



Our Company was originally incorporated as “Ace Tours Worldwide Private Limited” on July 13, 2007 by conversion of a partnership firm Ace Tours Worldwide under Part IX of the Companies Act, 1956 vide Certificate of Incorporation bearing CIN number U63040GJ2007PTC051318 issued by the Asst. Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Our Company was converted into a public limited company vide fresh Certificate of Incorporation dated September 30, 2011 and the name of our Company was changed to “Ace Tours Worldwide Limited”. For further details of our Company, please refer to the chapters titled ‘General Information’ and ‘History and Certain Corporate Matters’ beginning on page numbers 27 and 87 respectively, of the Draft Prospectus.

Registered Office: F-22-23-24, Jolly Arcade, Ghod Dod Road, Surat – 395 007, Gujarat.

Telephone: +91 261 265 6667; Facsimile: +91 261 265 6851

Email: ipo@acetours.in; Website: www.ace1world.com

Contact Person: Mr. Ankit Shulka, Company Secretary and Compliance Officer



PROMOTERS: Mr. Raju Choksi, Mr. Bharat Choksi, Mr. Jayesh Choksi and Mr. Mayank Choksi	
PUBLIC ISSUE OF 50,00,000 EQUITY SHARES OF ₹ 10 EACH (“EQUITY SHARES”) OF ACE TOURS WORLDWIDE LIMITED (THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹ 16 PER EQUITY SHARE, INCLUDING A SHARE PREMIUM OF ₹ 6 PER EQUITY SHARE (THE “ISSUE PRICE”), AGGREGATING ₹ 800 LACS (“THE ISSUE”), OF WHICH 2,70,000 EQUITY SHARES OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKERS TO THE ISSUE (THE “MARKET MAKER RESERVATION PORTION “). THE ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 47,30,000 EQUITY SHARES OF ₹ 10 EACH FOR CASH AT A PRICE OF ₹ 16 PER EQUITY SHARE AGGREGATING ₹ 756.80 LACS IS HEREINAFTER REFERED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 39.46% AND 37.33% RESPECTIVELY OF THE FULLY DILUTED POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.	
THE ISSUE IS BEING IN TERMS OF CHAPTER X-B OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIMETO TIME. For further details please refer the section titled ‘Terms of the issue’ beginning on page 160 of the Draft Prospectus	
All potential investors may participate in the Issue through an Application Supported by Blocked Amount (“ASBA”) process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks (“SCSBs”) for the same. For details in this regard, specific attention is invited to “Issue Procedure” on page 166 of the Draft Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.	
THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE OF ₹ 16 IS 1.6 TIMES OF THE FACE VALUE	
RISKS IN RELATION TO FIRST ISSUE	
This being the first public issue of the Issuer, there has been no formal market for our Equity Shares. The face value of the Equity Shares of our Company is ₹ 10 and the Issue price of ₹ 16 per Equity Share is 1.6 times of the face value. The Issue Price (as determined by our Company in consultation with the Lead Manager, as stated under the chapter titled ‘Basis for the Issue Price’ beginning on page 49 of the Draft Prospectus) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.	
GENERAL RISKS	
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of the Draft Prospectus. Specific attention of the investors is invited to the section titled ‘Risk Factors’ beginning on page 9 of the Draft Prospectus.	
ISSUER’S ABSOLUTE RESPONSIBILITY	
The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Prospectus contains all information with regard to the Issuer and this Issue, which is material in the context of this Issue, that the information contained in the Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect.	
LISTING	
The Equity Shares offered through the Draft Prospectus are proposed to be listed on the BSE SME Platform. In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain an in-principal listing approval for the shares being offered in this issue. However, our Company has received an approval letter dated [●] from BSE for using its name in this offer document for listing of our shares on the SME Platform of BSE. For the purpose of this Issue, the designated Stock Exchange will be the BSE Limited (“BSE”).	
LEAD MANAGER TO THE ISSUE	REGISTAR TO THE ISSUE
	
Corporate Strategic Allianz Limited 402, Samedh Complex, Near Associated Petrol Pump, C.G. Road, Ahmedabad – 380 006. Tel No: + 91 79 2642 4138; Fax No: +91 79 4002 4670 Email: smeatl@csapl.com Investor Grievance Email: investors@csapl.com Website: www.csapl.com SEBI Registration No: INM000011260 Contact Person: Mr.Nevil.R Savjani	Satellite Corporate Services Private Limited B-302, Sony Apartment, Opp. St. Jude High School, 90 ft. Road, Off Andheri Kurla Road, Jarimari, Sakinaka, Mumbai – 400 072. Tel: +91-22- 28520461/462, Fax:+91-22- 28511809 SEBI REGN NO: INR000003639 Email Id: service@satellitecorporate.com Website: www.satellitecorporate.com Contact Person: Mr. Michael Monteiro
ISSUE PROGRAMME	
ISSUE OPENS ON:	[●]
ISSUE CLOSES ON:	[●]

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

In the Draft Prospectus, unless the context otherwise requires, the terms defined and abbreviations stated hereunder shall have the meanings as assigned therewith as stated in this Section.

General Terms

Term	Description
the Company”, “our Company”, “Issuer”, “Issuer Company”, Ace Tours worldwide Limited”, “we”, “us”, “our”, “The Issuer”	Ace Tours Worldwide Limited, a public limited company incorporated under the Companies Act, 1956, and having its registered office at F-22-23-24, Jolly Arcade, Ghod Dod Road, Surat – 395 007, Gujarat
Promoters	Mr. Raju Choksi, Mr. Bharat Choksi, Mr. Jayesh Choksi and Mr. Mayank Choksi
Promoter Group	Companies, individuals and entities (other than companies) as defined under Regulation 2 sub-regulation (zb) of the SEBI ICDR Regulations

Company Related Terms

Terms	Description
Articles / Articles of Association/AOA	Unless the context otherwise requires, requires, refers to the Articles of Association of Ace Tours Worldwide Limited, as amended from time to time.
Auditors	The statutory auditors of our Company, being M/s. Rasesh Shah and Associates, Chartered Accountants
Board of Directors / Board	The Board of Directors of Ace Tours Worldwide Limited, including all duly constituted Committees thereof.
BCCL SHARES	Number of Shares of Ace Tours Worldwide Limited arising out of conversion of the outstanding Debentures
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1956, as amended from time to time
Director(s)	Director(s) of Ace Tours Worldwide Limited unless otherwise specified
Equity Shares	Equity Shares of our Company of Face Value of ₹ 10 each unless otherwise specified in the context thereof
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
Key Management Personnel/ KMP	Officers vested with executive powers and officers at the level immediately below the board of directors and including any other person whom our Company may declare as key management personnel. See "Our Management - Key Management Personnel" on page 100
MOA / Memorandum / Memorandum of Association	Memorandum of Association of Ace Tours Worldwide Limited
Non Residents	A person resident outside India, as defined under FEMA
NRIs / Non Resident Indians	A person resident outside India, as defined under FEMA
NRIs / Non Resident Indians	A person outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign (Registration and Regulation of Companies) Regulations, 2000
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, Company, partnership, limited liability Company, joint venture, or trust or any other entity or organization validity constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Peer Review Auditor	M/S Arvind A. Thakkar & Co., Chartered Accountants

Promoter Director	Promoter-Director of our Company are Mr. Raju Choksi and Mr. Bharat Choksi
Registered Office	The Registered of our company which is situated at F-22-23-24, Jolly Arcade, Ghod Dod Road, Surat – 395 007, Gujarat
RoC	The Registrar of Companies located at ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380 013.

Issue Related Terms

Terms	Description
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of our Company
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by applicants to make an application authorising a SCSB to block the application amount in the ASBA Account maintained with the SCSB. ASBA is mandatory for QIBs and Non-Institutional Applicants participating in the Issue.
ASBA Account	An account maintained with the SCSB and specified in the application form submitted by ASBA applicant for blocking the amount mentioned in the application form.
ASBA Applicants	All prospective investors in this Issue who intend to apply through the ASBA process.
Allotment	Issue of the Equity Shares pursuant to the Issue to the successful applicants
Allottee	The successful applicant to whom the Equity Shares are being / have been issued
Basis of Allotment	The basis on which equity shares will be allotted to successful applicants under the Issue and which is described in the section “Issue Procedure - Basis of allotment” on page 171 of this Draft Prospectus
Bankers to our Company	ICICI Bank Limited IDBI Bank Limited Associated Co-Operative Bank Limited Yes Bank Limited
Bankers to the Issue	[•]
BSE	BSE Limited
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Draft Prospectus	The Draft Prospectus Dated April 20, 2013 issued in accordance with Section 60B of the Companies Act filed with the BSE and the SEBI Regulations
Engagement Letter	The engagement letter dated March 11, 2013 between our Company and the LM
Escrow Account	Account opened/to be opened with the Escrow Collection Bank(s) and in whose favour the Applicant (excluding the ASBA Applicant) will issue cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement entered / to be entered into amongst our Company, Lead Manager, the Registrar, the Escrow Collection Bank(s) for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and condition thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which bank(s) the Escrow Account of our Company will be opened
IPO	Initial Public Offering
Issue / Issue Size / Public Issue	The Public Issue of 50,00,000 Equity Shares of ₹ 10 each at ₹ 16 (including share premium of ₹ 6) per Equity Share aggregating to ₹ 800.000 Lacs by Ace Tours Worldwide Limited

Issue Price	The price at which the Equity Shares are being issued by our Company under this Prospectus being ₹ 16
LM / Lead Manager	Lead Manager to the Issue, in this case being Corporate Strategic Allianz Limited
Listing Agreement	Unless the context specifies otherwise, this means the SME Equity Listing Agreement to be signed between our company and the SME Platform of BSE.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 47,30,000 Equity Shares of ₹ 10 each at ₹ 16 (including share premium of ₹ 6) per Equity Share aggregating to ₹ 756.80 Lacs by Ace Tours Worldwide Limited
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue opening and closing dates and other information
Qualified Institutional Buyers / QIBs	As defined under the SEBI ICDR Regulations, including public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 2,500 Lacs, pension fund with minimum corpus of ₹ 2,500 Lacs, NIF and insurance funds set up and managed by army, navy or air force of the Union of India, Insurance funds set up and managed by the Department of Posts, India
Refund Account	Account opened / to be opened with a SEBI Registered Banker to the Issue from which the refunds of the whole or part of the Application Amount (excluding to the ASBA Applicants), if any, shall be made
Refund Bank	[•]
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable
Registrar/ Registrar to the Issue	Registrar to the Issue being Satellite Corporate Services Private Limited
Regulations	Unless the context specifies something else, this means the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended from time to time.
Retail Individual Investors	Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than ₹ 2,00,000
SCSB	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in/pmd/scsb.pdf
SME Platform of BSE	The SME Platform of BSE for listing of equity shares offered under Chapter X-B of the SEBI (ICDR) Regulations which was approved by SEBI as an SME Exchange on September 27, 2011.
Underwriters	Corporate Strategic Allianz Limited and Sunflower Broking Private Limited
Underwriting Agreement	The Agreement entered into between the Underwriters and our Company dated April 20, 2013
Working Days	All days on which banks in Mumbai are open for business except Sunday and public holiday, provided however during the Application period a working day means all days on which banks in Mumbai are open for business and shall not include a Saturday, Sunday or a public holiday

Technical / Industry Related Terms

Term	Description
CAGR	Compounded Annual Growth Rate
FDI	Foreign Direct Investment
GOI	Government of India
HR	Human Resource
IT	Information Technology

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
SME	Small and Medium Enterprises
Sq.ft.	Square feet
sq.mtrs.	Square meters
UNWTO	United Nations World Tourism Organisation
VOA	Visa on Arrival
TVOA	Tourist Visa on Arrival

Conventional Terms / General Terms / Abbreviations

Abbreviation/Acronym	Description
A/c	Account
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY	Assessment Year; the period of twelve months commencing from the 1 st day of April every year
BCCL	Bennett Coleman & Co. Ltd.
BSE	Bombay Stock Exchange Limited
CAN	Confirmation of Allocation Note
CDSL	Central Depository Services (India) Limited.
CENVAT	Central Value Added Tax
CIN	Corporate Identity Number
Companies Act	The Companies Act, 1956, as amended from time to time
CRR	Cash Reserve Ratio
Depositories Act	The Depositories Act, 1996, as amended from time to time
DIN	Director's identification number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
DP	A Depository Participant as defined under the Depositories Act
EBIDTA	Earnings before Interest, Depreciation, Tax, Amortisation and extraordinary items
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings per Share
ESIC	Employee State Insurance Corporation
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder, as amended
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
FII	Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in India
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
Financial Year / Fiscal / Fiscal Year / FY	Period of twelve months ended March 31 of that particular year, unless specifically stated otherwise
FIPB	Foreign Investment Promotion Board
FVCI	Foreign venture capital investor as defined in and registered under the FVCI Regulations.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/ Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India

Abbreviation/Acronym	Description
ICSI	Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards.
Indian GAAP	Generally Accepted Accounting Principles in India.
IPO	Initial Public Offer
ISO	International Organisation for Standardization
Key Managerial Personnel / KMP	The officers vested with executive powers and the officers at the level immediately below the Board of Directors of the Issuer Company and other persons whom the Issuer has declared as a Key Managerial Personnel and as mentioned in the chapter titled ' <i>Our Management</i> ' beginning on page 92 of the Draft Prospectus
Ltd.	Limited
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended from time to time
MICR	Magnetic Ink Character Recognition
MOU	Memorandum of Understanding
N.A.	Not Applicable
NAV	Net Asset Value being paid-up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of 'profit and loss account', divided by number of issued Equity Shares outstanding at the end of the Fiscal.
NBFC	Non-Banking Finance Company
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NIFTY	National Stock Exchange Sensitive Index
NR	Non-Resident
NRE Account	Non Resident External Account
NRI	Non-Resident Indian
NRO	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NSEL	National Spot Exchange Limited
NTA	Net Tangible Assets
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
R & D	Research and Development
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoNW	Return on Net Worth
Rs./ ₹ / INR/Rupees	Indian Rupees, the legal currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, read with rules and regulations thereunder and amendments thereto and as amended from time to time
SEBI ICDR Regulations / ICDR Regulations / SEBI ICDR / ICDR	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	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 Rules and Regulations	SEBI ICDR Regulations, SEBI (Underwriters) Regulations, 1993, as amended, the SEBI (Merchant Bankers) Regulations, 1992, as amended, and any and all other relevant rules, regulations, guidelines, which SEBI may issue from time to time, including instructions and clarifications issued by it from time to time.
SEBI Takeover Regulations/ Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
Sec.	Section

Abbreviation/Acronym	Description
Securities Act	The U.S. Securities Act of 1933, as amended.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
Stock Exchange	Unless the context requires otherwise, refers to, the BSE Limited
Sub-account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as amended.
STT	Security Transaction Tax
TDS	Tax Deducted at Source
U.S. or US or U. S. A.	The United States of America
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
UoI	Union of India
VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended from time to time
VCFs	Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations

Notwithstanding the foregoing:

1. In the section titled ‘*Main Provisions of the Articles of Association*’ beginning on page number 182 of the Draft Prospectus , defined terms shall have the meaning given to such terms in that section;
2. In the chapters titled ‘*Summary of Our Business*’ and ‘*Our Business*’ beginning on page numbers 21 and 78 respectively, of the Draft Prospectus, defined terms shall have the meaning given to such terms in that section;
3. In the section titled ‘*Risk Factors*’ beginning on page number 9 of the Draft Prospectus, defined terms shall have the meaning given to such terms in that section;
4. In the chapter titled ‘*Statement of Tax Benefits*’ beginning on page number 51 of the Draft Prospectus, defined terms shall have the meaning given to such terms in that section;
5. In the chapter titled ‘*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*’ beginning on page number 134 of the Draft Prospectus, defined terms shall have the meaning given to such terms in that section.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in the Draft Prospectus is derived from our audited financial statements for the 7 months period ended October 31, 2012 and Financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Indian GAAP which are included in the Draft Prospectus, and set out in the section titled '*Financial Information*' beginning on page number 117 of the Draft Prospectus. Our Financial Year commences on April 1 and ends on March 31 of the following year, so all references to a particular Financial Year are to the twelve-month period ended March 31 of that year. In the Draft Prospectus, discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and the investors should consult their own advisors regarding such differences and their impact on the financial data. Accordingly, the degree to which the restated financial statements included in the Draft Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Prospectus should accordingly be limited.

Any percentage amounts, as set forth in the sections / chapters titled '*Risk Factors*', '*Our Business*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' beginning on page numbers 78 and 134, respectively, of the Draft Prospectus and elsewhere in the Draft Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Indian GAAP.

Currency and units of presentation

In the Draft Prospectus, unless the context otherwise requires, all references to;

- 'Rupees' or '₹' or 'Rs.' or 'INR' are to Indian rupees, the official currency of the Republic of India.
- 'US Dollars' or 'US\$' or 'USD' or '\$' are to United States Dollars, the official currency of the United States of America.

All references to the word 'Lakh' or 'Lac', means 'One hundred thousand' and the word 'Million' means 'Ten lacs' and the word 'Crore' means 'Ten Million' and the word 'Billion' means 'One thousand Million'.

Industry and Market Data

Unless stated otherwise, industry data used throughout the Draft Prospectus has been obtained or derived from industry and government publications, publicly available information and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although our Company believes that industry data used in the Draft Prospectus is reliable, it has not been independently verified.

Further, the extent to which the industry and market data presented in the Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of, the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

All statements contained in the Draft Prospectus that are not statements of historical facts constitute 'forward-looking statements'. All statements regarding our expected financial condition and results of operations, business, objectives, strategies, plans, goals and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in the Draft Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in the Draft Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward looking statements can generally be identified by words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- general economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- our ability to successfully implement strategy, growth and expansion plans and technological initiatives;
- our ability to respond to technological changes;
- our ability to attract and retain qualified personnel;
- the effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- general social and political conditions in India which have an impact on our business activities or investments;
- potential mergers, acquisitions restructurings and increased competition;
- occurrences of natural disasters or calamities affecting the areas in which we have operations;
- market fluctuations and industry dynamics beyond our control;
- changes in the competition landscape;
- our ability to finance our business growth and obtain financing on favourable terms;
- our ability to manage our growth effectively;
- our ability to compete effectively, particularly in new markets and businesses;
- changes in laws and regulations relating to the industry in which we operate changes in government policies and regulatory actions that apply to or affect our business; and
- developments affecting the Indian economy;
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our current plans and expectations and actual results to differ, please refer to the chapters titled '*Risk Factors*', '*Our Business*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' beginning on page numbers 9, 78 and 134 respectively of the Draft Prospectus.

Forward looking statements reflects views as of the date of the Draft Prospectus and not a guarantee of future performance. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company / our Directors nor the Lead Manager, nor any of its affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the listing and trading permission is granted by the Stock Exchange(s).

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in the Draft Prospectus, including the risks and uncertainties summarised below, before making an investment in our Equity Shares. The risks described below are relevant to the industries our Company is engaged in, our Company and our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the chapters titled 'Our Business' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning on page numbers 78 and 134, respectively, of the Draft Prospectus as well as the other financial and statistical information contained in the Draft Prospectus. Prior to making an investment decision, prospective investors should carefully consider all of the information contained in the section titled 'Financial Information' beginning on page number 117 of the Draft Prospectus. Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP.

If any one or more of the following risks as well as other risks and uncertainties discussed in the Draft Prospectus were to occur, our business, financial condition and results of our operation could suffer material adverse effects, and could cause the trading price of our Equity Shares and the value of investment in the Equity Shares to materially decline which could result in the loss of all or part of investment. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India, and is therefore subject to a legal and regulatory environment that may differ in certain respects from that of other countries.

The Draft Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the considerations described below and elsewhere in the Draft Prospectus.

These risks are not the only ones that our Company face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.

Materiality

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

- 1. Some events may not be material individually but may be material when considered collectively.*
- 2. Some events may have an impact which is qualitative though not quantitative.*
- 3. Some events may not be material at present but may have a material impact in the future.*

INTERNAL RISKS

- 1. Our Company is involved in certain legal proceedings. Any adverse decision in such proceedings may render us liable to liabilities / penalties and may adversely affect our business and results of operations.**

Our Company is involved in certain legal proceedings and claims in relation to certain consumer and tax related matters. These legal proceedings are pending at different levels of adjudication. Any adverse decision may render us liable to liabilities / penalties and may adversely affect our business and results of operations. A classification of these legal and other proceedings are given in the following table:

Particulars	No. of cases	Financial implications (₹ in lacs)*
Cases against our Company		
Consumer matters	7	19.41
Legal Notice under section 138 of Negotiable Insutrument Act, 1881	2	28.84
Tax related matters	9	11.41
Cases filed by our Company		
Civil Matters	1	28.35

**The table above does not include those penalties, interests and costs, if any, which may be imposed or which may have been pleaded but not quantified in the course of legal proceedings, or which the tribunal otherwise has the discretion to impose. The imposition and amount of such penalties / interests / costs are at the discretion of the tribunal where the case is pending. Such liability, if any, would crystallize only on the order of the tribunal where the case(s) is / are pending.*

For further details regarding these legal proceedings, please refer to the chapter titled ‘*Outstanding Litigations and Material Developments*’ beginning on page 141 of the Draft Prospectus.

2. Our promoter group company, viz. Choksi Circuits Private Limited is involved in matters involving default in repayment of loans and certain other matters.

Our promoter group company, viz. Choksi Circuits Private Limited is involved in following matters involving default in repayment of loans.

- a) Bank of Baroda had filed an Original Application No. 155 of 1995 with DRT Ahmedabad against Choksi Circuits Private Limited and its then Directors viz Mr. Jashwantlal Choksi, Mr. Raju J. Choksi, Mr. Bharat J. Choksi, Anil J. Choksi and Mr. Jayesh J. Choksi for the recovery of amount of ₹ 89,92,578.18/-along with interest. The said amount pertains to various facilities such as working capital term loan, cash credit, funded interest term loan and the letter of credit to Choksi Circuits Private Limited. The presiding officer vide Judgement dated July 15, 2008 partly allowed the outstanding amount in respect of cash credit aggregating ₹ 29,21,403.00 along with simple interest @6% per annum from December 19, 1995 and dismissed the remaining application of Bank of Baroda for other facilities. Bank of Baroda being aggrieved from the said judgement filed Appeal with the Debt Recovery Appellate Tribunal, Mumbai on August 28, 2008. The matter is pending with the Debt Recovery Appellate Tribunal, Mumbai.

As per the Order dated May 23, 2012 of The Debt Recovery Appellate Tribunal, Mumbai, appeal has been withdrawn by Bank of Baroda as they wanted to proceed with recovery proceedings.

- b) M/s. Choksi Circuits Pvt. Ltd. (CCPL) had availed financial assistance by way of a Term Loans from Gujarat Industrial Investment Corporation Limited (GIIC) for their proposed project to be established in Gandhinagar. As per the terms and conditions of the sanction letter the said loans were guaranteed jointly and severally by the personal guarantees of Promoters of CCPL.

