchase of Fixed Assets	(14.21)	(1,725.01)	(279.69)	(4,271.94)	(30.70)	(236.31)
Capital Work in progress	(1,350.46)	(2,064.53)	(4,547.54)	676.11	(2,381.61)	(754.05)
Sale of Fixed Assets	-	2.02	-	5.60	1.30	1.96
Interest Received	1.74	79.73	263.15	41.61	13.74	3.31
Net Cash Flow used in Investing Activities	(1,362.94)	(3,707.78)	(4,564.08)	(3,548.62)	(2,397.27)	(985.10)
Cash Flows from Financing Activities						
Changes in Borrowings	17,639.49	8,962.53	3,905.14	1,795.01	2,040.52	2,221.13
Proceeds from Issuance of Capital	-	-	-	6,300.01	1,835.00	-
Increase in Reserves	-	-	-	100.00	-	-
Repayments	(16,620.67)	(6,756.72)	(2,022.93)	(1,410.89)	(997.52)	(1,542.00)
Share Application Money Received	-	-	-	-	-	200.00
Interest Paid	(140.20)	(405.38)	(429.39)	(233.40)	(131.96)	(132.03)
Net Cash Flow from Financing Activities	878.62	1,800.43	1,452.82	6,550.73	2,746.03	747.09
Net increase in cash and cash equivalents	145.39	(1,630.81)	(1,366.42)	2,333.40	762.67	12.33
Cash and Cash Equivalents (Opening Balance)	150.64	1,781.45	3,147.87	814.47	51.80	41.47
Cash and Cash Equivalents (Closing Balance)	296.03	150.64	1,781.45	3,147.87	814.47	51.80

**ANNEXURE IV
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****(A) SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements:**

The Financial Statements are prepared under historical cost convention on accrual basis and comply with the Accounting Standards (AS) notified by the Companies (Accounting Standards) Rules 2006. The Significant accounting policies adopted in the presentation of the accounts are as under:

Use of Estimates

In preparing the Financial Statements in conformity with the accounting principles generally accepted in India, we are required to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of Financial Statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognized in the period in which the same is determined.

2. Government Grants:

The Department of Tourism, Government of India has granted during the financial year 2007-08 a sum of Rs.1 Crore for setting up a Three Star Hotel at the Old Mahabalipuram Road. This has been received with a condition that the status of Three Star has to be maintained for a period of 5 years. This amount has been transferred to Capital Subsidy Reserve.

3. Fixed Assets

- Fixed Assets are stated at cost less depreciation. Cost includes expenses incidental to the installation of assets and borrowing costs attributable thereto.
- Capital Work-In-Progress comprise of outstanding advances made to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the reporting date.
- Other incidental expenditure directly attributable to the project is accumulated as Capital Work-In-Progress and is allocated to the relevant fixed assets on a pro-rata basis on the prime cost of the assets.

4. Borrowing Costs:

- Interest and other borrowing costs, attributable to qualifying assets are capitalized.
- Interest not attributable to qualifying assets is charged to the profit and loss account in the period in which it is incurred.
- Other borrowing costs are charged to revenue account over the tenure of the borrowing.

5. Valuation of Inventories:

Stock of Food, Beverages, Stores and Operating Supplies are carried at Cost or Net Realizable Value whichever is lower.

6. Transactions in Foreign Exchange:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items of Assets and Liabilities denominated in foreign currency and outstanding at the Balance sheet date are translated at the exchange rate ruling at the period end. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

7. Revenue Recognition:**(A) Rooms, Restaurants, Banquets & Other Services:**

Rooms, Restaurants, Banquets & Other Services comprise of sale of rooms, food and beverages, allied services relating to hotel operations, including net income from telecommunication services. Revenue is recognized upon rendering of the service.

(B) Other Income:

Other income comprise of interest on fixed deposits, rental receipts, commission income and miscellaneous income like sale of scraps. These incomes are recognized as and when they accrue.

8. Depreciation

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs. Depreciation is provided on a pro-rata basis from the date on which assets have been put to use.

9. Employee Benefits**(A) Provident Fund & Employee State Insurance :**

The Company's contribution to the Provident Fund and Employees state insurance Scheme, paid or payable during the period has been debited to the Profit & Loss Account.

(B) Gratuity Fund And Leave Encashment

The Company makes annual contributions to funds administered by trustees for amounts notified. The company accounted the net present value of its obligations for the gratuity benefits, based on the external actuarial valuation, determined on the basis of projected unit credit method, carried out as at balance sheet date.

(C) Other Benefits:

In respect of other employee benefits, provisions for such benefits are provided in terms of Accounting Standard 15(Revised) - "Employee Benefits".

10. Cash Flow Statement:

Aggregate amount of Cash flows that represents increase or decrease in Operating, Financing & Investment Activities are separately disclosed in Cash Flow Statement, prepared as per Accounting Standards 3.

11. Segment Reporting

The Company is exclusively engaged in the business of Hoteliering. This, in context of Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India, is considered to constitute one single primary segment and accordingly no segment information as required under Accounting Standard 17 is furnished.

12. Leases:

(A) Operating Leases :

- Operating Lease payments are recognized as expenditure in the Profit & Loss Account on a Straight line basis.
- Security deposits made for these Leasehold properties are shown as Current Assets.

(B) Finance Leases :

- Assets under Finance Lease are disclosed separately from the assets owned.
- During the period of lease, finance charges and depreciation towards these assets are charged to Profit & Loss account.

13. Deferred Tax Liability:

- Income tax is computed in accordance with Accounting Standard 22, notified by the Companies (Accounting Standards) Rules, 2006. Tax expenses are accounted in the same period to which the revenue and expenses relate.
- Deferred Tax resulting from the timing difference between the book profits and taxable profits are accounted for to the extent deferred tax liabilities are expected to crystallize with reasonable certainty. Deferred tax is recognized on adjustments to revenue reserves to the extent the adjustments are allowable as deductions in determination of taxable income and they would reverse out in future periods.

14. Impairment of Assets:

Impairment is ascertained at each Balance sheet date in respect of company's Fixed Assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. As on the Balance Sheet date, the carrying amount of the assets net of accumulated depreciation has not exceeded the recoverable amount. Hence there is no impairment loss on the assets of the company.

15. Contingent Liabilities:

Provision for contingent liabilities in respect of bank guarantees have not been made but disclosed in Notes to Accounts.

(B) NOTES TO ACCOUNTS AS ON 30/06/2010**1.**

- (i) The Company has obtained the approval from the Ministry of Corporate Affairs, Government of India under section 211 (4) of the Companies Act 1956, for exempting the company from the disclosure of quantitative data in Part - II Schedule VI to the Companies Act, 1956 under paras 3(i)(a) and 3(i)(d) upto the financial year ending March 31, 2011 vide Order No. 46/197/2010-CL-III.
- (ii) The following expenses / provisions have been made for the period based on the past trend or the estimated liability for the period considering the operations for the whole year:
 - (a) Bonus
 - (b) Leave Encashment
 - (c) Gratuity (Based on Actuarial Valuation as on 31.03.2010)
 - (d) Income Tax
- (iii) Service charges collected amounting to ₹65.18 lacs during the previous years is no longer payable. Hence the same is included under Other Services under "Other Income" (Schedule 13).
- (iv) Capital Work-In-Progress includes ₹665.91 lacs (as on 31.03.10 ₹ 525.45 lacs) being the interest on Term Loans availed from Banks.

2. SECURED LOANS:**(i) TERM LOANS****Term Loan from State Bank of Bikaner & Jaipur and State Bank of Mysore**

The term loan is secured by a First pari-passu charge over the assets of the company viz., by an equitable mortgage of the Hotel properties of the company at T.Nagar (Chennai), OMR (Chennai), Kodaikanal and Coimbatore.

Term Loan from State Bank of India, State Bank of Mysore & State Bank of Travancore

The term loans are secured by a First charge on all movable and immovable assets (including mortgage over immovable properties), present and future, of the project in Bangalore ranking pari-passu with other term lenders. Equitable Mortgage of land at Bangalore Bellary Road (Devanahalli) and the building to be constructed thereon.

(ii) TERM LOAN - OTHERS

Term Loans are secured by respective assets purchased out of the loans sanctioned.

(iii) WORKING CAPITAL FACILITIES

The working capital facilities sanctioned by State Bank of Bikaner & Jaipur are secured as:

- a) Primary:

First exclusive charge on all current assets including receivables of the company.

a) Collateral:

First exclusive charge by way of equitable mortgage of the company's land property at Munnar situated at Chinnakanal Village, Udumpanchola Taluk, Idukki Dist., Kerala.

(iv) All the above loans are personally guaranteed by the Promoter Directors.

3. Unsecured Loan represents interest free loan received from the Managing Director.

4. The company has paid ₹ 49.64 Lakhs towards upfront fee for the loans availed during the period including loans transferred from Axis Bank to State Bank of Bikaner & Jaipur and State Bank of Mysore. One-fourth of the said amount is being charged off during the current period (for the 1st Quarter) and the balance amount would be charged off during the remaining period of the financial year.

5. Contingencies & Events Occurring After the Balance Sheet Date:

- (i) The Company is converted in to a Public Limited Company with effect from 20th July 2010.
- (ii) All the Term loans and Cash Credit facilities availed from Axis Bank Ltd and Oriental bank of Commerce has been taken over by State Bank of Bikaner and Jaipur during the current financial year.
- (iii) The Company has taken a hotel property "The Mark Boulevard" on lease at Whitefield Bangalore and commenced its operations on 1st September 2010.

6. Related Party Transactions:

The following are the related party transactions effected during the period:

₹ In lacs					
LIST OF RELATED PARTY DISCLOSURES					
Name of the Related Party	Nature of Relationship	Nature of Transactions	Opening Balance (As at 01.04.2010)	During the Period	Closing Balance (As at 30.06.2010)
Sabari Foundations (P) Ltd	Associate Company	Loan-Liability	Nil	Nil	Nil
Sabari Supermarket (P) Ltd		Purchase of Goods & Services	0.79 Credit	Nil	0.79 Credit
Sabari Nest Inn (P) Ltd		Purchase of Goods & Services	48.69 Debit	19.89	68.58 Debit
K.R.V. Ramani	Key Management	Remuneration		9.18	

K.R.V. Ramani	Personnel	Rent Payments		1.20	
K.R.V. Ramani		Unsecured Loan	511.96 Credit	3.25 Debit	508.71 Credit
K.R.Ramakrishnan	Relative of Key Mgt Personnel	Remuneration		3.89	

7. Earnings Per Share:

The Company's Earnings Per Share are stated as per Accounting Standard 20 is as follows:

Basic EPS = 88 Paise (Annualised)

Diluted EPS = 88 Paise (Annualised)

Weighted Average Number of shares = 67,843,137

Particulars	Amount in ₹
Profit as per profit And loss account	15,229,930
Less : Extraordinary items of Profit	Nil
Profit attributable to equity shareholders	15,229,930

8. Deferred Taxation:

Amount in ₹			
Calculation of Deferred Tax Liability			
Particulars		As at 30.06.2010	As at 31.03.2010
Deferred Tax Liability :			
Related to Fixed Assets	(A)	58,091,112	5,21,78,736
Deferred Tax Asset :			
Disallowances Under Income Tax Act 1961	(B)	(323,360)	(27,34,528)
Net Timing Difference (Cr.) (A)-(B)		58,414,472	5,49,13,264

9. MSMED Act 2006 :

In the opinion of the management, there are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days at the balance sheet date. The information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of the data available with the Company.

10. CONTINGENT LIABILITIES NOT PROVIDED FOR:

₹ In lacs)		
Particulars	As At 30.06.2010	As At 31.03.2010
Outstanding bank Guarantees	207.13	207.13
Claims against the company not acknowledged as debts	NIL	NIL
Estimated amount of contracts remaining to be executed on capital account and not provided for	918.08	1676.77

11. CIF VALUE OF IMPORTS

₹ In lacs		
Particulars	For the Period Ended 30.06.2010	FY 2009-10
Capital Goods	49.74	43.94
Stores & Spares	NIL	NIL

12. EARNINGS AND EXPENDITURE IN FOREIGN CURRENCY:

₹ In lacs		
Particulars	For the Period Ended 30.06.2010	FY 2009-10
(Represents money received through international credit Card and travelers' cheques)	26.96	109.64
(Represents money paid through Authorized foreign exchange dealers)	9.76	28.97

13. MANAGERIAL REMUNERATION:**REMUNERATION TO MANAGING DIRECTOR:**

₹ In lacs		
Particulars	For the Period Ended 30.06.2010	FY 2009-10
Salary & Allowances	9.18	39.72
Perquisites	NIL	NIL

14. AUDITORS REMUNERATION:

₹ In lacs		
Particulars	For the Period Ended 30.06.2010	FY 2009-10
Statutory Audit Fees	2.50	10.00
Tax Audit	0.50	2.00
Service Tax	0.31	1.24

15. The Previous Year's figures have been re-grouped, wherever necessary.

16. Certain Creditor/Debtor, the individual balances of which are not material, is in the process of reconciliation/confirmation.

Significant notes on restated Profit & Loss and Assets and Liabilities

- The Disclosure as required by the Accounting Standard - 18 (Related Party Disclosure) are given in the Annexure XV of the Restated Financial Statement.
- The calculation of Earnings per Share (EPS) has been made in accordance with Accounting Standard (AS) 20 issued by the ICAI. A statement on calculation of Basic and Diluted EPS is given in Annexure XIII of the Restated Financial Statement.
- Details of Deferred Tax assets and liabilities:
In view of the Accounting Standard 22 issued by Institute of Chartered Accountants of India, the significant component and classification of deferred tax liability/asset on account of timing difference comprises of the following:

₹ In lacs						
Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
On account of difference in book and Tax depreciation	580.91	523.52	316.13	244.21	158.55	166.81
Deferred Tax Assets	(3.23)	(27.35)	(0.83)	10.10	37.19	(5.88)
Net Deferred Tax Liabilities (as at period ended)	584.14	550.87	316.96	234.11	121.37	172.69

4. Material Adjustments:**(i) Depreciation:**

- Prior period Depreciation of ₹ 5.21 lakhs related to FY 2004-05 had been written back (credited) in FY2005-06. While preparing the restated accounts it has been adjusted to the financial year it relates i.e. FY 2004-05.
- Prior period Depreciation of ₹ 0.08 lakhs related to FY 2006-07 had been written back (credited) in FY 2009-10. While preparing the restated accounts it has been adjusted to the financial year it relates i.e. FY 2006-07.

- Prior period Depreciation of ₹ 0.09 lakhs related to FY 2007-08 had been written back (credited) in FY 2009-10. While preparing the restated accounts it has been adjusted to the financial year it relates i.e. FY 2007-08.
- Prior period Depreciation of ₹ 2.45 lakhs related to FY 2008-09 had been written back (credited) in FY 2009-10. While preparing the restated accounts it has been adjusted to the financial year it relates i.e. FY 2008-09.
- Prior period Gratuity & Leave Encashment provision of ₹ 10.00 lakhs related to FY 2009-10 had been provided in the June 2010 Balance Sheet. While preparing the restated accounts it has been adjusted to the financial year it relates i.e. FY 2009-10.

(ii) Income Tax Provisions:

- Prior period Fringe Benefit Tax of ₹ 0.39 lakhs related to FY 2005-06 had been reversed in FY 2006-07. While preparing the restated accounts the same has been adjusted to the financial year it relates i.e. FY 2005-06.

Impact on profits/(losses) due to restatement and other material adjustments made to the audited financial statement:

(i) Comparison of Audited profits/(losses) after Tax and Restated Profits/(Losses) after Tax:

₹ in lacs						
Particulars	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Reported profit / (loss) after tax as per audited P&L A/c	152.30	479.46	98.54	43.12	245.89	54.32
Depreciation	Nil	(2.62)	2.45	0.09	0.08	(5.21)
Deferred Tax	Nil	0.01	22.03	17.69	31.34	(1.75)
Income Tax Provision	Nil	0.00	(20.36)	(17.66)	(20.48)	(9.40)
Extraordinary items	10.00	(10.00)				
Total Impact of Adjustments	Nil	(12.60)	4.12	0.12	10.94	(16.36)
Restated Profit	162.30	466.82	99.33	43.19	235.10	60.26

ANNEXURE V
SCHEDULE OF SECURED LOANS

₹ In Lacs					
Sr. No	Name of the Lender	Principal Outstanding as on Broken Period (Rs.) 30.06.10	Rate of Interest	Repayment Schedule	Details of Security (if applicable)
Term Loans from Banks					
01	State Bank of Bikaner & Jaipur	4302.00	12%	31.67	Paripassu First Charge on the assets of the company at T.Nagar, OMR Chennai, Kodaikanal and Coimbatore
02	State Bank of Mysore	2825.01	12%	21.11	
03	State Bank of India	518.70	13.75%	-	Paripassu First Charge on the assets of the company at Bangalore
04	State Bank of Mysore	20.02	14.00%	0.90	Hypothecation charge over machineries and other fixed assets to be created out of Bank finance
	Total	7665.73		53.68	
Cash Credit Facilities:					
01	State Bank of Bikaner & Jaipur	322.79	12%	-	Primary: First Exclusive charge on all current assets including receivables of the company Collateral: Ist Exclusive EM Charge on property at Munnar
	Total	322.79			
Hire Purchase Loans					
01	ICICI Bank Ltd	10.19	16.50%	1.77	Hypothecation of the vehicle financed
02	HDFC bank Ltd	20.20	16.00%	0.83	Hypothecation of the vehicle financed
03	State Bank of India	13.46	11.25%	0.45	Hypothecation of the vehicle financed
04	Indian Overseas bank	3.05	11.50%	0.27	Hypothecation of the vehicle financed
	Total	46.90		3.32	
	Grand Total	8035.42		57.00	

**ANNEXURE VI
SCHEDULE OF UNSECURED LOANS**

₹ In Lacs						
Particulars	Quarter Ended	Year Ended				
	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
From Directors	508.71	511.96	NIL	NIL	99.20	206.53
From Others	NIL	NIL	NIL	NIL	NIL	5.23
Total	508.71	511.96	NIL	NIL	99.20	211.76

Note: The unsecured loans are availed from the Managing Director and the same is payable on demand. Interest is not charged by the Managing Director for the loans given to the company.

**ANNEXURE VII
SCHEDULE OF SUNDRY DEBTORS**

₹ In Lacs						
Particulars	Quarter Ended	Year Ended				
	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
(Unsecured, considered good)						
- Outstanding for a period less than six months	594.08	628.83	143.39	116.59	56.58	67.39
- Outstanding for a period exceeding six months	80.63	78.15	48.40	30.40	25.31	Nil
	674.71	706.99	191.79	146.99	81.89	67.39

The amount receivable from promoters, promoters group, group companies, associate companies and directors of the company (included in Sundry Debtors) is as under:

₹ In Lacs							
Particulars	Nature of Relationship	Quarter Ended	Year Ended				
		30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Sabari Nest Inn Private Limited	Associate Company	68.58	48.69	-	-	-	-
Sabari Realtors Private Limited	Associate Company	-	9.58	-	-	-	-
Total		68.58	58.27	-	-	-	-

**ANNEXURE VIII
SCHEDULE OF LOANS AND ADVANCES**

₹ In Lacs						
Particulars	Quarter Ended	Year Ended				
	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Loan & Advances	1,145.16	1,189.28	745.46	1,890.31	163.01	111.60

The loans and advances given to the promoters/promoter group/ Directors of the Company are as follows:

S No.	Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
1	Sabari Nest Inn Private Limited	500.00	500.00	400.00	-	-	-
2	Sabari Supermarket Private Limited	22.25	22.25	22.25	22.25	22.25	22.25
3	K R V Ramani	-	-	-	1,671.07	-	-
	Total	522.25	522.25	422.25	1,693.32	22.25	22.25

ANNEXURE IX SCHEDULE OF INVESTMENTS

₹ In Lacs						
Particulars	Quarter Ended	Year Ended				
	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
EQUITY SHARES	NIL	NIL	NIL	NIL	NIL	NIL
QUOTED						
UNQUOTED						
TOTAL	NIL	NIL	NIL	NIL	NIL	NIL

Note: The Company has not made any investments.

ANNEXURE X SCHEDULE OF OTHER INCOME

₹ In Lacs						
Particulars	Quarter Ended	Year Ended				
	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Other Income	94.00	169.58	315.35	182.79	274.30	182.51
Net Profit before tax as restated	197.32	696.67	193.37	171.73	189.57	111.45
Percentage	210%	411%	61%	94%	69%	61%

ANNEXURE XI SCHEDULE OF DIVIDEND PAID

₹ In Lacs						
Particulars	Quarter Ended	Year Ended				
	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Class of Shares	NIL	NIL	NIL	NIL	NIL	NIL
Equity:						
- Interim	NIL	NIL	NIL	NIL	NIL	NIL
- Final	NIL	NIL	NIL	NIL	NIL	NIL

Note: The Company has not paid any dividend to the share holders.

ANNEXURE XII - STATEMENT OF TAX SHELTER

	₹ In Lacs					
For the Period/Year ended	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Net Profit/(Loss) before Tax (as restated)	197.32	696.67	193.37	171.73	189.57	111.45
Tax rate – Normal	33.99%	33.99%	33.99%	33.66%	33.66%	33.66%
Tax at Normal Tax Rates (A)	67.07	236.80	65.73	57.80	63.81	37.51
Adjustments:						
Permanent Difference (B)	-	-	-	-	-	-
Temporary Difference (C)	63.95	370.24	301.50	255.61	97.78	119.97
Depreciation as per Books	88.44	345.63	302.11	142.22	90.37	85.28
Depreciation as per Income Tax	152.38	715.88	603.61	397.83	188.15	205.26
Total Timing Difference						
Net Adjustments (B+C)	63.95	370.24	301.50	255.61	97.78	119.97
Tax Saving thereon	21.74	125.85	102.48	86.04	32.91	40.38
Minimum Alternate Tax u/s 115JB	100.00	120.79	20.64	17.67	21.17	9.28
Tax on Restated Income	45.33	110.95	Nil	Nil	30.90	Nil

Note: Minimum Alternate Tax (MAT) paid by the company under section 115JB of Income Tax Act 1961 is available for setoff against tax payable on the total income of the company, for the next 10 financial year's w.e.f FY 2006-07 and for a period of 7 years relating to MAT paid by the company for the financial year 2005-06.

ANNEXURE XIII - ACCOUNTING RATIOS

	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Earnings per share (Basic) (₹)	0.96	0.70	0.15	0.24	1.88	0.57
Earnings per share (Diluted) (₹)	0.96	0.70	0.15	0.24	2.28	0.57
Net Asset value per share (₹)	15.80	15.55	14.85	56.48	28.21	13.94
Return on Net Worth (%)	1.51%	4.52%	0.99%	0.43%	6.65%	4.12%
Weighted average number of equity shares in the period (Basic) (in Nos.)	67843137	67,843,137	67,843,137	17,663,950	12,525,000	10,500,000
Weighted average number of equity shares in the period (Diluted) (in Nos.)	67843137	67,843,137	67,843,137	17,663,950	10,320,000	10,500,000

Formula:

1. Earnings per share (Basic) (₹) =
$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period (Basic)}}$$
2. Earnings per share (Diluted) (₹) =
$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period (Diluted)}}$$
3. Net Asset Value per share (₹) =
$$\frac{\text{Net Worth excluding revaluation reserve at the end of the period/year}}{\text{Weighted average number of equity shares outstanding during the period (Basic)}}$$
4. Return on Net Worth (%) =
$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Net Worth excluding revaluation reserve at the end of the period/year}}$$

**ANNEXURE XIV
STATEMENT OF CAPITALISATION**

(₹) in lacs

Particulars	Pre-Issue as at Broken Period (30.06.2010)	Post Issue*
Borrowings :		
Short-term Debt**	389.71	}
Long-term Debt	7645.71	
Total Debt	8035.42	
Shareholders' funds:		
Share Capital	6784.31	}
Reserves	3922.39	
Total Shareholders' Funds	10706.70	
Total Capitalization	18742.12	
Long-term Debt/Equity ratio	0.71	}
Total Debt/Equity ratio	0.75	

* Share Capital and reserves and total shareholders' Funds would be calculated on conclusion of the Book Building process

** Short-term Debts are debts maturing within the next one year from the date of above statement.

**ANNEXURE XV
STATEMENT OF RELATED PARTY TRANSACTION**
A. Related Parties and their relationship
Promoters/ directors and their relatives

1. Mr.K.R.V.Ramani - Promoter, Managing Director
2. Mr. K R Narayanan – Director – Relative of the Managing Director

Group Companies

1. Sabari Foundations (P) Ltd - Associate Company
2. Sabari Nest Inn (P) Ltd - Associate Company
3. Sabari Super Market (P) Ltd - Associate Company
4. Sabari Realtors (P) Ltd - Associate Company

Key Managerial Personnel and their relatives

1. Mr.K.R.V.Ramani - Promoter, Managing Director
2. Mr.K.R.Ramakrishnan - Company Secretary/Chief Law Officer - Relative of Managing Director(Key Management Personnel)

B. Details of Related Party Transactions

(₹) in lacs					
LIST OF RELATED PARTY DISCLOSURES					
Name of the Related Party	Nature of Relationship	Nature of Transactions	Opening Balance	During the year	Closing Balance
Sabari Foundations (P) Ltd	Associate Company	Loan-Liability	Nil	Nil	Nil
Sabari Supermarket (P) Ltd		Purchase of Goods & Services	0.79 Credit	Nil	0.79 Credit
Sabari Nest Inn (P) Ltd		Purchase of Goods & Services	48.69 Debit	19.89	68.58 Debit
K.R.V.Ramani		Remuneration		9.18	
K.R.V.Ramani	Key Management Personnel	Rent Payments		1.20	
K.R.V.Ramani		Unsecured Loan	511.96 Credit	3.25 Debit	508.71 Credit
K.R.Ramakrishnan	Relative of Key Mgt Personnel	Remuneration		3.89	

ANNEXURE XVI SCHEDULE OF CONTINGENT LIABILITIES

(₹) in lacs						
Particulars	As At The Period Ended					
	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Bank Guarantee	207.13	207.13	208.30	185.84	106.03	63.51
Total	207.13	207.13	208.30	185.84	106.03	63.51

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND THE RESULTS OF OPERATIONS

You should read the following discussion and analysis of the financial condition and the results of operations together with the financial statements on page 124 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 the financial condition, results of operations and cash flows.

The following discussion of the results of operations should be read in conjunction with the Restated Financial Statements as of and for the financial year ended 31.03.2010, 31.03.2009, 31.03.2008, 31.03.2007 and 31.03.2006 as restated in accordance with SEBI Regulations, including the notes thereto, which appear elsewhere in this Draft Red Herring Prospectus. The financial year ends on March 31 each year, so all references to a particular year are for a twelve month period ending on March 31 of each year. The restated 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 names "Quality Inn Sabari" (QIS) in Chennai, "Quality Hotel Sabari Classic" (QHSC) in Old Mahabalipuram Road, Chennai, "Quality Inn Sabari Resorts" (QISR) in Kodaikanal Tamilnadu and "Sabari's Nest" in Chennai, Coimbatore and Bangalore in India. We also operate a hotel on a long term lease under the brand name "The Mark Boulevard" in Whitefield, Bangalore.

Altogether, we operate offering 377 rooms across 3 cities in South India through owned and leased hotel properties. Most of the existing hotels cater to the business class travelers, while some of the hotels also cater to leisure travelers. The company has made the soft launch for its 3 STAR hotel at Coimbatore during November 2010. The commercial operations is expected by December 15, 2010. The hotel will be under the brand name "The Park Plaza" managed by Carlson Group of Hotels. We are also constructing a hotel in Devanahalli, Bangalore near the International Airport - a hotel with about 110 rooms. This hotel also will have an International tie-up of a renowned brand at an appropriate time.

The table below illustrates the income from various activities included in the restated financial statements.

₹ in Lacs						
Nature of Income	FY 2009-10	% of Total Income	FY 2008-09	% of Total Income	FY 2007-08	% of Total Income
Room Revenues	2,079.87	50.16%	1,266.25	44.30%	781.69	42.76%
Food & Beverage (including banquet income)	1,897.37	45.75%	1,276.63	44.67%	863.57	47.24%
Other Service charges	59.32	1.43%	36.13	1.26%	129.39	7.08%
Total operating Revenue	4,036.56	97.34%	2,579.01	90.23%	1,774.65	97.08%
Other Income	110.27	2.66%	279.23	9.77%	53.41	2.92%

Total Income	4,146.83	100.00%	2,858.23	100.00%	1,828.05	100.00%
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The following table illustrates the capacity expansion made by the Company over the years :

No. of rooms for	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	Quarter ended 2010-11
QIS, TNAGAR	72	72	72	72	72	72
QHSC, OMR	-	-	84	84	84	84
QISR, KODAIKANAL	-	-	-	-	40	40
SABARI'S NEST, COIMBATORE	-	-	-	38	38	38
SABARI'S NEST, CHENNAI	-	-	-	44	44	44
SABARI'S NEST, BANGALORE	-	-	-	-	23	23
The Mark Boulevard, Whitefiled, Bangalore	-	-	-	-	-	76
Total	72	72	156	238	301	377

The following table gives the break-up of the revenues earned in the financial year 2009-10 :

₹ in Lacs						
Hotel	Room Revenue	Food & Beverage Revenue (including banquet income)	Other Service Charges	Total Operating Revenue	Other Income	Total Income
QIS, TNAGAR	819.08	957.73	43.08	1,819.88	93.94	1,913.82
QHSC, OMR	751.63	685.21	14.17	1,451.01	4.29	1,455.29
QISR, KODAIKANAL	84.96	27.47	0.62	113.04	0.92	113.96
SABARI'S NEST, COIMBATORE	168.87	219.59	-	388.46	6.48	394.94
SABARI'S NEST, CHENNAI	202.12	7.38	1.34	210.84	4.14	214.98
SABARI'S NEST, BANGALORE	53.23	-	0.10	53.33	0.50	53.83
Total	2,079.87	1,897.37	59.32	4,036.56	110.27	4,146.83

Key factors influencing the results of operations

Several factors influence the results of operations, financial condition and cash flow significantly. The key factors affecting the operations include :

Demand and Supply

Demand and supply of hotel accommodation at the locations where the existing and proposed hotel properties are or are planned to be located affect the results of operations. In particular, the 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

The financial results are affected by occupancy and room rates achieved by the hotels, the ability to control the cost of developing and operating additional rooms and the success of the food and beverage operations. The results of operations are also affected by changes in the cost of electricity, insurance and environmental compliance. Further, the 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 impact on the operations and financial results.

The hotel business is cyclical and sensitive to changes in the economy in general. The 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 developments in the hotel industry in India or in the cities where the hotels are located would have a negative impact on the 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 affect the operations of the 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. The success would be dependant on the ability to compete in areas such as room rates, quality of accommodation, service levels, and brand recognition among others. Most of the current operations are in locations like Chennai, Coimbatore and Bangalore 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 the ability to compete with them and have a negative impact on the profitability and financial condition.

Effectiveness of marketing strategies

We devote significant attention to the brand-building efforts. We use various innovative forms of advertising and marketing with a view to constantly create more awareness of the brand in the market and to reach out to more and more customers. The marketing department also looks after corporate

branding and advertising. The 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 the 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 the hotels. We believe such initiative contributes significantly in increasing the sales. We plan on continuing to build the brand and retail sales by satisfying customers with the service and by continuing to invest significant amounts in the advertising and marketing of the Sabari 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 “Business overview” on page 67 of this Draft Red Herring Prospectus.

Financial Operations Overview

Income from Operations:

The 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 the hotels. Food & Beverage income comprises of income received from sale of food and beverages across the restaurants in the hotels, room service, in-room mini bars and Banquet income. 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 and travel services.

The composition of income from operations since FY 2007 to FY 2010 is as under:

₹ in Lacs				
Particulars	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Room Revenue	378.79	781.69	1,266.25	2,079.87
Food & Beverage revenues (including banquet income)	603.02	863.57	1,276.63	1,897.37
Other service charges	249.19	129.39	36.13	59.32
Income from Operations	1,231.00	1,774.65	2,579.01	4,036.56

Key indicators

Room Revenue

Particulars	FY 2006-2007	FY 2007-2008	FY 2008-2009	FY 2009-2010
	Occupancy (%)	Occupancy (%)	Occupancy (%)	Occupancy (%)
QIS, TNAGAR	60.23%	80.18%	81.30%	76.99%
QHSC, OMR	-	43.65%	51.28%	83.80%
QISR, KODAIKANAL	-	-	-	29.33%
SABARI'S NEST, COIMBATORE	-	-	46.48%	65.72%
SABARI'S NEST, CHENNAI	-	-	63.10%	68.63%
SABARI'S NEST, BANGALORE	-	-	-	41.75%

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 and other operational reasons. The Company has witnessed a substantial jump in the occupancy level in OMR in the financial year 2009-10. This is principally because of substantial improvement in activity in OMR in the last 1 year.

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, staff welfare expenses, staff perks, medical benefits and contributions to the provident fund. Other operating expenses primarily comprise of power & fuel, repairs & maintenance, 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 the expenditure from FY 2006-07 to FY 2009-10 are as below :

₹ In Lacs

Particulars	FY 2007	FY 2008	FY 2009	FY 2010
Food & Beverage	195.58	233.38	382.24	572.38
Employee Costs	170.61	337.52	557.48	767.67
Other operating expenses	270.40	395.93	573.95	829.97
General & Administrative expenses	207.62	313.88	419.70	519.12
Total	844.20	1,280.70	1,933.36	2,689.14

Comparison of the significant items of income and expenditure for FY 2010, 2009, 2008 & 2007

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH												
	FY 2009-10			FY 2008-09			FY 2007-08			FY 2006-07		
Particulars	₹ in lacs	% of Total Income	% of Increase / (Decrease) over Previous Year	₹ in lacs	% of Total Income	% of Increase / (Decrease) over Previous Year	₹ in lacs	% of Total Income	% of Increase / (Decrease) over Previous Year	₹ in lacs	% of Total Income	% of Increase / (Decrease) over Previous Year
INCOME												
Room Income	2,079.87	50.16	64.25	1,266.25	44.30	61.99	781.69	42.76	106.37	378.79	30.16	40.86
Food & Beverage Income	1,897.37	45.75	48.62	1,276.63	44.67	47.83	863.57	47.24	43.21	603.02	48.01	43.26

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH												
	FY 2009-10			FY 2008-09			FY 2007-08			FY 2006-07		
Particulars	₹ in lacs	% of Total Income	% of Increase / (Decrease) over Previous Year	₹ in lacs	% of Total Income	% of Increase / (Decrease) over Previous Year	₹ in lacs	% of Total Income	% of Increase / (Decrease) over Previous Year	₹ in lacs	% of Total Income	% of Increase / (Decrease) over Previous Year
Other Services	59.32	1.43	64.20	36.13	1.26	-72.08	129.39	7.08	-48.08	249.19	19.84	48.78
Income from Operations	4,036.56	97.34	56.52	2,579.01	90.23	45.33	1,774.65	97.08	44.16	1,231.00	98.00	43.58
Other Income	110.27	2.66	-60.51	279.23	9.77	422.81	53.41	2.92	112.68	25.11	2.00	67.20
TOTAL INCOME	4,146.83	100.00	45.08	2,858.23	100.00	56.35	1,828.05	100.00	45.53	1,256.11	100.00	43.99
EXPENDITURE												
Food & Beverages consumed	572.38	13.80	49.74	382.24	13.37	63.79	233.38	12.77	19.33	195.58	15.57	68.07
Employee's Cost	767.67	18.51	37.70	557.48	19.50	65.17	337.52	18.46	97.84	170.61	13.58	24.72
Other operating Expenses.	829.97	20.01	44.61	573.95	20.08	44.96	395.93	21.66	46.42	270.40	21.53	50.77
General & Administrative Expenses	519.12	12.52	23.69	419.70	14.68	33.71	313.88	17.17	51.18	207.62	16.53	94.83
TOTAL EXPENDITURE	2,689.14	64.85	39.09	1,933.36	67.64	50.96	1,280.70	70.06	51.71	844.20	67.21	56.60
Profit before Interest, Depreciation & Tax (PBIDTA)	1,457.69	35.15	57.61	924.87	32.36	68.97	547.35	29.94	32.88	411.91	32.79	23.59
Depreciation	345.63	8.33	14.41	302.11	10.57	112.42	142.22	7.78	57.38	90.37	7.19	5.97
Interest	405.38	9.78	-5.59	429.39	15.02	83.97	233.40	12.77	76.87	131.96	10.51	-3.36
Profit Before Tax (PBT)	706.67	17.04	265.46	193.37	6.77	12.60	171.73	9.39	-9.41	189.57	15.09	70.10
Less: TAX	(233.91)	-5.64%	142.41%	(96.49)	-3.38%	-19.83%	(120.36)	-6.58%	-359.78%	46.33	3.69%	-192.54%
Profit after Tax	472.76	11.40	388.01	96.88	3.39	88.59	51.37	2.81	-78.23	235.90	18.78	284.31

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH												
	FY 2009-10			FY 2008-09			FY 2007-08			FY 2006-07		
Particulars	₹ in lacs	% of Total Income	% of Increase / (Decrease) over Previous Year	₹ in lacs	% of Total Income	% of Increase / (Decrease) over Previous Year	₹ in lacs	% of Total Income	% of Increase / (Decrease) over Previous Year	₹ in lacs	% of Total Income	% of Increase / (Decrease) over Previous Year
(PAT) before Extraordinary items												
Extraordinary items	(1.05)	-0.03	0.00	-	0.00	-100.00	(8.27)	-0.45	842.30	(0.88)	-0.07	-42.30
Net Profit after Extraordinary Items	471.72	11.38	386.93	96.88	3.39	124.80	43.09	2.36	-81.66	235.03	18.71	292.62
Adjustments on account of Prior period Expenses	5.11	0.12	108.39	2.45	0.09	2545.05	0.09	0.01	21.05	0.08	0.01	-80.67
Adjusted Profit	476.82	11.50	380.06	99.33	3.48	129.99	43.19	2.36	-81.63	235.10	18.72	290.16

Results of operations for the financial year 2009-10 as compared to financial year 2008-09 are as under :

Income from operations

The income from operations increased from ₹ 2579.01 Lacs in FY 2009 to ₹ 4036.56 Lacs in FY 2010. The operating income as compared to total income increased to 97.34% for the FY 2010 vis-à-vis 90.23% for the FY 2009. This increase can be attributed partially to the full year operations of Chennai & Coimbatore Nest hotels. Also the increase can be attributed to the Kodaikanal Resort and Bangalore Nest hotel that commenced the operations with effect from May 2009 and June 2009 respectively.

Room revenue

The room revenues increased from ₹ 1266.25 Lacs in FY 2009 to ₹ 2079.87 Lacs in FY 2010. The Room Revenue comprised 50.16% of the total income in FY 2010 as compared to 44.30% of the total income in FY 2009. The occupancy levels for the FY 2010 are given below :

Property	Occupancy (%)
QIS, TNAGAR	76.99%
QHSC, OMR	83.80%
QISR, KODAIKANAL	29.33%
SABARI'S NEST, COIMBATORE	65.72%

SABARI'S NEST, CHENNAI	68.63%
SABARI'S NEST, BANGALORE	41.75%

Food and Beverage Revenue

The food and beverage revenue increased from ₹ 1276.63 Lacs in FY 2009 to ₹ 1897.37 Lacs in FY 2010, registering a growth rate of 48.62 % on y-o-y basis. Further as compared to total income, it increased from 44.67% in FY 2009 to 45.75% in FY 2010. The main reason for increase in Food and Beverage revenue is due to more hotels being operational and increase in occupancy levels.

Other Service Charges

The revenue from other service charges increased from ₹ 36.13 Lacs in FY 2009 to ₹ 59.32 Lacs in FY 2010, registering a growth rate of 64.20% on y-o-y basis. Once again the reason for increase is that more hotels were operated and the occupancy levels are also increased.

Other Income

The other income comprises of exchange gain, interest earned, shops and rental, credits written back and miscellaneous income. The other income declined by 60.51% on y-o-y basis to ₹ 110.27 Lacs in FY 2010 as compared to ₹ 279.23 Lacs in FY 2009. This decline was mainly on account of reduction in interest income from Term Deposit, as the funds were utilized for the construction of the hotel projects.

Expenditure

The total expenditure for the FY 2010 was ₹ 2689.14 Lacs as against ₹ 1933.36 Lacs for the FY 2009. Expenditure as a percentage of total income was 64.85% for the FY 2010 as against 67.64% for the FY 2009.

Food & Beverage Costs

The Food & Beverage cost for the FY 2010 was ₹ 572.38 Lacs as against ₹ 382.24 Lacs in FY 2009, an increase of 49.74 % on y-o-y basis. However as compared to the total income, it increased marginally to 13.80% for the FY 2010 vis-à-vis 13.37% for the FY 2009. Food & Beverage cost mainly increased because of increase in procurement cost and fluctuation in prices of input materials during the year.

Employee Costs

Employee costs increased from ₹ 557.48 Lacs in FY 2009 to ₹ 767.67 Lacs in FY 2010, an increase of 37.70% on y-o-y basis. However as compared to the total income it decreased to 18.51% for the FY 2010 vis-à-vis 19.50% for the FY 2009.

Other Operating Expenses

The other operating expenses for the FY 2010 was ₹ 829.97 Lacs as compared to ₹ 573.95 Lacs for the FY 2009. However, the other operating expenses as compared to the total income decreased marginally to 20.01% for the FY 2010 as against 20.08% for the FY 2009.

General and Administrative Expenses

The general and administrative expenses for the FY 2010 was ₹ 519.12 Lacs as compared to ₹ 419.70 Lacs for the FY 2009. Once again, the General and administrative expenses as a percentage of total income decreased from 14.68% in FY 2009 to 12.52% in the FY 2010.

Profit before Interest, Depreciation, Amortization and Tax (PBIDTA)

The PBIDTA for the FY 2010 was ₹ 1457.69 Lacs as compared to ₹ 924.87 Lacs. The PBIDTA margin for the FY 2010 was 35.15% as compared to 32.36% for the FY 2009. The main reason for increase in PBIDTA is due to substantial increase in the total income, which happened mainly due to improved ARR and substantial increase in occupancy levels.