GIIC had filed a recovery suit before the City Civil Court at Ahmedabad, bearing suit no. 5807 of 1995 dated October 18, 1995 against the Promoters and Guarantors of M/s. Choksi Circuits Pvt. Ltd. (CCPL), Mr. Jaswantbhai N Choksi (father of our Promoters - now deceased), Mr. Anil J Choksi (brother of our Promoters) and Mr. Jayesh J Choksi, Mr. Bharat J Choksi & Mr. Rajubhai J Choksi (all three are Our Promoters), in relation to CCPL’s failure to repay Term loan principal amount of ₹ 81,42,709/- and Interest thereon of ₹ 63,72,067/- aggregating to ₹ 1,45,14,776/- outstanding as on August 31, 1995. GIIC has filed a suit for recovery of above said outstanding amount of Rs, 1,45,14,776/- along with interest @ 18% p.a. from September 01, 1995 and other costs and expenses. The matter is pending before the City Civil Court at Ahmedabad.

Further, the statutory auditor of Choksi Circuits Private Limited has also reported in his report as follows:

- a. In respect of loans taken by the company, the interest provision is not provided in books of accounts as the same is pending under judicial proceedings.
- b. There are overdue loans, the sum to be decided by judicial authorities in respect of loans taken by the company, so interest for above is not provided in books of accounts as the same is under judicial proceedings.
- c) Choksi Circuits Private Limited (“CCPL”) was issued notice no. 02/Cex/GNR/01 dated December 27, 2004 by the Assistant Commissioner, Central Excise, Gandhinagar demanding a total of ₹ 33,087/- towards duty and interest for wrong availment of cenvat credit on inputs. In this regards, name of CCPL also appears on the website of Central Board of Excise and Customs at the url <http://www.cbec.gov.in/defaulters/zones-idx.htm> under Ahmedabad zone. The company has made the payment on March 23, 2006

For further details regarding these legal proceedings, please refer to the chapter titled ‘*Outstanding Litigations and Material Developments*’ beginning on page 141 of the Draft Prospectus.

3. Our Company had negative cash flow in from investing activities in Financial year 2008, 2009, 2010, 2011 and 2012 and for the seven month period ended October 31, 2012 and from operating activities in Financial year 2008 and from financing activities during FY 2012 and seven months period ended October 31, 2012, details of which are given below. Sustained negative cash flow could adversely impact our business, financial condition and results of operations.

(₹ in lacs)

Cash flow from	March 31,	March 31,	March 31,	March 31,	March 31,	October 31,
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	2008	2009	2010	2011	2012	2012
Operating activities	-775.66	131.18	115.96	74.05	330.77	51.32
Investing activities	-237.40	-157.24	-42.14	-26.45	-26.69	-0.70
Financing Activities	1,114.41	17.36	6.56	24.02	-229.23	-5.46

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flow, it may adversely affect our business and financial operations. For further details please refer to the section titled '*Financial Information*' and chapter titled '*Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements*' beginning on pages 134 and 117 respectively, of the Draft Prospectus.

4. Our Company has incurred loss in the financial year ended 2008 amounting to ₹ 2.34 lacs.

(₹ in lacs)

	March 31, 2008
Net Profit/Loss after tax, as restated	(2.34)

5. The company is not regular in depositing the statutory dues with the appropriate authorities.

As per the Last audited financial report of the Company for the FY 2012, the Company had not deposited following statutory dues with the appropriate authorities.

(₹ in Lacs)

Nature of Dues	Period	Amount
Service Tax	2008-09	313719
Service Tax	2009-10	374644
Service Tax	2010-11	448456
Service Tax	2011-12	591185
Professional Tax	2009-10	56250
Professional Tax	2010-11	21278
Professional Tax	2011-12	4280

6. Our Company along with the promoters have entered into agreements with BCCL, which may dilute the promoters holding in future. Further, BCCL also has tag along rights granted to them under this agreement. We have not received any waiver or satisfaction letter from BCCL for the said agreements, which may potentially dilute the holdings of our promoters, in case the IPO price is lower than the conversion price.

Our Company had entered into a Convertible Debenture subscription agreement dated January 10, 2008, with Benett, Coleman & Co. Limited and our Company's promoters, represented by Mr. Rajubhai Choksi. Through the said agreement, the Company allotted One (1) 0% fully convertible debenture for a consideration of ₹ 4,00,00,000 (Rupees Four crores only). As per the terms of the agreement, the debenture was to be converted into Equity Shares (BCCL Shares) on September 01, 2009.

The parties through an amended agreement dated February 24, 2011 modified the terms of the original agreement dated January 10, 2008, wherein debenture to the extent of ₹ 2,88,26,702/- were redeemed in cash, while the balance amount of ₹ 1,11,73,298 was converted into Equity Shares as per the above formula and accordingly 5,19,949 Equity Shares were allotted to BCCL on February 28, 2011.

While as on date there are no outstanding debentures, we have not received any waiver or satisfaction letter from BCCL and the covenants as per the original agreement hold good, which are detailed in brief as under:

- Promoters shall use reasonable endeavour for an IPO
- Submission of quarterly financial statements to BCCL
- No additional shares to be issued to others at a price lower than the conversion price, prior to the IPO, and in case the shares are issued, the Company to issue such shares to BCCL for no consideration, or through transfer from promoters.
- Company shall not issue shares through the IPO at a price lower than the conversion price. In case the IPO is priced at less than the conversion price, the promoters would transfer such number of shares to BCCL, such that the weighted average price of acquisition cost per share of BCCL is equal to the IPO price. It is however clarified that such transfer would take place after completion of the statutory lock-in period
- The promoters cannot dispose of or sell shares to third party who is not an affiliate of the Promoters resulting into shareholding falling below 75% of Issued & Outstanding Capital of the Company without considering sale of all the shares of BCCL to the third party.

f) Customary Tag along rights and Right of First Refusal.

g) Tag along rights

- a. If the Promoters, or any of them, as the case may be, by themselves or through their affiliates, intends to Transfer all or part of their shareholding in the Company to a third party who is not an affiliate of the of the Promoters (the “Third Party Offeror”), the Promoters shall provide notice of such proposed sale to BCCL no later than 30 (Thirty) days prior to the proposed closing of such sale. The Promoters, or any of them, as the case may be, shall not be permitted to carry out the sale unless simultaneously with the sale the Third Party Offeror makes an offer in writing to BCCL to purchase a prorated portion (i.e.a ratio of Shares of the Promoters proposed to be transferred to the Shares held by the Promoters at the time of the sale or disposal, as the case may be) of the Shares held by BCCL in the Company at such terms and conditions as the Third Party Offeror’s proposed acquisition of Shares from the Promoters, or any of them, as the case may be, including as to Price (the “Tag-Along Offer”). The Third Party Offeror’s Tag Along shall remain open for acceptance for not less than 30 (Thirty) days following delivery to BCCL Of the offer of the Third Party Offeror
- b. Provided that in the event that any such sale or disposal by the Promoter results in the Promoter’s shareholding falling below 75% (Seventy Five Percent) of issued and outstanding capital of the company (whether in a single transaction or a series of transaction related or otherwise), the Promoter shall not be permitted to carry out such sale or otherwise dispose of the Shares held by the Promoter, unless simultaneously with the sale, the Third Party Offeror makes an offer in writing to BCCL to purchase all the BCCL Shares held by BCCL in the Company at such time, on the same terms and conditions as the Third Party Offeror’s proposed acquisition of Shares from the Promoters, including as to price.
- c. If the Third Party Offeror refuses to purchase Shares from BCCL and BCCL notifies the Promoters in Writing within 30 (Thirty) days following receipt by BCCL of the Promoter’s notice that it desires to sell Shares to the Third Party Offer or, the Promoters shall reduce the number of shares proposed to be sold to the Third Party Offer or and BCCL shall sell to the Third Party Offer or, and Promoters shall ensure that the Third Party Offer or shall buy, a pro rata portion or all of the Shares held by BCCL at that time, as the case may be, on the same terms and conditions, including as to price. It is clarified that the Promoters will not be permitted to sell any Shares to the Third Party Offer or, unless and until the Third Party Offer or has acquired all the Shares offered by BCCL on the terms and conditions, including as to price.

For further details regarding Restrictive Covenants which are affecting Equity Shareholders; please refer to “History and Corporate Matters” under the heading Shareholder’s Agreement on Page No. 87 of the Draft Prospectus.

7. We have issued below mentioned Equity Shares in the last twelve months from the date of filing the Draft Prospectus with SEBI, the price of which may be lower than the Issue Price.

Our Company has issued following Equity Shares in last twelve months, the price at which these shares are allotted is lower than the Issue Price:

Date of Allotment	Nature of Allotment	Name of Allottee	No. of Equity Shares	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Nature of consideration
February 25, 2013	Further allotment	BCCL	53,146	10	15.92	Cash

For further details please refer to the section Capital Structure beginning on page 33 of the Draft Prospectus.

8. Our Company has in the past entered into related party transactions with our Promoters and Promoter Group Entities and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

Our Company has entered into related party transactions with our Promoters and Promoter Group Entities in the past. While our Company believes that all such transactions have been conducted on an arm’s length basis and are accounted as per Accounting Standard 18, however there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For further details please

refer to the section titled 'Financial Information' and "Related Party Transaction" beginning on page 115 of the Draft Prospectus.

9. *Our Company had not complied with Section 383A of the Companies Act, 1956 regarding the appointment of Whole Time Company Secretary for a period from February 28, 2011 to September 19, 2011. However we have appointed Mr. Ankit Shukla as Company Secretary with effect from September 20, 2011. Such non-Compliance may result in penalties or other action on our Company by the Statutory Authorities.*

10. *Our Company has not complied with the AS-15 "Employee Benefits" in the past. However for the purpose of restatement, our Company has complied with the AS-15 and has made provision for gratuity based on actuarial valuation.*

11. *Internet Security breaches could adversely impact our business.*

Our computer systems and network infrastructure may be exposed to physical break-ins as well as security breaches and other disruptive problems caused by our increased internet connectivity. Although we keep our systems protected through antiviruses, firewalls etc, any such breach may adversely affect our business operations.

12. *Our success depends largely on our senior management and key personnel and our ability to attract and retain them.*

We are highly dependent on the senior management of our Company. Our future performance will be affected by the lack of continued service of these persons. We do not maintain key man life insurance for any of the senior members of our management team or other key personnel. Competition for senior management in our industry is intense, and we may not be able to retain such senior management personnel or attract and retain new senior management personnel in the future. The loss of any of the members of our senior management or other key personnel may adversely affect our business, results of operations and financial condition. For further details on all of our key managerial personnel please refer to paragraph titled "Our Key Managerial Personnel" in the chapter titled "Our Management" beginning on page 100 of this Draft Prospectus.

13. *Our Company has unsecured loans amounting to ₹173.78 lacs, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations and financial condition of our Company.*

As on October 31, 2012, our Company has unsecured loans aggregating to ₹ 173.78 lacs which are repayable on demand. For further details of these unsecured loans, please refer to chapter titled 'Financial Information' beginning on page 114 of the Draft Prospectus. In case of any demand from lenders for repayment of such unsecured loans, the resultant cash outgo, may adversely affect our business operations and financial position of our Company.

14. *The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion and as per the details mentioned in the section titled "Objects of the Issue". Any revision in the estimates may require us to reschedule our Project expenditure and may have a bearing on our expected revenues and earnings.*

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. Our estimates for the project may exceed the value that would have been determined by third party appraisals and may require us to reschedule our project expenditure which may have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our audit committee.

15. *Our proposed expansion plans are financially dependent on the Issue proceeds any delay in raising of the same may impact the operations and financials of our Company.*

Our proposed expansion plans are dependent on the proceeds of this Issue. We have not arranged for any alternate source of funding the major part of the project. Any delay in the proposed Issue may increase the project cost and also result in delay in project implementation. This may adversely affect our operations and profitability.

16. *We are largely dependent on our business associates, both in India and abroad for travel bookings and other related services. Any failure on their part to honour commitments may have adverse effect on our business, financial condition and operations*

The travel industry largely operates through associate networks. Our Company has appointed agents across across India to facilitate its travel business. Appropriate service delivery by these associates is critical for the success of the business. Our Company currently has longstanding healthy business relations with its associates and does not foresee any major problem on service delivery from their side. However, the same level of service delivery cannot be guaranteed by our Company for the future.

17. *We derive a significant portion of our income from travel and travel related services like assistance in ticketing, hotel reservations etc. Increasing penetration of the internet and advances in payment solutions, has led to 'disintermediation' i.e. direct dealings between the airline companies / hotels and the travellers. Further, the domestic as well as the international airline industry involves intense competition, which has resulted in a fare war. In this scenario, there is pressure on the players to reduce costs, including commissions to travel agents. Many airlines offer special fares for direct bookings. These trends have the potential to adversely affect our business income.*

18. *The property used by our Company for our branch offices are not owned by us and we have only rights as a licensee over the same. Any adverse impact on the title / ownership rights of the owner or breach of the terms / non renewal of the license agreement may impede our effective operations and thus adversely affect our profitability.*

Our branch offices located at Mumbai, Rajkot and Ahmedabad are not owned by our Company and are taken on a license basis. Any adverse impact on the title / ownership rights of the owner, from whose premises we operate our branch offices, or breach of the terms / non renewal of the license agreement may cause disruption in our corporate affairs and business and impede our effective operations and thus adversely affect our profitability.

19. *Quality concerns and negative publicity if any, would adversely affect the value of our brand, and our Company.*

Our business is dependent on the trust our customers repose in us. Any negative publicity regarding our Company, or services we offer, or any other unforeseen events could adversely affect our reputation our brand value, our operations and our results from operations.

20. *We face claims / liabilities / suits from our customers and may continue to do so should they perceive any deficiency in service or in the event of bodily harm / injury to them while on tours organized by us. We believe in providing quality customer service and due care is taken while providing services. However, we may not be able to cover all such risks.*

21. *We may face financial liabilities or loss of reputation, in the event of accidents / mishaps on our tours arranged by us for our clients.*

Our business involves taking people on tours. We arrange tours directly and through our associates. While we endeavour to take maximum possible precautions, any mishap, accident during the tour, which may or may not lead to personal injuries, may take place due to factors which are beyond our control. Occurrence of such events, may have an implication on our business.

22. *We face stiff competition from other players operating in this sector and also from the un-organized sectors.*

We operate in a highly competitive market. Many Indian and foreign players have entered the market both in the online and offline space. Pricing is one of the factors that plays an important role in our customers' selection of our products. Stiff competition from a variety of competitors in the organized and un-organised sectors adversely impacts our operations and profitability. A portion of the tourism business is now increasingly being cornered by companies offering holidays on a 'time share' basis, which increases competition.

23. *Some segments of our business, for example leisure, are seasonal in nature.*

Revenues from the travel and tourism industry segment are affected by seasonality and depend on various factors such as school holidays, public holidays, conducive weather conditions and the law & order situation in the destination for travel. Any disruptions of our operations or adverse external factors affecting business during these key seasons may lead to a reduction in our revenues and may have a material adverse impact on our results of operations.

24. *The Travel and Tours Industry is cyclical and sensitive to changes in the economy and this could have a significant impact on our operations and financial results.*

The Travel and Tours industry is cyclical and sensitive to changes in the economy in general. The sector may be unfavourably affected by such factors as changes in the global and domestic economies, changes in local market conditions. If the economic growth of India slows down there may be a gradual decline in the willingness for people to travel. A global or domestic recession may severely impact the Tour and Travel Industry and consequently our business. Such adverse developments in the Tour and Travel Industry in India or in the countries where our subsidiaries are located or where we have branch offices will have a negative impact on our profitability and financial condition.

25. *If we are unable to successfully protect our computer systems from security risks, our business could suffer particularly since our Company's operations involve bookings etc. which involves transmission of data through Internet, which involves security risks.*

While we have implemented industry-standard security measures, our network may still be vulnerable to unauthorized access, computer viruses and other disruptive problems. A party that is able to circumvent security measures could misappropriate proprietary information and cause interruptions in our operations. We may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. There can be no assurance that any measures implemented will not be circumvented in the future.

26. *Our insurance cover may be inadequate to fully protect us from all losses and may intun adversely affect our financial condition.*

We maintain such insurance coverage as we believe is customary in our industry in India. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain Office Building, and Vehicle insurance coverage. However, we cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our results of operations or cash flows may be affected.

27. *Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors.*

Our Company has paid not paid any dividends since incorporation. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends in the future. Additionally, the terms of any financing we obtain in the future, may contain restrictive covenants which may also affect some of the rights of our shareholders, including the payment of the dividend.

28. *Some of the group companies promoted by our Promoters have incurred losses in the last three years.*

The following group companies promoted by the Promoters have incurred losses in one or more of the last three years:

(₹ In Lacs)

Name of the Company	FY 2010	FY 2011	FY 2012
Choksi Circuits Private Limited	(0.08)	(0.08)	(0.08)

EXTERNAL RISKS

1. *Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.*

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude.

2. *Global recession and market conditions could cause our business to suffer.*

The developed economies of the world viz. U.S., Europe, Japan and others are in midst of recovering from recession which is affecting the economic condition and markets of not only these economies but also the economies of the emerging markets like Brazil, Russia, India and China. General business and consumer sentiment has been adversely affected due to the global slowdown and there cannot be assurance, whether these developed economies will see good economic growth in the near future. Consequently, this has also affected the global stock and commodity markets.

3. *Any disruption in the supply of power, IT infrastructure, telecom lines and disruption in internet connectivity could disrupt our business process or subject us to additional costs.*

Any disruption in basic infrastructure or the failure of the Government to improve the existing infrastructure facilities could negatively impact our business since we may not be able to provide timely or adequate services to our clients. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure, internet connectivity or telecom lines is disrupted. This may result in the loss of a client, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations and could lead to decline in the price of our Equity Shares.

4. *Natural calamities and changing weather conditions caused as a result of global warming could have a negative impact on the Indian economy and consequently impact our business and profitability.*

Natural calamities such as draughts, floods, and earthquakes could have a negative impact on the Indian economy and may cause suspension, delays or damage to our current projects and operations, which may adversely impact our business and our operating results. India's being a monsoon driven economy, climate change caused due to global warming bringing deficient / untimely monsoons could impact Government policy which in turn would adversely affect our business.

5. *Tax rates applicable to Our Company may increase and may have an adverse impact on our business.*

Any increase in the tax rates including surcharge and education cess applicable to us may have an adverse impact on our business and results of operations and we can provide no assurance as to the extent of the impact of such changes.

6. *Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.*

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

7. *Civil unrest, acts of violence including terrorism or war involving India and other countries could materially and adversely affect the financial markets and our business.*

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Terrorist attacks and other acts of violence may adversely affect the Indian stock markets, where our Equity Shares will trade, and the global equity markets generally.

8. *There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the SME Platform of BSE in a timely manner, or at all.*

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the SME Platform of BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

9. *The price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.*

Prior to this Issue, there has been no public market for our Equity Shares. Our Company and the Lead Manager have appointed Shah Investors & Housing Limited as Designated Market Maker for the equity shares of our company. However, the trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets and Finance industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue. For further details of the obligations and limitations of Market Makers please refer to the chapter titled "General Information" beginning on page 27 of this Prospectus.

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

Following the Issue, we will be subject to a daily "circuit breaker" imposed by BSE, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The BSE may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

PROMINENT NOTES:

1. This is a Public Issue of 50,00,000 Equity Shares of ₹ 10 each at a price of ₹ 16 (including share premium of ₹ 6) per Equity Share aggregating ₹ 800.0000 Lacs.
2. For information on changes in our Company's name, Registered Office and changes in the objects clause of the MOA of our Company, please refer to the chapter titled "History and Certain Corporate Matters" beginning on page 87 of the Prospectus.
3. Our Net Worth as per Restated Financial Statement as at March 31, 2012 was ₹ 776.54 Lacs and as at October 31, 2012 was ₹ 790.10 Lacs.
4. The Net Asset Value per Equity Share as at March 31, 2012 was ₹ 10.76 and as at October 31, 2012 was ₹ 10.95.
5. Investors may contact the Lead Manager for any complaint pertaining to the Issue. All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the Applicant, number of Equity Shares for which the applied, Application Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form has been submitted by the ASBA Applicant.
6. The average cost of acquisition per Equity Share by our Promoters is set forth in the table below:

Name of the Promoters	Average cost of acquisition (in ₹)
Mr. Raju Choksi	7.41
Mr. Bharat Choksi	7.41
Mr. Jayesh Choksi	7.41
Mr. Mayank Choksi	7.41

For further details relating to the allotment of Equity Shares to our Promoter, please refer to the chapter titled "Capital Structure" beginning on page 33 of the Draft Prospectus.

7. There has been no financing arrangement whereby the Promoter Group, our Directors and their relatives have financed the purchase, by any other person, of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the Prospectus.
8. The details of transaction by our Company are disclosed under “*Related Party Transactions*” in “*Section VI Financial Information*” of our Company beginning on page 117 of this Prospectus.

SECTION III – INTRODUCTION

SUMMARY OF OUR INDUSTRY

Global Travel & Tourism Industry

Travel & Tourism is an important economic activity in most countries around the world. Globally this industry has contributed actively in revenue generation as well as employment generation directly (hotels, visitor attractions, restaurants, tourist transport) as well as indirectly through the supply of many goods and services that are inputs to the tourism industry. According to the Advance Release of the UNWTO World Tourism Barometer, International tourist arrivals were up by almost 4% in 2012 to 1035 million. With an additional 39 million international tourists, up from 996 million in 2011, international tourist arrivals surpassed 1 billion for the first time in history. In 2012, growth was stronger in emerging economies (+4.1%) as compared to advanced economies (+3.6%), a trend which has marked the sector for many years now.

Growth is expected to continue in 2013 only slightly below the 2012 level (+3% to +4%) and in line with UNWTO long term forecast for 2030. By region, prospects for 2013 are stronger for Asia and the Pacific (+5% to +6%), followed by Africa (+4% to +6%), the Americas (+3% to +4%), Europe (+2% to +3%) and the Middle East (0% to +5%). UNWTO's Tourism 2020 Vision forecasts that international arrivals are expected to reach nearly 1.6 billion by the year 2020. The total tourist arrivals by region shows that by 2020 the top three receiving regions will be Europe (717 million tourists), East Asia and the Pacific (397 million) and the Americas (282 million), followed by Africa, the Middle East and South Asia. East Asia and the Pacific, Asia, the Middle East and Africa are forecasted to record growth at rates of over 5% a year, compared to the world average of 4.1%. The more mature regions Europe and Americas are anticipated to show lower than average growth rates. Europe will maintain the highest share of world arrivals, although there will be a decline from 60% in 1995 to 46% in 2020. (Source: UNWTO World Tourism Barometer release Jan 2013)

Indian Travel & Tourism Sector

The structure of Indian travel & tourism sector remains the same as that of global travel & tourism sector. Tourism industry is directly driven by the growth in GDP. Discretionary spending on leisure tourism is more during economic prosperity and drops significantly during economic downturn. In case of India, combining unparalleled growth prospects and unlimited business potential, the industry is certainly on the foyer towards being a key player in the nation's changing face. Furthermore, banking on the government's initiative of upgrading and expanding the country's infrastructure like airports, national highways etc, and the tourism and hospitality industry is bound to get a bounce in its growth. The amount of foreign direct investments (FDI) inflow into the hotel and tourism sector during April 2000 to October 2012 was worth US\$ 6,484 million, as per data provided by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce. Following graph shows Country rankings for travel & tourism direct industry GDP (absolute as well as percentage wise) for 2020 (as projected by WTTC).