Depreciation and Interest Cost

The depreciation for the FY 2010 was ₹ 345.63 Lacs as against ₹ 302.11 Lacs in FY 2009. Depreciation as compared to total income for the FY 2010, decreased to 8.33% as compared to 10.57% for the FY 2009. The increase in absolute terms was on account of depreciation cost on the Kodaikanal hotel and also depreciation on the capital expenditure incurred for renovation of the existing hotel at T.Nagar. The interest and other finance expenses for the FY 2010 was ₹ 405.38 Lacs as against ₹ 429.39 Lacs in FY 2009. The interest declined by 5.59% on y-o-y basis and also as compared to total income it decreased to 9.78% for the FY 2010 vis-à-vis 15.02% for the FY 2009.

Profit before Tax

The profit before tax for the FY 2010 was ₹ 706.67 Lacs as compared to ₹ 193.37 Lacs for the FY 2009. The profit before tax as a percentage of total revenue has increased to 17.04% in this period from 6.77% in FY 2009. Once again substantial increase in revenue, which happened due to increased ARR and occupancy level are the main reasons for increase in PBT.

Taxation

The total tax provision made by the Company including the deferred tax for FY 2010 was ₹ 233.91 Lacs as compared to ₹ 96.49 Lacs for FY 2009. The effective tax rate for the FY 2010 was 5.64% as compared to 3.38% in the FY 2009. The reason for increase in Taxation is mainly due to substantial increase in PBT.

Profit after Tax

The profit after tax for FY 2010 was ₹ 472.76 Lacs. The net profit margin for FY 2010 was 11.40% as compared to 3.39 % in FY 2009. The reason for increase in Taxation is mainly due to substantial increase in PBT.

Secured Loans

The Secured Loans has increased from ₹ 5319.50 Lacs for the FY 2009 to ₹ 7013.35 Lacs in FY 2010. The increase was mainly due to availment of term loans for the Coimbatore and Bangalore hotel projects.

Unsecured Loans

The Company has taken Unsecured Loans from the Promoters amounting to ₹ 511.96 Lacs during the FY 2010 to meet the project cost funding needs.

Fixed Assets

The net fixed assets (Including capital work in progress) increased to ₹ 17189.67 Lacs in FY 2010 from ₹ 13741.11 Lacs in FY 2009. This increase was due to capitalization of the Kodaikanal hotel that commenced

operations from May 2009 and also due to the cost of construction incurred on Coimbatore and Bangalore hotel projects.

Loans and Advances

The Loans and Advances has increased from ₹ 744.27 Lacs for the FY 2009 to ₹ 1188.53 Lacs for the FY 2010. The main reason for increase in Loans and Advances is due to advance to suppliers for capital goods for the Coimbatore and Bangalore projects and increase in TDS and MAT tax payments.

Results of operations for FY 2009 as compared to FY 2008 are as under :

Income from Operations

The income from operations increased to ₹ 2579.01 Lacs in FY 2009 from ₹ 1774.65 Lacs in FY 2008, registering a increase of 45.33% on y-o-y basis. The increase is due to increase in ARR and occupancy levels in the existing hotels and startup of Sabari Nest, Coimbatore and Sabari Nest, Chennai hotels.

Room Revenue

The room revenues increased to ₹ 1266.25 Lacs in FY 2009 from ₹ 781.69 Lacs in FY 2008, registering an increase of 61.99% on y-o-y basis. The Room Revenue comprised of 44.30% of the total income in FY 2009 as compared to 42.76% of the total income in FY 2008.

The occupancy rates at individual hotel properties for the FY 2009 are given below:

Property	Occupancy (%)
QIS, TNAGAR	81.30%
QHSC, OMR	51.28%
SABARI'S NEST, COIMBATORE	46.48%
SABARI'S NEST, CHENNAI	63.10%

Food and Beverage Revenue

The food and beverage revenue increased to ₹ 1276.63 Lacs in FY 2009 from ₹ 863.57 Lacs in FY 2008, registering a growth rate of 47.83% on y-o-y basis. This growth was attributable due to addition of new hotels, revision of rates of the menu card etc.,.

Other Service Charges

The revenue from other service charges decreased to ₹ 36.13 Lacs in FY 2009 from ₹ 129.39 Lacs in FY 2008, a decline of 72.08% on y-o-y basis. This was due to decrease in the revenue contributions from Car Rentals, Guest Laundry Sales, Wifi Internet charges and Long distance calls. The other services for the FY 2009 comprised 1.26% of the total income as against 7.08% for the FY 2008.

Other Income

The other income comprises of exchange gain, interest earned, shops and rental, credits written back and miscellaneous income. The other income increased by 422.81% on y-o-y basis to ₹ 279.23 Lacs in the FY 2009 as compared to ₹ 53.41 Lacs in the FY 2008. This substantial increase was mainly due to increase in the interest from Term Deposits.

Expenditure

The total expenditure for the FY 2009 was Rs. 1933.36 Lacs as against Rs. 1280.70 Lacs for the FY 2008, an increase of 50.96% on y-o-y basis. However, the total expenditure as a percentage of total income has come down from 70.06% for the FY 2008 to 67.64% for the FY 2009.

Food & Beverage Costs

The food & beverage costs for the FY 2009 were ₹ 382.24 Lacs as against ₹ 233.38 Lacs in the FY 2008. The food & beverage costs witnessed an increase of 63.79 % on y-o-y basis as compared to previous year. The food & beverage cost was 29.94% compared to the food & beverage revenue in the FY 2009 as against 27.02% in the FY 2008. The reason for increase in Food and Beverage cost is due to increase in various input cost.

Employee Costs

Employee costs increased to ₹ 557.48 Lacs in the FY 2009 from ₹ 337.52 Lacs in the FY 2008, an increase of 65.17% on y-o-y basis. However, as compared to total income, it marginally increased to 19.50% for the FY 2009 vis-à-vis 18.46% for the FY 2008. This was on account of increase in the headcount in anticipation of the planned expansion of the business.

Other Operating Expenses

The other operating expenses for the FY 2009 was ₹ 573.95 Lacs as compared to ₹ 395.93 Lacs for the FY 2008. The other operating expenses was 21.66% of the total income for the FY 2008 has come down marginally to 20.08% for the FY 2009.

General and Administrative Expenses

The general and administrative expenses for the FY 2009 was ₹ 419.70 Lacs as compared to ₹ 313.88 Lacs for the FY 2008. General and administrative expenses as a percentage of total income decreased from 17.17 % in the FY 2008 to 14.68 % in the FY 2009.

Profit before Interest, Depreciation, Amortization and Tax (PBIDTA)

The PBIDTA for the FY 2009 was ₹ 924.87 Lacs as compared to ₹ 547.35 Lacs in FY 2008. The PBIDTA as compared to total income increased to 32.36% for the FY 2009 vis-à-vis 29.94% for the FY 2008. The main reason for increase in PBIDTA is due to increase in ARR, occupancy levels and new hotels being made operational.

Depreciation and Interest Cost

The depreciation for the FY 2009 was ₹ 302.11 Lacs as against ₹ 142.22 Lacs for the FY 2008. There was an increase in depreciation by 112.42% on y-o-y basis. The interest and other finance expenses for the FY 2009 were ₹ 429.39Lacs as against ₹ 233.40 Lacs in FY 2008. Interest as compared to total income increased to 15.02% for the FY 2009 vis-à-vis 12.77% for the FY 2008. The increase in interest cost is due to the full year operation of the OMR hotel, Chennai.

Profit before Tax

The profit before tax for the FY 2009 was ₹ 193.37 Lacs as compared to ₹ 171.73 Lacs for the FY 2008. The profit before tax as a percentage of total income has decreased to 6.77% in this period from 9.39% in FY 2008. This decline was mainly because of increase in food & beverage cost, other operating expenses, employee cost, interest cost and depreciation amortization.

Taxation

The total tax paid by the Company including the deferred tax for FY 2009 was ₹ 96.49 Lacs as compared to ₹ 120.36 Lacs for FY 2008. The effective tax rate in FY 2009 was 3.38% as compared to 6.58% in FY 2008.

Profit after Tax

The profit after tax for FY 2009 was ₹ 96.88 Lacs. The net profit margin for FY 2009 was 3.39% as compared to 2.81% in FY 2008.

Secured Loans

The Secured Loans outstanding for the FY 2009 was ₹ 5319.50 Lacs as against ₹ 3473.28 Lacs for the FY 2008. The reason for increase in secured loan is due to the implementation of the Kodaikanal hotel and commencement of construction of Coimbatore hotel.

Fixed Assets

The net fixed assets (including capital work in progress) increased to ₹ 13741.11 Lacs during the FY 2009 from ₹ 9215.99 Lacs in the FY 2008. This growth of 49.10% in the FY 2009 as against the FY 2008 was mainly due to the cost incurred on Kodaikanal and Coimbatore projects.

Results of operations for the FY 2008 as compared to the FY 2007.**Income from Operations**

The income from operations increased from ₹ 1231.00 Lacs in the FY 2007 to ₹ 1774.65 Lacs in the FY 2008, registering a growth of 44.16% on y-o-y basis. This was due to the overall growth in ARR and occupancy rates across the hotels in line with the growth in the economy.

Room Revenue

The room revenues increased to ₹ 781.69 Lacs for the FY 2008 from ₹ 378.79 Lacs for the FY 2007, registering a growth of 106.37% 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 42.76% of the total income in FY 2008 as compared to 30.16% in FY 2007.

The occupancy rates at individual hotel properties for the FY 2008 are given below:

Property	Occupancy (%)
QIS, TNAGAR	80.18%
QHSC, OMR	43.65%

Food and Beverage Revenue

The food and beverage revenue increased to ₹ 863.57 Lacs in the FY 2008 from ₹ 603.02 Lacs in the FY 2007, registering a growth of 43.21% on y-o-y basis.

Other Service Charges

The revenue from other service charges decreased to ₹ 129.39 Lacs in FY 2008 from ₹ 249.192 Lacs in FY 2007, a decline of 48.08% on y-o-y basis.

Other Income

The other income comprises of exchange gain, interest earned, shops and rental, credits written back and miscellaneous income. The other income increased by 112.68% on y-o-y basis to ₹ 53.41 Lacs for the FY 2008 as compared to ₹ 25.11 Lacs for the FY 2007. This increase has been mainly due to interest on Term Deposits.

Expenditure

The total expenditure for the FY 2008 was ₹ 1280.70 Lacs as against ₹ 844.20 Lacs for the FY 2007, an increase of 51.71% on y-o-y basis. This growth was in line with the increase in turnover. The total

expenses for the FY 2008 comprised 70.06% of the total income as against 67.21% for the FY 2007, only a marginal increase.

Food & Beverage Costs

The Food & Beverage costs for the FY 2008 was ₹ 233.38 Lacs as against ₹ 195.58 Lacs for the FY 2007. The Food & Beverage costs witnessed an increase of 19.33% 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. However, the Food & beverage cost was 27.02% compared to the food & beverage revenue in the FY 2008 as against 32.43% in FY 2007.

Employee Costs

Employee costs increased to ₹ 337.52 Lacs in FY 2008 from ₹ 170.61 Lacs in FY 2007, registering an increase of 97.84% on y-o-y basis. This growth was mainly on account of bonus, incentives and pay revision to the employees.

Other Operating Expenses

The other operating expenses for the FY 2008 was ₹ 395.93 Lacs as compared to ₹ 270.40 Lacs for the FY 2007, an increase of 46.42% on y-o-y basis. However, the operating expenses as a percentage of total revenue gone up only marginally from 21.53% for the FY 2007 to 21.66% for the FY 2008.

General and Administrative Expenses

The general and administrative expenses for the FY 2008 were ₹ 313.88 Lacs as compared to ₹ 207.62 Lacs for the FY 2007. General and administrative expenses increased by 51.18% on y-o-y basis. However the general and administrative expenses has gone up marginally from 17.17% for the FY 2008 vis-à-vis 16.53% for the FY 2007.

Profit before Interest, Depreciation, Amortization and Tax (PBIDTA)

The PBIDTA for the FY 2008 was ₹ 547.35 Lacs witnessing a growth of 32.88% on y-o-y basis as compared to ₹ 411.91 Lacs for the FY 2007. This increase was mainly due to increased ARR and occupancy levels.

Depreciation and Interest Cost

The depreciation for the FY 2008 was ₹ 142.22 Lacs as against ₹ 90.37 Lacs for the FY 2007. The increase was due to capitalization of the OMR hotel which commenced operations from September 2007. The interest and other finance cost for the FY 2008 was ₹ 233.40 Lacs as against ₹ 131.96 Lacs for the FY 2007. There was an increase of 76.87% on y-o-y basis due to utilization of cash credit facility for working capital requirements & term loans for capital expenditure and renovations of the existing hotels.

Profit before Tax

The profit before tax for the FY 2008 was ₹ 171.73 Lacs as compared to ₹ 189.57 Lacs for the FY 2007. The profit before tax decreased to 9.39% of the total income in the FY 2008 vis-à-vis 15.09% in the FY 2007. This was mainly due to the increase in the interest costs.

Taxation

The total tax paid by the Company including the deferred tax for FY 2008 was ₹ 120.36 Lacs as compared to ₹ 46.33 Lacs for FY 2007. The effective tax rate in FY 2008 was 6.58%.

Profit after Tax

The profit after tax for FY 2008 was ₹ 51.37 Lacs as compared to ₹ 235.90 Lacs for FY 2007. The main reason for reduction in Profit after Tax is due to higher interest and depreciation cost.

Fixed Assets

The net fixed assets (including capital work in progress) increased to ₹ 9215.99 Lacs at end of the FY 2008 from ₹ 5776.25 Lacs for the FY 2007. The addition to fixed assets in 2007 was mainly due the OMR Hotel, which was capitalized on September 15, 2007.

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 the 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 the 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

The ARR and occupancy is dependent on the demand and supply of hotel rooms at the respective centers where the 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 the hotel operations aimed at cost control and reduction. We expect to continue this effort of improving the processes and methodologies for setting up new hotel properties and operating the hotels. Other than as described in this section in this Draft Red Herring Prospectus, to the best of the 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 the capacities in terms of the rooms available as well as the food and beverage outlets. The ARR's have also been increasing over a period of time at the T.Nagar and OMR Hotels. These factors have contributed to increase in the revenues.

Total turnover of each major industry segment in which the issuer company operated

The Company is engaged only in the hotel business which is the only industry segment in which the 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 the business except for Kodaikanal resort which is seasonal sector.

Over dependence on Single supplier/ Customer

We cater to a wide customer base including international and domestic business and leisure travelers. The threat from excessive dependence on a single customer is not significant as the customer base is well diversified. We source the raw materials from diverse suppliers.

Competitive conditions

Please refer to the "Business Overview" section on Page 67 for details of competition.

Details of material developments after the date of last financial statement i.e. after June, 30, 2010 -

The Company is converted as a Public Limited Company with effect from 20th July 2010. All Term loans and Cash Credit facilities availed from Axis Bank Ltd and Oriental bank of Commerce has been taken over by State Bank of Bikaner and Jaipur and State Bank of Mysore during the current financial year. Other than mentioned there are no circumstances since the date of last financial statements as disclosed in the offer document and which materially and adversely affect or is likely to affect the trading or profitability of the issuer, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

CHANGES IN ACCOUNTING POLICIES

There has been no change in the accounting policies of the company for the past three financial years viz., for the financial years ended 31st March 2010, 31st March 2009 and 31st March 2008 and for financial quarter ended 30th June 2010.

SECTION V - LEGAL AND REGULATORY INFORMATION**OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES****I. CONTINGENT LIABILITIES NOT PROVIDED FOR:**

The contingent liabilities not provided for as on 30/06/2010 are as follows:

Particulars	Amount (₹ in lacs)
Bank Guarantee in respect of export obligations for capital goods imported under Export Promotion Capital Goods (EPCG) Scheme	207.13
Total	207.13

II. OUTSTANDING LITIGATIONS INVOLVING SABARI INN LIMITED:

The Issuer Company has certified that except as stated herein there are no:

- Pending litigations against the company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under the Companies Act 1956 (1 of 1956).
- Cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation taken by Securities and Exchange Board of India(SEBI)/ Stock Exchanges against the Company, its directors , promoters and their other business ventures.
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigation, disputes, defaults, non-payment of statutory dues, proceedings initiated for offences (including past cases and irrespective of whether specified in paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against the promoters and their business ventures.

Pending litigations, defaults, non-payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by Securities and Exchange Board of India against the Company/Promoters and their business ventures/Directors

CASES FILED AGAINST THE COMPANY

- Civil Cases - NIL
- Criminal Cases - NIL
- Others

The Company has permission for construction of hotel at Thirumalai Pillai Road, T Nagar, Chennai 600 017 for basement plus ground plus three floors vide permission no. 000582 dated 8th May 2001. The Company vide application dated 29th November 2001 applied for regularization

of three additional floor and had paid the requisite fee for such regularization. Subsequently the Company received a notice dated 20th December 2001 calling for the approved plan, to which the Company replied explaining that the Company has already made an application for regularization for additional floors. The Government of Tamil Nadu vide ordinance dated 27th July 2007 suspended all punitive actions for a period of one year from the date of ordinance in respect of any notice issued by any local authority or any other authority empowered under relevant law with regard to any unapproved development completed prior to the date of the ordinance. This ordinance was followed thereafter by subsequent ordinances for a period of one year each. As on the date of this Report, the Tamil Nadu Ordinance No. 1 of 2010 has been promulgated which will be in force for a period of one year from 27th July, 2010.

CASES FILED AGAINST THE COMPANY UNDER LABOUR LAWS: NIL

PENDING LITIGATION UNDER CENTRAL EXCISE ACT AND SERVICE TAX ACT: NIL

PENDING DISPUTES UNDER INCOME TAX ACT: NIL

III. OUTSTANDING LITIGATIONS INVOLVING DIRECTORS OF COMPANY

- (a) Proceedings of civil nature
 - (i) By the Directors - NIL
 - (ii) Against the Directors - NIL
- (b) Proceedings of criminal nature
 - (i) By the Directors - NIL
 - (ii) Against the Directors -

Following two cases have been filed against the Directors of the Company.

Sr. No.	Reference to Case No.	Opposite Party	Brief facts of the case
1.	Criminal M C No. 846 of 2009, In the court of the Sessions Judge, Ernakulam.	State of Kerala Represented by Detective Inspector CB (CID), Ernakulam Vs. Delta Innovative Enterprises Ltd.	CB CID, Ernakulam registered crime No. 17/CR/S-II/08 against Delta Innovative Enterprises Ltd. ("Delta") and others for offences punishable under section 420 read with 34 of Indian Penal Code. The prosecution case is that during 2000 - 2001, the accused persons, in furtherance of common intention to cheat the defacto complainant Smt. Omana Jacob and six others, collected an amount of Rs.5,05,720/- by offering to open franchisees to a satellite communication services of Delta in certain

		and others	areas of Kerala (Idukki, Ernakulam and Kottayam) which was proposed to provide easy, fast and costless communication facility. The de facto complainant and others executed an agreement with Delta and deposited the amount as demanded by Delta. Subsequently, contrary to the agreement the accused persons violated the terms and conditions of the agreement and absconded and thereby committed the offence punishable under section 420 read with section 34 of Indian Penal Code. Further, it is the case of the prosecution that Mr. R. Thiagarajan, Director of the Company was a Director of Delta and has been arrayed as the 5th accused. Mr. P Vaidyanathan, another Director of the Company has been arrayed as the 4th accused. The complaint is pending.
2.	C C No. 5482 of 2003 In the court of the XIV Metropolitan Magistrate, Egmore Chennai	HCL Coronet Systems and Services Ltd., 4th Floor, Wing II, Nelson Towers 117, Nelson Manickam Road Chennai 600 029. Vs Delta Innovative Enterprises Ltd., Sankar Towers 119, Dr. Radhakrishnan Salai Chennai 600 004 and three others.	HCL Coronet Systems and Services Ltd. ("HCL Coronet") is the complainant. It has alleged in the complaint as follows: The complainant is engaged in the business of providing various kinds of telecom and software services to their customers throughout the country. In the course of business , Delta Innovative Enterprises Ltd. ("Delta"), the 1st accused placed purchase orders dated 24.6.1999 and 3.1.2000 to avail V sat services from the complainant to the tune of ₹ 74,97,945/- . Since the amount payable got accumulated, the 1st accused signed a revenue sharing agreement dated 1.2.2002, in terms of which the 1st accused promised to settle a sum of ₹ 12 lakhs on or before 1.5.2002, ₹ 12 lakhs on or before 1.8.2002 ₹ 25 lakhs on or before 11.11.2002 and the balance of ₹ 25,97,942/- on

			or before 1.2.2003. In pursuance of the agreement, the 1st accused handed over to the complainant 4 post dated cheques in favour of the complainant in discharge of its liability. The cheques were signed by the 2nd accused on behalf of the 1st accused. When the cheque dated 1.2.2003 for ₹ 25,97,945/- was presented for payment, the same was returned with endorsement "insufficient funds". The complainant has filed the complaint under section 138 of the Negotiable Instruments Act against Delta, its Managing Director, Executive Director and Mr. R Thiagarajan, who was a Director of Delta. The complaint is pending. The last date of hearing was on 24/4/2010 and the next date of hearing is on 22/12/2010.
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IV. OUTSTANDING LITIGATIONS INVOLVING PROMOTER AND GROUP COMPANIES

- (a) Proceedings of civil nature
 - (i) By the promoters/group entities : NIL
 - (ii) Against the promoters/group entities: NIL
- (b) Proceedings of a criminal nature
 - (i) By the promoters/ group entities: NIL
 - (ii) Against the promoters/ group entities: NIL
- (c) Cases under Income tax Act against the Group Entities:

BY THE PROMOTER/GROUP ENTITIES: NIL

MATERIAL DEVELOPMENTS

Significant development since the last audited financial statement as on June 30, 2010 till the date of Draft Red Herring Prospectus

No circumstances have arisen since the date of last financial statement until the date of filing of this Draft Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of the Company, or value of its assets, or its ability to pay its liability within next twelve months.

There is no subsequent development after the date of the Auditor's Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of the Company.

GOVERNMENT/ STATUTORY AND BUSINESS APPROVALS

On the basis of the indicative list of approvals below, the Company is permitted to carry on business activities and no further approvals from any Government authorities/RBI are required by the Company to undertake the business of the Company. It must be distinctly understood that, in granting these licenses, the Government of India and/or RBI does not take any responsibility for Company's financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

The Company has obtained necessary approvals and registrations from various authorities in relation to its business activities; which include:

Approvals for the IPO

1. The Board of Directors have been authorized by a special resolution passed at the extra ordinary general meeting of the members of the company held on July 13th, under section 81(1A) of the Companies Act for the proposed IPO.
2. ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients, India Opportunity Real Estate Fund (Mauritius) have consented to the transfer of shares pursuant to the Offer for Sale in terms of their consent letter dated December 09, 2010 & December 08, 2010 respectively.

Tax Registrations

1. Permanent Account Number "AADCS2249H" issued by Income Tax Department under the Income Tax Act 1961 on 01.04.1999.
2. The Tax Deduction Account Number No. "CHES05798C" issued by Office of Deputy Commissioner, Income Tax, (TDS).

Certificate of Registration No.3331561390 dated 19.01.2007 under Tamil Nadu Value Added Tax, 2006 issued by the Commercial Tax Officer, T Nagar (East) Assessment Circle, Chennai.

Company Approvals

1. Certificate of Registration No.3331561390 dated 19.01.2007 under Tamil Nadu Value Added Tax, 2006 issued by the Commercial Tax Officer, T Nagar (East) Assessment Circle, Chennai.
2. Certificate of Importer and Exporter Code No. IEC: 0401018440 dated 21.11.2001 issued by the Assistant Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India..
3. The Corporate Identity Number of the Company issued by the Registrar of Companies, Tamil Nadu is U55101TN1999PLC042205.
4. Certificate of Incorporation No. 18-42205 dated 01.04.1999 issued by the Registrar of Companies, Tamil Nadu in the name of SABARI INN PRIVATE LIMITED.

5. The Company has changed its name from SABARI INN PRIVATE LIMITED to SABARI INN LIMITED on 13.07.2010 and has been notified by the Registrar of Companies, Tamil Nadu w.e.f 20.07.2010

Hotel Approvals

HOTEL "QUALITY INN SABARI" T- Nagar, Chennai

Sr. No.	Name of the License/Approval/ Certificate	License/ Registration No.	Granting Authority	Valid Up to
1.	Classification of the Hotel as Four Star	24 HRACC 07/10	Deputy Director General (H&R) Department of Tourism, Government of India New Delhi	12/11/2015
2.	Certificate of registration of users of weights and measures under the standards of weights and Measures (Enforcement) Act, 1985 for combined liquor measurement.	5365980	Asst. controller/Inspector of Legal Metrology	-
3.	Registration Certificate issued under Section 101 of Tamil Nadu Public Health Act, 1939. (License has been issued in the name of Mr. K.R.V. Ramani, as the keeper of the "lodging house" for not more than 72 persons in 32 rooms)	Z O VIII-AHO VIII-C No./372/10	Assistant Health Officer, Zone VIII, Corporation of Chennai	Valid for the year 2010 - 2011
4.	Renewal License under section 279 of the CCMC Act (License for running a Restaurant in the Hotel. This License has been issued in the name of Mr. K.R.V. Ramani)	0119050305 dated 10.03.2010	Revenue Officer Corporation of Chennai	Official year ending 31.03.2011
5.	Fire and Rescue Services License for Basement+ Ground floor+6 floors	65/2010 (Renewal) dated 19.03.2010	DGP/Director Fire & Rescue Services, Tamil Nadu	19.03.2011
6.	Certificate of verification of weights, measures etc. under the standards of weights and	Certificate No. 5365980 dated 20.08.2010	Inspector of Legal Metrology Circle 7,	19.08.2011

Sr. No.	Name of the License/Approval/ Certificate	License/ Registration No.	Granting Authority	Valid Up to
	Measures (Enforcement) Act, 1985 - for the weighing machines		Chennai 600 015.	
7.	Certificate of Registration under Central Sales Tax (Registration and Turnover) Rules, 1957 For food and drinks, icecream, sweets and savouries for (for resale) Rice, wheat, provisions and equipments and instruments for use in manufacture or processing of goods for sale and general goods Generators for use in the generation and distribution of electricity or any form of power. Poly Bags, Cartons and Paper for use in packing goods for sale/resale.	CST No.773390/ Dated 6.6.2000	Commercial Tax Officer, T Nagar (East), Assessment Circle	Valid until cancelled
8.	Renewal of FL. 3 License (bearing no. 32/02-03) under the Tamil Nadu Liquor (License and Permit) Rules, 1981 to possess and sell draught beer	dated 07.07.2010	Commissioner of Prohibition and Excise Chennai 600 005	Valid for the year 2010 - 2011
9.	Consent Order under section 25 of Water (Prevention and Control of Pollution) Act, 1974 for discharge of sewage and trade effluent. The consent is subject to operating the sewage treatment plant and other the conditions mentioned therein.	Consent Order R.I.R No. DEE/TNPCB/O M 76/W & A/AI/2008-1 dated 13.05.2008	District Environmental Engineer TNPC Board Chennai 600 106	31.03.2012
10.	Consent Order under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for operation of industrial	Consent Order R.I.R No. DEE/TNPCB/O M 76/W &	District Environmental Engineer TNPC Board	31.03.2012

Sr. No.	Name of the License/Approval/ Certificate	License/ Registration No.	Granting Authority	Valid Up to
	plant in the Air Pollution area and to make new discharge of emission from the stacks. The consent is subject to the adherence of the AAQ/Emission standards prescribed by the Board.	A/ AI/2008-1 dated 13.05.2008	Chennai 600 106.	
11.	Structural Stability Certificate for Basement + Ground Floor + 6 Upper Floors	Certificate dated 26.03.2010	Mr. S Nagesh, Chartered Engineer, Flat B-1, 26, II Main Road Kasturba Nagar Chennai 600 020	25.03.2012
12.	Registration under Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Registration No. TN/50274 dated 03.04.2003	Assistant Provident Fund Commissioner Employees Provident Fund Organization Regional Office, Tamil Nadu Region, Chennai	Valid till cancelled
13.	Registration under Employees' State Insurance Act, 1948	Code No. 51-77415-112 Dated 03.02.2003	Deputy Director of Inspection Regional Office (Tamil Nadu) Employees' State Insurance Corporation, Chennai	Valid until cancelled
14.	Renewal of registration under section IXA of Tamil Nadu Tax on Luxury Hotel and Lodging Houses Act, 1981	LTH 01898/2002-03	Assistant Commissioner (CT) T Nagar (E) Assessment Circle	N.A
15.	Service Tax Registration for the services of Mandap Keeper and Outdoor Catering	AADCS2249HST0 01 dated 29.08.2007	Superintendent of Service Tax (Tech), Service Tax Commissionerate, Chennai	Valid until cancelled

Hotel "QUALITY Hotel SABARI CLASSIC", OMR, Chennai

Sr. No.	Name of the License/Approval/Certificate	License/Registration No.	Granting Authority	Valid Upto
1.	Classification of the Hotel as Three Star	INDTOUR/ Chennai HRACC/ 2007 (TN) 771 dated 21.11.2007	Regional Director & Convener General HRACC (South) Department of Tourism, Government of India Southern Regional Office Chennai	Valid for a period of 5 years i.e. until 21.11.2012
2.	Fire and Rescue Services License for Basement+ Ground floor+3 floors+ Duct Floor	License No. 230/2010 (Renewal) dated 20.08.2010	DGP/Director of Fire & Rescue Services, Tamil Nadu	27.08.2011
3.	Renewal of FL.3 License bearing No. 31/07-08 under the Tamil Nadu Liquor (License and Permit) Rules, 1981.	K.Dis. P&E 2(4)/3176/ 2010 dated 04.08.2010	Commissioner of Prohibition and Excise, Chennai	Valid for the year 2010 - 2011
4.	Structural Stability Certificate	dated 19.12.2009	Mr. Alex Jacob, Consulting Engineer 48, MGR Road, Kalakshetra Colony, Chennai-600 090	N.A
5.	Public Performance License for all Sound Recordings controlled by Phonographic Performance Ltd.	License No. 13/M/40182	Phonographic Performance Ltd.	14.08.2012
6.	Registration under Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Registration No. CHN/RO/TN/53 191/CC-I [13]/2007 dated 10.01.2008	Assistant Provident Fund Commissioner (C & R) Employees Provident Fund Organisation Chennai and Puducherry Region 37, Royapettah High Road Chennai 600 014	Valid till cancelled
7.	Registration under Employees' State Insurance Act, 1948	Code No. 51- 88036-111 dated 20.12.2007	Deputy Director of Inspection Regional Office	Valid until cancelled

Sr. No.	Name of the License/Approval/ Certificate	License/ Registration No.	Granting Authority	Valid Upto
			(Tamil Nadu) Employees' State Insurance Corporation 143, Sterling Road Chennai 600 034.	
8.	Licence under section 30 of the Copyright Act, 1957 authorising to perform all musical & literary works controlled by The Indian Performing Right Society Ltd.	Licence No. GL:CHN:00485	The Indian Performing Right Society Ltd.	31.10.2010
9.	Licence for Industries and Factories for running a Hotel.	Licence No.607 dated 17.06.2010	Commissioner, Panchayat Union Thiporur	31.03.2011
10.	Certificate of Registration for a Catering Establishment for employing not more than 250 persons	Registration No. 348 dated 19.11.2007	Assistant Inspector of Labour, Chingleput	31.12.2010
11.	Certificate of Registration under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 to employ a maximum of 82 contract labourers from the contractor FL Smidth Pvt. Ltd. for catering service	License No.1370/09 dated 12.08.2009	Inspector of Labour, Kancheepuram	31.12.2010
12.	Land use letter for the Hotel.	Roc. No.26299/2005-MP1 dated 16.11.2005	Director of Town and Country Planning	-
13.	Service Tax Registration for the services of Mandap Keeper and Outdoor Catering	AADCS2249HST0 02 dated 31.10.2007	Superintendent of Central Excise & Service Tax, Tambaram Division	Valid until cancelled
14.	Planning Permit for construction of hotel	Doc.No. 9/2006 dated 19.07.2006	Member Secretary, Planing Authority, Mamallapuram	NA
15.	Registration Certificate issued under Section 101 of Tamil Nadu Public Health Act, 1939.	1475/S2/06 dated 27.04.2006	Block Health Suprevisor, Thiruporur Block, Kelambakkam	Valid for the year 2010 - 2011
16.	Registration under section 9-	Renewal Receipt	Commercial Tax	Valid

Sr. No.	Name of the License/Approval/ Certificate	License/ Registration No.	Granting Authority	Valid Upto
	a of the Tamil Nadu Tax on Luxuries in Hotel and Lodging Houses Act, 1981	No.0627159	Officer (FAC)	

Hotel "QUALITY INN SABARI RESORTS", Kodaikanal

Sr. No.	Name of the License/Approval/ Certificate	License/ Registration No.	Granting Authority	Valid Upto
1.	Classification of the Hotel as Three Star	INDTOUR/ Chennai HRACC/ 2009 (TN) 1079 dated 26.10.2009	Regional Director & Convenor. HRACC (South) Indiatourism (Chennai) Southern Regional Office 154, Anna Salai Chennai 600 002	Valid for a period of 5 years i.e. until 19.10.2014
2.	NOC for running a Hotel dated August 18, 2009	Not Available	Inspector of Police Kodaikanal Dindigul District	Valid until Cancelled
3.	Structural Stability Certificate	Certificate dated 07.08.2009	Sri Balaji Constructions 65, Subramania puram Road Opp. Swamy Theatre, Palani 624 601	06.08.2012
4.	Licence under section 13 of Tamil Nadu Fire Services Act, 1985	Licence No. 23/2010 dated 03.03.2010	Circle Officer Fire Rescue Services Department Dindigul Circle Dindigul	02.03.2011
5.	Public Performance Licence for all Sound Recordings controlled by Phonographic Performance Ltd.	Licence No. 13/M/40178	Phonographic Performance Ltd.	14.08.2012
6.	Licence under section 30 of the Copyright Act, 1957 to publicly perform any Musical Works and any words or any action intended to be sung, spoken or performed with the music	Licence No. GL:KODAI-00011	The Indian Performing Right Society Ltd.	30.6.2011

Sr. No.	Name of the License/Approval/ Certificate	License/ Registration No.	Granting Authority	Valid Upto
7.	Registration under Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Registration No. TN/MD/58478 w.e.f 01.05.2009	Assistant Provident Fund Commissioner (C&R) Madurai	Valid till cancelled
8.	Licence for Industries and Factories for boarding and lodging	Licence No. 766	Commissioner, Municipality of Kodaikanal	31.03.2011
9.	Licence under Madras Public Building (Licence) Act, 1965 to accommodate 100 persons for Boarding and Lodging	Licence No. 8/2009 Registration No. 8/2009 dated 20.07.2009	Tahsildar Taluk Office Kodaikanal	06.08.2012
10.	Registration certificate in respect to catering establishment	Registration No. 289 dated 6.7.2009	Asst Inspector, Labour, Kodaikanal	31.12.2010
11.	Service Tax Registration	AADCS2249HSD 005	Commissioner, Service Tax	Valid

HOTEL PROJECT, Coimbatore

Sr. No.	Name of the License/Approval/ Certificate	License/ Registration No.	Granting Authority	Valid Upto
1.	Approval for project construction of 3 star Hotel. The classification to be awarded after the Hotel is fully functional.	Letter No. INDTOUR/CHENNAI/HTL/APL/2009(TN)/10 dated 10.7.2009	Regional Director (South), India Tourism, Chennai, Southern Regional Office, 154, Anna Salai, Chennai 600 002.	If the Hotel project is not completed within 5 years, the approval is deemed to have been withdrawn
2.	No Objection Certificate for construction at Sy No. 114/2C2, 116/1B2, 116/2A2, Mylampatati, Avinashi Road, Coimbatore 641 014. The Certificate is for the purpose of clearance from the angles of safety and for height clearance only.	No.AAI/SR/NOC/R HQ in Case No. 585/08 dated 4.12.2008	Senior Manager Airports Authority of India Southern Region Chennai Airport Chennai 600 027.	Valid for a period of 5 years i.e. until 03.12.2013
3.	No Objection Certificate for construction of hotel having two basements + Ground Floor + 6	Letter No. 15888/E1/2010 dated 03.08.2010	Director Fire and Rescue Operations Deptt.	Until cancelled

Sr. No.	Name of the License/Approval/Certificate	License/Registration No.	Granting Authority	Valid Upto
	Floors and a height not exceeding 29.6 mtrs. The original certificate was dated 17.11.2008. The fresh NOC was provided when there was an amendment in the height of the building from 28 mtrs to 29.6 mtrs.		Chennai	
4.	Approval for new sub-division of various survey numbers in Mylampatti Village.	RTR/545/2007-E2 Dated nil	Tasildhar Palladam	-
5.	No Objection Certificate for construction of a hotel on Salem – Cochin Road. NOC is subject to the conditions specified therein.	4938/2008 dated 7.9.2009	Circle Engineer, Highways, Coimbatore.	-
6.	No Objection Certificate for construction of the Hotel. Based on notarsied copy	Lr No. G2/56288/2008 dated 29.1.2009	Superintendent of Police, Coimbatore District	-
7.	Proceedings to declare the land in the survey nos 114/2C2, 114/2C3, 116/1B2, 1B3, 2A2 and 116/2A3 of Mayilampatty Village, Avinashi Road, Coimbatore as Multi-storied building area subject to conditions mentioned therein.	ROC No. 25689/2008/Special Cell dated 8.10.2009	Commissioner of Town and Country Planning, Chennai 600 002.	-
8.	Planning Permit for construction of Hotel on the land in S No. 114/2C2, 116/1B2 and 116/2A2 in Mylampatti Village, Palladam Circle, Coimbatore District.	Order No.17735/2010 Dated 05.09.2010 (Subject to conditions mentioned therein. Actual permission to be issued by the local authority at Coimbatore.)	Director, Town & Country Planning, Government of Tamil Nadu	-
9.	Certificate of Registration under section 7(3) of the Building and other construction workers (Regulation of Employment and Conditions of Service) Act, 1996 for a maximum of 300 workers being employed on any particular day for the Hotel project	RC. No. 0072010DCIFICBE dated 19.07.2010	Deputy Chief Inspector of Factories, 1 Division, Coimbatore	December 2010
10.	Structural Stability Certificate for 2	Certificate dated	Mr. N.N. Nagendra	-

Sr. No.	Name of the License/Approval/Certificate	License/Registration No.	Granting Authority	Valid Upto
	Basement+ Ground Floor+ Eight Floors+ Swimming Pool and Health Club at Terrace	13.01.2009	Kumar, Structural Engineer, 1307, Brigade Towers, 135, Brigade Road, Bangalore 560 025	

Hotel "SABARI'S NEST", Chennai

Sr. No.	Name of the License/Approval/Certificate	License/Registration No.	Granting Authority	Valid Upto
1.	Consent Order under section 25 of Water (Prevention and Control of Pollution) Act, 1974 for discharge of sewage and trade effluent subject to the conditions mentioned in the Consent Order. The consent is subject to the Company setting up a package treatment plant for treatment of sewage and garbage is to be disposed in the manner specified.	3 rd renewal of Consent Order No. 767	District Environmental Engineer TNPC Board Chennai 600 106	31.3.2011
2.	Consent Order under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for operation of industrial plant in the Air Pollution area and to make new discharge of emission from the stacks. The consent is subject to the adherence of the AAQ/Emission standards prescribed by the Board.	3 rd renewal of Consent Order No. 772	District Environmental Engineer TNPC Board Chennai 600 106.	31.3.2011
3.	Fire and Rescue Services License for Ground floor Mezzanine + 5 floors subject to the conditions mentioned therein.	248/2010 (Renewal) dated 08.09.2010	DGP/Director Fire & Rescue Services, Tamil Nadu	09.02.2011
4.	Registration under Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Registration No. TN/54261 dated 08.07.2009	Assistant Provident Fund Commissioner Employees Provident Fund Organisation Regional Office,	Valid till cancelled

Sr. No.	Name of the License/Approval/Certificate	License/Registration No.	Granting Authority	Valid Upto
			Tamil Nadu Region 37, Royapettah High Road Chennai 600 014	
5.	Registration under the Employees State Insurance Act, 1948	Code No. 51-88036-111 dated 01.10.2009	Asst. Director, Regional Office, ESIC, 143, Sterling Road, Chennai	Valid until cancelled
6.	Registration under section 9-a of the Tamil Nadu Tax on Luxuries in Hotel and Lodging Houses Act, 1981	TNTL/05332/2008-09	-	Application for renewal made
7.	Registration Certificate issued under section 101 of the Tamilnadu Public Health Act, 1939 authorising to receive upto 70 lodgers in 35 rooms.	Vj/AHO-VI/C.No: 1303/10 dated 14.08.2010	Assistant Health Officer, Zone VI, Corporation of Chennai	Valid for the year 2010 - 2011
8.	Application dated 2.3.2010 has been made by the Company for license for food handlers - for the year 2010-11. The Application is pending before the competent authority	-	-	-
9.	Certificate of Registration for a Catering Establishment for employing not more than 50 persons	License No. 257/2009 dated 12.5.2009	Assistant Inspector of Labour, 15 th Circle, Chennai 600 035	31.12.2010
10.	Public Performance License for all Sound Recordings controlled by Phonographic Performance Limited	License No. 13/M/40180	Phonographic Performance Limited	14.08.2012
11.	Registration under section 9-a of the Tamil Nadu Tax on Luxuries in Hotel and Lodging Houses Act, 1981	-	Commercial Tax Officer	Valid

Hotel "SABARI'S NEST", Bangalore

Sr. No.	Name of the License/Approval/Certificate	License/Registration No.	Granting Authority	Valid Upto
1.	Registration under Employees'	Registration No.	Assistant Provident	Valid till