The direct contribution of Travel & Tourism to GDP in 2012 was INR 1,919.7bn (2.0% of GDP). This is forecast to rise by 7.0% to INR 2,053.3bn in 2013. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. The direct contribution of Travel & Tourism to GDP is expected to grow by 7.8% pa to INR 4,360.6bn (2.1% of GDP) by 2023. The following graphs show evolution of direct contribution from tourism sector as % of GDP as well as absolute size of tourism sector in terms of direct contribution.

The total contribution of Travel & Tourism to GDP (including wider effects from investment, the supply chain and induced income impacts) was INR 6,385.1bn in 2012 (6.6% of GDP) and is expected to grow by 7.3% to INR 6,853.7bn (6.7% of GDP) in 2013. It is forecast to rise by 7.9% pa to INR 14,722.3bn by 2023 (7.0% of GDP). The following graphs show evolution of total contribution from tourism sector as % of GDP as well as absolute size of tourism sector in terms of total contribution.

Growth Drivers for Travel & Tourism Industry in India

Tourism is an important sector of the economy and contributes significantly in the country's GDP as well as Foreign Exchange Earnings (FEE). It has backward and forward linkages with many other sectors of the economy, like transport, construction, handicrafts, manufacturing, horticulture, agriculture, etc. India is one of the fastest-growing travel and tourism markets in the world. Foreign tourist arrivals (FTAs) in India have increased as India continues to be a favored tourist destination for leisure, as well as business travel. FTAs have increased at a CAGR of 8.1% between 2004 and 2012. India's well-equipped hospital infrastructure and the low cost of treatment, compared to developed countries, make it a preferred destination for medical tourism as well. The Ministry of Tourism is upgrading infrastructure facilities at important tourist destinations, which has improved accessibility to these places. (Source: Ministry of Tourism, Annual Report, World Economic Forum)

As per the Travel and Tourism Competitiveness Report 2013 by the World Economic Forum, India is ranked 11th in the Asia Pacific region and 65th overall, moving down three places since 2009 on the list of the world's attractive destinations. It is ranked the 9th best tourist destination for its natural resources and 24th for its cultural resources, with many World Heritage sites, both natural and cultural, rich fauna, and strong creative industries in the country. India also bagged 39th rank for its air transport network. 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.

Furthermore, India has emerged as a popular tourist destination, and many smaller cities (Udaipur, Thiruvananthapuram and Kochi) are witnessing a greater influx of foreign tourists, resulting in an increased demand for hotels in these cities. Both domestic and international players have planned large-scale investments in the hospitality industry. In addition, the Government of India (GoI) has introduced various initiatives and campaigns such as Incredible India!, Colors of India, Atithi Devo Bhavah and the Wellness Campaign to promote the Indian tourism and hospitality industry. Also, the increasing income and affordability have increased domestic leisure travel in the country.



The Road Ahead

The Indian tourism & hospitality sector is certainly the most apt replication of the belief 'Atithi devo bhava'- touch of tenderness, a helping hand and a welcoming visage. Keeping in view the importance of Tourism sector, the allocation for Ministry of Tourism in the Union Budget 2013 -14 has also been hiked by ₹.87.66 crore. The allocation for the Ministry this year is ₹.1297.66 crore while it was ₹ 1210 crore in the Union Budget 2012-13 and ₹ 1110.96 crore in the Union Budget 2011-12. The Budget allocation for Plan projects/schemes for the benefit of North East region and Sikkim has been hiked from ₹ 121 crore to ₹ 129 crore.

According to the WTTC projections the total contribution of India's travel and tourism to Gross Domestic Product (GDP) is expected to rise by 7.9% pa to Rs 14,722.3bn by 2023 (7.0% of GDP). By 2023, Travel & Tourism is forecast to support 48,592,000 jobs (8.0% of total employment). Export earnings from international visitors and tourism goods are expected to increase from US\$ 11.1 billion in 2010 to US\$ 33.6 billion in 2020.

Ministry of Tourism aims to create a comprehensive and coordinated framework for promoting golf tourism in India, capitalising on the existing work that is being carried out, and building upon the strength of India's position as the fastest growing free market economy. Finally, rising disposable income, favorable demographics, travel aspirations of India's large middle class, combined with food, language, and cultural barriers generally encountered by first-time travelers, are among the key structural drivers of growth for India's Travel & Tourism sector.

Source: Entire Industry Section as detailed below is based on March 2013, Industry Report on Travel and Tourism Sector, prepared by Yogesh Katariya & Co., Research & Consulting

SUMMARY OF OUR BUSINESS

Our Company was incorporated as “Ace Tours Worldwide Private Limited” on July 13, 2007 by conversion of a partnership firm Ace Tours Worldwide under Part IX of the Companies Act, 1956 vide Certificate of Incorporation issued by the Asst. Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Our Company was converted into a public limited company vide fresh Certificate of Incorporation dated September 30, 2011 and subsequently the name of our Company was changed to “Ace Tours Worldwide Limited”.

Our Company is promoted by Mr. Raju Choksi, Mr. Bharat Choksi and Mr. Jayesh Choksi. We provide quality holidays with a range of services designed to meet the diverse holiday needs and interests of our clients families and corporate as well.

We are primarily in the business of providing the following travel and leisure services to our clients:

1. International Tours
 - a. Individual Tours
 - b. Group Tours
2. Domestic Tours
 - a. Individual Tours
 - b. Group Tours
3. MICE (Meetings, Incentives, Conferences and Exhibitions)
4. Cruises
5. Other special planned trips
 - a. Honeymoon trips
 - b. School trips
 - c. Business / Conventional trips
 - d. Conference / Trade Fairs / Exhibitions
6. Travel Bookings
 - a. Air tickets
 - b. Railway tickets
7. Hotel bookings (worldwide)
8. Rent-a-Car facility
9. Visa Processing

We endeavour to provide the most suited holidays/trips to our clients, which are custom made to meet their requirements. As mentioned above we provide the entire gamut of activities associated with holidays like ticketing, local travel arrangement, hotel bookings etc under a single roof to our clients.

Our continued services have won us many accolades such as recognition as an approved tour operator and for excellent co-operation and service by the Ministry of Tourism, Government of India.

SUMMARY OF OUR FINANCIAL INFORMATION

The following tables set forth summary financial information derived from restated financial statements as of and for the financial years ended March 31, 2008, 2009, 2010, 2011 and 2012 and for the 7 months ended October 31, 2012. These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI ICDR Regulations and presented under the section titled “*Financial Information*” beginning on page number 117 of the Draft Prospectus. The summary financial information presented below should be read in conjunction with the chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” and “*Financial Information*” beginning on page numbers 134 and 117, respectively of the Draft Prospectus.

Statement of Assets and Liabilities (As Restated)

(₹ in Lacs)

Particulars	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
Non-Current Assets						
a) Fixed Assets						
Tangible Assets	107.87	113.39	96.40	81.57	68.48	57.06
Intangible Assets	87.42	175.33	169.26	155.38	141.14	130.89
Capital Work -in-Progress	0.00	0.00	0.00	0.00	0.00	0.00
Total Fixed Assets (a)	195.29	288.72	265.66	236.95	209.62	187.95
b) Non Current Investments	0.54	0.54	0.54	0.54	0.54	0.54
c) Long Term Loans and Advances	401.05	689.29	614.27	532.09	186.10	216.80
d) Deferred Tax Asset	0.00	0.00	0.00	0.00	0.00	0.00
Total Non Current Assets	596.88	978.55	880.47	769.58	396.26	405.29
Current assets						
Current Investments	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	0.00	0.00	0.00	0.00	0.00	0.00
Trade Receivables	467.44	263.08	341.99	467.87	579.95	568.40
Cash and Cash Equivalents balances	101.36	92.66	173.03	244.65	319.49	364.65
Short Term Loans and advances	393.42	141.64	174.36	204.15	165.46	198.20
Other Current Assets	0.00	0.00	27.41	32.56	37.24	56.96
Total Current Assets	962.22	497.38	716.79	949.23	1,102.14	1188.21
Total Assets	1,559.10	1,475.93	1,597.26	1,718.81	1,498.40	1593.50
Non Current Liabilities						
Long Term Borrowings	547.84	514.29	455.89	387.02	176.62	209.84
Long term provisions	13.41	48.87	50.21	7.14	8.70	8.51
Deferred Tax Liability	4.15	4.15	4.15	1.12	1.60	1.60
Total Current Liabilities	565.40	567.31	510.25	395.28	186.92	219.95
Current Liabilities						
Short Term Borrowings	145.40	247.88	355.48	394.22	408.54	422.58
Trade Payables	385.43	122.55	144.85	140.00	87.05	104.76
Other Current Liabilities	4.50	10.00	10.00	10.00	13.11	15.11
Short Term Provisions	14.00	30.41	28.70	59.74	26.24	41.00
Total Current Liabilities	549.33	410.84	539.03	603.96	534.94	583.45
Net worth	444.37	497.78	547.99	719.58	776.54	790.10
Represented by						
Share capital						
-Equity Share Capital	452.94	460.75	460.75	701.93	721.73	721.73
-Preference Share Capital						
Total(a)	452.94	460.75	460.75	701.93	721.73	721.73
Reserves and surplus						
General Reserve						
P&L Account	-2.34	42.01	91.22	20.14	62.55	78.13
Total(b)	-2.34	42.01	91.22	20.14	62.55	78.13
Less: Miscellaneous Expenditure	6.23	4.98	3.98	2.49	7.74	9.76
Net Worth (a+b-c)	444.37	497.78	547.99	719.58	776.54	790.10

Summary Statement of Profit and Loss, As Restated

(₹ in Lacs)

Particulars	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
Income						
Sales & Operating Incomes	1,840.74	2,746.46	2,114.91	2,183.17	1,910.52	1128.57
Commission / Discount / Incentives etc.	31.11	33.78	64.81	48.78	41.24	30.78
Other Income	2.51	5.71	5.84	2.39	6.20	3.14
Increase/(Decrease) in Inventory	-	-	-	-	-	-
Total Income	1,874.36	2,785.95	2,185.56	2,234.34	1,957.96	1,162.49
Expenditure						
Direct cost of Sales / Services	1,634.40	2,290.59	1,849.62	1,891.89	1647.54	977.91
Administrative and Other Expenses	135.77	245.29	158.04	149.51	156.26	74.98
Selling and Distribution Expenses	19.83	29.79	17.69	11.48	3.12	16.92
Total Operating Expenses	1,790.00	2,565.67	2,025.35	2,052.88	1,806.92	1069.81
PBDIT	84.36	220.28	160.21	181.46	151.04	92.68
Interest and Other Financial Charges	31.77	59.38	42.64	63.63	82.65	52.72
PBDT	52.59	160.90	117.57	117.83	68.39	39.96
Less: Depreciation & Amortisation	37.69	69.93	68.36	59.04	51.21	22.38
PBT	14.90	90.97	49.21	58.79	17.18	17.58
Add / (Less) : Provision for Tax						
Current Tax	5.87	13.05	-	9.50	3.98	2.00
Fringe Benefit Tax	-	-	-	-	-	-
Deferred Tax Liability	-	-	-	(3.04)	0.49	-
Tax adjustment due to Assessment	11.37	33.56	-	-	-	-
Restated Profit After Tax	(2.34)	44.36	49.21	52.33	12.71	15.58
Balance brought forward from previous year	-	(2.34)	42.01	91.22	20.14	32.85
Net Profit Available for Appropriation	(2.34)	42.01	91.22	143.55	32.85	48.43
Appropriation						
Proposed Dividend on Equity Shares	-	-	-	-	-	-
Tax on Dividend	-	-	-	-	-	-
Transfer to General Reserves	-	-	-	-	-	-
Capatilized during the year for Bonus Shares	-	-	-	123.41	-	-
Balance carried forward as restated	(2.34)	42.01	91.22	20.14	32.85	48.43

Summary Statement of Cash Flow:
(₹ in Lacs)

Particulars	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
A. CASH FLOW FROM OPERATING ACTIVITIES						
Profit Before Tax	14.90	90.97	49.21	58.79	17.18	17.58
<i>Adjusted for :</i>						
a. Depreciation	37.69	69.93	68.36	59.04	51.21	22.38
b. Interest Expenses	31.77	59.38	42.64	63.63	82.65	52.72
c. Other Adjustments						
d. Interest Income	-2.36	-4.87	-2.16	-2.39	-2.43	-2.03
e. Tax Adjustment due to restatement	-11.37	-33.56				
Operating profit before working capital changes	70.63	181.85	158.05	179.07	148.61	90.65
<i>Adjusted for :</i>						
a. Decrease / (Increase) in Inventories	0.00	0.00	0.00	0.00	0.00	0.00
b. Decrease / (Increase) in trade receivable	-467.44	204.36	-78.91	-125.88	-112.08	124.45
c. (Increase) / Decrease in short term loans and advances	-393.42	251.78	-32.72	-29.79	38.69	-32.74
d. (Increase) / Decrease in Other Current Assets	0.00	0.00	-27.41	-5.15	-4.68	-19.72
e. (Increase) / Decrease in Long term loans and advances	-401.05	-288.24	75.02	82.18	345.99	-143.60
f. Increase / (Decrease) in Trade Payables	385.43	-262.88	22.30	-4.85	-52.95	17.71
g. Increase / (Decrease) in short term provisions	14.00	16.41	-1.71	31.04	-33.50	14.76
h. Increase / (Decrease) in other current liabilities	4.50	5.50	0.00	0.00	3.11	2.00
i. Increase / (Decrease) in Long Term Provisions	17.56	35.45	1.34	-43.07	1.56	-0.19
Cash generated from operations	-769.79	144.23	115.96	83.55	334.75	53.32
Income Tax Paid (net of refunds)	5.87	13.05	0.00	9.50	3.98	2.00
NET CASH GENERATED FROM OPERATION	-775.66	131.18	115.96	74.05	330.77	51.32
B. CASH FLOW FROM INVESTING ACTIVITIES						
a. Purchase of Fixed Assets	-232.99	-163.36	-45.30	-30.33	-23.87	-0.71
b. Sale of Fixed Assets						
c. (Purchase) / Sale of non-current investment	-0.54	0.00	0.00	0.00	0.00	0.00
(Increase) in Misc. Expenses	-6.23	1.25	1.00	1.49	-5.25	-2.02
e. Interest received	2.36	4.87	2.16	2.39	2.43	2.03
Net cash (used) in investing activities	-237.40	-157.24	-42.14	-26.45	-26.69	-0.70
C. CASH FLOW FROM FINANCING ACTIVITIES						
a. Interest Paid	-31.77	-59.38	-42.64	-63.63	-82.65	-52.72
b. Proceeds from share issued	452.94	7.81	0.00	117.78	19.80	0.00
c. Share Premium					29.70	
d. (Repayments) / proceeds of long term borrowings	547.84	-33.55	-58.40	-68.87	-210.40	33.22

e. (Repayments) / proceeds of short term borrowings	145.40	102.48	107.60	38.74	14.32	14.04
Net cash generated/(used) in financing activities	1,114.41	17.36	6.56	24.02	-229.23	-5.46
Net Increase / (Decrease) in cash and cash equivalents	101.36	-8.70	80.38	71.62	74.85	45.16
Cash and cash equivalents at the beginning of the year	0.00	101.36	92.66	173.03	244.65	319.49
Cash and cash equivalents at the end of the year	101.36	92.66	173.03	244.65	319.49	364.65

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 'Cash Flow Statement'.
2. Previous year's figures have been regrouped / rearranged /recasted wherever necessary to make them comparable with those of current year.

THE ISSUE

Present Issue in terms of the Draft Prospectus:

Issue Details	
Equity Shares offered	50,00,000 Equity Shares of ₹ 10 each
<i>Of which:</i>	
Reserved for Market Makers	2,70,000 Equity Shares of ₹ 10 each
Net Issue to the Public	47,30,000 Equity Shares of ₹ 10 each
<i>Of which</i>	
Retail Portion	23,65,000 Equity Shares of ₹ 10 each
Non Retail Portion	23,65,000 Equity Shares of ₹ 10 each
Equity Shares outstanding prior to the Issue	76,70,456 Equity Shares of ₹ 10 each
Equity Shares outstanding after the Issue	1,26,70,456 Equity Shares of ₹ 10 each
Use of Proceeds	For further details please refer chapter titled “ <i>Objects of the Issue</i> ” beginning on page number 46 of the Draft Prospectus for information on use of Issue Proceeds

Notes

1. *This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details please refer to section titled ‘Issue related Information’ beginning on page 160 of the Draft Prospectus.*
2. *The Issue has been authorized by the Board of Directors vide a resolution passed at its meeting held on February 25, 2013 and by the shareholders of our Company vide a special resolution passed pursuant to section 81(1A) of the Companies Act at the EGM held on March 18, 2013.*

GENERAL INFORMATION

Our Company was incorporated as “Ace Tours Worldwide Private Limited” on July 13, 2007 by conversion of a partnership firm Ace Tours Worldwide under Part IX of the Companies Act, 1956 *vide* Certificate of Incorporation bearing CIN number U63040GJ2007PTC051318 issued by the Asst. Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Our Company was converted into a public limited company *vide* fresh Certificate of Incorporation dated September 30, 2011 and subsequently the name of our Company was changed to “Ace Tours Worldwide Limited”.

Registered Office: F-22-23-24, Jolly Arcade, Ghod Dod Road, Surat – 395 007, Gujarat.

Telephone: +91 261 265 6667; **Fax No :** +91 261 265 6851

Contact Person: Mr. Ankit Shukla, Company Secretary and Compliance Officer;

Email: ipo@acetours.in; **Website:** www.ace1world.com

Corporate Identification No: U63040GJ2007PLC051318

Address of the RoC

Registrar of Companies Gujarat, Dadra and Nagar Haveli

RoC Bhavan, Opposite Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380 013, Gujarat.

Telephone No. +91-79-27437597, Fax No: +91-79-27438371, Email Id: roc.ahmedabad@mca.gov.in

Name of the Stock Exchange where proposed to be listed

Our Company proposed to list its Equity Shares on the SME Platform of BSE Limited.

Issue Programme

Issue Opens on: [•]

Issue Closes on: [•]

Our Board of Directors

The following table sets out details regarding our Board as on the date of the Draft Prospectus:

Sr. No.	Name, age and address	Designation	Category/Nature of Directorship	DIN
1	Mr. Raju Jashwantlal Choksi Age: 47 years Address: 13/332, Matru Ashish, Athwaline, Surat –395001, Gujarat, India	Managing Director	Executive and Non Independent	01421108
2	Mr. Bharat Jashwantlal Choksi Age: 50 years Address: 13/332, Matru Ashish, Athwaline, Surat –395001, Gujarat, India	Non Executive Director	Non Executive and Non Independent	01421133
3	Mr. Rajendra K. Desai Age: 62 years Address: 4B, Shantikunj Society, Near L.B.Cinema, Bhatar Road, Surat-3950002	Additional Director	Non Executive and Independent	00198139

4	Mr. Rakesh Mohinder Puri Age: 45 years Address: 6, Raja Garden(Extn) Near Alpine Intl. School Ferozpur Road, Ludhiana – 141 012. Punjab, India	Director	Non Executive and Independent	02443261
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For detailed profile of our Managing Director and other Directors, refer to chapters titled “Our Management” and “Our Promoters and Promoter Group” on page 92 and 104 respectively of the Draft Prospectus.

Company Secretary and Compliance Officer

Mr. Ankit Shukla
Ace Tours Worldwide Limited
F-22-23-24, Jolly Arcade,
Ghod Dod Road,
Surat – 395007,
Gujarat, India
Tel No: + 91 261 265 6667
Fax No: + 91 261 265 6851
Email: ipo@acetours.in
Website: www.ace1world.com

Investors may contact our Company Secretary and Compliance Officer and/or the Registrar to the Issue and / or the Lead Manager, i.e., Corporate Strategic Allianz Limited, in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB or the Syndicate / Sub – Syndicate Members to whom the Bid was submitted (at ASBA Bidding Locations), giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the relevant SCSBs or details of the Syndicate / Sub – Syndicate Members to whom the Bid was submitted (at ASBA Bidding Locations) where the ASBA Form was submitted by the ASBA Bidder.

Lead Manager to the Issue

Corporate Strategic Allianz Limited
402, Samedh Complex, Near Associated Petrol Pump,
C.G. Road, Ahmedabad – 380 006.
Tel No: + 91 79 2642 4138
Telefax No: +91 79 4002 4670
Email: smeatwl@csapl.com
Investor Grievance ID: investors@csapl.com
Website: www.csapl.com
Contact Person: Mr. Nevil R.Savjani
SEBI Registration No: INM000011260

Registrar to the Issue

SATELLITE CORPORATE SERVICES PRIVATE LIMITED
SEBI REGN NO: INR000003639
B-302, Sony Apartment, Opp. St. Jude High School,
90 ft. Road, Off Andheri Kurla Road,
Jarimari, Sakinaka, Mumbai – 400 072.
Maharashtra – India
Tel: +91-22- 28520461/462,
Fax: +91-22- 28511809
Email Id: service@satellitecorporate.com
Website: www.satellitecorporate.com
Contact Person: Mr. Michael Monteiro

Legal Advisor to the Issue

Mr. Tejas P. Satta

Advocate

A/2, 2nd Floor,

Satyamev Complex – A,

Below Bar Council of Gujarat,

Opp. Gujarat High Court,

S.G. Highway, Ahmedabad.

Tel No: +91 97125 63340

Fax No: +91 79 2766 5721

Email: sattatejas@gmail.com

Contact Person: Mr. Tejas P. Satta

Bankers to our Company

IDBI Bank Limited SME, 801, 8 th Floor, 21 st Century Business Centre, Ring Road, Surat – 395 002. Tel No: +91 261 2344209 Email: krutagna.patel@idbi.co.in Website: www.idbibank.com Contact Person: Mr. Krutagna Patel	ICICI Bank Limited HG-1/HG-2, Platinum Plaza, Opp VT Choksi Law College, Athwalines, Surat – 395 007 Tel No: +91 261 4004430 Fax No: +91 261 4004496 Email: swati.panji@icicibank.com Website: www.icicibank.com Contact Person: Ms. Swati Panji
Associated Co-operative Bank Limited 1 st Floor, Venkar Sangh Building, Opp. Reshamwala Market, Ring Road, Surat – 395 002. Tel No. +91 261 2342139, 3016912 Email: associatebank_surat@yahoo.co.in Website: www.associatebank.in Contact Person: Mr. Maharshi N Smart	Yes Bank Limited IFC Tower 2, 8 th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai - 400013 Tel No: +91 22 3347 7251 Fax No: +91 22 2497 4875 Email: dlbtiservices@yesbank.in Website: www.yesbank.in Contact Person: Mr. Shankar Vichare/ Mr. Mahesh Shirali

Statutory Auditors to our Company

M/s. Rasesh Shah and Associates

Chartered Accountants

O-1, 1st Floor, Silver Palm Building,

Besides Kadampalli Society,

Timallyawad, Surat – 395 001

Tel No: +91 261 2460689 / 305 2005

Email: info@raseshca.com

Contact Person: Mr. Rasesh B Shah

Membership No: 034217

Firm registration No: 108671W

Peer Review Auditor to our Company

M/s. Arvind A. Thakkar & Co.