SABARI INN LIMITED

Sr. No.	Name of the License/Approval/Certificate	License/Registration No.	Granting Authority	Valid Upto
	Provident Funds and Miscellaneous Provisions Act, 1952	KN/44072 dated 31.03.2010	Fund Commissioner EPFO, Regional Office (Compliance Wing), Bangalore, Karnataka	cancelled
2.	Registration Certificate of Establishment under the Karnataka Shops & Commercial Establishments Act, 1961	76/KN - 5611/2009	Office of the Inspector, Bangalore, Karnataka	31.12.2013
3.	Registration for Luxury Taxes	L04312019 dated 01.06.2009	Asst. Commissioner of Commercial Taxes (Luxury Tax) - 43, Bangalore 20	Valid until cancelled
4.	The Company has vide its letter dated February 9, 2010 made an application for registration under ESIC. The Company is awaiting the allotment of the sub code under ESIC.	-	-	-

Hotel "SABARI'S NEST, Coimbatore

Sr. No.	Name of the License/Approval/Certificate	License/Registration No.	Granting Authority	Valid Upto
1.	Classification of the Hotel as Two Star	INDTOUR/ Chennai HRACC/ 2009(TN)/1092 dated 30.11.2009	Regional Director (I/C) & Convener, HRACC (South) Department of Tourism, Government of India Southern Regional Office Chennai	Valid for a period of 5 years i.e. until 23.10.2014
2.	Public Performance License for all Sound Recordings controlled by Phonographic Performance Ltd.	License No. 13/M/40177	Phonographic Performance Ltd.	14.08.2012

Sr. No.	Name of the License/Approval/Certificate	License/Registration No.	Granting Authority	Valid Upto
3.	Registration under Employees' State Insurance Act, 1948	Code No. 56-109040-112 dated 29.5.2009	Asst. Director (IPN) Employees' State Insurance Corporation 1897, Trichy Road, Panchdeep Complex, Ramanathapuram, Coimbatore	Valid until cancelled
4.	Registration under Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Registration No. TN/CBE/77660	Assistant Provident Fund Commissioner Employees Provident Fund Organisation Regional Office, Coimbatore	Valid until cancelled
5.	Fire and Rescue Services License for Ground floor + 4 floors (The Company vide its letter dated August 9, 2010 had applied for renewal)	292/2009 (Renewal) dated 20.11.2009	Director Fire & Rescue Services, Tamil Nadu	05.08.2010
6.	No Objection Certificate for construction of the Hotel.	Dated 29.01.2009	Inspector of Police, B-4, Race Course, Coimbatore City	-
7.	Service Tax Registration for the services of Mandap Keeper and Outdoor Catering	AADCS2249HST003 dated 04.02.2009	Superintendent of Service Tax & Central Excise, III Division, Coimbatore	Valid until cancelled
8.	Agreement dated 14.9.2009 for supply of electrical energy for a maximum demand of 240KVA	-	Superintending Engineer, TNEB, Coimbatore	Valid until cancelled
9.	Structural Stability Certificate for Basement + Ground Floor + Three Floors	Certificate dated 06.04.2009	Mr. K Chandran, Chartered Engineer, 75.3/92, 1 st Floor, NS Road, Saibab Colony, Coimbatore	
10.	Certificate of Registration under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 to employ a maximum of 100 contract labourers from the contractor FL Smidth Pvt. Ltd. for catering service	License No.343 dated 05.01.2010	Inspector of Labour, Coimbatore	31.12.2010
11.	License to operate the lift bearing sr.	License No.	Lift Inspector cum	24.01.2011

Sr. No.	Name of the License/Approval/Certificate	License/Registration No.	Granting Authority	Valid Upto
	no. 11251 of Kone make under sub-section 3 of section 5 of the Tamilnadu Lifts Act, 1997	12/November/2009	Electrical Inspector Coimbatore (Central)	
12.	License to operate the lift bearing sr. no. A2106 of Johnson make under sub-section 3 of section 5 of the Tamilnadu Lifts Act, 1997	License No. 11/November/2009	Lift Inspector cum Electrical Inspector Coimbatore (Central)	02.03.2011
13.	Renewal of FL.3 License bearing No. 31/07-08 under the Tamil Nadu Liquor (License and Permit) Rules, 1981.	K.Did.P&E 2(1)/3744/2010 dated 28.08.2010	Commissioner of Prohibition and Excise, Chennai	Valid for the year 2010 – 2011
14.	Fire and Rescue Services License for Ground floor + 4 floors (The Company vide its letter dated August 9, 2010 had applied for renewal)	-	Director Fire & Rescue Services, Tamil Nadu	Valid

Approvals pending as on the date of filing of DRHP are as follows:

Sr. No.	Name of the License/Approval/Certificate	Expired on	Granting Authority	Status
Quality Inn Sabari T-Nagar Chennai				
2.	Renewal of license for the public performance of musical works under section 30 of the Copyright Act, 1957	30.11.2010	Licensing Dept., The Indian Performing Right Society Limited	Applied for renewal and renewal fees paid
2.	License to operate the lift bearing sr no. 8361 of Johnson Make under Rule 4 (2) and 5 (2) of Tamil Nadu Lift Rules 1997	9.11.2010	Electrical Inspector Chennai Division, Guindy, Chennai	Electrical Inspection done. Certificate awaited
3.	License to operate the lift bearing sr no. 8362 of Johnson Make under Rule 4 (2) and 5 (2) of Tamil Nadu Lift Rules 1997	9.11.2010	Electrical Inspector Chennai Division Guindy, Chennai	Electrical Inspection done. Certificate awaited
4.	License to operate the lift bearing sr no. 8363 of Johnson Make under Rule 4 (2) and 5 (2) of Tamil Nadu Lift Rules 1997	9.11.2010	Electrical Inspector Chennai Division Guindy, Chennai	Electrical Inspection done. Certificate awaited
5.	Public Performance License for all Sound Recordings controlled by	31.01.2011	Phonographic Performance Ltd.	Applied for renewal

	Phonographic Performance Ltd.			
6.	Certificate of Registration for a Catering Establishment for employing not more than 150 persons	31.12.2010	Assistant Inspector of Labour, 19 th Circle, Chennai	Applied for renewal
Quality Sabari Classic OMR				
1.	License to operate lift bearing Sr. No. 52903-0-A of Mistubishi Make under Rule 4(2) and 5(2) of Tamil Nadu Lift Rules 1997	09.08.2010	Electric Inspector Kanchipuram South Division Chennai	Electrical Inspection done. Certificate awaited
2.	License to operate Sr. No. 52904-0-A of Mistubishi Make under Rule 4(2) and 5(2) of Tamil Nadu Lift Rules 1997	09.08.2010	Electric Inspector Kanchipuram South Division Chennai	Electrical Inspection done. Certificate awaited
3.	License to operate Sr. No. 52905-0-A of Mistubishi Make under Rule 4(2) and 5(2) of Tamil Nadu Lift Rules 1997	09.08.2010	Electric Inspector Kanchipuram South Division Chennai	Electrical Inspection done. Certificate awaited
4.	License to operate Sr. No. 52906-0-A of Mistubishi Make under Rule 4(2) and 5(2) of Tamil Nadu Lift Rules 1997	09.08.2010	Electric Inspector Kanchipuram South Division Chennai	Electrical Inspection done. Certificate awaited
5.	Consent under section 21 of Air (Prevention and Control of Pollution) Act, 1974, subject to general and conditions specified in the Consent Order	31.03.2010	District environmental Engineer Tamin Nadu Pollution Control Board Kancheepuram District	Inspection completed. Certificate awaited
6.	Consent under section 21 of Water (Prevention and Control of Pollution) Act, 1974, subject to general and conditions specified in the Consent Order	31.03.2010	District environmental Engineer Tamin Nadu Pollution Control Board Kancheepuram District	Inspection completed. Certificate awaited
7.	License under section 30 of the Copyright Act, 1957 authorising to perform all musical & literary works controlled by The Indian Performing Right Society Ltd.	31.10.2010	The Indian Performing Right Society Ltd.	Renewal fees paid. Certificate awaited
8.	Consent under section 21 of Air	31.3.2010*	District	Inspection

	(Prevention and Control of Pollution) Act, 1981, subject to general and conditions specified in the Consent Order.		Environmental Engineer Tamil Nadu Pollution Control Board Kancheepuram District Maraimalai Nagar	completed. Certificate awaited
9.	Certificate of verification of weights, measures etc. under the standards of weights and Measures (Enforcement) Act, 1985 - for Peg measures	26.10.2010	Asst. controller/Inspector of Legal Metrology	Applied for and waiting for inspection
Quality Inn Sabari Resorts Kodaikanal				
1.	Renewal of registration under section IX A of Tamil Nadu Tax on Luxury Hotel and Lodging Houses act, 1981	13.05.2010	Commercial Tax Officer (FAC) Kodaikanal	Renewal Fees paid
2.	Sanitary Certificate	Certificate dated 20.07.2009	Municipal Health Officer Kodaikanal Municipality	Application made for renewal
3.	Registration Certificate issued under Section 101 of Tamil Nadu Public Health Act, 1939	NA	Commercial Tax Officer, Kodaikanal	Application made for renewal
5.	FL.3 License under Tamil Nadu Liquor License and permit Rules, 1981	NA	Commissioner P&E, Chennai	Inspection done. Certificate awaited
Sabari Nest Coimbatore				
1.	Consent Order under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for operation of Industrial plant in the Air Pollution area and to make new discharge of emission from the stacks	31.03.2010	District Environmental Engineer TNPC Board Chennai 600 106	Inspection done. Certificate awaited
2.	Consent Order under section 21 of the Water (Prevention and Control of Pollution) Act, 1974 for discharge of sewage and trade effluent	31.03.2010	District Environmental Engineer TNPC Board Coimbatore	Inspection done. Certificate awaited
3.	Registration under Section 9A of the Tamil Nadu Tax on luxuries in the Hotel and Lodging Houses, act 1981	01.02.2010	Assistant Commissioner(CT)	Applied for renewal
5.	Registration Certificate issued under		Assistant Health	Application

	Section 101 of Tamil Nadu Public Health Act, 1939.		Officer, Zone VI, Corporation of Chennai	for renewal made
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Note:

- Licenses to operate the lifts are in the name of Sabari Nest Inn Private Ltd.
- ***For Mark Boulevard, Whitefield, Bangalore***

At present the licenses and approvals are in the name of the Lessor. The company is in the process of applying for transfer of such of those licenses which are in the name of Licensor and which can be transferred in the name of the Company and in other cases, it is in the process of applying for licenses in its favour.

OTHER REGULATORY AND STATUTORY DISCLOSURES

A) AUTHORITY FOR THE PRESENT ISSUE

The shareholders of Sabari Inn Limited have authorized the Issue by a resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extra Ordinary General Meeting held on July 13, 2010

ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients and India Opportunity Real Estate Fund, Mauritius have approved the transfer of shares pursuant to the Offer for Sale in terms of their consent dated December 09, 2010 & December 08, 2010 respectively.

The details of the number of Equity Shares proposed to be sold by each of the Selling Shareholders in the Offer for Sale are as follows:

Sr. No.	Name of Selling Shareholder	Date of Allotment / Transfer	Percentage of Pre-issue Shareholding (%)	No. of Equity Shares offered for Sale	Amount (₹ In Lacs)
1.	ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients	28/12/2007	25.00	[●]	2300.00
2.	India Opportunity Real Estate Fund, Mauritius	08/01/2008	24.00	[●]	2200.00
Total				[●]	4500.00

ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients and India Opportunity Real Estate Fund, Mauritius was allotted Equity Shares by the Company

For details, please see the section titled “History and Corporate Structure of Company” on page 89.

All the Equity Shares being offered for sale by the Selling Shareholders have been held by them for a period of at least one year. None of the Selling Shareholders are offering any shares acquired pursuant to a bonus issue of the Equity Shares in the Offer for Sale.

B) PROHIBITION BY SEBI

The Company, its Promoters, its Directors, The Selling Shareholders or any of the Company’s associates or group companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

The Promoters, their relatives (as per Act), the Company, group companies, associate companies are not detained as willful defaulters by RBI / Government authorities.

C) Eligibility for the Issue

The Company is eligible for the Issue as per regulation 26(1) of the (Issue of Capital and Disclosure Requirements).

- SIL has a net tangible assets of at least ₹ 3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- SIL has a pre-Issue net worth of at least ₹ 1 crore in each of the three preceding full years (of 12 months each);
- SIL has a track record of distributable profits as per Section 205 of Companies Act , 1956, for at least three out of the immediately preceding five years;
- The proposed Issue size would not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2010;
- SIL has not changed its name during the last one year.

The distributable profits as per Section 205 of the Companies Act and net worth for the last five years as per the restated financial statements are as under:

(In ₹ lacs)

Particulars	For The Quarter Ended	For the Financial Year Ended				
	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Distributable Profits (1)	162.30	466.82	99.33	43.19	235.10	60.26
Net Worth (2)	10716.70	10542.97	10076.16	9976.83	3533.63	1463.47
Net Tangible Assets (3)	20719.08	19375.65	16634.29	14568.57	6928.44	3774.67
Monetary Assets (4)	296.03	150.64	1,781.45	3,147.87	814.47	51.80
Monetary Assets as a % of Net Tangible Assets	1.43%	0.78%	10.71%	21.61%	11.76%	1.37%

Note:

- (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 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 issued by Institute of Chartered Accountants of India.
- (4) Monetary assets comprise of cash and bank balances, public deposit account with the Government.

The Company satisfies all the eligibility criteria's, laid down in regulation 26(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulation. However, the Company is doing a "voluntary book-building issue" wherein the Company proposes to allot upto 50% of the Issue to QIBs and under-subscription, if any, in the QIB portion will be added back to the Issue to public.

The promoters, the company, directors of SIL are not detained as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this Offer Document.

No penalty has been imposed by SEBI and other regulatory bodies against the company, its directors, its promoters and companies promoted their directors.

SIL undertakes that the number of allottee in the Issue shall be at least 1,000. Otherwise, the entire application money shall 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.

D) DISCLAIMER CLAUSE (SEBI)

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE 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 INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY AND THE SELLING SHAREHOLDERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 09/12/2010 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF 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.
- (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.

- (10) WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN RS.10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.
- (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/ DRAFT PROSPECTUS/ DRAFT LETTER OF OFFER:
 - (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 OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT."

The promoters/directors of Sabari Inn Limited, Mr. K.R.V. Ramani, Mrs. Aruna Ramani and Ramani HUF, Mr. K.R. Narayanan, Mr. T.R. Sridharan, Mr. V. Janakiraman, Mr. P. Vaidyanathan, Mr.

R.Thiagarajan confirms that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Draft Red Herring Prospectus has been suppressed withheld and / or incorporated in the manner that would amount to mis-statement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/ or amounts to a mis-statement/misrepresentation, the promoters/directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the companies act.

E) DISCLAIMER STATEMENT FROM THE COMPANY, THE SELLING SHAREHOLDERS AND THE BRLM

The Company, the Directors, Selling Shareholders and the BRLM accept no responsibility for statements made otherwise than in this DRHP or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including the website, www.sabarihotels.com, would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and us dated No 13/11/2010 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and BRLM 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 or at bidding centres etc.

Neither the Company, the Selling Shareholders nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

F) DISCLAIMER WITH RESPECT TO JURISDICTION

This Issue is being made in India to persons resident in India {including Indian nationals resident in India who are majors, 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 the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and insurance funds setup and managed by the army and navy and to FII's and eligible NRI's}. This Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform him 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 Chennai, Tamil Nadu 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 Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this 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 Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no

change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

G) DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer Clause of Bombay Stock Exchange Limited (BSE):

“Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter no. [●] dated [●] permission to the Company to use the Exchange’s name in this Red Herring Prospectus as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

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

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

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE has given vide its letter Ref. No. [●] dated [●] permission to the Issuer to use the Exchange’s name in this Red Herring Prospectus as one of the stock exchanges on which this Issuer’s securities are proposed to be listed subject to the Issuer fulfilling the various criteria for listing including the one related to paid up capital and market capitalisation (i.e. the paid up capital shall not be less than Rs. 10 crores and market capitalisation shall not be less than ₹ 25 crores at the time of listing). The Exchange has scrutinized this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus, nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of IPO Grading Agency

[•]

H) FILING

A copy of this DRHP has been filed with SEBI at Securities and Exchange Board of India, SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, BSE at Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai - 400 001 and NSE at The National Stock Exchange of India Ltd, Exchange Plaza, 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, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the ROC, Chennai, Tamil Nadu.

I) LISTING

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company and the selling shareholders shall forthwith repay, without interest, all monies received from the applicants in pursuance of this DRHP. If such money is not repaid within eight days after the Company and the Selling Shareholders become liable to repay it ie. from the date of refusal or within 7 days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company, the Selling Shareholders and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of Allotment for the Issue.

J) Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A 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."**

K) CONSENTS

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisor, Bankers to the Company, BRLM and the Registrar to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the RHP 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 Prospectus for registration with the ROC.

Essveeyar, Chartered Accountants, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this DRHP and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of signing this DRHP.

L) EXPERT OPINION OBTAINED, IF ANY

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

The Company has received consent from their Statutory Auditors namely, Essveeyar., Chartered Accountants, to include their names as an expert in this Red Herring Prospectus in relation to the statement of tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus.

CRISIL, the agency engaged by us for the purpose of preparing The Industry Overview in respect of this Issue, will give its written consent to the inclusion of its report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the RoC and the Designated Stock Exchange.

M) EXPENSES OF THE ISSUE

The Management estimates an expense of Rs. [●] Lacs towards issue expense. 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. All expenses with respect to the Issue will be borne by The Company. The Selling Shareholders who have offered their shares for sale on a *prorate* basis, will not share any expenses incurred with respect to the Issue.

The estimated Issue expenses are as follows:

(₹ in Lacs)				
Sr. No.	Nature of Expenses	Amount*	% to the Total Expenses	% to the Issue
1.	Lead Management Fee, Underwriting Commissions and Selling Commissions	600.00	60.00	3.53
2.	Advertising and Marketing Expenses	175.00	17.50	1.03
3.	Printing and Stationery	100.00	10.00	0.59
4.	Others (Registrar's Fee, IPO Grading Fees, Legal Fee, Listing Fees, etc.)	125.00	12.50	0.73
	Total	1000.00	100.00	5.88

N) DETAILS OF FEE PAYABLE

Book Running Lead Manager to the Issue

The total fees payable to the Book Running Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, a copy of which is available for inspection at the Registered Office of the Company. The Book Running Lead Manager will be reimbursed for all relevant out-of-pocket expenses such as cost of travel, stationery, postage and communication expenses.

Fees Payable to the Registrar to the Issue

The fees payable by the Company 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 Memorandum of Understanding signed with the Company dated September 29, 2010.

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 by the Company to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

O) UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst the Company, the BRLM and the Syndicate Member. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page no. 24 of this DRHP.

P) PREVIOUS PUBLIC OR RIGHTS ISSUE

The Company has not made any public or rights issue of shares either in India or abroad in the ten years preceding the date of this DRHP.

Q) PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

The Company has not issued equity shares as bonus by capitalizing free reserves. We have not issued any equity shares for consideration otherwise than for cash.

R) COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offer of the Company, 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 inception of the Company.

S) CAPITAL ISSUE DURING THE LAST THREE YEARS

Sabari Inn Limited and its group companies have not made any capital issue during the last three years.

T) PROMISE VIS-A-VIS PERFORMANCE

This is a first issue of the Company and none of its group companies are listed on any stock exchanges in India.

U) OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the company as on the date of this DRHP.

V) STOCK MARKET DATA

This being an initial public offering of the Company, the Equity Shares are not listed on any stock exchange.

W) INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The company has appointed the registrar to the issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, Integrated Enterprises (India) Limited, will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The Company would also be coordinating with the registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non Receipt of Share Certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

Redressal of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialisation/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company. The Company has appointed Mr. K.R. Ramakrishnan , Chief Law Officer and Company Secretary as the Compliance Officer

and he may be contacted in case of any pre-issue or post-issue problems. He can be contacted at the following address:

Mr. K.R. Ramakrishnan

Designation: Chief law Officer and Company Secretary & Compliance Officer
Sabari Inn Limited

No. 29, Thirumalai Pillai Road,

T. Nagar, Chennai – 600017

Tamil Nadu, India

Tel.: +91 44 28343030; **Fax:** +91 044 28345868

Email: sabariinn@vsnl.net

Website of the company: www.sabarihotels.com

X) CHANGES IN AUDITORS

Sr. No	Auditor	Date of Change	Reason
1	V. Karthikeyan	24/01/2010	Resignation
2	Price Waterhouse Coopers	25/01/2010	Appointment
3	Price Waterhouse Coopers	19/07/2010	Resignation
4	Essveeyar	23/08/2010	Appointment

Y) CAPITALIZATION OF RESERVES OR PROFITS DURING LAST 5 YEARS

The Company has not issued any bonus Equity Shares by capitalizing reserves or profits.

Z) REVALUATION OF ASSETS DURING THE LAST 5 YEARS

The company has not revalued its assets during the last 5 years.

SECTION VI - OFFERING INFORMATION

A) TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, The Memorandum and Articles of Association of the Company, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, the Stock Exchanges, the Reserve Bank of India, ROC and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Companies Act, The Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment.

MODE OF PAYMENT OF DIVIDEND

The Company shall pay dividends to the shareholders in accordance with the provisions of the Companies Act, the Articles and the provision of the Listing Agreements. The dividends in respect of the Equity Shares forming part of the Offer for Sale by the Selling Shareholders for the entire year shall be payable to the transferees of such Equity Shares.

FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is ₹ 10/- each and the Floor Price is ₹ [●] and the Cap Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.

MARKET LOT

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Regulations, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, 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 advantages to which he or she would be entitled if he or she 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 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 be made only on the prescribed form available on request at the registered office of the Company or at 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 be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, 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 us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

MINIMUM SUBSCRIPTION

If the company does not receive the minimum subscription of 90% of the fresh issue including devolvement of Underwriters within 60 days from the closure of the issue, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act.

The issue comprises of fresh issue of [●] equity shares of ₹ 10/- each aggregating to ₹ 12500.00 lacs and an offer for sale by the selling share holders to the extent of [●] equity shares of ₹ 10/- each aggregating to ₹ 4500.00 lacs. In regard to the shares under the offer for sale, the requirement of minimum subscription shall not be applicable.

The company will proceed for allotment on receipt of subscription to the extent of [●] equity shares of ₹ 10/- each, representing 90% of the fresh issue including devolvment of Underwriters whereby public holding in the company will be more than 25% of the post issue paid up equity capital of the company.

In case of under-subscription in the issue, equity shares in the fresh issue will be issued prior to the sale of equity shares in the offer for sale.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for the disposal of odd lots.

RESTRICTIONS ON TRANSFER OF SHARES

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting

B. ISSUE STRUCTURE

Public Issue of [●] Equity Shares of face value ₹ 10/- each for cash at a price of ₹ [●] per Equity Share, consisting of Fresh issue of Equity Shares aggregating ₹ 12500.00 Lacs and an Offer for Sale of [●] Equity Shares by Selling Shareholders aggregating to ₹ 4500.00 Lacs (hereinafter referred to as the "Issue"). Up to [●] Equity Shares aggregating to ₹ 100.00 Lacs will be reserved in this Issue for subscription by Eligible Employees (The Employee Reservation Portion). The Issue less the Employee Reservation Portion is referred to as The Net Issue. The Issue would constitute [●] % of the post Issue paid-up capital of the Company and the Net Issue will constitute [●] % of the post Issue paid up capital of the Company. The Issue is being made through the 100% Book Building Process:

Particulars	Employees Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto [●] equity shares	Upto [●] Equity Shares will be allotted to QIBs.	Not less than [●] Equity Shares shall be available for allocation.	Not less than [●] Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	Upto [●] % of the Issue size.	Upto 50% of the Net Issue (of which 5% shall be reserved for 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, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net Issue or Net Issue less allocation to QIBs and Retail Portion*	Not less than 35% of the Net Issue or Net Issue less allocation to QIBs and Non-Institutional Portion.*
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate (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

Particulars	Employees Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Minimum Bid	[●] Equity Shares and in multiples of [●] Equity Share thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.
Maximum Bid	Such number of Equity shares so as to ensure that the bid size does not exceed [●] Equity Shares	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Eligible Employees of the Company	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, foreign venture capital funds registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of ₹ 2500 Lacs and pension funds with minimum corpus of ₹ 2500 Lacs in accordance	Resident Indian individuals, Eligible NRI's, HUFs (in the name of karta), Companies, Corporate bodies, Societies and Trusts.	Individuals (including HUFs in the name of karta) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed ₹ 200,000 in value.

Particulars	Employees Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		with applicable law.		
Terms of Payment	Margin Amount applicable shall be payable at the time of submission of Bid-cum-Application Form to the members of the Syndicate.	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid - cum - Application Form to the Member of Syndicate.
Margin Amount	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of the Company, the BRLM and subject to applicable provisions of the SEBI Regulations.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.

Note: 1) If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed ₹ 2,00,000/-.

2) If the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Withdrawal of this Issue

The Company, the Selling Shareholders, in consultation with the BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Letters of Allotment or Refund Orders

The Company and the Selling Shareholders shall credit each beneficiary account with its depository participant within two working days from the date of the finalization of the basis of allocation. Applicants that are residents of the 68 cities notified by SEBI through its notification (Ref. No. SEBI/CFD/DIL/ICDR/11/2009/03/09) dated September 3, 2009 will receive refunds through NECS only (subject to availability of all information for crediting the refund through NECS) 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 ₹ 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above ₹ 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date.

Bidding/Issue Programme

BID/ISSUE OPENS ON	[•], 2011
BID/ISSUE CLOSES ON	[•], 2011

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non- Institutional Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of ₹ 200,000 and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is up to ₹ 200,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form submitted through the ASBA process, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

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 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, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

In case of revision in the Price Band, the 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 the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the Book Runners at the terminals of the Syndicate.

C) ISSUE PROCEDURE

This section applies to all Bidders. Please note that 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 the Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form.

BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% (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 all QIBs, including Mutual Funds, subject to valid Bids being received from them 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. Further up to [●] Equity Shares shall be available for allocation on a proportionate basis to Employees, 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.

Bidders are required to submit their Bids through the members of the Syndicate. ASBA investors intending to subscribe to the issue shall submit a complete ASBA form to the designated branch of the SCSB. The Company, in consultation with the selling shareholders BRLMs reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In the cases of Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, the Company will have a right to reject the Bids only on technical grounds.

Investors should note that Allotment of Equity Shares to all successful Bidders will be only in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository accounts shall be treated as incomplete and 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.

BID CUM APPLICATION FORM

Bidders shall only use 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 Red Herring Prospectus. The 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 as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by 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
Resident Indians, Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs and FIIs applying on a repatriation basis	[●]
Eligible employees applying in the Employee Reservation Portion	[●]
ASBA Form	[●]
Anchor Investors	[●]

**Bid cum Application Forms for Anchor Investors have been made available at the offices of the BRLMs.*

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. Such Bidders shall only use 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 Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

ASBA Bidders shall submit an ASBA Bid cum Application Form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form only. Only QIBs can participate in the Anchor Investor Portion and Anchor Investors cannot submit their Bids through the ASBA process.

Upon the filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission of the Bid cum Application Form to a Syndicate or the SCSB, the Bidder or the ASBA Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder or the ASBA Bidder.

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- 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 authorized to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI and the SEBI Regulations and regulations, as applicable);

- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual;
- FIIs registered with SEBI;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and Bilateral development financial institutions
- 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 authorized under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in equity shares; and
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
- Eligible Employees (as defined in the section “Definitions and Abbreviations” beginning on page i of the Red Herring Prospectus.)

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by associates of BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

The BRLMs and any persons related to the BRLMs, the Promoters and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

Bids by Eligible Employees

Reservation to Eligible employees has been provided in this issue, as per Regulation 42 of the SEBI (ICDR) Regulations, 2009. Eligible Employee shall mean a permanent and full-time employee or a Director of the Company as on the date of the Red Herring Prospectus, who is a person resident in India (as defined under the FEMA) and who continues to be in the employment of the Company until submission of the Bid-cum-Application Form. They do not include employees of the Promoters and the Promoter Group. Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e., [●]color form).
- Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid-cum-Application Form.
- The sole/First Bidder should be Eligible Employees as defined above. In case 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 in the same sequence in which they appear in the Bid-cum- Application Form.
- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than ₹ 200,000 in any of the bidding options can apply at the Cut-Off Price. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds ₹ 200,000.
- Bid/Application by Eligible Employees can also be made in the Net Issue portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand 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, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

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.

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.

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 the 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 more than 10% of any company's paid-up capital carrying voting rights.

The above information is given for the benefit of the Bidders. The Company, The Selling Shareholders and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this 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.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

Bids by FIIs

As per the 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 the post-Issue paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by Sebi Registered Venture Capital Funds And Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for Sebi registered venture capital funds and foreign venture capital investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can

invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company, The Selling Shareholders and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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.

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 Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed ₹ 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed ₹ 200,000. In case the Bid Price is over ₹ 200,000 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 Cut-off option 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.
- 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 such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin Amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 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 allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off'.

- c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Allocation shall be made on a proportionate basis. Eligible Employees, whose Bid Amount does not exceed ₹200,000, including due to any revision in the Price Band, may Bid at the Cut-off Price. Eligible Employees whose Bid Amount exceeds ₹200,000 may not Bid at Cut-off Price. However, the maximum Bid in this portion cannot exceed [●] shares.
- d) **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 exceeds ₹ 1,000 lacs. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than**

the Issue Price, the balance amount shall be payable as per the pay-in date mentioned in the revised Anchor Investor Allocation Notice.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 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 allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off'.

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 or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders:

- (a) The Company and Selling Shareholder in consultation with the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two (2) national newspaper one(1) each in English and Hindi newspaper and one regional newspaper with wide circulation
- (b) Bidding by QIBs will close one Working Day prior to the Bid Closing Date, provided that Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders.
- (c) The Company will file the Red Herring Prospectus with the RoC at least three (3) days before the Bid/Issue Opening Date.
- (d) The members of the Syndicate will circulate copies of the Bid-cum-Application Form to potential investors, and at the request of the potential investor's, copies of the Red Herring Prospectus.
- (e) Any Bidders (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the Registered Office or from any member of the Syndicate or the SCSBs.
- (f) Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Member or their authorized agent(s) to register their Bids. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
- (g) ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch.
- (h) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.
- (i) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the member of the Syndicate. Bid-cum-Application Forms which do not bear the stamp of a member of the Syndicate will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI (ICDR) Regulations and any circulars issued by SEBI in this regard. Bidders (other than Anchor Investors) applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

- (j) The Syndicate and the Designated Branches of the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period in accordance with the terms of the Syndicate Agreement, provided that the BRLM shall accept the Bids from Anchor Investors only during the Anchor Investor Bid/Issue Period.

The applicants may note that in case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate do not match with the DP ID and Client ID and PAN available in the Settlement Depository database, the application is liable to be rejected.

Method and Process of Bidding

- (a) The Company and Selling Shareholders in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Issue. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.
- (b) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional newspaper with wide circulation and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate.
- (c) During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorised agents to register their Bids. The Syndicate shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
- (d) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph entitled – “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.
- (e) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCBS will be treated as multiple Bids and is 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 Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph entitled – “Build up of the Book and Revision of Bids”.
- (f) The Syndicate/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 give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

- (g) The BRLM shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e. one Working Day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- (h) Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in – “Payment into Escrow account for bidders other than ASBA Bidders” on page 221.
- (i) Upon 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.
- (j) 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.
- (k) 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 and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- (l) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Bids at Different Price Levels and Revision of Bids

1. 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 applying for a maximum Bid in any of the bidding options not exceeding ₹ 200,000 and Bidders in the Employee Reservation Portion may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB, Non-Institutional Bidders or Bidders in the Employee Reservation Portion bidding in excess of ₹ 200,000 and such bids shall be rejected.
2. Retail Individual Bidders and Bidders in Employee Reservation Portion 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 and Bidders in Employee Reservation Portion bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders and Bidders in Employee Reservation Portion who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Bidders in Employee Reservation portion who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
3. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders in the Employee Reservation portion who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed ₹ 200,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the

members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds ₹ 200,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non- Institutional Portion in terms of this 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 higher end of the Price Band 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 such Bidder is deemed to have approved such revised Bid at Cut-off Price.

4. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Bidders in the Employee Reservation portion 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.
5. The Company, in consultation with the Selling Shareholders and the BRLMs, can finalise the Anchor Investor Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Anchor Investors.
6. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain **【●】** Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of ₹ . 5,000 to ₹ 7,000.
7. Revision option is not available to ASBA investor. For details, please refer section “ASBA Process” in this Red Herring Prospectus.
8. During the Bidding/ 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.
9. Revisions can be made in both the desired number of Equity Shares and the Bid price by using 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 he is changing only one of the options in the Revision Form, he must complete all the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
10. The Bidder can make this revision any number of times during the Bidding/ 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 through whom he or she had place the original Bid.
11. 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.
12. 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. 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 this Red Herring Prospectus. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
13. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of revision of the original bid.**

Electronic Registration of Bids

- (a) The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.
- (b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.
- (c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The BRLM, The Company and the Registrar 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 Syndicate and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
- (d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised 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 they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis.
- (e) 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 as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/Issue Period.
- (f) At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:
 - Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure 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.
 - Investor Category – Individual, Corporate, QIBs, Eligible NRI, FVCI, FII & sub-account registered with SEBI (*other than a sub-account which is a foreign corporate or foreign individual*) or Mutual Fund, etc.
 - Numbers of Equity Shares Bid for.
 - Bid Amount.
 - Bid cum Application Form number.
 - DP ID and client identification number of the beneficiary account of the Bidder.
 - PAN.

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the online system:

- Name of the Bidder(s);
- Application Number;
- PAN (of First Bidder, in case of more than one Bidder);
- Investor Category and Sub-Category:

Retail	Non- Institutional	QIB
(No sub category)	• Individual • corporate • other	• Mutual Funds • Financial Institutions • Insurance companies • Foreign Institutional • Investors other than • corporate and individual • sub-accounts

- Employee/shareholder (if reservation);
 - DP ID and client identification number;
 - Beneficiary account number of Equity Shares Bid for;
 - Quantity;
 - Bid Amount and
 - Bank account number;
- (g) A system generated TRS 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 Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/ Allotted either by the Syndicate or The Company.
- (h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (i) In case of QIB Bidders, only the BRLM and their Affiliate Syndicate Members have the 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, Retail Individual Bidders and Eligible Employees and Eligible Employees, Bids will be rejected on technical grounds listed on page 225. The Members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.
- (j) 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 The Company and/or the BRLM 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 the Company, the Promoter, the management or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this 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.

- (k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate will be given up to one day after the Bid/Issue Closing Date to verify the information uploaded in the online IPO system during the Bid/Issue Period after which the date will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of any discrepancy of data between the BSE or the NSE and the Members of the Syndicate or the Designated Branches of the SCSBs, the decision of the Company, in consultation with the BRLM and the Registrar, based on the physical records of Bid Cum Application Forms shall be final and binding on all concerned. If the Syndicate Members finds any discrepancy in the DP name, DP Id and the Client Id, the Syndicate Members will correct the same and send the data to the Registrar for reconciliation and Allotment of Equity Shares.
- (l) 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 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 BRLM on a regular basis at the end of the Bid/Issue 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 Syndicate and the Designated Branches of the SCSBs 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 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) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this 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 of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, 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.

- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees 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.
- (h) The Company, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000.
- (i) 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. With respect to the 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 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 by the QIB Bidders. In such cases, the Syndicate will revise the earlier Bids 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.
- (j) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the Syndicate or the SCSB, 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

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. The Company in consultation with Selling Shareholders and the BRLM, shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.
3. The allocation to QIBs will be upto 50% of the Net Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will not less than 15% and 35% of the Net Issue respectively, and, would be on proportionate basis, in the manner specified in the SEBI Regulations and this Draft Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Allocation to Anchor Investors shall be at the discretion of the Company in consultation with the Selling Shareholders and BRLM, subject to the compliance with the SEBI Regulations.
5. Under-subscription, if any, in any category would be met with spill over from any other category at the sole discretion of the Company in consultation with the Selling Shareholders and BRLM. However, if the aggregate demand by Mutual Fund 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 allotted proportionately to the QIB Bidders. In the event that 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 the Company, in consultation with the BRLM and the Designated Stock Exchange. Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Issue.

Under-subscription, if any, in any category, would be met with spill over from other categories at the sole discretion of the Company in consultation with the BRLM.

6. Allocation to Non-Residents, including Eligible NRI's, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
7. The BRLM in consultation with Selling Shareholders and us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
8. The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date. Further the Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investors Bid/Issue Period.
9. The allotment details shall be put on the website of the Registrar to the Issue.

Signing of the Underwriting Agreement and the RoC Filing

- (a) The Company, the BRLM 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, The Company will update and file the updated Red Herring Prospectus with the RoC in accordance with the applicable law, which then would be termed as 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, The Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one regional language daily newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

The 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 and the Anchor Investor Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allotment Note ("CAN")

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the Basis of Allotment for the Retail and Non-Institutional Bidders. However, Bidders should note that The Company shall ensure that (i) the Allotment of the Equity Shares and (ii) the instructions by the Company for the demat credit of the Equity Shares, to all Bidders in this Issue shall be done on the same date.
- (b) The Registrar will then dispatch a CAN to the Bidders who have been Allotted Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder.
- (c) The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.

- (d) The Issuance of CAN is subject to “Notice to Anchor Investors – Allotment Reconciliation and Revised CANs” as set forth below:

Notice to Anchor Investors: Allotment Reconciliation and CANs

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Company and Selling Shareholders, in consultation with the BRLM selected Anchor Investors will be sent an Anchor Investor Allocation Notice and/or a revised Anchor Investor Allocation Notice, as the case may be. All Anchor Investors will be sent Anchor Investor Allocation Notice post Anchor Investor Bid/Issue Period and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised Anchor Investor Allocation Notice within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised Anchor Investor Allocation Notice within the pay-in date referred to in the revised Anchor Investor Allocation Notice. The revised Anchor Investor Allocation Notice will constitute a valid, binding and irrevocable contract (subject to the issue of CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price and accordingly the CAN will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive CAN.

The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Anchor Investors. The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

Designated Date and Allotment of Equity Shares

- (a) The Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- (c) 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 allocated/ Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS**Do's:**

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the applicable Resident Bid cum Application Form (White in colour) or Non Resident Bid cum Application Form (Blue in colour);
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Allotment of Equity Shares will be in the DEMATERIALIZED form only;

- d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that have been given a TRS for all your Bid options;
- f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the IT Act;
- h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and
- i) 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. In case 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 Bid/revise Bid Price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
- e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- f) Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders, bidder in Employee Reservation Portion, for bid amount in excess of ₹ 200,000);
- g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- h) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bids must be:

- a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that 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.

- c) Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
- d) For Retail Individual Bidders, the Bid must be for a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid Amount of ₹ 200,000.
- e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹ 200,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- f) For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹ 100 million and in multiples of [•] Equity Shares thereafter.
- g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- h) 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.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks or the SCSBs nor the 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.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE 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.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allotment Advice and printing of Bank particulars on the refund orders. The

Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders not receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation 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. Please note that any such delay shall be at the Bidders sole risk and neither the Bank, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of Bidders receiving refunds through electronic modes, Bidders may note that refunds may get delayed if Bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, 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 or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, 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 and Articles of Association and/or bye laws must be along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, 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 their SEBI registration certificate must be lodged along with the Bid cum Application Form. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the

Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by provident funds with minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in absolute discretion, reserves the right to relax the above condition of simultaneous submission of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that the Company and the BRLM may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

The Company and the Syndicate shall open Escrow Account(s) 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 would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. 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 Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

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 or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction.

The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue 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.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

2. Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.

3. The payment instruments for payment into the Escrow Account should be drawn in favor of:

- (a) In case of Resident QIB Bidders: [•]
- (b) In case of Non Resident QIB Bidders: [•]
- (c) In case of Resident Retail and Non-Institutional Bidders: [•]
- (d) In case of Non-Resident Retail and Non-Institutional Bidders: [•]
- (e) In case of eligible employees: [•]

4. Anchor Investors would be required to pay the Bid Amount at the time of submission of the Bid cum Application Form. In the event of the 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 as per the pay-in date mentioned in the revised Anchor Investor Allocation Notice. 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.

5. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

- (a) In case of resident Anchor Investors: [•]
- (b) In case of non-resident Anchor Investors: [•]

6. 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 Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (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.

7. In case of Bids by NRIs applying on non-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 Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

8. In case of Bids by FIIs, 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.

9. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.

10. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

11. On the Designated Date and no later than 10 Working Days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to such Bidders.

12. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative 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/ Postal orders will not be accepted.

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 at the time of submission of the Bid. With respect to the ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

Separate receipts shall not 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 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.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication 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. Bids by QIBs under the Anchor Investor Portion and QIB Portion (excluding Anchor Investor Portion) will not be considered as multiple Bids.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures to be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.
4. The addresses of all these applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, applications will finally be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual funds registered with SEBI and such Bids in respect of more than one scheme of the mutual funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Bids made by employees under both under the Employee Reservation Portion as well as in the Net Issue shall not be treated as multiple bids.

The Company and Selling Shareholders, in consultation with the BRLM, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the Bidders, should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are 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.

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UIN's in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of ₹ 100,000 to ₹ 500,000 or more. The limit will be reduced progressively. For trade order value of less than ₹ 500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Therefore, MAPIN is not required to be quoted with the Bids.

Right to Reject Bids

In case of QIB Bidders, The Company in consultation with Selling Shareholders and the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, The Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NES/Direct Credit/cheque or pay order or draft 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, the Company would have a right to reject the ASBA Bids only on technical grounds.