Chartered Accountants

Ground Floor, Trupti Apartments,
Behind Old High Court, Navrangpura,
Ahmedabad – 380 009.
Tel No: +91 79 2754 3650 / 2754 3655
Email: aat47@rediffmail.com
Contact Person: Arvind A. Thakkar
Membership No: 014334
Firm Registration No: 100571W

Bankers to the Issue/Escrow Collection Banks

[•]

Refund Bankers to the Issue

[•]

Self Certified Syndicate Banks (SCSB's)

The list of Designated Branches that have been notified by SEBI to act as SCSB for the ASBA process is provided on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1362549337390.html For more information on the Designated Branches collecting ASBA Forms, see the above mentioned SEBI link.

Statement of Responsibility of the Lead Manager/ Statement of inter se allocation of responsibilities

Since Corporate Strategic Allianz Limited is the sole Lead Manager to this Issue, a statement of inter se allocation of responsibilities amongst Lead Managers is not required.

Credit Rating

This being an issue of Equity Shares, there is no requirement of credit rating for the Issue.

IPO Grading

Since the issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of appointing an IPO Grading agency.

Brokers to the Issue

All members of the recognized stock exchanges would be eligible to act as Brokers to the Issue.

Expert Opinion

Except for (a) Peer Review Auditors' reports on the restated financial statements by M/s Arvind A. Thakkar & Co, (b) Statement of Tax Benefits by the statutory auditors, M/s Rashesh Shah & Associates, Chartered Accountants (C) Industry Overview by Yogesh Katariya & Co., Research and Consulting (Copies of the said report and statement of tax benefits has been included in the Draft Prospectus), we have not obtained any other expert opinions.

Trustees

This is being an issue of Equity Shares, the appointment of trustee is not required.

Appraisal and Monitoring Agency

The objects of the Issue have not been appraised by any agency. The Objects of the Issue and means of finance, therefore, are based on internal estimates of our Company. As the net proceeds of the Issue will be less than ₹ 50,000 Lacs, under the sub-regulation (1) of Regulation 16 of SEBI (ICDR) Regulations, 2009 it is not required that a monitoring agency be appointed by our Company.

However, as per the Clause 52 of the SME Listing Agreement to be entered into with the Stock Exchanges upon listing of the Equity Shares and in accordance with the corporate governance requirements, the Audit Committee of our Company would be monitoring the utilization of the Issue Proceeds.

Underwriting Agreement

This Issue less is 100% Underwritten. The Underwriting agreement is dated April 20, 2013. 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 specified securities being offered through this Issue:

Details of the Underwriter	No. of shares underwritten	Amount Underwritten (₹ in Lacs)	% of the Total Issue Size Underwritten
Corporate Strategic Allianz Limited 402, Samedh Complex, Near Associated Petrol Pump, C.G. Road, Ahmedabad – 380 006.	47,30,000	756.80	94.60%
Sunflower Broking Private Limited Sunflower House” .80 Feet Road, Near Bhakti Nagar Circle, Rajkot – 360 002,	2,70,000	43.20	5.40%
Total	50,00,000	800.00	100.00%

In the opinion of our Board of Directors (based on a certificate given by the Underwriter), the resources of the above mentioned Underwriters are sufficient to enable them to discharge the underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges.

Details of the Market Making Arrangement for this Issue

Our Company and the Lead Manager have entered into a tripartite agreement dated April 21, 2013, with the following Market Maker, duly registered with BSE Limited to fulfill the obligations of Market Making:

Sunflower Broking Private Limited
Sunflower House” .80 Feet Road,
Near Bhakti Nagar Circle, Rajkot – 360 002,
Tel: +91 0281 2361935
Fax: +91 0281 2361528
Email: malaybhow@sunflowerbroking.com
Website: www. sunflowerbroking.com
Contact Person: Malay Bhow
SEBI Registration No: INB011358638

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, and its amendments from time to time and the circulars issued by the BSE and SEBI regarding this matter from time to time.

Following is a summary of the key details pertaining to the Market Making arrangement:

- 1) The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
- 2) The minimum depth of the quote shall be ₹ 1,00,000. However, the investors with holdings of value less than ₹ 1,00,000 shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
- 3) Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
- 4) There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
- 5) On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
- 6) The Marker maker may also be present in the opening call auction, but there is no obligation on him to do so.

- 7) There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while *force-majeure* will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
- 8) The Market Maker(s) shall have the right to terminate said arrangement by giving a three months notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further our Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particulars point of time. The Market Making Agreement is available for inspection at our registered office from 11.00 a.m. to 5.00 p.m. on working days.

- 9) **Risk containment measures and monitoring for Market Makers:** BSE SME Exchange will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
- 10) **Punitive Action in case of default by Market Makers:** BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

- 11) Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market makers during market making process has been made applicable, based on the issue size and as follows:

Issue Size	Buy quote exemption threshold (including mandatory initial inventory of 5% of the Issue Size)	Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Issue Size)
Upto ₹ 20 Crore	25%	24%
₹ 20 Crore To ₹ 50 Crore	20%	19%
₹ 50 Crore To ₹ 80 Crore	15%	14%
Above ₹ 80 Crore	12%	11%

CAPITAL STRUCTURE

The Equity Share capital of our Company, as on the date of the Draft Prospectus and after giving effect to the Issue is set forth below:

No.	Particulars	Amount (₹ in Lacs)	
		Aggregate nominal value	Aggregate value at Issue Price
A.	Authorised Share Capital		
	1,60,00,000 Equity Shares of ₹ 10 each	1,600.00	--
B.	Issued, Subscribed and Paid-Up Share Capital before the Issue		
	76,70,456 Equity Shares of ₹ 10 each	767.05	
C.	Present Issue in terms of the Draft Prospectus^(a)		
	Public Issue of 50,00,000 Equity Shares at a Issue price of ₹ 16 per Equity Share	500.00	800.00
	<i>Which comprises:</i>		
	a) Reservation for Market Maker(s) – 2,70,000 Equity Shares of ₹ 10 each reserved as Market Maker portion at a price of ₹ 16 per Equity Share	27.00	43.20
	b) Net Issue to the Public of 47,30,000 Equity Shares of ₹ 10 each at a price of ₹ 16 per Equity Share	473.00	756.80
	Of the Net Issue to the Public		
	- 23,65,000 Equity Shares of ₹ 10 each at a price of ₹ 16 per Equity Share shall be available for allocation for Investors applying for a value of upto ₹ 2 lacs	236.50	378.40
	- 23,65,000 Equity Shares of ₹ 10 each at a price of ₹ 16 per Equity Share shall be available for allocation for Investors applying for a value above ₹ 2 lacs	236.50	378.40
D.	Issued, Subscribed and Paid-up Share Capital after the Issue		
	1,26,70,456 Equity Shares of ₹ 10 each	1267.05	--
E.	Securities Premium Account		
	Before the Issue		56.85
	After the Issue		356.85

The Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on February 25, 2013, and by the shareholders of our Company vide a special resolution passed pursuant to section 81(1A) of the Companies Act at the EGM held on March 18, 2013.

NOTES TO THE CAPITAL STRUCTURE

1. Details of increase in authorised Share Capital:

Since the incorporation of our Company, the authorised share capital of our Company has been altered in the manner set forth below:

Particulars of Increase/ Modification	Number of Equity Shares	Face Value In (₹)	Date of Meeting	Type of Meeting
₹ 1,00,00,000	10,00,000	10	On Incorporation	
Increase from ₹ 1,00,00,000 to ₹ 5,00,00,000	50,00,000	10	October 15, 2007	EGM
Increase from ₹ 5,00,00,000 to ₹ 7,05,00,000	70,50,000	10	February 28, 2011	EGM

Increase from ₹ 7,05,00,000 to ₹ 16,00,00,000	1,60,00,000	10	September 19, 2011	EGM
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2. History of Equity Share Capital of our Company

Date of Allotment / Fully Paid-up	No. of Equity Shares	Face Value In (₹)	Issue Price (₹)	Consideration	Remarks	Cumulative No. of Equity Shares	Cumulative Paid-up Capital (₹)	Cumulative Share Premium (₹)
July 13, 2007	1,00,000	10	10	Cash	Subscription to MOA - Allotted pursuant to conversion of partnership firm under Part IX	1,00,000	10,00,000	Nil
December 01, 2007	7,00,000	10	10	Cash	Further allotment to Promoter group	8,00,000	80,00,000	Nil
December 01, 2007	2,00,000	10	10	Other than Cash	Further allotment to Promoter group against acquisition of property	10,00,000	1,00,00,000	Nil
December 15, 2007#	31,20,000	10	10	Cash	Further allotment to Promoter group	41,20,000	4,12,00,000	Nil
December 15, 2007	30,000	10	10	Cash	Further allotment to Promoter group and others	41,50,000	4,15,00,000	Nil
January 30, 2008	4,80,500	10	10	Cash	Further allotment to Promoter group and others	46,30,500	4,63,05,000	Nil
January 30, 2008	24,880	10	10	Cash	Further allotment to Employees	46,55,380	4,65,53,800	Nil
February 15, 2009	24,160	10	10	Cash	Further allotment to Employees	46,79,540	4,67,95,400	Nil
February 28, 2011	5,19,949	10	21.49	Conversion of Debentures	Further allotment to BCCL in consideration of outstanding Convertible Debenture amount	51,99,489	5,19,94,890	59,73,808
March 28, 2011*	18,19,821	10	--	Nil	Bonus issue in the ratio of 35 shares for 100 shares held	70,19,310	7,01,93,100	1,16,908*
January 25, 2012	1,98,000	10	15	Cash	Further allotment to Promoter group and others	72,17,310	7,21,73,100	29,70,000
February 25, 2013	53,146	10	15.92	Cash	Further Allotment to BCCL	72,70,456	7,27,04,560	32,84,564
March 11, 2013	4,00,000	10	16	Cash	Further Allotment to Dhanlaxmi Lease Finance Limited	76,70,456	7,67,04,560	56,84,564

#These shares were issued as partly paid up and were made fully paid up between January 30, 2008 and March 24, 2011 rest all the other shares are fully paid since allotment.

*Our Company in the EGM dated March 28, 2011 approved the issue of 1819821 bonus shares in the ratio of 35:100 by way of capitalisation of existing Share Premium Account and General Reserve to the tune of ₹ 58,56,900 and ₹ 1,23,41,310 respectively. The said bonus shares are not ineligible as per regulation 33 of ICDR as the same are neither

resulting from a bonus issue by utilisation of revaluation reserve nor unrealised profits of the Company. The balance of ₹ 1,16,908 in the share premium account was utilized to write-off the preliminary expenses. Hence share premium account became nil on March 31, 2011.

3. Equity Shares issued for consideration other than cash by our Company.

Save and except as mentioned below, our Company has not issued any Equity Shares for consideration other than cash:

<i>Date of Allotment</i>	<i>Persons to whom Allotted</i>	<i>Number of Equity Shares allotted</i>	<i>Issue Price</i>	<i>Face Value (₹)</i>	<i>Reasons</i>	<i>Whether benefits have accrued to the issuer</i>
July 13, 2007	Raju Jashwantlal Choksi	25000	10	10	Subscription to the MoA	No
July 13, 2007	Bharat Jashwantlal Choksi	10000	10	10	Subscription to the MoA	No
July 13, 2007	Jayesh Jashwantlal Choksi	25000	10	10	Subscription to the MoA	No
July 13, 2007	Mr. Mayank Anil Choksi	10000	10	10	Subscription to the MoA	No
July 13, 2007	Mr. Anil Jashwantlal Choksi	5000	10	10	Subscription to the MoA	No
July 13, 2007	Mrs. Rekha Anil Choksi	10000	10	10	Subscription to the MoA	No
July 13, 2007	Mrs. Nilesa Bharat Choksi	15000	10	10	Subscription to the MoA	No
December 01, 2007	Mrs. Mala R. Choksi	2,00,000	10	10	Further allotment to Promoter group against acquisition of property	Yes
March 28, 2011	Promoter group and BCCL	18,19,821	---	10	Bonus issue in the ratio of 35 shares for 100 shares held	Yes
	Raju Jashwantlal Choksi	2,66,000				
	Bharat Jashwantlal Choksi	2,55,500				
	Jayesh Jashwantlal Choksi	2,83,150				
	Ami Choksi	19,250				
	Amita Parekh	3,500				
	Anil Jashwantlal Choksi	1,17,600				
	Binita Choksi	21,490				
	Jashwantiben Choksi	1,05,000				
	Mala R. Choksi	1,09,060				
	Mayank Anilbhai Choksi	1,38,250				
	Meghna Choksi	18,550				
	Neha Choksi	1,750				

	Nileshaben Bharatbhai Choksi	1,12,770				
	Rekha Anilbhai Choksi	86,919				
	Suhangini Choksi	92,050				
	Prashant Soni	7,000				
	Bennett Coleman And Co. Ltd.	1,81,982				

4. Details of Promoters' contribution and Lock-in

The Equity Shares held by the Promoters were acquired / allotted in the following manner:

Details of build-up of shareholding of the Promoters and lock-in

Name	Date of Allotment / Transfer / Acquisition	No. of Equity Shares	Face Value In (₹)	Issue / Acquisition Price In (₹)	Nature of Consideration	Nature of Issue	Percentage of Pre-issue paid up capital	Percentage of Post-issue paid up capital	Lock-in Period
Raju Jashwantlal Choksi	July 13, 2007	25000	10	10	Cash	Subscription to the MoA	0.33%	0.20%	1 Year
	December 1, 2007	175000	10	10	Cash	Further Allotment	2.28%	1.38%	1 Year
	December 15, 2007#	450000	10	10	Cash	Further Allotment	5.87%	3.55%	1 Year
	January 30, 2008	110000	10	10	Cash	Further Allotment	1.43%	0.87%	1 Year
	March 28, 2011	266000	10	Nil	Bonus	Further Allotment	3.47%	2.10%	1 Year
	Sub-Total	1026000					13.38%	8.10%	
Bharat Jashwantlal Choksi	July 13, 2007	10000	10	10	Cash	Subscription to the MoA	0.13%	0.08%	3 Years
	December 1, 2007	70000	10	10	Cash	Further Allotment	0.91%	0.55%	3 Years
	December 15, 2007#	550000	10	10	Cash	Further Allotment	7.17%	4.34%	3 Years
	January 30, 2008	100000	10	10	Cash	Further Allotment	1.30%	0.79%	3 Years
	March 28, 2011	255500	10	Nil	Bonus	Further Allotment	3.33%	2.02%	3 Years
	Sub-Total	985500					12.85%	7.78%	
Jayesh Jashwantlal Choksi	July 13, 2007	25000	10	10	Cash	Subscription to the MoA	0.33%	0.20%	3 Years
	December 1, 2007	175000	10	10	Cash	Further Allotment	2.28%	1.38%	3 Years
	December 15, 2007#	600000	10	10	Cash	Further Allotment	7.82%	4.74%	3 Years
	February 15, 2010	6000	10	10	Cash	Purchased from Kanti Bhadraka	0.08%	0.05%	3 Years
	February 15, 2010	3000	10	10	Cash	Purchased from Zubeda	0.04%	0.02%	3 Years

						Sheikh			
	March 28, 2011	283150	10	Nil	Bonus	Further Allotment	3.69%	2.23%	3 Years
	Sub-Total	1092150					14.24%	8.62%	
Mr. Mayank Anil Choksi	July 13, 2007	10000	10	10	Cash	Subscription to the MoA	0.13%	0.08%	3 Years
	December 1, 2007	70000	10	10	Cash	Further Allotment	0.91%	0.55%	3 Years
	December 15, 2007#	120000	10	10	Cash	Further Allotment	1.56%	0.95%	3 Years
	January 30, 2008	195000	10	10	Cash	Further Allotment	2.54%	1.54%	3 Years
	March 28, 2011	138250	10	Nil	Bonus	Further Allotment	1.80%	1.08%	3 Years
	Sub-Total	533250					6.95%	4.20%	
	Grand Total	3636900					47.41%	28.70%	

These shares were issued as partly paid up and were made fully paid up between January 30, 2008 and March 24, 2011

As per clause (a) of Regulation 36 of the SEBI ICDR Regulations and in terms of the aforesaid table, an aggregate of 20% of the post-Issue Equity Share Capital of our Company shall be locked in by our Promoters for a period of three (3) years from the date of Allotment (“minimum Promoters’ contribution”).

The Promoters’ contribution has been brought in to the extent of not less than the specified minimum amount and has been contributed by the persons defined as Promoter under the SEBI ICDR Regulations. Our Company has obtained written consents from our Promoters for the lock-in of 26,10,900 Equity Shares for a period of three years from the date of Allotment in the Issue.

The balance pre-Issue Equity Share capital of our Company, *i.e.* 50, 59,556 Equity Shares shall be locked in for a period of one year from the date of Allotment in the Issue. Equity Shares offered by the Promoters for the minimum Promoters’ contribution are not subject to pledge. Lock-in period shall commence from the date of Allotment of Equity Shares in the Issue.

We confirm that the minimum Promoters’ contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets;
- Equity Shares acquired during the preceding three years resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against equity shares which are ineligible for minimum Promoters’ contribution;
- Equity Shares acquired by Promoters during the preceding one year at a price lower than the price at which equity shares are being offered to public in the Issue; or equity shares pledged with any creditor.

Further, No Equity Shares have been allotted pursuant to any scheme approved under Section 391-394 of the Companies Act, 1956.

The share certificates for the Equity Shares in physical form, which are subject to lock-in, shall carry the inscription ‘non-transferable’ and the non-transferability details shall be informed to the depositories.

Equity Shares locked-in for one year

In addition to 20% of the post-Issue shareholding of our Company locked-in for three years as the minimum Promoters’ contribution, the balance Pre-Issue Paid-up Equity Share Capital *i.e.* 50,59,556 Equity Shares, would be locked-in for a period of one year from the date of Allotment in the proposed Initial Public Offering. Further, such lock-in of the Equity Shares would be created as per the bye laws of the Depositories.

Other requirements in respect of 'lock-in'

In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters' prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code as applicable.

In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked in as per the provisions of Regulation 36 of the SEBI ICDR Regulations, may be transferred to and amongst Promoters / members of the Promoter Group or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Takeover Code, as applicable.

In terms of Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by our Promoters can be pledged only with any scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the following:

- If the specified securities are locked-in in terms of sub-regulation (a) of Regulation 36 of the SEBI ICDR Regulations, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and the pledge of specified securities is one of the terms of sanction of the loan;
- If the specified securities are locked-in in terms of sub-regulation (b) of Regulation 36 of the SEBI ICDR Regulations and the pledge of specified securities is one of the terms of sanction of the loan.

5. Our shareholding pattern

(a) The table below represents the shareholding pattern of our Company in accordance with clause 37 of the Listing Agreement, as on the date of the Draft Prospectus:

Category code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a % of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of share holding
(A)	Promoter and Promoter Group							
1	Indian							
(a)	Individuals/ Hindu Undivided Family / Nominee of Promoter	15	64,20,379	Nil	83.70	83.70	Nil	Nil
(b)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(1)	15	64,20,379	Nil	83.70	83.70	Nil	Nil
2	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Promoter Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	15	64,20,379	Nil	83.70	83.70	Nil	Nil
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a % of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of share holding
(c)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Foreign Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B)(1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Non-institutions							
(a)	Bodies Corporate	2	11,55,077		15.05	15.05	Nil	Nil
(b)	Individuals							
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	2	16,000	Nil	0.21	0.21	Nil	Nil
	ii. Individual shareholders holding nominal share capital in excess of ₹. 1 lakh.	3	79,000	Nil	1.04	1.04	Nil	Nil
(c)	Any Other							
	1. NRI	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2. Directors & Relatives	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	3. Foreign Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	4. Trust	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total Public Shareholding (B) = (B)(1)+(B)(2)	7	12,50,077	Nil	16.30	16.30	Nil	Nil
	TOTAL (A)+(B)	22	76,70,456	Nil	100.00	100.00	Nil	Nil
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
(a)	Promoter and Promoter group	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	GRAND TOTAL (A)+(B)+(C)	22	76,70,456	Nil	100.00	100.00	Nil	Nil

In terms of SEBI circular bearing no. Cir/ISD/3/2011 dated June 17, 2011 and SEBI circular bearing no. SEBI/Cir/ISD/05/2011, dated September 30, 2011, our Company shall ensure that the Equity Shares held by the Promoters / members of the Promoter Group shall be dematerialised prior to filing the Prospectus with the RoC.

Our Company will file the shareholding pattern of our Company, in the form prescribed under clause 35 of the Listing Agreement, one day prior to the listing of Equity Shares. The shareholding pattern will be uploaded on the website of Stock Exchanges before commencement of trading of such Equity Shares.

(b) The table below represents the holding of partly paid-up shares / outstanding convertible securities / warrants in our Company:

Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up Shares	As a % of total no. of shares of our Company
Held by promoter/promoter Group	NIL	-	-
Held by public	NIL	-	-
Total	NIL	-	-

Outstanding convertible securities	No. of outstanding Securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of our Company, assuming full conversion of the convertible securities
Held by promoter/promoter Group	NIL	-	-
Held by public	NIL	-	-
Total	NIL	-	-
Warrants	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of our Company, assuming full conversion of Warrants
Held by promoter/promoter Group	NIL	-	-
Held by public	NIL	-	-
Total	NIL	-	-
Total paid-up capital of our Company, assuming full conversion of warrants and convertible securities			

(c) Following are the details of the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Promoter and Promoter Group”

Sr	Name of the shareholder	Details of Shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion)
		No. of Shares held	As a % of grand total	No.	As a % of total number of Encumbered shares	As a % of grand total	Number of warrants held	As a % of total number of warrants of the same Class	Number of convertible securities held	As a % of total number of convertible securities of the same class	
	<u>Promoter</u>										
1.	Raju Jashwantlal Choksi	10,26,000	13.38	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
2.	Bharat Jashwantlal Choksi	9,85,500	12.85	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
3.	Jayesh Jashwantlal Choksi	10,92,150	14.24								
4.	Mayank Anilbhai Choksi	533250	6.95								
	Sub Total.. A	3636900	47.41								
	<u>Promoter Group</u>										
5.	Ami Choksi	74,250	0.97	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
6.	Amita Parekh	13500	0.18	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
7.	Anil Jashwantlal Choksi	4,53,600	5.91								

8.	Binita Choksi	82,890	1.08								
9.	Jashwantiben Choksi	4,05,000	5.28								
10.	Mala R. Choksi	435660	5.68								
11.	Meghna Choksi	71550	0.93								
12.	Neha Choksi	6750	0.09								
13.	Nileshaben Bharatbhai Choksi	484970	6.32								
14.	Rekha Anilbhai Choksi	385259	5.02								
15.	Suhangini Choksi	370050	4.82								
	Sub Total....B	2783479	36.29								
TOTAL(A+B)		6420379	83.70	Nil	Nil	Nil	Nil	Nil	Nil	Nil	

(*) The term “encumbrance” has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

(d) Following are the details of the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Public” and holding more than 1% of the total number of shares

Sr. No.	Name of the shareholder	Details of Shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a %
		No. of Shares held	As a % of grand total (A) + (B) + (C)	No.	As a percent age	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI) = (V) / (III)*	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1.	Bennett Coleman And Co. Ltd.	7,55,077	9.84	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Dhanlaxmi Lease Finance Limited	4,00,000	5.21	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL		11,55,077	15.05	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* The term ‘encumbrance’ has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

(e) Following are the details of the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Public” and holding more than 5% of the total number of shares

Sr. No.	Name of the shareholder	Details of Shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities)
		No. of Shares held	As a % of grand total (A) + (B) + (C)	No.	As a percent age	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI) = (V) / (III)*	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1.	Bennett Coleman And Co. Ltd.	7,55,077	9.84	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Dhanlaxmi Lease Finance Limited	4,00,000	5.21	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL		11,55,077	15.05	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* The term 'encumbrance' has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

(f) There are no Equity Shares against which depository receipts have been issued.