GROUND FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- a) 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;

- b) Bank account details (for refund) are not given;
- c) Age of First Bidder not given;
- d) 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;
- e) Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
- f) PAN not stated or copy of GIR number furnished instead of PAN. See the section titled "Issue Procedure - PAN or GIR Number" beginning on page 225 of this Red Herring Prospectus;
- g) GIR number furnished instead of PAN;
- h) Bids for lower number of Equity Shares than specified for that category of investors;
- i) Bids at a price less than lower end of the Price Band;
- j) Bids at a price more than the higher end of the Price Band;
- k) Bids at Cut-off Price by Non-Institutional, QIB Bidders and Bidders in the Employee Reservation Portion whose Bid Amount exceeds Rs.200,000;
- l) Bids for number of Equity Shares, which are not in multiples of [●];
- m) Category not ticked;
- n) Multiple Bids as defined in this Red Herring Prospectus;
- o) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- p) Bids accompanied by Stockinvest/ money order/postal order/cash;
- q) Signature of sole and/or joint Bidders missing;
- r) Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;
- s) Bid cum Application Form does not have the Bidder's depository account details;
- t) Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
- u) In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- v) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- w) Bids by QIBs not submitted through members of the Syndicate;
- x) Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;
- y) Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- z) Bids by OCBs;
- aa) Bids by employees or directors of the Company or its subsidiaries who are not eligible to apply in the Employee Reservation Portion;
- bb) Bids by U.S. persons, other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act; and
- cc) Bids by persons outside India if not in compliance with applicable foreign and Indian laws or by any persons who are not eligible to acquire Equity Shares of the Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

- dd) Bids not uploaded on the terminals of the Stock Exchanges; and Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

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 OR THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 60B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialized form (i.e., not in the form of physical certificates but the fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated [●] with NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated [●] with CDSL, the Company and the Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. 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 beneficiary account with either of the Depository Participant of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the 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 or CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.
- h) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in 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 quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders

Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar 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 to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

PAYMENT OF REFUND

Applicants should note that on the basis of name of the Applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the applicants bank account details including nine digit MICR code. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicants at his/her sole risk and neither the Book Running Lead Manager to the Issue nor the Bank shall have any responsibility and undertake any liability for the same.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, would be done through various modes in the following order of preference:

- I. NECS** - Payment of refund would be done through NECS for applicants having an account at any of the 68 centres notified by SEBI, where clearing houses for ECS are managed by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the nine-digit MICR code as appearing on a cheque leaf from the Depository. The payment of refund through NECS is mandatory for applicants having a bank account at any of the sixty eight (68) centres notified by SEBI, except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit or RTGS.
- II. Direct Credit** - Applicants having bank accounts with the Refund Banker(s), as mentioned in the bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank.
- III. RTGS** - Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- IV. NEFT (National Electronic Fund Transfer)** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on date immediately prior to the date of payment of refund, duly mapped with

MICR numbers. Whenever the applicants have registered their nine digit 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 applicants 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.

- V. Refund Orders** - For all other applicants, 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 upto Rs. 1,500 and through Speed Post/Registered Post for refund orders of ₹ 1500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks 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.

Please note that only applicants having a bank account at any of the centres where clearing houses for NECS are managed by the RBI are eligible to receive refunds through the modes detailed in 1, 2, 3 & 4 Herein above. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR code, the refund orders would be dispatched "Under Certificate of Posting" for refund orders of value upto ₹ 1,500 and through Speed Post / Registered Post for refund orders of ₹ 1,500 and above.

Mode of making 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 within ten (10) working days of the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) or instructions to Self Certified Syndicate Banks by the Registrar to the Issue, in Application Supported by Blocked Amount process and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 15 working days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS, direct credit, RTGS or through unblocking the relevant bank accounts, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of Allotment.

In accordance with the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in DEMATERIALIZED form within 15 (fifteen) working days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) working days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen) day 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 the 15 (fifteen) days time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A 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 person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."*
- (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."*

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders /instruction to Self Certified Syndicate Banks by the Registrar are not dispatched within 15 working days from the Bid/Issue Closing Date.

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, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than ten Working Days of the Bid Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. 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 (i.e. 15 Days after the Bid Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest as prescribed under 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.

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net 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, refer 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. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net 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.
- In case 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, refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the 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 shall be determined as follows:
- (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB 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 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 that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for upto 95% of the QIB Portion.
 - (ii) Mutual Funds, who 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.
 - (iii) Under-subscription below 5% of the QIB 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 be upto [●] Equity Shares.

D. Employee Reservation Portion

- Only Eligible Employees are eligible to apply under the Employee Reservation Portion
- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at 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 allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Only Employees (as defined above) are eligible to apply under Employee Reservation Portion. For the method of proportionate allocation, refer below.

E. 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 BRLM and the Co-BRLM before the Bid/ Issue Opening Date by intimating the same to the Stock Exchanges.

Under-subscription, if any, in any category would be met with spill-over from other categories at the sole discretion of company, in consultation with the BRLM.

Procedure and Time of Schedule for Allotment and Demat Credit of Equity

The Issue will be conducted through a "100% book building process" pursuant to which the members of the Syndicate or SCSBs will accept bids for the Equity Shares during the Bidding/Issue Period. Following the expiration of the Bidding/Issue Period, The Company and the Selling Shareholders, in consultation with the BRLM will determine the Issue Price, and, in consultation with the BRLM the basis of allocation and entitlement to Allotment based on the bids received and subject to confirmation by the BSE. The SEBI (ICDR) Regulations require The Company to complete the Allotment to successful Bidders within ten (10) working days of the expiration of the Bidding / Issue period. The equity shares will be then be credited and Allotted to the investors' Demat Accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Method of Proportionate Basis of Allotment in the Issue

In the event the Issue is over-subscribed, the basis of Allotment shall be finalized by the Company, The Selling Shareholders 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 BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- (b) 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.
- (c) 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:
 - 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 portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - 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 market 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 Bidders 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.
- (g) Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of The Company, in consultation with the Selling Shareholders and BRLM

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*	120 million equity shares
3.	Anchor Investor Portion	36 million equity shares
4.	Portion available to QIBs other than Anchor Investors [(2) minus (3)]	84 million equity shares
	Of which:	
	a. Allocation to MF (5%)	4.20 million equity shares
	b. Balance for all QIBs including MFs	79.80 million equity shares
5.	No. of QIB applicants	10
6.	No. of shares applied for	500 million equity shares

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.	MF 1	40
7.	MF 2	40
8.	MF 3	80
9.	MF 4	20
10.	MF 5	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 35 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 665 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF 1	40	1	7.48	8.48
MF 2	40	1	7.48	8.48
MF 3	80	2	14.97	16.97
MF 4	20	0.50	3.74	4.24
MF 5	20	0.50	3.74	4.24
	500	5	95	42.42

Please note:

- The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in "Issue Structure" beginning on page 197.
- Out of 100 million equity shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 million equity shares in QIB category.
- The balance 95 million equity shares (i.e. 100 - 5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million equity shares (including five MF applicants who applied for 200 million equity shares).
- The figures in the fourth column entitled —Allocation of balance 95 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 equity shares bid for (i.e. in column II) X 95 / 495
 - 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 95 / 495
 - The numerator and denominator for arriving at allocation of 95 million equity shares to the 10 QIBs are reduced by 5 million equity shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders or instructions to the SCSBs

Bidders residing at the centres where clearing houses are managed by the RBI will get refunds through NECS only, except where the Bidder is otherwise disclosed as eligible to get refunds through direct credit

and RTGS. The Company shall ensure dispatch of refund orders, if any, of value up to ₹ 1,500, under certificate of posting, and shall dispatch refund orders above ₹ 1,500, if any, by registered or speed post at the sole or first Bidder's sole risk within 10 Working Days of the Bid Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them of the mode of credit of refund within 10 Working Days of the Bid 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 eight Working Days of the Bid Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

Signing of Underwriting Agreement and Filing with the Designated Stock Exchange

- (a) We, the BRLM, Co-BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the Registrar of Companies

We will file a copy of the Prospectus with the Registrar of Companies in terms of Section 56, Section 60 and Section 60B of the Companies Act.

UNDERTAKINGS BY THE COMPANY AND THE SELLING SHAREHOLDERS

The Company undertakes that:

- The complaints received in respect of the captioned Public Issue shall be attended to by the Company expeditiously and satisfactorily
- All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalisation of basis of allotment
- The funds required for making refund to unsuccessful applicants as per the modes disclosed shall be made available to the registrar to the captioned Public Issue.
- Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, giving details of the bank where refund shall be credited along with amount and expected date of electronic credit of refund.
- The promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro-rata basis before the calls are made on public.
- The certificates of the shares/ refund orders to the Non-Resident Indians shall be dispatched within the specified time.
- No further issue of securities shall be made till the shares offered through the prospectus are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc
- That at any given time there shall be only one denomination for the shares of the company,
- That the company shall comply with such disclosure and accounting norms specified by the Board

(SEBI) from time to time and

- That the adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

The Selling Shareholders, severally, undertake that:

- That the Equity Shares being sold pursuant to the Issue, have been held by them for a period of more than one year;
- The Equity Shares being sold pursuant to the Offer for Sale in the Issue are free and clear of any liens or encumbrances. Further the selling shareholders will extend full cooperation and required assistance to ensure that the shares are transferred to eligible investors within the specified time.
- The Selling Shareholders have authorized the Compliance Officer and the Registrar to the Issue to redress complaints, if any, of the investors;
- That the Selling Shareholders shall not have recourse to the proceeds of the Issue until approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received; and
- No further offer of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors certifies that:

- (a) all monies received out of the issue to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- (b) details of all monies utilised out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilised, and
- (c) details of all unutilised monies out of the issue, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.
- (d) all monies received pursuant to the Offer for Sale in the Issue shall be transferred to selling shareholders post approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Board of Directors also certifies that:

- the utilization of monies received under the Employee Reservation shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized and,
- the details of all monies out of the funds received under Employee Reservation shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such

monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and FEMA and circulars and notifications issued there under. While the policy of the Government 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 of the Government, 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 and reporting requirements for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In the Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allotment.

As per the RBI regulations, OCBs cannot participate in this Issue.

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 or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of the Company. In respect of an FII investing in The Equity Shares on behalf of its sub-accounts, the investment on behalf of each subaccount shall not exceed 10% of the total issued capital or 5% of total issued capital of the Company incase such sub account is a foreign corporate or an individual. The aggregate FII holding should not exceed 24% of the total issued capital of the company.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this 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.

SECTION VII**MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY**

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized/defined terms herein have the same meaning given to them in the Articles of Association.

Table A**Article 4**

The regulation in Table 'A' in the Schedule I to the Act applicable to the Public Limited Company, shall apply to the company except as herein otherwise provided in these articles..

Shares at the Disposal of the Directors**Article 5**

Subject to the provisions of Sec.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 Sec.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 such shares may be issued and allotted 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 General Meeting.

Share/Debenture Certificate**Article 37-42**

37. Every Member whose name is entered as Member in the Register of Members shall be entitled to receive Share Certificate within three months after the date of allotment, unless the conditions of issue thereof otherwise provide.

38. Every Share certificate shall be issued under the seal of the company and shall specify the number and distinctive numbers, the amount paid up thereon, the name of the holder thereof and be in such form as may be prescribed or approved by the Board and shall be under the printed or physical signatures of at least two Directors and Secretary. The endorsement on transfer or transmission of shares shall be authorized under the signature of Secretary or some other officer of the company authorized by the Board for this purpose.

39. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon the production and surrender thereof to the company, a new certificate may be issued in lieu thereof.

40. If any share certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and the execution of such indemnity as the company may deem adequate, a new certificate may be issued in lieu of the certificate lost or destroyed.

41. Transfer, Transmission, sub-division, consolidation or renewal of shares shall be attended to expeditiously and the share certificate shall be ready for delivery within one month of the application thereof.

42. The provisions of these articles on certificates shall mutatis mutandis apply to Debentures and other Securities issued by the company.

Transfer and Transmission of Shares/Securities

Article 43-52

43. The Instrument of Transfer shall be in writing and all provisions of Section 108 of the Act and any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. Every instrument of transfer shall be deposited at the office of the company for registration, accompanied by the documents and evidence as required under these regulations and the Act.

44. The registration of Transfer of Shares or other Securities may be closed or suspended during such time and for such periods not exceeding in the aggregate forty five days in each year, but not exceeding thirty days at any one time as the Board may determine, from time to time, in accordance with Sec.154 of the Act.

45. In case of the death of a member, the survivor, where the deceased was a joint holder and his legal representative, executor or administrator where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares; but nothing contained herein 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. The Board may require any persons becoming entitled to shares in consequence of the death of any member to obtain a Grant of Probate or Letter of Administration or other legal representation, as the case may be, from a competent court. Provided it shall be lawful for the Board in its absolute discretions to dispense with the production of Probate or Letter of Administration or such other Legal representation upon such terms as to indemnify or otherwise the Board may think fit, without in any case being bound to do so. The powers and discretions of the Board under these regulations may be delegated and exercised by a committee of Directors or an officer of the company duly authorized in this regard.

46. Any committee or Guardian of a person of unsound mind or minor or any person becoming entitled to the transfer of a share in consequence of the death or bankruptcy or insolvency of any member or by any other lawful means, upon producing such evidence that he sustains the character in respect of which he proposes to act under these regulations or of his title as the Board may deem fit or sufficient, may subject to the right of the Board to decline registration under these regulations, elect either:

- (a) To be registered himself as a holder of the share or
- (b) To make such transfer of shares as the deceased or the insolvent member could have made.

47. The Board may subject to the provisions of the Act, retain the dividends payable upon a share to which any person becomes entitled under these regulations, until such person or his transferee shall become a member in respect of such shares.

Board of Directors may refuse to register transfer

48. Every Transmission of share shall be verified in such manner as the Board 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 Board at its discretion shall consider sufficient, provided nevertheless there shall not be any obligation on the company or the Board to accept any indemnity.

49. A person so becoming entitled to a share under this Transmission Article by reason of death, lunacy, bankruptcy, or insolvency of the holder thereof or by any other lawful means shall be entitled dividends and other rights and privileges as if he were the registered holder except that no person shall have membership rights in relation to General meetings until he is registered as a member.

50. Joint holders: Where two or more persons are registered as the holder of any share, they shall be deemed to be the joint holders with benefits of survivorship, but so that:

- (a) The company shall be entitled to decline to register more than four persons as joint owners of any share, and
- (b) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share.
- (c) Any one of the joint holders of a share may give effectual receipts for any dividends or other moneys payable in respect of such share or bonus shares
- (d) Only the person whose name stands first in the Register of members as one of the joint holders of any share shall unless otherwise directed in writing by all joint holders and confirmed in writing by the company be entitled to delivery of the certificate relating to such share or to receive notices (which expression shall be deemed to include all documents) from the company and any notice given to or served on such persons shall be deemed as a notice or service to all the joint holders.
- (e) Subject to the provisions contained in these regulations, the person first named in the register as one of the joint holders shall be deemed as a sole holder thereof for all the matters connected with the company.
- (f) Any one of the joint holders of a share may vote at any meeting personally or by proxy as if he were a sole holder thereof provided that if more than one joint holder of the share is present personally or by proxy then such of them whose name stands higher in the register in respect of such share shall alone be entitled to vote in respect thereof.

51. The provisions of these regulations shall mutatis mutandis apply to the transfer or transmission by operation of law of debentures or other securities of the company.

No fee on Transfer or Transmission

52. 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 other similar document.

Advance Payment of Calls

Article 33-34

33. The Board may, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time and at any time thereafter as – exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon, the Board may agree to repay at any time an amount so advanced or may at any time repay the same upon giving to the member three months' notice in writing, provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits.

34. No member paying any such sum in advance, shall be entitled to any voting right in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

Share Capital: Increase, Reduction and Alteration**Increase in Share Capital**

Articles 9a, 9b, 9c

(9)

- (a) The Company in general meeting may, by ordinary resolution from time to time, increase the Capital by the creation of new shares and divide the same into different classes and with such preferential rights as to dividend and redemption of capital and with or without voting rights.
- (b) The new shares may be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolution creating the same shall direct, and if no such direction is 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 special or without voting right.
- (c) The company may also issue Sweat Equity Shares by a special resolution passed in the general meeting under Sec.79A of the Act and in accordance with the guidelines issued thereat.

Reduction in Share Capital

Article 10a, 10b, 10c

10. The Company may by special resolution at any general meeting, reduce its share capital in accordance with the provisions of Sec.100 to 105 of the Act and may:

- (a) Extinguish or reduce the liability on any of its shares in respect of share capital not paid up;
- (b) Either with or without extinguishing or reducing liability on any of its Shares, cancel any paid up share capital which is lost or is unrepresented by available assets; or
- (c) Either with or without extinguishing or reducing liability on any of its Shares, Pay off any paid up share capital which is in excess of the wants of the company

Alteration of Share Capital

Articles 11(a, b, c, d, e)

11 The Company may by an ordinary resolution passed at any general meeting, in accordance with the provisions contained under Sec.94 of the Act, can alter the conditions of its Memorandum by:

- (a). increasing its share capital by such amount as it may deem fit by issue of new shares;
- (b). consolidating and dividing all or any of its share capital into shares of a larger amount than its existing shares;
- (c). subdividing its shares or any of them into shares of smaller amount than is fixed by the memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
- (d). converting all or any of its fully paid up shares into stock and also for reconverting the stock into fully paid up shares of any denomination;
- (e). cancel the shares which have not been taken and diminish the amount of its share capital by the amount of shares so cancelled.

Further Issue of equity Shares

Article 12

12. The Company may at any time at a General Meeting make further issue of share capital, by an appropriate resolution under Sec. 189 of the Act and in accordance with Sec.81 of the Act, increase its subscribed capital by allotment of further shares by way of Public offer of shares, Rights issue to the existing shareholders and/or Private placement of Shares or preferential allotment of shares to financial institutions in India, foreign financial institutions, Venture Capital funds, corporate bodies, persons, individuals or firms, against cash or for consideration received whether at par or at a premium and in doing so, it shall also comply with other statutes including the SEBI Guidelines (as applicable) and shall also take all other permissions and approvals, as may be necessary, from the Reserve Bank of India and/or Government of India and such other authorities, as may be prescribed from time to time.

Forfeiture of Shares

Articles 27-32

27. If a Member fails to pay any call, or installment of a call, on the day appointed for the payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of call or installment amount due thereon with interest in accordance with the provisions contained in Table A Regulations under Schedule I to the Act, on "Forfeiture of Shares" and if the requirements there under are not complied with, the shares in respect of which notice has been given shall be forfeited by a resolution of the Board.

28. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

29. At any time before the sale or disposal, the Board may cancel the forfeiture on such terms as it thinks fit.

30. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall not withstand the forfeiture, remain liable to pay to the company all moneys which at the date of the forfeiture, were presently payable by him to the company
In respect of those forfeited shares.

31. The liability of such person shall cease if and when the company shall have received the payment in full of all such moneys in respect of the shares.

32. A duly verified declaration in writing that the declarant is a Director or Manager or Secretary of the Company and that the shares are forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated against all persons claiming to be entitled to those shares.

Company's Lien on Shares/Debentures

Articles 18-20

18. 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) for all moneys presently payable to the company. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures.

19. The Board may sell the shares in which it has lien, but no sale shall be made of shares until the sum in respect of which such lien exists is presently payable and until a notice in writing of the intention to sell those shares have been served on such member, the Executor or Administrator or other legal representative as the case may be and default has been made by him or them in the payment of the money called or payable at a fixed time in respect of such share for 30 days after the date of such notice.

20. 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 and debentures. The directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause

Dematerialization of Securities

Articles 110-118

110. In this Article:

- (i) "Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub section (1) of Section 2 of the Depositories Act, 1996.
- (ii) "Depositories Act 1996" shall include any statutory modification or re-enactment thereof.
- (iii) "Depository" shall mean a Depository as defined in clause (e) of sub-section (1) of Section 2 of the Depository Act, 1996
- (iv) "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992
- (v) "Security" means such security as may be specified by SEBI from time to time.
- (vi) "Member" means members of the company holding a share or shares of any class and includes the beneficial owner in the records of the Depository.
- (vii) "The Register" means the Register of Members to be kept in pursuant to the Companies Act and where shares are held in dematerialized form and it includes the Register of Beneficial owners maintained by a Depository.

111. Notwithstanding anything contained in these regulations, the Company shall be entitled to dematerialize its existing shares, debenture and other securities, rematerialize its shares, debentures and other securities held in the Depositories and/or to offer its fresh shares, debentures and other securities, in a dematerialized form pursuant to the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

112. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the 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 the law, in respect of any security in the manner provided by the Depositories Act, and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities. If a person opts to hold his security with depository, the company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

113. All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

114. 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.

115. Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

116. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

117. Notwithstanding anything in the Act or these Articles to the contrary, where 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.

118. Notwithstanding anything contained in these Articles, every holder of shares in or debentures of the company may at any time nominate in the manner prescribed under the Act, a person to whom his shares in or debentures of the company shall vest in the event of his death. Such nomination and right of nominee to be registered as holder of shares/debentures as the case may be or for transfer of the shares/debentures as the case may be shall be governed by the provisions of Section 109A and 109B and other applicable provisions of the Companies Act, 1956.

118A. nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by transferor and transferee both of who are entered as beneficial owners in the records of a depository.

118B. Nothing contained in the Act or these regulations, regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held in the depository mode.