(g) Other than the Equity Shares, there are no other class of securities issued by our Company.

6. The shareholding pattern of our Company before and after the Issue is set forth below:

Category	Pre-Issue		Post-Issue	
	No. of Shares	% Holding	No. of Shares	% Holding
Promoters	36,36,900	47.41%	36,36,900	28.70%
Promoter Group	27,83,479	36.29%	27,83,479	21.97%
Employees & Others	0.00	0.00%	0	0.00%
Public	12,50,077	16.30%	62,50,077	49.33%
Total	76,70,456	100.00%	1,26,70,456	100.00%

7. The shareholding pattern of our Promoters and Promoter Group before and after the Issue is set forth below:

Name of the Shareholders	Number of Equity Shares	Percentage of Pre-Issue Equity Capital	Percentage of Post – Issue Equity Capital
(A) Promoters			
Raju Jashwantlal Choksi	10,26,000	13.38%	8.10%
Bharat Jashwantlal Choksi	9,85,500	12.85%	7.78%
Jayesh Jashwantlal Choksi	10,92,150	14.24%	8.62%
Mayank Anil Choksi	533250	6.95%	4.20%
Total (A)	36,36,900	47.41%	28.70%
Promoter Group			

Ami Choksi	74,250	0.97%	0.59%
Amita Parekh	13,500	0.18%	0.11%
Anil Jashwantlal Choksi	4,53,600	5.91%	3.58%
Binita Choksi	82,890	1.08%	0.65%
Jashwantiben Choksi	4,05,000	5.28%	3.20%
Mala R. Choksi	4,35,660	5.68%	3.44%
Meghna Choksi	71,550	0.93%	0.56%
Neha Choksi	6,750	0.09%	0.05%
Nileshaben Bharatbhai Choksi	4,84,970	6.32%	3.83%
Rekha Anilbhai Choksi	3,85,259	5.02%	3.04%
Suhangini Choksi	3,70,050	4.82%	2.92%
Total (B)	27,83,479	36.29%	21.97%
Total (A) + (B)	64,20,379	83.70%	50.67%

8. Our Company has not revalued its assets since inception and has not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.
9. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
10. Except as mentioned below, our Company has not issued any Equity Shares during a period of one year preceding the date of the Draft Prospectus at a price lower than the Issue price:

Date of Allotment	Nature of Allotment	Name of Allottee	No. of Equity Shares	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Nature of consideration
February 25, 2013	Further allotment	BCCL	53,146	10	15.92	Cash

11. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of the Draft Prospectus until the Equity Shares have been listed. Further, our Company presently does not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.
12. During the past six months immediately preceding the date of filing Draft Prospectus, there are no transactions in our Equity Shares, which have been purchased/(sold) by our Promoters, their relatives and associates, persons in Promoter Group [as defined under sub clause (zb) sub regulation (1) Regulation 2 of SEBI (ICDR) Regulations] or the directors of the company which is a promoter of the Company and/or the Directors of the Company.
13. The members of the Promoter Group, our Directors or the relatives of our Directors have not financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity, during the six months preceding the date of filing of the Draft Prospectus.
14. Our Company, our Promoters, our Directors and the Lead Manager to this Issue have not entered into any buy-back, standby or similar arrangements with any person for purchase of our Equity Shares issued by our Company through the Draft Prospectus.
15. There are no safety net arrangements for this public issue.
16. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the

minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased so as to ensure that 20% of the Post Issue paid-up capital is locked in for 3 years.

17. As on the date of filing of the Draft Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
18. All the Equity Shares of our Company are fully paid up as on the date of the Draft Prospectus. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up equity shares.
19. As per RBI regulations, OCBs are not allowed to participate in this Issue.
20. **Particulars of top ten shareholders:**

(a) Particulars of the top ten shareholders as on the date of the Draft Prospectus:

Sr. No	Name of shareholder	No. of Shares	% of then Issued Capital
1.	Jayesh Jashwantlal Choksi	10,92,150	14.24%
2.	Raju Jashwantlal Choksi	10,26,000	13.38%
3.	Bharat Jashwantlal Choksi	9,85,500	12.85%
4.	Bennett Coleman And Co. Ltd.	7,55,077	9.84%
5.	Mayank Anilbhai Choksi	5,33,250	6.95%
6.	Nileshaben Bharatbhai Choksi	4,84,970	6.32%
7.	Anil Jashwantlal Choksi	4,53,600	5.91%
8.	Mala R. Choksi	4,35,660	5.68%
9.	Jashwantiben Choksi	4,05,000	5.28%
10.	Dhanlaxmi Lease Finance Limited	4,00,000	5.21%
	Total	65,71,207	85.67%

(b) Particulars of top ten shareholders ten days prior to the date of the Draft Prospectus:

Sr. No	Name of shareholder	No. of Shares	% of then Issued Capital
1.	Jayesh Jashwantlal Choksi	10,92,150	14.24%
2.	Raju Jashwantlal Choksi	10,26,000	13.38%
3.	Bharat Jashwantlal Choksi	9,85,500	12.85%
4.	Bennett Coleman And Co. Ltd.	7,55,077	9.84%
5.	Mayank Anilbhai Choksi	5,33,250	6.95%
6.	Nileshaben Bharatbhai Choksi	4,84,970	6.32%
7.	Anil Jashwantlal Choksi	4,53,600	5.91%
8.	Mala R. Choksi	4,35,660	5.68%
9.	Jashwantiben Choksi	4,05,000	5.28%
10.	Dhanlaxmi Lease Finance Limited	4,00,000	5.21%
	Total	65,71,207	85.67%

(c) Particulars of the top ten shareholders two years prior to the date of the Draft Prospectus

Sr. No	Name of shareholder	No. of Shares	% of the then Issued Capital
1.	Jayesh Jashwantlal Choksi	10,92,150	15.56%
2.	Raju Jashwantlal Choksi	10,26,000	14.62%
3.	Bharat Jashwantlal Choksi	9,85,500	14.04%
4.	Bennett Coleman And Co. Ltd.	7,01,931	10.00%
5.	Mayank Anilbhai Choksi	5,33,250	7.60%
6.	Anil Jashwantlal Choksi	4,53,600	6.46%
7.	Nileshaben Bharatbhai Choksi	4,34,970	6.20%
8.	Mala R. Choksi	4,20,660	5.99%
9.	Jashwantiben Choksi	4,05,000	5.77%
10.	Suhangini Choksi	3,55,050	5.06%
	Total	64,08,111	91.29%

21. Our Company has not raised any bridge loan against the proceeds of this Issue. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Net Proceeds.
22. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
23. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
24. An Applicant cannot make an application for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.
25. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.
26. We have 22 shareholders as on the date of filing of the Draft Prospectus.
27. Our Promoters and the members of our Promoter Group will not participate in this Issue.
28. Our Company has not made any public issue since its incorporation.
29. Neither the Lead Manager, nor their associates hold any Equity Shares of our Company as on the date of the Draft Prospectus.
30. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of filing the Draft Prospectus and the Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transaction.
31. The shares locked in by our promoters are not pledged with any financial institutions or banks or any third party as security for repayments of loans.
32. None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the chapter titled "*Our Management*" beginning on page number 92 of the Draft Prospectus.

SECTION IV – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Brand Building Exercise
2. Part Funding our working capital requirements, and
3. Meeting Public Issue Expenses

The other Objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on SME Platform of BSE. We believe that the listing of our Equity Shares will enhance our visibility and brand name and enable us to avail of future growth opportunities.

The main object clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

Requirements of Funds and Means of Finance

The Cost of Project and Means of Finance as estimated by our management are given below:

Requirements of Funds

(₹ in lacs)

Sr. No.	Particulars	Amount
A.	Brand Building Exercise	160.00
B.	Working Capital Requirements	600.00
C.	Public Issue Expenses	40.00
	Total	800.00

Means of Finance

(₹ in lacs)

Sr. No.	Particulars	Amount
A.	Proceeds from Initial Public Offer	800.00
	Total	800.00

We propose to meet the requirement of funds for the stated objects of the Issue from the Net Proceeds. Hence, no amount is required to be raised through means other than the Issue Proceeds. Accordingly, the requirements under Regulation 4 (2) (g) of the SEBI ICDR Regulations and Clause VII C of Part A of Schedule VIII of the SEBI ICDR Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the Issue Proceeds and existing identifiable internal accruals) are not applicable.

Our fund requirements and deployment thereof are based on the estimates of our management and have not been appraised by any bank or financial institution or independent third party entity. These are based on current circumstances of our business and are subject to change in light of changes in external circumstances or costs, or in our financial condition, business or strategy, as discussed further below and also detailed under the section 'Our Business' beginning on page 78 of the Draft Prospectus. Our management, in response to the dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Proceeds. In case of a shortfall in the Net Proceeds, our management may explore a range of options which include utilisation of our internal accruals, debt or equity financing. Our management expects that such alternate arrangements would be available to fund any such shortfall.

Variation in fund requirements and Surplus / Shortfall of Net Proceeds

DETAILED BREAK UP OF THE FUND REQUIREMENT

(A) We intend to undertake various brand building activities for the services we provide to corporate and individuals. We intend to advertise our products through television, radio, web promotion and SMS marketing, hoardings at prominent places, advertisements in magazines and local newspapers, travel and lifestyle magazines.

Apart from marketing our services through traditional means, we also intend to market our products over the internet by various methods such as Search Engine Optimization (SEO), social mediawebsites, online brand management, banner promotions on various popular websites, mass mailing (emails), POP displays etc.

We believe it is essential for our Company to focus on increasing the brand visibility for our Company and the travel and travel related services that we provide to our clients. This will enhance our visibility, which we intend to convert into business opportunity for us. Our Company has earmarked an amount of ₹ 160.00 lacs out of the proceeds of the Issue for the above object. The same is based on the quotation dated April 2, 2013, received from Harmony Multimedia Private Limited, Surat

	Media Costs				₹ Lacs
1	Out of Home Media (Hoardings, Visual Aids, booklets)				20.00
2.	Television – News channel				30.00
3	Newspapers, Magazines, etc.				85.00
4	Internet marketing, including SMS marketing* (Online shopping, social networking, search optimization etc)				25.00

	Total				160.00
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* based on management estimate

Schedule of implementation

The above amounts will be expended during the period between June 2013 and September 2013, depending on the advertising rates and special offers during festival/travel season.

(B) Part Funding our working capital requirements

We intend to utilize ₹ 600.00 Lacs out of the IPO proceeds for Working Capital. The same will be used to give cost effective products to the clients and also reduce interest cost which is our major cost. We can increase our margins & reduce our input cost by bulk buying of Airlines Seats & Hotel Rooms and contracting with various suppliers like Airlines, Hoteliers, Transporters & other agencies. By utilizing the issue proceeds for bulk buying, our Company will get benefit in terms of input cost reduction for Airlines Seats & Hotel Rooms with live inventory. We can also plan effectively for upcoming seasons by blocking Airlines Seats & Hotels accommodations well in Advance by offering better rates to customers.

Schedule of implementation

Working capital is mainly towards bulk buying of Airlines Seats & Hotel Rooms and advertising. The same shall be utilised during FY 2014.

(C) Public Issue Expenses

The expenses of this Issue include, among others, Lead Manager Fees, Market Making Fees, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, advertising expenses and listing fees. The estimated Issue expenses are as follows:

Sr. No.	Particulars	Amount (₹ in Lacs)
1.	Payment to Merchant Banker including fees and reimbursements of Market Making	25.00

	Fees, selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other expenses.	
2.	Printing & Stationery and Postage Expenses	5.00
3.	Marketing and Advertisement Expenses	5.00
4.	Regulatory fees and other expenses	5.00
Total		40.00

Deployment of Funds in the Project

Our Company has incurred the following expenditure on the project till March 15, 2013. The same has been certified by our statutory auditors Rasesh Shah & Associates, Chartered Accountants *vide* their certificate dated March 18, 2013.

(₹ in Lacs)		
Sr. No.	Particulars	Amount Deployed till March 15, 2013
1	Public Issue Expenses	Nil
	Total	Nil

Details of balance fund deployment

(₹ in Lacs)				
Sr. No.	Particulars	Expenses Already Incurred	FY 2014	Total
1	Brand Building Exercise	0.00	160.00	160.00
2	Working capital	0.00	600.00	600.00
3	Public Issue Expenses	0.00	40.00	40.00
	Total	0.00	800.00	800.00

Appraisal Report

None of the objects for which the Issue Proceeds will be utilised have been financially appraised by any financial institutions/banks.

Bridge Financing Facilities

We have currently not raised any bridge loans against the Net Proceeds.

Interim Use of Funds

The management, in accordance with the approval of the Board of Directors, will have the flexibility in deploying the Issue Proceeds. Pending utilization for the purposes described above, we intend to invest the Issue Proceeds in interest/dividend bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration. Such investments would be in accordance with all applicable laws and investment policies approved by our Board from time to time. Our Company confirms that pending utilization of the Issue Proceeds; it shall not use the funds for any investments in the equity markets.

Monitoring of Issue proceeds

As the size of the Issue will not exceed ₹ 50,000 Lacs, the appointment of Monitoring Agency would not be required as per Regulation 16 of the SEBI ICDR Regulations. Our Board will monitor the utilization of the proceeds of the Issue. Our Company will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statement specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges. The statement shall be certified by our Statutory Auditors.

Further, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Draft Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under clause 41 of the Listing Agreement and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee. No part of the proceeds of this issue will be paid as consideration to our Promoters, Directors, Key Managerial Personnel or group concerns/companies promoted by our Promoters.

BASIS FOR ISSUE PRICE

The Issue Price is determined by our Company in consultation with the Lead Manager. The financial data presented in this section are based on our Company's restated financial statements. Investors should also refer to the sections titled 'Risk Factors' and 'Financial Information' on pages 9 and 117, respectively, of the Draft Prospectus to get a more informed view before making the investment decision.

Qualitative Factors

1. **Integrated provider**
2. **Established institutional customer base**
3. **Strong Leadership Team**
4. **Customer focus**

For details of Qualitative factors please refer to the paragraph "Our Competitive Strengths" in the chapter titled "Our Business" beginning on page 78 of the Draft Prospectus.

Quantitative Factors

1. **Basic & Diluted Earnings Per Share (EPS):**

Period	Basic and Diluted EPS (₹)	Weightage
Fiscal 2012	0.18	3
Fiscal 2011	0.81	2
Fiscal 2010	1.06	1
Weighted Average	0.54	
October 31, 2012*	0.22	

* Not annualized

Note

Basic earnings per share (₹) = Net profit after tax (as restated) attributable to shareholders divided by Weighted average number of equity shares outstanding during the year.

The face value of each Equity Share is ₹ 10.

2. Price to Earnings (P/E) ratio in relation to Issue Price of ₹ 16:

Particulars	P/E at the Issue Price (₹ 16)
a. Based on 2011-12 EPS of ₹ 0.18	88.89
b. Based on weighted average EPS of ₹ 0.54	29.81

Industry P/E	
Highest – Trade Wings Limited	101.34
Lowest – International Travel House	6.54
Average -	43.51

3. **Return on Net Worth**

Period	Return on Net Worth (%)	Weights
Year ended March 31, 2012	1.64	3
Year ended March 31, 2011	7.27	2
Year ended March 31, 2010	8.98	1
Weighted Average	4.74	
October 31, 2012*	1.97	

* Not annualized

Return on net worth (%) = $\frac{\text{Net Profit after tax as restated}}{\text{Net worth at the end of the year}}$

4. **Minimum Return on increased Net Worth required to maintain pre-Issue EPS.**

The minimum return on increased net worth required maintaining pre-Issue EPS for the Fiscal 2012:

A) Based on Basic and Diluted EPS of ₹ 0.18

a. At the Issue Price of ₹ 16 -1.38 % based on restated financial statements.

B) Based on Weighted Average EPS of ₹ 0.54

a. At the Issue Price of ₹ 16 - 4.15 % based on restated financial statements.

5. *Net Asset Value per Equity Share*

- As of March 31, 2012, ₹ 10.76
- NAV per Equity Share after the Issue is ₹ 13.02
- Issue Price per Equity Share is ₹ 16

Net asset value per share (₹) = $\frac{\text{Net Worth at the end of the Year}}{\text{Total number of equity shares outstanding at the end of the year}}$

6. *Comparison of Accounting Ratios*

Particulars	Face Value (₹)	Total Revenue	EPS (₹)#	P/E Ratio*	RONW (%)	NAV (₹)
Cox and Kings (India) Limited #	5	32760.00	5.69	22.65	7.05	80.67
International Travel House Limited#	10	16648.46	23.84	6.54	18.41	129.55
Trade Wings Limited #	10	1786.40	1.31	101.34	6.70	19.56
Ace Tours Worldwide Limited (FY 2012)**	10	1,957.96	0.18	88.89	1.64	10.76

Standalone

The figures of the Peer Group Company is taken from Annual Report for the fiscal year 2011-12 filed on BSE website- www.bseindia.com except for International Travel House Limited.

* P/E based on closing market price of April 18, 2013 is taken into consideration from BSE website (www.bseindia.com).

**Based on March 31, 2012 as per Restated financial statements.

The peer group identified is broadly based on the service lines that we are into, but their scale of operations is not comparable to us.

The face value of Equity Shares of our Company is ₹ 10 per Equity Share and the Issue price is 1.6 times the face value.

The Issue Price of ₹ 16 is determined by our Company, in consultation with the Lead Manager is justified based on the above accounting ratios. For further details, please refer to the section titled '*Risk Factors*', and chapters titled '*Our Business*' and '*Financial Information*' beginning on page numbers 9, 78 and 117, respectively of the Draft Prospectus.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
Ace Tours Worldwide Limited
F-22-23-24, Jolly Arcade,
Ghod Dod Road,
Surat

Dear Sirs,

Sub: Statement of possible tax benefits available to the company and its shareholders on proposed Further Public Issue of Shares under the existing tax laws.

We hereby confirm that the enclosed annexure, prepared by the company, states the possible tax benefits available to Ace Tours Worldwide Limited (hereinafter referred to as “the Company”) and its shareholders under the current Tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on the business imperatives the company faces in the future, the company may or may not choose to fulfill.

The benefits discussed in the annexure are not exhaustive and the preparation of the contents stated is the responsibility of the company’s management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for individual professional tax advice.

Each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

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

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the provisions of the Tax Laws. The same shall be subject to notes to this annexure.

This report is intended solely for your information and for the inclusion in the Offer Document in connection with the proposed offer of the equity shares of the Company to the public and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Rasesh Shah And Associates
Chartered Accountants

(Mehul Shah)

Partner

Membership No: 137148

Firm Registration No: 108671W

Place: Surat

Date: March 23, 2013

TAXATION

The information provided below sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of purchase, ownership and disposal of equity shares, under the Tax Laws presently in force in India. It is not exhaustive or comprehensive analysis and is not intended to be a substitute for professional advice.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

The following is based on the provisions of the Income-tax Act, 1961 ("the Act") as of the date hereof. The Act is amended every fiscal year.

1. Levy of Income Tax

Tax implications under the Act are dependent on the residential status of the tax payer. We summarize herein below the provisions relevant for determination of residential status of a tax payer.

1.1. Residential status of an Individual –

As per the provisions of the Act, an individual is considered to be a resident in India during any FY if he or she is present in India for:

- a) a period or periods aggregating to 182 days or more in that FY; or
- b) a period or periods aggregating to 60 days or more in that FY and for a period or periods aggregating to 365 days or more within the four preceding years; or

In the case of a citizen of India or a person of Indian origin living abroad who visits India and in the case of a citizen of India who leaves India for the purposes of employment outside India in any previous year, the limit of 60 days under point (b) above, shall be read as 182 days.

Subject to complying with certain prescribed conditions, individuals may be regarded as 'Resident but not ordinarily resident'.

1.2. Residential status of a company –

A company is resident in India if it is formed and incorporated under the Companies Act, 1956 or the control and management of its affairs is situated wholly in India.

1.3. Residential status of a Hindu undivided family ('HUF') firm or AOP –

A HUF, firm or other association of persons or every other person is resident in India except when the control and management of its affairs is situated wholly outside India.

A person who is not a resident in India would be regarded as 'Non-Resident'.

1.4. Scope of taxation

In general, a person who is "resident" in India in a tax year is subject to tax in India on its global income. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or arises or is deemed to accrue or arise to such person in India is subject to tax in India. In the instant case, the income from the equity shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all categories of tax payers irrespective of their residential status unless specifically exempt (e.g. Dividend). However, a relief may be available under applicable Double Taxation Avoidance Agreement ("DTAA") to certain non-residents/ investors.

Tax Considerations

As per the taxation laws in force, the tax benefits / consequences as applicable, to the Company and the perspective shareholders are stated as under. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon the fulfilling such conditions:

2. Benefits available to the Company - Under the Act

2.1. Special Tax Benefits

There are no special tax benefits available to the Company.

2.2 General Tax Benefits

- 2.2.1. As per Section 10(34) of the Act, any income received by the Company by way of dividends on which Dividend Distribution Tax ('DDT') has been paid shall not form part of the total income of the Company and accordingly would be exempt in its hands.

Under Section 14A of the Act, no deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax including dividends exempt under Section 10(34) of the Act. The expenditure relatable to "exempt income" needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Income-tax Rules, 1962 ("Rules").

However, the Company would be liable to pay DDT at 15% (plus applicable surcharge and education cess and secondary & higher education cess) on the total amount declared, distributed or paid as dividends. In calculating the amount of dividend on which DDT is payable, dividends (if any, received by the Company during the tax year and subject to fulfillment of the conditions), shall be reduced by:

- dividends received from a subsidiary of the Company (A company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the company); and
- such subsidiary has paid DDT on such dividends under Section 115-O of the Act.

- 2.2.2. As per Section 10 (35) of the Act, the following income shall be exempt in the hands of the Company:

- i) Income received in respect of the units of a Mutual Fund specified under clause (23D) of Section 10; or
- ii) Income received in respect of the units from the Administrator of the Specified undertaking; or
- iii) Income received in respect of units from the specified company.

However, as per the proviso, the above provisions are not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund.

2.3 Income from Business Profits

Where the equity shares form a part of stock-in-trade of shareholder, any income realized from disposition of the equity shares would be chargeable under the head "profit and gains of business or profession" as per the provisions of the Act. The nature of the equity shares held by the shareholder (i.e. whether held as 'investment' or as 'stock-in-trade') is usually determined inter-alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding period.

As per Section 36(xv) of the Act, an amount equal to the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of his business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

2.4 Computation of capital gains

- 2.4.1 Capital assets may be categorized into short-term capital assets and long-term capital assets based on the period for which they are held by a tax payer.

Shares in a company, listed securities or units or zero coupon bonds will be considered as long-term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long-term capital gains". Capital gains arising on sale of these assets held for a period of 12 months or less are considered as "short-term capital gains".

- 2.4.2 As per Section 10(38) of the Act, capital gains arising from transfer of a long-term capital asset (being an equity share in the Company or a unit of an equity oriented fund), where the transaction of sale is chargeable to Securities Transaction Tax ("STT"), shall be exempt in the hands of the Company.

For this purpose “Equity oriented fund” means a fund –

- i) Where the investible funds are invested by way of equity shares in the domestic companies to the extent of more than 65% of the total proceeds of such funds; and
- ii) Which has been set up under a scheme of a Mutual fund specified under Section 10(23D).

However, the long-term capital gains arising on sale of share or units as referred above shall not be reduced while calculating the book profit under the provisions of Section 115JB of the Act. In other words, such book profit shall include the long-term capital gain as referred to in Section 10(38) of the Act and the Company will be required to pay MAT @ 18.5% (plus applicable surcharge, education cess and secondary & higher education cess) on such book profit.

2.4.3 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 (as defined in para 2.4.1 above), a deduction of indexed cost of acquisition is available. Indexed cost of acquisition means the cost of acquisition multiplied by Cost Inflation Index (“CII”) of the FY in which the asset is transferred and divided by the CII of the FY in which the asset was first held by the tax payer.

2.4.4 As per the provisions of Section 112 of the Act, long-term capital gains (as defined in para 2.4.1 above) [to the extent not exempt under Section 10(38) of the Act] would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess) and at the rate of 10% on long term capital gains arising from sale of unlisted securities.

However, as per the proviso to Section 112(1) of the Act, if the tax on long-term capital gains resulting from transfer of listed securities or units [to the extent not exempt under Section 10(38) of the Act], calculated at the rate of 20% (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10% (without indexation benefit), then such gains are chargeable to tax at the concessional rate of 10% (without indexation benefit) (plus applicable surcharge, education cess and secondary & higher education cess).

2.4.5 As per the provisions of Section 111A of the Act, short-term capital gains (as defined in para 2.4.1 above) on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess). Short-term capital gains arising from transfer of shares, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

2.4.6 Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

- a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
- b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FY cannot exceed ₹ 5,000,000.

If only a part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified assets are transferred or converted into money within 3 years from the date of acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

2.5 Depreciation allowance

2.5.1. Under Section 32(1) of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures and intangible assets such as patent, trademark, copyright, know-how, licenses, or any other business or commercial rights of similar nature if such intangible assets are acquired after 31 March 1998.

2.5.2. As per provision of Section 32(1)(ia) of the Act, the Company is entitled to claim additional depreciation at the rate of 20% of the actual cost of any new machinery or plant, subject to fulfillment of following conditions:

- i) New asset is acquired and installed after 31 March 2005;
- ii) Additional depreciation shall be available on all new plant and machinery acquired other than the following assets:
 - a) Ships and Aircraft;
 - b) Any machinery or plant which, before its installation by the company, was used either within or outside India by any other person;
 - c) Any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;
 - d) Any office appliances or road transport vehicles; or
 - e) Any machinery or plant, the whole of the actual cost of which is allowed as a deduction in computing the income under the head Profits and gains from business and profession for any year.

2.6 Carry forward of unabsorbed depreciation and unabsorbed business losses

2.6.1. Under Section 32(2) of the Act, where full effect cannot be given to any depreciation allowance under Section 32(1) of the Act in any FY, owing to there being no profits or gains chargeable for that FY, or owing to the profits or gains chargeable being less than the depreciation allowance, then, subject to the provisions of Section 72(2) and Section 73(3) of the Act, depreciation allowance or the part of depreciation allowance to which effect has not been given, as the case may be, shall be added to the amount of the depreciation allowance for the following FY and deemed to be part of that depreciation allowance, or if there is no such depreciation allowance for that previous year, be deemed to be the depreciation allowance for that FY, and so on for the succeeding FYs.

2.6.2. Under Section 72(1) of the Act, where for any FY, the net result of the computation under the head “Profits & Gains of Business or Profession” is a loss to the Company (not being a loss sustained in a speculation business), then to the extent to which such loss can be set off against income under any other head of income (other than salary) for the same year, it shall be eligible to be carried forward and available for set off only against income from business under head “Profits & Gains of Business or Profession” for subsequent FYs. As per Section 72(3) of the Act, the loss carried forward can be set off subject to a limit of 8 FYs immediately succeeding the FY for which the loss was first computed. However, as per Section 80 of the Act, only a loss which has been determined in pursuance of a return filed in accordance with the provisions of Section 139(3) of the Act shall be carried forward and set off under Section 72(1) of the Act.

2.7 MAT credit

Under Section 115JAA of the Act, tax credit shall be allowed in respect of MAT paid under Section 115JB of the Act for any AY commencing on 1 April 2006 and any subsequent AY. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. The credit is available for set off only when tax becomes payable under the normal provisions of the Act. The tax credit can be utilized to the extent of difference between the tax under the normal provisions of the Act and tax payable under MAT for that year. Credit in respect of MAT paid for AY 2011-12 and any subsequent AYs shall be available for set-off up to 10 AYs immediately succeeding the AY for which the MAT credit initially arose.

2.8 Amortization of certain expenditure

2.8.1 Under Section 35D of the Act, a company is eligible for deduction in respect of specified preliminary expenditure incurred by it in connection with extension of its undertaking or in connection with setting up new unit for an amount equal to 1/5th of such expenditure over 5 successive AYs subject to conditions and limits specified in that Section.

2.8.2 Specified expenditure includes expenditure in connection with the issue, for public subscription, of shares in or debentures of the company, being underwriting commission, brokerage and charges for drafting, typing, printing and advertisement of the prospectus.

3. Benefits available to resident shareholders under the Act

3.1. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, any income by way of dividends (declared, distributed or paid on or after 1

April 2003) received from a domestic company is exempt in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

No deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax e.g. dividends exempt under Section 10(34) of the Act. The expenditure relating to “exempt income” needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

3.2. Computation of capital gains

- 3.2.1. 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, deduction of indexed cost of acquisition / improvement is available. Indexed cost of acquisition means the cost of acquisition multiplied by CII of the FY in which the asset is transferred and divided by the CII of the first FY during which the asset was first held by the tax payer.
- 3.2.2. As per the provisions of Section 111A of the Act, short-term capital gains (as defined in para 2.4.1 above) on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess). Short-term capital gains arising from transfer of shares in the Company, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.
- 3.2.3. As per the provisions of Section 112 of the Act, long-term capital gains (as defined in para 2.4.1 above) [to the extent not exempt under Section 10(38) of the Act] would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess) and at the rate of 10% on long term capital gains arising from sale of unlisted securities.

However, as per the proviso to Section 112(1) [to the extent not exempt under Section 10(38) of the Act], if the tax on long-term capital gains resulting from transfer of listed securities or units, calculated at the rate of 20% (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10% (without indexation benefit), then such gains are chargeable to tax at a concessional rate of 10% (without indexation benefit) (plus applicable surcharge, education cess and secondary and higher education cess) without allowance of indexation benefit.

3.3. Capital gains - not subject to Income-tax

- 3.3.1. According to Section 10(38) of the Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax. However, in case of a shareholder being a company, gains arising from transfer of above referred long-term capital asset shall be taken into account for computing the book profit for the purposes of computation of MAT under Section 115JB of the Act.
- 3.3.2. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in specified assets, being bonds issued by:
 - a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FY cannot exceed ₹ 5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

- 3.3.3. As per provision of Section 54F of the Act, long term capital gains [in case not covered under Section 10(38)] arising from the transfer of any capital asset (not being residential house property) held by an Individual or

Hindu Undivided Family (“HUF”) will be exempt from tax, if net consideration is utilized, within a period of one year before or two year after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years.

3.4. Income from Business Profits

Where the equity shares form a part of stock-in-trade of shareholder, any income realized from disposition of the equity shares would be chargeable under the head “profit and gains of business or profession” as per the provisions of the Act. The nature of the equity shares held by the shareholder (i.e. whether held as ‘investment’ or as ‘stock-in-trade’) is usually determined inter-alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding period.

As per Section 36(xv) of the Act, an amount equal to the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of his business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

3.5 Income from other sources

3.5.1. Section 56(2)(vii)

With effect from 1 October 2009, where any property, other than immovable property (including shares) is received by an individual/ HUF : -

- i. without consideration and the aggregate fair market value of such property exceeds ₹ 50,000, or
- ii. for a consideration which is less than the aggregate fair market value of such property by at least ₹ 50,000, then the difference between fair market value and consideration paid will be taxable as income from other sources.

This provision is applicable only if shares are held by the shareholders as a capital asset.

This provision is not applicable where shares are received in any of the following modes, namely –

1. From any relative;
2. On the occasion of marriage of the individual;
3. Under a will or by way of inheritance;
4. In contemplation of death of the payer or donor;
5. From any local authority as defined in Explanation to Section 10(20);
6. From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Section 10(23C); or
7. From any trust or institution registered under Section 12AA.

3.5.2. Section 56(2)(viiia)

Where any property, being shares of a company in which public is substantially interested is received by a firm or a company (not being a company in which public is substantially interested on or after 1 June 2010:-

- a. without consideration and the aggregate fair market value of such property exceeds ₹ 50,000, or
- b. for a consideration which is less than the aggregate fair market value of such property by at least ₹ 50,000, then the difference between fair market value and consideration paid will be taxable as income from other sources.

However, as per the proviso, the above clause is not applicable to any such property received by way of a

transaction not regarded as transfer under clause (via) or (vic) or (vicb) or (vid) or (vii) of Section 47.

3.5.3. Section 56(2)(viib)

With effect from 1 April 2012, a company in which public is substantially interested, received any consideration for issue of shares, from a resident person, which is less than the face value of such shares, then the difference between face value and consideration paid will be taxable as income from other sources.

However the above provisions are not applied in case where the consideration for issue of shares is received.

- a. by a venture undertaking from a venture capital company or a venture capital fund
- b. by a company from a class or classes of persons as notified by central Government.

4. Benefits available to Non-resident shareholder (Other than Foreign Institutional Investors) under the Act

4.1. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, any income by way of dividends (declared, distributed or paid on or after 1 April 2003) received from a domestic company is exempt in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

No deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax e.g. dividends exempt under Section 10(34) of the Act. The expenditure relating to “exempt income” needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

The Company, however, shall be liable to pay DDT on such dividends as discussed in para 2.2.1 above.

4.2. Computation of capital gains

4.2.1. Under Section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company are exempt from tax, where the transaction of sale is chargeable to STT. .

4.2.2. Section 48 of the Act contains special provisions relating to computation of capital gains, in the hands of non-residents arising from transfer of shares of an Indian company which were purchased in foreign currency. Computation of capital gains has to be done by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same currency that was initially used to acquire such shares. The capital gain (i.e. sale proceeds less cost of acquisition) computed in the original foreign currency is then converted into Indian Rupees at the prevailing exchange rate. Non-resident shareholders are not entitled to indexation benefit (for a detailed discussion on indexation, refer para 2.4.3 above).

4.2.3. As per the provisions of Section 112 of the Act, long-term capital gains (as defined in para 2.4.1 above) [to the extent not exempt under Section 10(38) of the Act] would be subject to tax at a rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess) and at the rate of 10% on long term capital gains arising from sale of unlisted securities.

However, as per the proviso to Section 112(1) of the Act, if the tax on long-term capital gains resulting on transfer from listed/ unlisted securities or units [to the extent not exempt under Section 10(38) of the Act], calculated at the rate of 20% (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10% (without indexation benefit), then such gains are chargeable to tax at a concessional rate of 10% (without indexation benefit) (plus applicable surcharge, education cess and secondary & higher education cess).

4.2.4. As per the provisions of Section 111A of the Act, short-term capital gains (as defined in para 2.4.1 above) on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at the rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess), in addition to the other requirements, as specified in the Section. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

4.3. Capital gains- not subject to Income- tax

4.3.1. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company would be exempt from tax if such capital gains is invested within 6 months after the date of such transfer in specified assets, being bonds issued by (to the extent permitted under prevalent laws):

- a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
- b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FY cannot exceed ₹ 50,00,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

4.3.2. As per provision of Section 54F of the Act, long term capital gains (as defined in para 2.4.1 above) [not being long term capital gains covered under Section 10(38) of the Act] arising from transfer of the any capital asset (not being residential house property) held by an Individual or HUF will be exempt from tax, if net consideration is utilized, within a period of one year before or two year after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years.

4.4 Special benefit available to Non-resident Indian shareholders

In addition to some of the general benefits available to non-resident shareholders, where equity shares of the Company have been subscribed by Non-Resident Indians (“NRI”) i.e. an individual being a citizen of India or person of Indian origin who is not a resident, in convertible foreign exchange, they have the option of being governed by the provisions of Chapter XIIA of the Act, which *inter alia* entitles them to the following benefits:

4.4.1. In accordance with Section 115E of the Act, income from investment or income from long- term capital gains on transfer of assets other than specified asset (including shares of an Indian company) shall be taxable at the rate of 20% in the hands of a NRI. Income by way of long term capital gains in respect of a specified asset [as defined in Section 115C (f) of the Act], shall be chargeable to income-tax at 10%.

4.4.2. As per the provisions of Section 115G of the Act, NRIs are not required to file a return of income under Section 139(1) of the Act, if the income chargeable under the Act consists of only investment income or capital gains arising from the transfer of specified long term capital asset or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and provided tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the Act.

4.4.3. As per the provision of Section 115H of the Act, where a person who is NRI in any previous year, becomes assessable as resident in India in respect of total income of any subsequent year, the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income derived from any foreign exchange asset being an assets specified under sub clause (ii), (iii), (iv) or (v) of Section 115(C)(f) for that AY and for every subsequent AY until there is transfer or conversion of such asset. For this provision to apply, NRI is required to file a declaration along with his return of income for the AY in which he becomes assessable as resident in India.

4.4.4. In accordance with Section 115I of the Act, where a NRI opts not to be governed by the provisions of Chapter XII-A for any AY, his total income for that AY (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Act.

4.5 Taxability as per DTAA

4.5.1. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident has fiscal domicile. As per the

provisions of Section 90(2) of the Act, the provision of the DTAA would prevail over the provisions of the Act to the extent they are more beneficial to the non-resident.

- 4.5.2. As per the amendment introduced by Finance Act, 2012, Section 90(4) has been inserted which provides that an assessee being a non-resident, shall not be entitled to claim any relief under Section 90(2) unless a certificate containing such particulars as may be prescribed, of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory.

In other words, the tax payers shall be entitled to be governed by the provisions of the DTAA only when they obtain a tax residency certificate (containing particulars as may be prescribed) from the Government of the country of residence of such non-resident tax payer.

5. Benefits available to Foreign Institutional Investors (“FIIs”) under the Act

5.1. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, any income by way of dividends (declared, distributed or paid on or after 1 April 2003) received from a domestic company is exempt in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

No deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax e.g. dividends exempt under Section 10(34) of the Act. The expenditure relatable to “exempt income” needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

5.2. Taxability of capital gains

- 5.2.1 As per the provisions of Section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under Section 10(38) of the Act at the rates as follows:

<i>Nature of income</i>	<i>Rate of tax (%)</i>
Long term capital gain	10
Short term capital gain	30

The above tax rates would be increased by the applicable surcharge, if tax payer is a foreign company whose total income under the Act exceeds rupees one crore, education cess and secondary & higher education cess.

- 5.2.2 The benefits of indexation provided by Section 48 of the Act (for discussion on indexation, refer para 2.4.3 above) and foreign currency fluctuation protection as of the Act are not available to an FII. According to Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess) in addition to the other requirements, as specified in the Section.

5.3. Capital gains- not subject to Income-tax

- 5.3.1. Under Section 10(38) of the Act, long term capital gains (as defined in para 2.4.1 above) arising to a shareholder on transfer of equity shares in the Company are exempt from tax, where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same.

- 5.3.2. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company would be exempt from tax if such capital gains is invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

- National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
- Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FY cannot exceed ₹ 5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term

specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

5.4. Income from Business Profits

Where the equity shares form a part of its stock-in-trade, any income realized in the disposition of the equity shares will be chargeable under the head “profit and gains of business or profession”, taxable in accordance with the DTAA between India and the country of tax residence of the FII read with the Act. The nature of the equity shares held by the FII is usually determined inter-alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding.

If the income realised from the disposition of equity shares is chargeable to tax in India under the head “Profits and gains of business or profession”, as per Section 36(xv) of the Act, an amount equal to the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of his business during the previous year, is permitted as a deduction, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

Business profits, if taxable in India, may be subject to tax at the rate of 40% (plus applicable surcharge, education cess and secondary & higher education cess).

5.5. Taxability as per DTAA

- 5.5.1. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of Section 90(2) of the Act, the provision of the Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident.
- 5.5.2. As per the amendments introduced by the Finance Act, 2012, Section 90(4) has been inserted which provides that an assessee being a non-resident, shall not be entitled to claim any relief under Section 90(2) unless a certificate containing such particulars as may be prescribed, of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory.

5.6. Benefits available to Mutual Funds under the Act

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income-tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the Act.

6. Benefits available to Venture Capital Companies/Funds

- 6.1. Under Section 10(23FB) of the Act, any income of Venture Capital Companies/Funds (set up to raise funds for investment in venture capital undertaking) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. ‘Venture capital undertaking’ means a venture capital undertaking referred to in the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992.
- 6.2. As per Section 115U of the Act, any income accruing/ arising/ received by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/ arising/ received by such person had the investments been made directly in the venture capital undertaking.
- 6.3. Further, as per Section 115U(5) of the Act, the income accruing or arising to or received by the Venture Capital Company/ Funds from investments made in a Venture Capital Undertaking if not paid or credited to a person (who has made investments in a Venture Capital Company/ Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

7. DTAA benefits

- 7.1. As per the provisions of Section 90(2) of the Act, an investor has an option to be governed by the provisions of the Act or the provisions of a DTAA that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.
- 7.2. As per the amendments introduced by the Finance Act, 2012, Section 90(4) has been inserted which provides that an assessee being a non-resident, shall not be entitled to claim any relief under Section 90(2) unless a certificate containing such particulars as may be prescribed, of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory.

8. Benefits available 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.

9. Benefits available under the Gift-tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after 1 October 1998. However as per the provisions of Section 56(2)(viia) of the Act, a tax liability would arise where the shares of a company are gifted by any person(s) to a firm or a company in which the public is not substantially interested in the hands of such recipient of shares

10. Loss under the head ‘Capital Gains’

In general terms, loss arising from transfer of a capital asset in India can only be set off against capital gains. Long term capital loss arising on sale of equity shares not subjected to STT during a year is allowed to be set-off only against long term capital gains. A short term capital loss can be set off against capital gains whether short term or long term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of 8 years immediately succeeding the year for which the loss was first determined and may be set off against the capital gains assessable for such subsequent years. In order to set off a capital loss as above, the investor (resident/ non- resident) is required to file appropriate and timely income-tax returns in India.

Notes:

- 1 The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;
- 2 The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current Tax Laws presently in force in India as amended by the Finance Act, 2012. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant Tax Laws;
- 3 This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing Tax Laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
4. 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 Agreement, if any, between India and the country/specified territory (outside India) in which the non-resident has fiscal domicile ;and
5. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.
6. The tax rates (including rates for tax deduction at source) mentioned in this Statement are applicable for AY 2013-14 and are exclusive of surcharge and education cess. Surcharge @ 5% is applicable in case of resident companies where total income under the Act exceeds Rs 1 crore. In case of foreign companies, surcharge @2% is applicable in case the total income exceeds Rs 1 crore.

7. We have not considered the provisions of Direct Tax Code Bill 2010 for the purpose of this Statement.

For Rasesh Shah And Associates
Chartered Accountants

(Mehul Shah)
Partner
Membership No: 137148
Firm Registration No: 108671W

Place: Surat
Date: March 23, 2013

SECTION V – ABOUT US

INDUSTRY OVERVIEW

Disclaimer: Pursuant to the requirements of the SEBI ICDR Regulations, the discussion on the business of Our Company in this Draft Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. Our Company acknowledges that certain products described in the Draft Prospectus could be trademarks, brand names and/ or generic names of products owned by third parties and the reference to such trademarks, brand names and/or generic names in the Draft Prospectus is only for the purpose of describing the products/services.

The industry data has been collated from various industry and/or government and/or research publications and from information available from the World Wide Web. Neither we, nor any other person connected with the issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Source: Entire Industry Section as detailed below is based on March 2013, Industry Report on Travel and Tourism Sector, prepared by Yogesh Katariya & Co., Research & Consulting

Global Economic Scenario:

There was a mild improvement in macroeconomic conditions in advanced economies in Dec 2012. However, the sustainability of this improvement through 2013 remains uncertain in view of the fiscal adjustment agenda facing most of these economies. The US economy expanded significantly by 3.1% (q-o-q annualised) in Q3FY12; however growth in Q4 is expected to be lower than in Q3. The pace of contraction in the euro area slowed from 0.7% in Q2 to 0.3% Q3 of 2012. Spain, Italy and Portugal continued to be in recession while GDP contracted in the Netherlands. The euro area's composite Purchasing Managers Index (PMI) for December 2012 suggests that recession continues in the region. German economy, the largest in the region, is also estimated to have contracted in Q4 of 2012.

Labour markets in advanced economies exhibited a mixed picture. The unemployment rate in the US remained steady at about 7.8% in December 2012 after improvements seen in the preceding quarter. In the UK, the unemployment rate fell by 0.1% points to 7.7% for the period September- November 2012. However, in the euro area the unemployment rate reached a new high of 11.8% in November 2012. The unemployment rate in Spain and Greece exceeds 26%, with youth unemployment rates of about 57%. Such levels clearly impart a socioeconomic constraint to fiscal consolidation programs to support adjustment and stabilisation in the euro area. As such, risks to global growth emanating from euro area remain significant.

Growth in emerging market and developing economies (EMDEs) turned weaker during Dec 2012. China registered its first acceleration in growth in two years in y-o-y terms in this period. Brazil's PMI also showed a marked improvement in November and December 2012. The readings indicate that growth may have bottomed out. Despite signs of improvement in activity in recent months, prospects for recovery in 2013 remain highly uncertain. International agencies have sequentially scaled down their forecasts for growth in 2013 (Source: RBI report on monetary developments Q3FY13)

Indian Economic Overview:

As per RBI report on Macro economic and monetary developments (third quarter FY13), Growth in India continued to be subdued at 5.3% in Q2 of 2012-13 and is likely to remain low in Q3 as well. The slowdown reflects the uncertain global macro-economic environment as well as domestic factors such as low growth in real investment and a weak south-west monsoon. Looking ahead, even as inflation is moderating and growth is likely to have bottomed out, the RBI's growth projection of 5.8% per cent for 2012-13 could face downside risks. This is largely because the positive impact of the various policy measures announced by the government is yet to show up fully. The deceleration in growth in H1 FY13 was seen across all the major sectors. The agriculture sector was adversely impacted due to the weak south-west monsoon. Industrial slowdown was on account of moderation in manufacturing and 'electricity, gas and water supply'. The dip in services sector growth was mainly on account of 'trade, hotels, transport, storage and communication.