Borrowings by the Company

Article 122.46

122.46 The Shareholders agree that the financing requirements including working capital requirements of the Company shall be met in the first instance by internal accruals and any external financing will be availed of only in accordance with the Business Plan and the Annual Budget approved by the Investor. In the event of any future borrowings, the Investor shall not be required to provide any guarantees/collaterals, etc. The Investor and its nominees shall not be required to pledge their Shares or provide any other support or a negative lien to any third party, including without limitation the lenders of the Company. The Promoters shall provide all support including without limitation guarantees, pledge of their Shares, etc as may be approved by the Investor in writing, in respect of the borrowings by the Company.

General Meetings

Article 54-61

54. ANNUAL GENERAL MEETING: An annual general meeting may be called subject to section 166 read with Section 210 of the Act by giving not less than 21 days notice.

55. EXTRAORDINARY GENERAL MEETING: Any other General Meeting shall be "Extraordinary General Meeting" and shall be called and convened by the Board to transact special business by giving not less than 21 days notice.

56. GENERAL MEETING AT SHORT NOTICE: Any General meeting may be called after giving shorter notice than the notice required above if consent thereto is accorded, in the case of an Annual General Meeting, by all members entitled to vote thereat and in the case of any other meeting, by members of the Company holding not less than 95% of that part of the paid up share capital which gives the right to vote on the matters to be considered at the meeting.

57. QUORUM FOR GENERAL MEETINGS: Five members personally present shall be the quorum for General Meetings as per Sec. 174 of the Act.

58. MEMBERS' MEETINGS : The Board may whenever it thinks fit, and shall on the requisition of the members in accordance with the provisions of Sec. 169 of the Act, proceed to call an Extraordinary General Meeting of the Company. The requisitionists may in default of the Board convening the same, convene the Extraordinary General Meeting as provided by Section 169 of the Act. Provided that unless the Board shall refuse in writing to permit the requisitionists to hold the said meeting at the Office, it shall be held at the Office.

59. CHAIRMAN OF GENERAL MEETINGS: The Chairman of the Board shall preside at all general meetings of the shareholders. In the event of the chairman being absent or his chair being vacant or if he fails to serve as the presiding officer at any such general meeting, the Directors present at such meeting shall appoint one amongst themselves to preside over the meeting. If any Poll is demanded on the election of a Chairman of General Meeting, it shall be taken immediately.

60. ADJOURNMENT OF GENERAL MEETINGS: The Chairman may, with the consent of the meeting and shall, if so directed by the meeting, adjourn the same, from time to time, and from place to place, but no such business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. If any poll is demanded for the adjournment of General Meeting it shall be taken immediately.

61. Conduct of the General Meeting:

(A). Every question submitted to a meeting shall be decided, in the first instance unless a poll is demanded, in accordance with Section 179 of the Act, by a show of hands.

(B). A declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minutes shall be conclusive evidence of the fact without further proof.

(C). any business in the agenda other than that upon which a poll has been demanded may be proceeded with pending the taking of a poll.

(D). Casting Vote of Chairman: In the case of an equality of votes at General Meetings whether on a show of hands or on a poll, the Chairman shall have a second or casting vote.

(E). Votes:

On a show of hands, every member present in person and being a holder of equity share(s) shall have one vote and every person present as a duly authorized representative of a body corporate holding share(s) in the company shall have one vote. On a poll, the voting rights of a holder of Equity share(s) shall be as per the provisions of Sec.87 of the Act.

(F). Representation of Body Corporate:

A company or a body corporate which is a member of the company may exercise all its rights and powers through its duly authorized representative pursuant to Sec. 187 of the Act who may vote by proxy. The said authorized representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the company as if it were an individual Member.

Board of Directors

Articles 62-78

62. The Company shall have not less than THREE and not more than TWELVE Directors.

63. The First Directors of the Company shall be:

- (1). K.R.V.Ramani
- (2). Mrs. Aruna Ramani

64. The First directors of the company shall not retire by rotation. All other Directors shall be Liable to retirement by rotation under Sec.256 of the Act.

65. The Directors need not hold any qualification shares in the company.

66. Additional Directors: Subject to Sections 260 to 262 of the Act the Board shall have Power to co-opt one or more persons to be Directors but the total number Directors shall not exceed Twelve. The Additional Directors shall hold office upto the next Annual General Meeting but shall be eligible for appointment as Director at that meeting subject to the provisions of the act.

67. Casual Vacancy Directors: The Board will entitled to fill up any Casual vacancy arising from the vacation of office of any Director in accordance with the provisions of Sec. 262 of the Act.

68. Alternate Director: The Board may appoint an Alternate Director to act for a Director during his absence from the State in which meetings of the Board are ordinarily held in accordance with the provisions of Sec.313 of the Act.

69. Nominee Directors : In the event of the Company obtaining financial assistance from Public financial institutions, Venture Capital funds and other financing institutions (hereinafter in this article called "institutions") by way of loan, subscription to shares or debentures or other securities of the company, providing any guarantee or underwriting of subscription of shares, Debentures or securities of the Company, or by any other mode of financing to meet the requirements of the business of the company, the Directors shall have the power to agree that such Institutions shall have the right to nominate by notice in writing addressed to the company one Director, on the Board of Directors of the Company on such conditions as may be mutually agreed upon between the Institutions and the Board. Any such Director shall be a Non rotational Director and shall hold office at the pleasure of the Institutions appointing him which may remove him at any time and appoint another person in his place.

70. Sitting fees: Each Director excluding Managing Director and Whole time Director, shall be paid for every meeting of the Board or a committee thereof, sitting fee as may be determined by the Board or company in a General Meeting, from time to time, within the limits as may be prescribed for payment of the sitting fee by the Central Government. The Board may waive sitting fees payable to its Directors from time to time and for such periods as it may determine by a resolution passed in their meeting.

71. Remuneration of Directors: Subject to the provisions of Sections 198 309, 310 and 311 and any other applicable provisions of the Act, the Directors shall be paid such remuneration, whether in the form of monthly payment or by a percentage of profits or otherwise, as the company in General Meeting may from time to time determine and such remuneration shall be divided amongst the Directors in such

proportion and in such manner as the Board may from time to time determine and in default of such determination, shall be divided among the Directors equally or if so determined paid on a monthly basis .

72. Extra Services of Directors

Subject to the provisions of Sections 198, 309 and 310 of the Act, the Directors shall be paid such further remuneration, where a Director may be called upon to perform any extra services or special exertions or efforts (including as a member of any committee of the Board) the Board may pay special remuneration for such services by way of a fixed sum or by percentage of profits of otherwise and may allow such Director at the cost and expenses of the company such facilities or amenities (viz., rent free House, free medical aid, free conveyance etc.) as the Board may determine from time to time.

73. The office of a Director shall become vacant:

- (i). on the happening of any of the events provided for in Sec.283 of the Act.
- (ii). on contravention of the provisions of Sec.314 of the Act or any statutory modifications thereof;
- (iii). If a person is a Director of more than Fifteen companies at a time or such other numbers as per the act of any other law for the time being in force;
- (iv). In case of Alternate Director, on return of the Original Director to the State in terms of Sec.313 of the Act.
- (v). resignation of his office by notice in writing.

OFFICE OR PLACE OF PROFIT IN THE COMPANY

74. Subject to the provisions of Section 314 and other applicable provisions, if any, of the Act, any Director of the Company, any partner or relative of such Director, any firm in which such Director or a relative of such Director is a partner, any private company of which such Director is a director or member, and any director or manager of such private company, may hold any office or place of profit in the Company.

MANAGING DIRECTOR(S) AND WHOLE TIME DIRECTOR(S)

75. Subject to the provisions of Section 269, 198 and 309 of the Act, the Board of Directors may from time to time appoint one or more of their body to the office of Managing Director(s) or Whole Time Director(s) for a period not exceeding five years at a time and on such terms and conditions as the Board may think fit and subject to the terms of any agreement entered into with him, may revoke such appointment. In making such appointments the Board shall ensure compliance with the requirements of the Act and shall seek and obtain such approvals as are prescribed by the Act.

76. Provided that a Director so appointed, shall not while holding such office, be subject to retirement by rotation but his appointment shall be automatically determined if he ceases to be a Director.

77. Where more than one such Director is appointed, whether as Managing Director(s) and or Whole time Director(s), the Board may bifurcate the duties and powers between them.

78. The Board may, entrust and confer upon Managing Director(s) or Whole Time Director(s) any of the power of management which would not otherwise be exercisable by him upon such terms and conditions and with such restrictions as the Board, may think fit, subject always to the superintendence, control and direction of the Board and the Board may from time to time revoke, withdraw, alter or vary all or any of such powers.

Dividend Policy

Article 104 (A, B, C, D, E, F, G, H, I)

A) The divisible profits of the Company, subject to any special rights relating thereto being created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the Members in proportion to the amount of Capital Paid-up or credited as Paid-up and to the period during the year for which the Capital is Paid-up on the Shares held by them respectively. Provided always that, (subject as aforesaid), any Capital Paid-up on a Share during the period in respect of which a Dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such Share to an apportioned amount of such Dividend as from the date of payment.

(B) Subject to the provisions of Section 205 of the Companies Act, 1956 the Company in General Meeting may declare Dividends, to be paid to Members according to their respective rights and interests in the profits but no Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller Dividend, and may fix the time for payments not exceeding 30 days from the declaration thereof.

a) No Dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act 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 provided that:

(i) If the Company has not provided for depreciation for any previous Financial Year or years it shall, before declaring or paying a Dividend for any Financial Year provide for such depreciation out of the profits of that Financial Year or out of the profits of any other previous Financial Year or years,

(ii) if the Company has incurred any loss in any previous Financial Year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous Financial Year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

(iii) The decision of the Board as to the amount of the divisible profits shall be conclusive.

(b) The Board may from time to time, pay to the Members such interim Dividend as in their judgment the position of the Company justifies.

(c) Where Capital is paid in advance of calls upon the footing that the same shall carry interest, such Capital shall not whilst carrying interest, confer a right to participate in profits or Dividend.

(C). (i) Subject to the rights of Persons, if any, entitled to Shares with special rights as to Dividend, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof Dividend is paid but if and so long as nothing is Paid upon any Shares in the Company, Dividends may be declared and paid according to the amount of the Shares.

(ii) No amount paid or credited as paid on Shares in advance of calls shall be treated for the purpose of this regulation as paid on Shares.

(iii) 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 Shares are issued on terms providing that it shall rank for Dividend as from a particular date such Shares shall rank for Dividend accordingly.

(D) Subject to the provisions of the Act and these Articles, the Board may retain the Dividends payable upon Shares in respect of any Person, until such Person shall have become a Member, in respect of such Shares or until such Shares shall have been duly transferred to him.

(E) Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or sale proceeds of fractional certificates or other moneys payable in respect of such Shares.

(F). Subject to the provisions of the Act, no Member shall be entitled to receive payment of any interest or Dividends in respect of his Share(s), whilst any money may be due or owing from him to the Company in respect of such Share(s); either alone or jointly with any other Person or Persons; and the Board may deduct from the interest or Dividend payable to any such Member all sums of money so due from him to the Company.

(G). A transfer of Shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.

(H) Unless otherwise directed any Dividend may be paid by cheque or warrant or by a pay slip or receipt (having the force of a cheque or warrant) and sent by post or courier or by any other legally permissible means to the registered address of the Member or Person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent and in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. 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 a Member or Person entitled thereto, by a forged endorsement of any cheque or warrant or a forged signature on any pay slip or receipt of a fraudulent recovery of Dividend. If two or more Persons are registered as joint holders of any Share(s) any one of them can give effectual receipts for any moneys payable in respect thereof. Several Executors or Administrators of a deceased Member in whose sole name any Share stands shall for the purposes of this Article be deemed to be jointholders thereof.

(I) No unpaid Dividend shall bear interest as against the Company.

Unpaid or Unclaimed Dividend

Articles 105 (A, B)

A) If the Company has declared a Dividend but which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 days from the date of declaration to any Member entitled to the payment of such dividends, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that regard with any scheduled bank called the "Unpaid Dividend of Reliance Power Limited" and transfer to the said account the total amount of Dividend which remains unpaid or in relation to which no Dividend warrant has been posted.

(B) Any money so transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 205C of the Act, viz. "Investors Education and Protection Fund". (C) No unpaid or unclaimed Dividend shall be forfeited by the Board.

Capitalisation of Profits

Article 106

106. The Company in General Meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalize any undivided profits of the company not required for paying the fixed dividends on any Preference Shares (including profits carried and standing to the credit of any reserve or reserves or other special account), and accordingly that the Directors be authorized and directed to appropriate the profits resolved to be capitalized to the members who would have been entitled to receive the same had such sums been distributed in cash in accordance with their rights, and to apply such profits on their behalf, either in or towards paying up the amounts, if any for the time being unpaid on any shares held by such members respectively, or in paying up in full unissued shares, debentures or securities of the company of a nominal amount equal to such profits, such shares, debentures or securities to be allotted and distributed, credited as fully paid up, to and amongst such members in the manner aforesaid, or partly in one way and partly in the other. Whenever such a resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares, debentures or other securities, if any, and generally shall do all acts and things as may be required to give effect thereto. In such a case, the Directors shall also have power to make such provision for the issue of fractional certificates or payment in cash or otherwise as they may deem fit. In case of shares, debentures or securities becoming distributable in fractions, the Directors shall authorize any person to enter on behalf of all the members ed thereby into an agreement with the company providing for the allotment of full shares or debentures to them respectively, credited as fully paid up, or for the payment of cash by the company on their behalf against their fractional entitlements or by the application thereto of their respective proportions of the profits resolved to be capitalized against the amounts or any part of the amounts remaining unpaid on their existing shares, and any such agreement made under these conditions shall be effective and be binding on all such members.

Reserve & Special Fund

Article 107

107. The Board may before recommending any dividend, set aside out of the profits of the company, such sums as they think proper as Reserve Fund, to meet contingencies or for equalizing dividends or for special dividends or for repairing, improving, and maintaining any of the property of the company and for such other purposes as the Directors shall, in their absolute discretion, think conducive to the interest of the company and may invest the several sums so set aside upon such investments (other than shares of the company) as they may think fit, from time to time, deal with and vary such investments and dispose of all or any part thereof for the benefit of the company and may divide the reserve funds into such special funds as they think fit and employ the reserve funds or any part thereof in the business of the company, without being bound to keep the same separate from other assets.

Accounts & Audit

Article 95-99

95. The Board shall keep or cause to be kept proper books of Account.
96. The books of accounts shall be kept at the registered office of the company or at such other place or places as the Directors think fit.
97. The Board shall from time to time determine whether and to what extent and at what time and places and under what conditions the accounts and the books of the company or any of them shall be opened to inspection of the members not being directors.
98. No member (not being a Director) shall have any right of inspecting any accounts or books or documents of the company except as conferred by law and authorized by the Board or by the company in General Meeting.
99. The provisions in the Act relating to the appointment of auditors and the audit of the Books of Account of the company shall apply.

Secrecy

Article 120 (a, b)

120.

- (a) Subject to the provisions of the Companies Act, 1956, no member shall be entitled to inspect the company's books without the permission of Directors, or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret processes, which may relate to the conduct of the business of the Company and which in the opinion of the Directors, is not expedient in the interest of the members of the Company to communicated to the public.
- (b) Every Director, Manager, Secretary, Auditor, Trustee, Member of Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company, shall maintain

strict secrecy respecting all transactions of the Company and shall pledge himself not to reveal any of the matters which may come to his knowledge except in the discharge of duties when required to do so by the Board or by a Court of Law or by law to comply with the provisions of the Act and these articles.

SECTION VIII - OTHER INFORMATION**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts and agreements (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before this Draft Red Herring Prospectus), which are or may be deemed material have been entered or to be entered into by the Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this Draft Red Herring Prospectus may be inspected at the Registered Office of the Company from 10:00 am to 5:00 pm on any working day from the date of this Draft Red Herring Prospectus until the Bid/ Issue Closing Date.

Material contracts to the Issue

1. Memorandum of Understanding dated November 13, 2010 entered into amongst the Company and Keynote Corporate Services Limited, Book Running Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated September 29, 2010 entered into between the Company and Integrated enterprises (India) Limited, Registrar to the Issue.
3. Escrow Agreement dated [•], between the Company, the BRLM, the Escrow Collection Banks and the Registrar to the Issue.
4. Syndicate Agreement dated [•] between the Company, BRLM and Syndicate Members.
5. Underwriting Agreement dated [•] between the Company, BRLM and Syndicate Members.
6. Copy of Tripartite agreement dated [•] entered into between the Company, CDSL and Registrar to the Issue.
7. Copy of Tripartite agreement dated [•] entered into between the Company, NSDL and Registrar to the Issue.

Material Documents

1. Certificate of Incorporation dated April 01, 1999 and Fresh Certificate of Incorporation dated July 20, 2010 consequent upon change of name on conversion into Public Limited Company issued by Registrar of Companies, Tamil Nadu, Chennai.
2. Memorandum of Association and Articles of Association of the Company, as amended from time to time.
3. Shareholders' resolutions dated July 13, 2010 in relation to this Issue.
4. Copies of Auditors reports of the Company for the 3 month period ended June 30, 2010 and financial years ending on March 31, 2006, 2007, 2008, 2009 and 2010.
5. Consents of Auditors, BRLM, Registrar to the Issue, Legal Advisor to the Issue, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
6. Legal Due Diligence Report dated December 08, 2010 by Corporate Law Chambers, Advocates, and Solicitors & Notary.
7. Due Diligence Certificate dated December 09, 2010 to SEBI from Keynote Corporate Services Limited.

8. Copy of certificate dated December 08, 2010 issued by Essveeyar, Chartered Accountants and Statutory Auditors of the Company in terms of Part II Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratio.
9. Copy of certificate dated December 08, 2010 issued by, Essveeyar, Chartered Accountants and Statutory Auditors of the Company regarding tax benefits accruing to the Company and its shareholders.
10. Copy of certificate dated December 08, 2010 received from, Essveeyar, Chartered Accountants and Statutory Auditors of Sabri Inn Limited regarding sources and deployment of funds.
11. In-principle approval dated [•] and [•] from BSE and NSE for listing of the securities of the Company.
12. Report of the IPO grading agency, [•] dated [•], furnishing the rationale for its grading, disclosed in this Offer Document.
13. SEBI Observation Letter No. [•] dated [•] issued by the Securities and Exchange Board of India & Copy of the Compliance Letter dated [•] filed by Keynote Corporate Services Limited with Securities and Exchange Board of India.
14. Shareholder's agreement dated December 28, 2007 between promoters , Indian Opportunity Real Estate Fund (Mauritius) and ICICI Prudential Asset Management Company; Portfolio Managers on behalf of its clients
15. International & Domestic Franchisee and Marketing agreement with Choice Group dated January 01, 2008 & July 05, 2007
16. Hotel development services agreement with Carlson Hotel Asia Pacific Pty. Ltd dated July 07, 2010
17. Hotel management agreement with RHW Hotel management services limited dated August 24, 2010
18. Service contract dated September 27, 2010 entered with Chairman & Managing Director
19. Term loan sanction letters for Bangalore Hotel Project as issued by State Bank of India, State Bank of Travancore and State Bank of Mysore respectively vide letter dated -----
20. Consent letter dated December 09, 2010 issued by the Selling Shareholders, ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients, and Consent letter dated December 08, 2010 issued by India Opportunity Real Estate Fund (Mauritius) in relation to the Offer for Sale.

Any of the contracts or documents mentioned in this 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 provisions contained in the Companies Act and other relevant statute.

PART III

SECTION IX- DECLARATION

DECLARATION BY THE SELLING SHAREHOLDER

The undersigned Selling Shareholder, hereby certifies that all statements made in this Draft Red Herring Prospectus by the undersigned Selling Shareholder in relation to itself i.e. those relating to number of shares held by it, they are held for more than one year and its registered office address are true and correct. The undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder in this Draft Red Herring Prospectus.

Signed by the Selling Shareholders

ICICI Prudential Asset Management Company Limited; Portfolio Managers on behalf of its clients more particularly described as INDIA OPPORTUNITIES PORTFOLIO – ICICI PRUDENTIAL PMS INDIA REAL ESTATE SECURITIES SERIES-I

Sd/-

Pradeep Khanna

Senior Investment Manager –Real Estate Investment Business

Sd/-

Supriya Sapre

Head-Legal & Compliance

DECLARATION BY THE SELLING SHAREHOLDER

The undersigned Selling Shareholder, hereby certifies that all statements made in this Red Herring Prospectus are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder in this Red Herring Prospectus, except statements made by the undersigned Selling Shareholder in relation to itself as a Selling Shareholder.

Signed by the Selling Shareholders

For **India Opportunity Real Estate Fund (Mauritius)**

Sd/-

Anil Sharma

Director

DECLARATION BY THE COMPANY**SABARI INN LIMITED**

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by 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, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL DIRECTORS

Sd/-
Mr. K.R.V Ramani

Sd/-
Mr. K.R. Narayanan

Sd/-
Mr. V.Janakiraman

Sd/-
Mr. P.Vaidyanathan

Sd/-
Mr.R.Thiagarajan

Sd/-
Mr. T.R.Sridharan

**Signed by the Chief Law Officer and Company Secretary &
Compliance Officer**

Sd/-
Mr. K.R.Ramakrishnan

Date: December 09, 2010

Place: Chennai