Industrial growth has remained subdued since July 2011 due to weak global demand, weak supply linkages, high input costs and sluggish investment activity. During 2012- 13 (April-November) industrial growth slowed to 1.0%. Barring a spike in October 2012 due to a favorable base effect and festival-related pick-up in production, growth has been

disappointing across sectors. Growth in eight core infrastructure industries also decelerated to 3.5% during April-November 2012 compared to 4.8% during the corresponding period of the previous year.

Services sector, which has dominant share in GDP, is also showing signs of weakening growth. The moderation of services sector growth in H1 FY13 was largely due to the sharp deceleration in the growth of the 'trade, hotels, transport, storage and communication. Slowdown in services associated with trading activity reflects the sluggish domestic industrial scenario. The pace of foreign tourist arrivals fell substantially from 9.4% in 9MFY12 period to 3% in 9MFY13 period. The cargo handled at ports also contracted significantly during November-December 2012. Services exports too are likely to remain low given the uncertain outlook for global growth.

Global Travel & Tourism Industry

Travel & Tourism is an important economic activity in most countries around the world. Globally this industry has contributed actively in revenue generation as well as employment generation directly (hotels, visitor attractions, restaurants, tourist transport) as well as indirectly through the supply of many goods and services that are inputs to the tourism industry. According to the Advance Release of the UNWTO World Tourism Barometer, International tourist arrivals were up by almost 4% in 2012 to 1035 million. With an additional 39 million international tourists, up from 996 million in 2011, international tourist arrivals surpassed 1 billion for the first time in history. In 2012, growth was stronger in emerging economies (+4.1%) as compared to advanced economies (+3.6%), a trend which has marked the sector for many years now.

International tourist arrivals to **Europe**, the most visited region in the world, were up by 3%; a very positive result in view of the economic situation, and following a strong 2011 (+6%). Total arrivals reached 535 million, 17 million more than in 2011. By sub-region, Central and Eastern Europe destinations (+8%) experienced the best results, followed by Western Europe (+3%). Destinations in Southern Mediterranean Europe (+2%) consolidated their excellent performance of 2011 and returned in 2012 to their normal growth rates.

Asia and the Pacific (+7%) was up by 15 million arrivals in 2012, reaching a total 233 million international tourists. South-East Asia (+9%) was the best performing sub-region much due to the implementation of policies that foster intraregional cooperation and coordination in tourism. Growth was also strong in North-East Asia (+6%), as Japanese inbound and outbound tourism recovered, while it was comparatively weaker in South Asia (+4%) and in Oceania (+4%).

The **Americas** (+4%) saw an increase of 6 million arrivals, reaching 162 million in total. Leading the growth were destinations in Central America (+6%), while South America, up by 4%, showed some slowdown as compared to the double-digit growth of 2010 and 2011. The Caribbean (+4%), on the other hand, is performing above the previous two years, while North America (+3%) consolidated its 2011 growth.

Africa (+6%) recovered well from its setback in 2011 when arrivals declined by 1% due largely to the negative results of North Africa. Arrivals reached a new record (52 million) due to the rebound in North Africa (+9% as compared to a 9% decline in 2011) and to the continued growth of Sub-Saharan destinations (+5%). Results in the **Middle East** (-5%) improved after a 7% decline in 2011, yet the region recorded an estimated 3 million international tourist arrivals less in 2012 in spite of the clear recovery in Egypt.

Growth is expected to continue in 2013 only slightly below the 2012 level (+3% to +4%) and in line with UNWTO long term forecast for 2030. By region, prospects for 2013 are stronger for Asia and the Pacific (+5% to +6%), followed by Africa (+4% to +6%), the Americas (+3% to +4%), Europe (+2% to +3%) and the Middle East (0% to +5%). UNWTO's Tourism 2020 Vision forecasts that international arrivals are expected to reach nearly 1.6 billion by the year 2020. The total tourist arrivals by region shows that by 2020 the top three receiving regions will be Europe (717 million tourists), East Asia and the Pacific (397 million) and the Americas (282 million), followed by Africa, the Middle East and South Asia. East Asia and the Pacific, Asia, the Middle East and Africa are forecasted to record growth at rates of over 5% a year, compared to the world average of 4.1%. The more mature regions Europe and Americas are anticipated to show lower than average growth rates. Europe will maintain the highest share of world arrivals, although there will be a decline from 60% in 1995 to 46% in 2020. (Source: UNWTO World Tourism Barometer release Jan 2013)

Size of Global Travel & Tourism Sector as per WTTC projections

Despite on-going challenging economic conditions, global Travel & Tourism direct contribution to GDP grew by a robust 3.2% in 2012. This was faster than growth of the world economy as whole (2.3%), and also faster than growth of a number of broad industries including manufacturing, financial & business services and retail. Total Travel & Tourism employment, including those working in the industry's supply chain and supported by the spending of their employees, increased by 4.0 million jobs in 2012. In percentage growth terms, Asia, Latin America and Sub-Saharan Africa were

amongst the fastest growing destination markets in 2012. Though in absolute change terms, visitor exports growth to North America and Europe exceeded expectations in 2012 and explain most of the growth in global visitor exports. In terms of outbound spending, Asia and Latin America were the fastest growing origin markets in 2012, but in absolute change terms, it was again Europe and North America, along with North East Asia, that accounted for the overall above expectations growth.

The direct contribution of Travel & Tourism to GDP in 2012 was USD 2,056.6bn (2.9% of GDP). This is forecast to rise by 3.1% to USD 2,120.4bn in 2013. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. The direct contribution of Travel & Tourism to GDP is expected to grow by 4.4% pa to USD 3,249.2bn (3.1% of GDP) by 2023.

Taking account of its direct, indirect and induced impacts, Travel & Tourism's total contribution in 2012 was US\$6.6 trillion in GDP, 260 million jobs, US\$760 billion in investment and US\$1.2 trillion in exports. This contribution represented 9.3% of global GDP, 1 in 11 jobs, 5% of investment and 5% of exports. It is forecast to rise by 4.4% pa to USD 10,507.1bn by 2023 (10.0% of GDP).

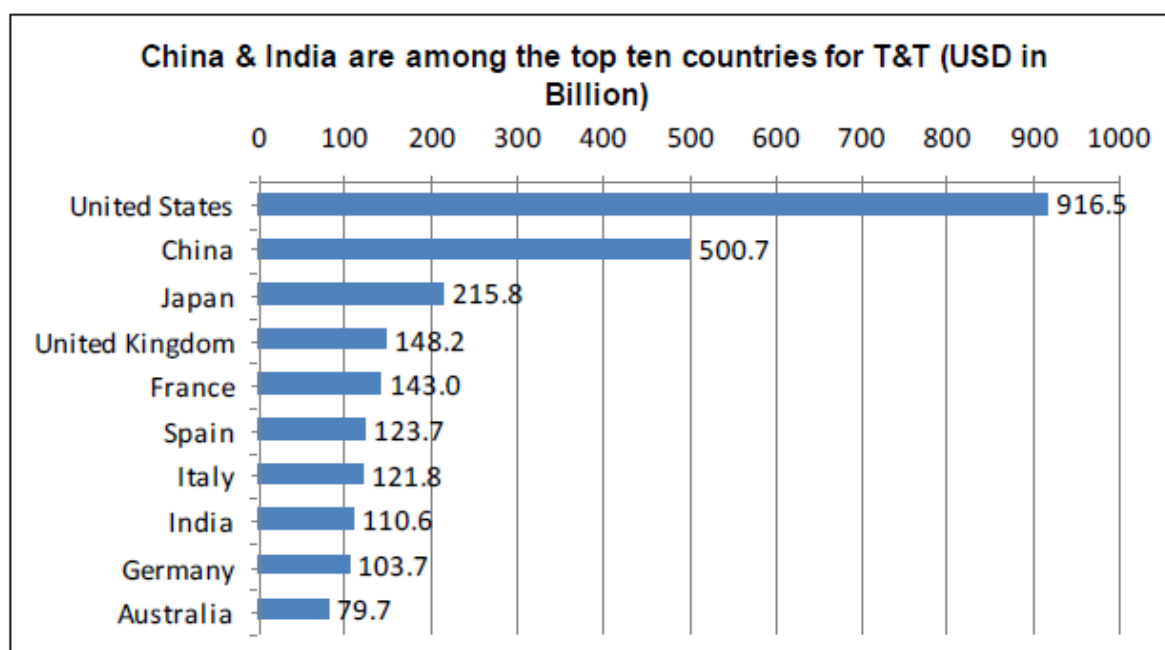
Globally Travel & Tourism generated directly 101,118,000 jobs in 2012 (3.4% of total employment), and is forecasted to grow by 1.2% in 2013 to 102,364,000 (3.4% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. By 2023, Travel & Tourism will account for 125,288,000 jobs directly, an increase of 2.0% pa over the next ten years.

The total contribution of Travel & Tourism to employment (including wider effects from investment, the supply chain and induced income impacts) was 261,394,000 jobs in 2012 (8.7% of total employment). This is forecast to rise by 1.7% in 2013 to 265,754,000 jobs (8.8% of total employment). By 2023, Travel & Tourism is forecast to support 337,819,000 jobs (9.9% of total employment), an increase of 2.4% pa over the period.

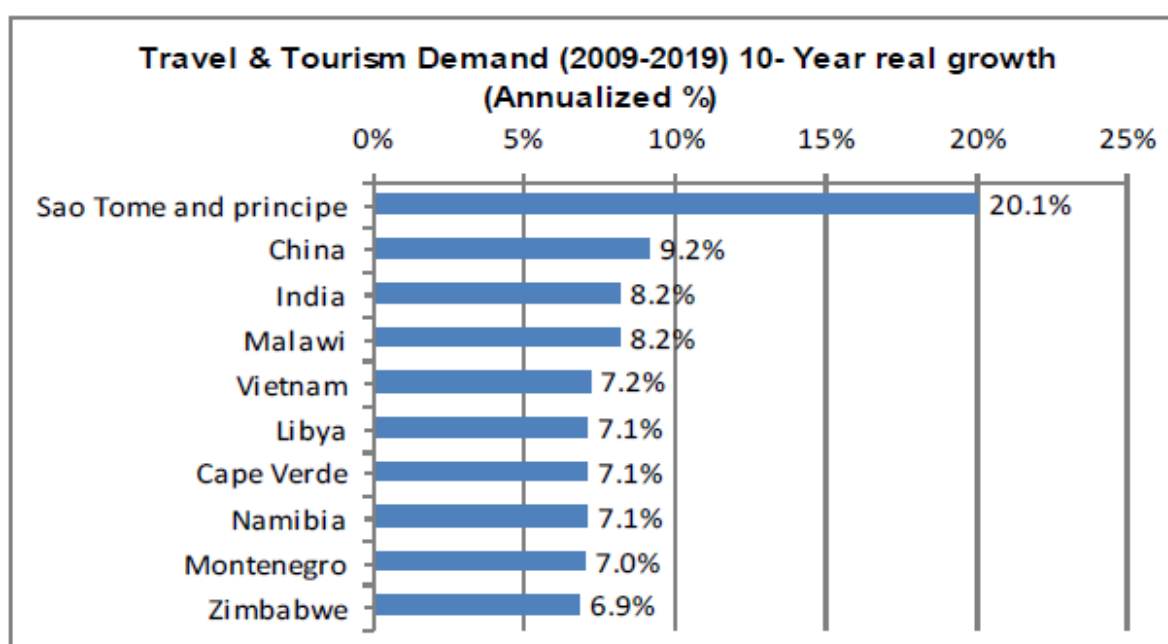
Visitor exports are a key component of the direct contribution of Travel & Tourism. In 2012, the world generated USD1,243.0bn in visitor exports. In 2013, this is expected to grow by 3.1%, and the world is expected to attract 1,086,320,000 international tourist arrivals. By 2023, international tourist arrivals are forecast to total 1,581,250,000, generating expenditure of USD1,934.8bn, an increase of 4.2% pa.

Indian Travel & Tourism Sector

The structure of Indian travel & tourism sector remains the same as that of global travel & tourism sector. Tourism industry is directly driven by the growth in GDP. Discretionary spending on leisure tourism is more during economic prosperity and drops significantly during economic downturn. In case of India, combining unparalleled growth prospects and unlimited business potential, the industry is certainly on the foyer towards being a key player in the nation's changing face. Furthermore, banking on the government's initiative of upgrading and expanding the country's infrastructure like airports, national highways etc, and the tourism and hospitality industry is bound to get a bounce in its growth. The amount of foreign direct investments (FDI) inflow into the hotel and tourism sector during April 2000 to October 2012 was worth US\$ 6,484 million, as per data provided by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce. Following graph shows Country rankings for travel & tourism direct industry GDP (absolute as well as percentage wise) for 2020 (as projected by WTTC).



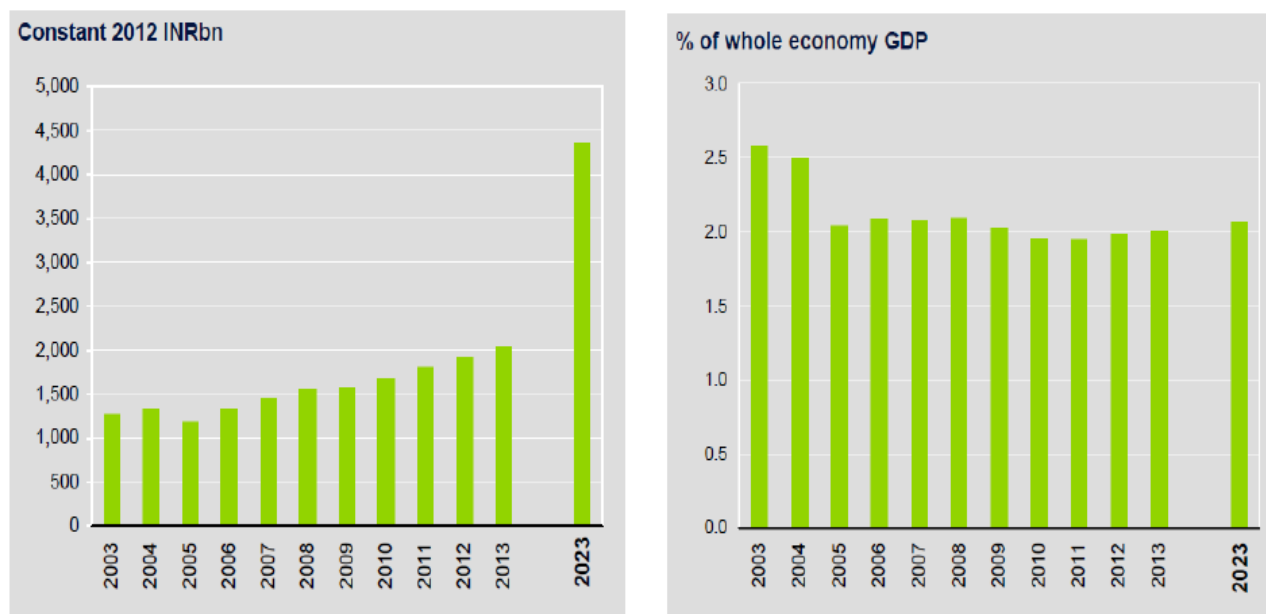
Source: Cox & Kings Analyst Presentation



Source: Cox & Kings Analyst Presentation

The direct contribution of Travel & Tourism to GDP in 2012 was INR 1,919.7bn (2.0% of GDP). This is forecast to rise by 7.0% to INR 2,053.3bn in 2013. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. The direct contribution of Travel & Tourism to GDP is expected to grow by 7.8% pa to INR 4,360.6bn (2.1% of GDP) by 2023. The following graphs show evolution of direct contribution from tourism sector as % of GDP as well as absolute size of tourism sector in terms of direct contribution.

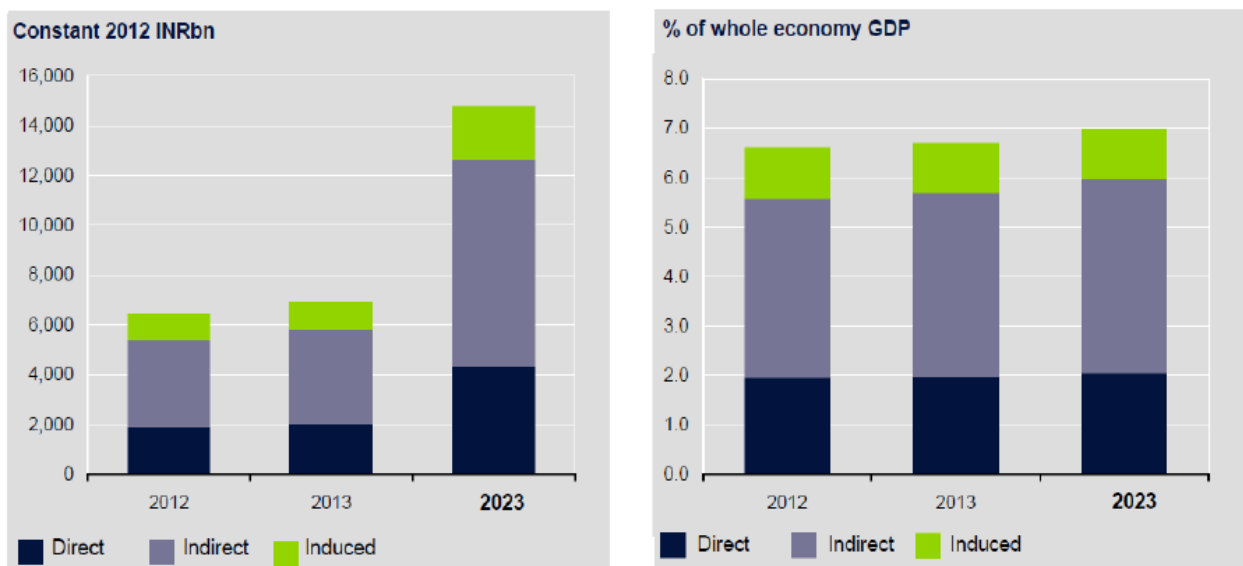
INDIA: DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO GDP



Source: WTTC

The total contribution of Travel & Tourism to GDP (including wider effects from investment, the supply chain and induced income impacts) was INR6,385.1bn in 2012 (6.6% of GDP) and is expected to grow by 7.3% to INR6,853.7bn (6.7% of GDP) in 2013. It is forecast to rise by 7.9% pa to INR 14,722.3bn by 2023 (7.0% of GDP). The following graphs show evolution of total contribution from tourism sector as % of GDP as well as absolute size of tourism sector in terms of total contribution.

INDIA: TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO GDP



Source: WTTC

Indian travel & tourism's contribution to employment

Travel & Tourism is expected to generate 25,041,000 jobs directly in 2012 (4.9% of total employment) and this is forecast to fall by 0.6% in 2013 to 24,899,000 (4.8% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. By 2021, Travel & Tourism will account for 30,631,000 jobs directly.

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Visitor Exports

Visitor exports are a key component of the direct contribution of Travel & Tourism. In 2012, India generated INR 1,004.6 bn in visitor exports. In 2013, this is expected to grow by 8.7%, and the country is expected to attract 7,518,000 international tourist arrivals. By 2023, international tourist arrivals are forecast to total 13,699,000, generating expenditure of INR1,892.0bn, an increase of 5.7% pa.

Investment: Travel & Tourism is expected to have attracted capital investment of INR 1,761.4 bn in 2012. This is expected to rise by 5.5% in 2013, and rise by 6.5% pa over the next ten years to INR 3,491.2 bn in 2023. Travel & Tourism's share of total national investment will fall from 6.2% in 2013 to 5.1% in 2023.

Growth Drivers for Travel & Tourism Industry in India

Tourism is an important sector of the economy and contributes significantly in the country's GDP as well as Foreign Exchange Earnings (FEE). It has backward and forward linkages with many other sectors of the economy, like transport, construction, handicrafts, manufacturing, horticulture, agriculture, etc. India is one of the fastest-growing travel and tourism markets in the world. Foreign tourist arrivals (FTAs) in India have increased as India continues to be a favored tourist destination for leisure, as well as business travel. FTAs have increased at a CAGR of 8.1% between 2004 and 2012. India's well-equipped hospital infrastructure and the low cost of treatment, compared to developed countries, make it a preferred destination for medical tourism as well. The Ministry of Tourism is upgrading infrastructure facilities at important tourist destinations, which has improved accessibility to these places.

(Source: Ministry of Tourism, Annual Report, World Economic Forum)

As per the Travel and Tourism Competitiveness Report 2013 by the World Economic Forum, India is ranked 11th in the Asia Pacific region and 65th overall, moving down three places since 2009 on the list of the world's attractive destinations. It is ranked the 9th best tourist destination for its natural resources and 24th for its cultural resources, with many World Heritage sites, both natural and cultural, rich fauna, and strong creative industries in the country. India also bagged 39th rank for its air transport network. 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.

Furthermore, India has emerged as a popular tourist destination, and many smaller cities (Udaipur, Thiruvananthapuram and Kochi) are witnessing a greater influx of foreign tourists, resulting in an increased demand for hotels in these cities. Both domestic and international players have planned large-scale investments in the hospitality industry. In addition, the Government of India (GoI) has introduced various initiatives and campaigns such as Incredible India!, Colors of India, Atithi Devo Bhavah and the Wellness Campaign to promote the Indian tourism and hospitality industry. Also, the increasing income and affordability have increased domestic leisure travel in the country.



India's Demographic dividend: Over the years, the demographics of India have changed. The customer profiles, in the past twenty years, veered increasingly towards the growing, young, and working population. The working age population has increased from 52.6% in 1971 to 58.65% in 2001 and the population in the working group is expected to increase further to 63.3% by 2016. As per the National Commission on Population the working age population (15-59 yrs) is projected to increase from 519 million in 1996 to 800 million in 2016 and the dependency ratio will continue to decline.

According to Mckinesy & Co's report on India's consumer market, if India continues to grow on current rate in next two decades it may undergo major transformation. Income levels in India can potentially triple and India will climb from its position as the 12th largest consumer market today to 5th largest by 2025. As Indian income rise, the shape of the country's income pyramid will also change dramatically. Over 291 mn people will move from desperate poverty to a more sustainable life and India's middle class will swell by over ten times from its current size of 50 mn to 583 mn people. By 2025 over 23 mn Indian's – more than the population of Australia today – will number amongst the country's wealthiest citizens. While much of this new wealth and consumption will be created in urban areas, rural households will benefit too. As Indian income rises, the "share-of-wallet" of consumer spending will change significantly too.

Also as per the report the consumption of transport services is forecast to grow at a moderate 6.2% annually over the next 20 years, with total spending reaching Rs 5418 bn Indian rupees in 2025. This will ultimately help in significant growth in leisure travel (both domestic and international).

Increased Foreign Tourist Arrivals

As per the Ministry of Tourism foreign tourist arrivals in India saw almost flat YoY growth in Dec 2012. The growth in full year FY12 was substantially lower compared to FY11 growth rate. Foreign exchange earnings for Dec 2012 and FY12 increased at about 20% YoY.

FTAs during the Month of December 2012 were 7.50 lakh as compared to FTAs of 7.37 lakh during the month of December 2011 and 6.80 lakh in December 2010.

There has been a growth of 1.7% in December 2012 over December 2011 as compared to a growth of 8.4% registered in December 2011 over December 2010.

FTAs in India during 2012 were 66.48 lakh with a growth of 5.4%, as compared to the FTAs of 63.09 lakh with a growth of 9.2% during the year 2011 over 2010.

FEEs during the month of December 2012 increased almost 19% to reach Rs 10,549 crore as compared to Rs 8,870 crore in December 2011 and Rs 7,039 crore in December 2010.

FEEs from tourism during 2012 were Rs 94,487 crore with a growth of 21.8%, as compared to the FEEs of Rs 77,591 crore with a growth of 19.6% during the year 2011 over 2010.

Rising business travel: Business travel to India has shown healthy growth in recent years. With the boom in the Indian economy and the growing IT/ITES (Information Technology and Information Technology Enabled Services) and BPO (Business Process Outsourcing) sectors, India has become an operational hub for many Western countries. According to A.T. Kearney's FDI Confidence Index that tracks investor confidence among global executives to determine their order of preferences for investing, India has become the second most attractive Foreign Direct Investment (FDI) destination in the world, next only to China. FDI is a major driver of economic growth. It brings technological upgrading and also makes India internationally competitive. This has led to accelerating growth in the number of people arriving for business purposes. Apart from top-level executives, India is also attracting travel for meetings and incentives amongst middle level executives and software professionals.

Rising disposable income: India has large and growing middle class of more than 50 million people with disposable income ranging from Rs 200,000 to Rs 1,000,000 per year. The growth in disposable income in year 2010-11 is 19% and the trend is expected to continue over the next few decades. Similarly, there are various food, language, and cultural barriers generally encountered by first-time international travelers across the globe. With increasing urbanization, awareness and various initiatives taken up by ministry of tourism such barriers are getting irrelevant for India. This is evident from increasing foreign tourist arrivals in India.

Bifurcation of Travel & Tourism Industry:

Inbound tourism: With negative growth in the number of arrivals, low average daily room rates and reduced occupancy levels, 2009 was one of the most challenging years for Indian travel and tourism. The graph below shows dip in FTA's in 2008 to 2009 period which was both due to economic weakness as well as terrorist attacks in Mumbai. After witnessing a tough 2009, from mid-2010, tourism in India started to recover, and recorded double-digit growth in the number of tourists visiting India during 2010 as well as 2011. During 2012, FTAs in India were 66.48 lakh with a growth of 5.4%, as compared to the FTAs of 63.09 lakh with a growth of 9.2% during the year 2011 over 2010. Occupancy levels increased, and consequently average daily room rates also increased in this period. Whilst the majority of countries reduced their marketing spend during the recession, the Indian Ministry of Tourism continued to aggressively promote India as an attractive tourist destination through its "Incredible India" brand campaign and promotional programs such as "Visit India". As per the latest data available for 2011 on ministry of tourism's website, foreign tourist arrivals were highest from US followed by UK.

Outbound Tourism: Outbound tourism demand is affected by confidence in economic conditions and security as well as perceptions of discretionary income. The number of outbound tourists has increased considerably from a meager 1.94 million in 1991 to a staggering 7.2 million in 2005.

Domestic Tourism: The changing demographics, rising disposable income and rapid urbanization coupled with better transport infrastructure across cities and states has given boost to domestic tourism in India. The number of domestic visits has increased from 159.88 mn in 1997 to 850.8 mn in 2011. The domestic tourist visits has increased at 12.7% CAGR in the period from 1997 to 2011.

Looking at state wise domestic tourist visits to Uttar Pradesh scores highest followed by Andhra Pradesh and Tamilnadu. The domestic tourist visits in India are combination of religious trips, social trips and leisure trips. Similarly such trips occur more in summer season i.e. March – May period.

Country Rankings considering absolute contribution

Looking globally, in terms of absolute contribution to GDP, India ranks 12th in terms of both direct contribution and total contribution to GDP. It is evident that total contribution at USD119.4 bn is more than triple the direct contribution of USD35.9 bn. However, when looking at relative contribution to GDP, India ranks 149th in direct contribution and 128th in total contribution in the World. This shows that currently travel and tourism forms small percentage of India's GDP, and there is substantial room for growth in this sector to improve its relative ranking in world. In terms of absolute employment India ranks 1st in terms of direct contribution to employment and 2nd (just next to China) in

terms of total contribution to employment. This is due to sheer huge population size of India, thus on relative basis India will rank substantially lower when compared to many other countries in world. Following charts shows absolute as well as relative (in % terms) standing of India in the global travel and tourism sector. Though, the share of the Indian travel and tourism industry globally is very less. However the industry holds immense potential. In fact, India has been ranked among the leaders by the WTTC for long-term (10-year) growth prospects. Further, a globally renowned travel magazine, Conde Nast Traveler, ranked India among the top 10 tourist destinations of the world. JBIC has also ranked India as the fifth most attractive investment destination. India is probably the only country that offers various categories of tourism with its geographical diversity and rich cultural heritage.

Correlation of T & T economy GDP to various economic factors:

The data from last 20 years suggest that the T&T growth is positively correlated to many economic factors like country's GDP, exports, capital investment, government expenditure etc. The negative effect on terrorist attacks in Mumbai on 26/11/2008 coupled with financial crises on T&T industry is evident in most of the graphs below. The graphs also show positive sentiments after the ripples of crises have stabilized in past 1 year. However, this industry remains highly sensitive to global economic balance and unusual events like terrorist attacks.

Government Initiatives/policy

According to the Consolidated FDI Policy, released by DIPP, Ministry of Commerce and Industry, Government of India, the government has allowed 100 per cent foreign investment under the automatic route in the hotel and tourism related industry. The terms hotel includes restaurants, beach resorts and other tourism complexes providing accommodation and /or catering and food facilities to tourists. The term tourism related industry includes following:

- Travel agencies, tour operating agencies and tourist transport operating agencies
- Units providing facilities for cultural, adventure and wildlife experience to tourists
- Surface, air and water transport facilities for tourists
- Convention/seminar units and organisations

The Government of India has announced a scheme of granting Tourist Visa on Arrival (T-VoA) for the citizens of Finland, Japan, Luxembourg, New Zealand and Singapore. The scheme is valid for citizens of the above mentioned countries planning to visit India on single entry strictly for the purpose of tourism and for a short period of upto a maximum of 30 days. Visa on Arrival (VoA) scheme of India registered an increase of 26 per cent in 2012. A total number of 16,084 VoAs were issued during 2012 as compared to 12,761 VoAs issued during 2011.

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Evolution of various forms of Tourism

Rural Tourism: The scheme of Rural Tourism was started by the Ministry in 2002-03 with the objective of showcasing rural life, art, culture and heritage at rural locations and in villages, which have core competence in art & craft, handloom, and textiles as also an asset base in the natural environment. The intention is to benefit the local community economically and socially as well as enable interaction between tourists and local population for a mutually enriching experience. The promotion of village tourism is also aimed at generating revenue for the rural communities through tourist's visitations, thereby stopping the exodus from rural to urban areas. While in the initial two years of the scheme, only physical infrastructure (Hardware or HW) development activities were taken up under the scheme, from the year 2004-05 capacity building (Software or SW) activities too were taken up. The Rural Tourism Project at Hodka village in Kutch District of Gujarat won the Pacific Asia Travel Association (PATA) award for the year 2010 under the Heritage category. The citation awarded reads "The scale of this project is very welcome and could have major positive impacts on the community." (Source: Ministry of Tourism)

Golf Tourism: Recognizing the potential to develop golf as a niche tourism product for attracting both international and domestic tourists, especially the high end visitors, Ministry of Tourism is organizing various workshops on “Promotion of Golf Tourism”. The objective of the workshop was to evolve a road map for formulating strategies for development and promotion of golf tourism in India. Participants included golf clubs, corporate, travel trade representatives, professional golfers, golf event managers, etc. (Source: Ministry of Tourism)

Adventure Tourism: Adventure travel involves exploration or travel to remote, exotic areas. Adventure tourism is rapidly growing in popularity as a tourist seeks different kinds of vacations. Any constructive activity which tests the endurance of both a person and his equipment to its extreme limit is termed as Adventure. Ministry of Tourism has taken various initiatives to promote adventure tourism in India. Some of them are listed below:

- As per the policy for the diversification of tourism product of India, special attention is being given for the development of Adventure Tourism in the country. The Ministry of Tourism has also issued Guidelines for Approval of Adventure Tour Operators, which is a voluntary scheme, open to all bona fide adventure tour operators.
- The Ministry of Tourism has also formulated a set of guidelines on Safety and Quality Norms on Adventure Tourism as basic minimum standards for adventure tourism activities. These guidelines cover Land, Air and Water based activities which include mountaineering, trekking, hand gliding, paragliding, bungee jumping and river rafting.
- Central Financial Assistance is being extended to various State Governments/ Union Territory Administrations for development of Tourism Infrastructure in destinations including Adventure Tourism destinations. These include facilities for trekking, rock climbing, mountaineering, aero-sports, winter/water related sports, trekker huts, wildlife viewing facilities, etc.
- The Indian Institute of Skiing & Mountaineering has been made fully operational in Gulmarg from January 2009. This institute now has its own building and all modern equipments and training facilities for adventure sports.
- The Ministry is working with the Indian Mountaineering Federation and Adventure Tour Operators Association of India to explore positioning India as an Adventure Destination.

(Source: Ministry of Tourism)

Ecotourism: Ecotourism, also known as ecological tourism, is travel to natural areas to appreciate the cultural and natural history of the environment, while not disturbing the integrity of the ecosystem and creating economic opportunities that make conservation and protection of natural resources advantageous to local people. It involves travel to destinations where flora, fauna and cultural heritage are primary attractions. Ecotourism also minimises wastage and the environmental impact through sensitised tourists. It can be one of the medium to preserve local culture, flora and fauna and other natural resources. Ecotourism consists of Eco parks, Eco places, Eco fauna, Eco flora, Eco destinations, Eco trivia, Eco treks, Eco adventures

India, with its great geographical diversity, offers several eco-tourism destinations. It is home to a wealth of ecosystems which are well protected and preserved. These include Biosphere reserves, Mangroves, Coral reefs, Deserts, Mountains and forests, Flora and fauna etc.

The basic principles to be followed in ecotourism are:

- Minimise the impact
- Build environmental and cultural awareness and respect
- Provide positive experiences for both visitors and hosts
- Provide direct financial benefits for conservation
- Provide financial benefits and empowerment for local people
- Raise sensitivity to political, environmental, and social climate of the host country
- Support international human rights and labour agreements.

A few places for ecotourism include the Himalayan region, Kerala, North East India, Andaman & Nicobar and Lakshadweep Islands. Thenmala in Kerala is the first planned ecotourism destination in India. Some most popular ecotourism locations in the country are Rishikesh, Kerala and Puducherry. (Source: Dun & Bradstreet)

Medical Tourism: As per a market research report ‘Booming Medical Tourism in India’ by RNCOS, India’s share in the global medical tourism industry will reach around 3 per cent by the end of 2013. Moreover, medical tourism is

expected to generate revenue worth US\$ 3 Billion by 2013, growing at a CAGR of around 26% per cent during 2011–2013. The number of medical tourists is anticipated to grow at a CAGR of over 19 per cent during the forecast period to reach 1.3 Million by 2013. Factors such as, low cost, scale and range of treatments provided by India differentiate it from other medical tourism destinations. The growth in India's medical tourism market will be a boon for several associated industries, including hospital industry, medical equipments industry and pharmaceutical industry. (Source: Ministry of Tourism, www.ibef.org)

Wildlife tourism: Wildlife tourism, one of the fastest segments of tourism, involves travel to different locations to experience wild life in natural settings. Due to its varied topography and distinctive climatic conditions, India is endowed with various forms of flora and fauna and it has numerous species of birds, mammals, reptiles, amphibians and plants and animals. To tap the potential of wildlife tourism, the government has launched some wildlife packages for travelers. Wildlife Tourism in India includes wildlife photography, bird watching, jungle safari, elephant safari, jeep safari, jungle camping, ecotourism etc.

The country offers immense opportunities for wildlife tourism. The strong heritage of wildlife in India comprises more than 70 national parks and about 400 wildlife sanctuaries including bird sanctuaries. However, concrete steps by both the government and the private sector need to be taken to promote wildlife tourism. Taj Hotels & Resorts has a joint venture with Conservation Corporation Africa to provide wildlife enthusiasts, circuit tourists and high-end domestic travelers with fascinating wildlife experiences within India through an ecologically-sustainable model. In a bid to preserve the natural habitat, the Ministry of Tourism has launched an initiative, "Tigers: Our Natural Beauties". (Source: Ministry of Tourism)

MICE tourism: MICE (Meetings, Incentives, Conferences and Exhibitions) tourism is also one of the fastest growing in the global tourism industry. It largely caters to business travelers, mostly corporates. It caters to various forms of business meetings, international conferences and conventions, events and exhibitions. Hong Kong, Malaysia and Dubai are the top destinations for MICE tourism. India is also present in this segment.

This form of tourism combines annual business meetings and conferences with pleasurable events for delegates and attendants. India can be competitive with other MICE tourism destinations owing to its natural beauty, rich heritage and geographical diversity. One of the requisites for this form of tourism is world-class convention centers. The Ashok, New Delhi; Hyderabad International Convention Centre, Hyderabad; and Le Meridien, Cochin are forerunners in the Indian MICE tourism industry, facilitating domestic and International business meetings and conferences. Some other forms of tourism include cruise tourism, beach tourism, pilgrimage tourism, monsoon magic, luxury tourism. (Source: Ministry of Tourism, Dun & Bradstreet)

Hospitality: India's hotel pipeline is the second largest in the Asia-Pacific region according to Jan Smits, Regional Managing Director, and InterContinental Hotels Group (IHG) Asia Australasia. He added that the Indian hospitality industry is projected to grow at a rate of 8.8 per cent during 2007-16, placing India as the second-fastest growing tourism market in the world. Initiatives like massive investment in hotel infrastructure and open-sky policies made by the government are all aimed at propelling growth in the hospitality sector.

The current count of hotel rooms is 130,000, and the country is expected to require an additional 50,000 rooms over the next two to three years, according to World Travel and Tourism Committee (WTCC) estimates

- US-based hotel chain, Marriott International, plans to expand its network in India to 100 hotels over the next five-years, stated Arnie Sorenson, Chief Operating Officer, and Marriott International. At present, the group operates 11 properties across the country.
- Roots Corporation, a subsidiary of Indian Hotels Company (IHC), plans to open 60 to 70 budget hotels, known as Ginger Hotel, in 23 locations across the country.
- ITC, the Kolkata-based cigarette major, also projected its plan to open 25 new hotels under the Fortune brand over the course of next 12-18 months. (Source: Ministry of Tourism)

Car rental service in India: In India, the organised market for self-drive car rental is very small, with only 20 registered operators. The present car rental market size is around Rs 2,000 crore, of which, organised players account for only 10% share. However, there are also a large number of unorganised players operating in car rental. Top players in this segment see 15% - 20% growth potential on an annual basis. With drivers becoming expensive, and the greater difference between the cost of hiring self-drive and chauffeur-driven cars, self-drive car rental is expected to receive a boost, and the market is projected to grow by a constant value CAGR of 8%. Increasing domestic tourism, and the growing importance of India as a tourist destination, will sustain growth over the forecast period. (Source: Euromonitor International, The Hindu)

Travel retail sector: After witnessing a tough situation in 2009 due to global economic meltdown, H1N1 and the Mumbai terrorist attack, Indian tourism has started bouncing back, helping travel retail to grow. The growing trend of taking holidays amongst Indians is boosting the growth of travel retail in the country. The Indian travel retail market is highly fragmented, with a large number of small and unorganised players spanning the length and breadth of the country, accounting for the majority of value sales in 2012. Low entry barriers in the travel and tourism industry have resulted in the presence of a large number of small and unorganised players which offer personalised services at much cheaper prices than the organised players.

In the forecast period 2012-2015, travel retail is projected to increase by a constant value CAGR of 8%. The number of outlets is expected to increase by a CAGR of 5%. The recovering economy, improving consumer confidence and the growing trend of taking holidays in India will boost travel retail in India in the coming years. (Source: Euromonitor International)

Airlines: India is the ninth largest aviation market in the world, according to RNCOS research report, titled "Indian Aerospace Industry Analysis". It is anticipated that the civil aviation market will register more than 16% CAGR during 2010-2013 on back of strong market fundamentals.

The rapidly expanding aviation sector in India handles about 2.5 billion passengers across the world in a year; moves 45 million tonnes (MT) of cargo through 920 airlines, using 4,200 airports and deploying 27,000 aircraft. Currently, 87 foreign airlines fly to and from India and five Indian carriers fly to and from 40 countries. India is expected to be amongst the top five nations in the world in the next 10 years. An efficient civil aviation sector is important for India as it is inter-linked with other sectors in the economy and generates income and employment through global commerce and tourism, as per a National Council of Applied Economic Research (NCAER) study titled 'Emirates in India - Assessment of Economic Impact and Regional Benefits'.

(Source: Indian brand equity foundation)

Major tourist circuits of India:

India has 28 world heritage sites and 25 bio-geographic zones. India provides diverse offerings such as adventure, rural and wildlife tourism. Leisure travel constitutes over 70 per cent of the total spend on tourism in India. India with a vast and beautiful coastline, virgin forests, and undisturbed idyllic islands can be a fabulous tourist destination for cruise tourists, besides India has potential to develop the rural tourism industry to enable interaction between tourists and locals for a mutually enriching experience. India has several tourist destinations spread across the length and breadth of the country. However, given the distance between various destinations, tourist circuits have been created considering the needs, choices of tourists as well as convenience. Some major tourist circuits are shown below

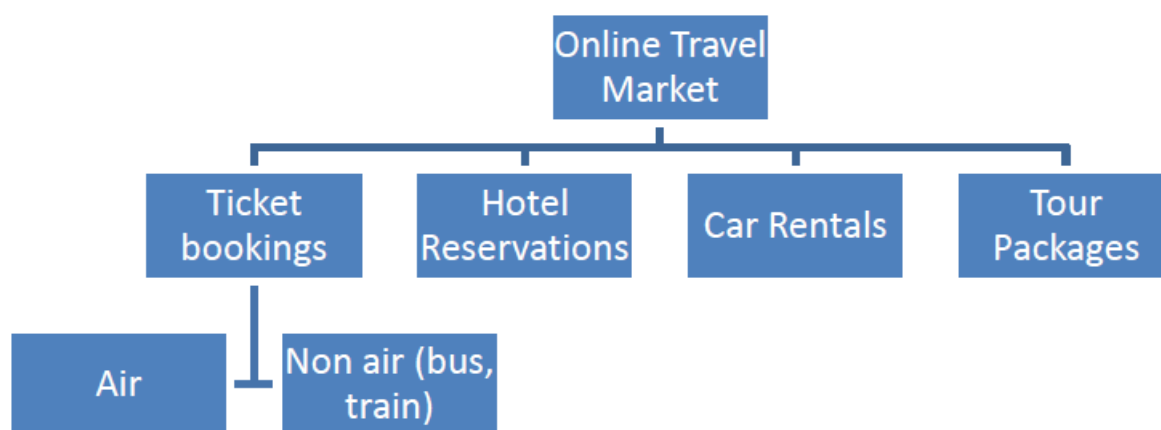
Buddhist Circuit	Delhi – Agra - Varanasi - Bodhgaya - Rajgir - Nalanda - Patna - Vaishali - Kushinagar- Lumbini - Sravasti - Lucknow - Delhi
Golden Triangle	Delhi - Agra - Jaipur
North India & Nepal	Delhi-Jaipur-Agra-Khajuraho-Varanasi
Kerala Backwaters	Trivendrum-Kovalam-Cape Camorin-Varkala-Kumarakom-Periyar-Kottayam-Alleppey-Cochin-Calicut
Goa Beaches	
Forts and palaces of Rajasthan	Delhi-Mandawa-Bikaner-Jaisalmer-Jodhpur-Bundi-Udaipur-Pushkar-Jaipur-Agra-Delhi
The great himalayan wonder	Delhi-leh-Kargil-Zankar-Manali-Delhi
Golden Triangle II	Bhuneshwar-Puri-Konark
Golden Triangle III	Chennai/Kanchipuram/Mahabalipuram
Gateway to India & South	Mumbai-Goa-Belgaum-Badami-Hospet-Hassan-Madikeri-Mysore-Bengaluru

Emerging trends::

With changing times and global business conditions, significant changes have been observed in the Indian travel and tourism industry. Lifestyle changes and higher disposable incomes have resulted in shifting travel preferences and travelers are looking for 'out-of-the-box' experiences. Consequently, travel service providers are offering niche, customised tourism products. This has led to emergence of niche segments such as wine tourism, pop-culture tourism, cruise tourism, wellness tourism, monsoon tourism etc. Tour companies are also willing to customise products as per travelers' choices/preferences.

Rising online sales: Online travel sales have increased drastically in recent years. Greater proliferation of the Internet, growth in low-cost air carriers, secure payment mechanisms, and coming-up of the Indian railways portal have led to rise in online sales in the travel industry. A number of low-cost carriers operate on certain routes, and hence online booking offers choice of air carriers to customers. Airline ticket booking constitutes more than 70% of online travel sales. However, a shift is being seen from air to non-air segments in the online travel market. This shift is due to the non-air ticket booking segment growing swiftly with launch of the Indian Railways online portal (www.irctc.co.in) and many online travel agencies providing bus tickets. Indian Railway Catering and Tourism Corporation is the largest travel website in the APAC in terms of transaction volumes. A number of hotels also use the Internet for booking of rooms.

Travel portals and hotel chains used to provide 360 degree virtual tours, audio tours and photographs, and text reviews to the travelers. They are now marketing through video reviews and video blogs, either put up by themselves or travelers on the travel agency portal or a social media video platform. Online travel market sales are expected to grow in the coming years. Online travel booking has become simpler and easier. High pressure lifestyle coupled with simpler online travel booking has led to travelers taking short, random trips during the year. This has given rise to the concept of 'spontaneous travel'. Realising the potential in this segment, travel companies also offer services for 'last-minute bookings'. Service providers are also offering attractive price ranges for services on their websites; this has led to increase in online transactions. Consequently, the market size for travel agents has been narrowing. Given this change, travel agents and tour operators now need to diversify their business models and adopt the role of a travel advisor. Travel companies should also start offering valuable services to end-customers for hassle-free travel. (Source: Dun & Bradstreet)



Challenges to Travel & Tourism Industry

Slowdown in Economic Activity: Travel & Tour Industry is directly linked to economic activity of country and globe. Thus, this industry is cyclical and sensitive to various changes in the Economy. Similarly, with increasing competition the bargaining power of customers has increased, any economic shocks which affect consumption automatically affect customer's sentiments to pay for travel and tourism activity. This could result in a significant decrease in demand for holidays and/or air travel.

Terrorism: The threat of terrorism is also significant challenges for most of the tour operators. This has empirical evidence with YoY foreign tourist arrivals falling as high as 19.5% during 26/11 terrorist attacks in Mumbai.

Competition: The unorganized segment of T&T is vast; however the quality of service provided is questionable for most of tour operators. The market is highly Competitive and Fragmented Market, if customers have bad experience one time the word of mouth spreads fast affecting brand for longer time. Similarly, due to high competition companies who want to differentiate will have to get aggressive in advertising which may initially affect company margins.

Exchange Rate Fluctuations: This is a challenge for outbound tourism where on account of adverse changes in exchange rates, profitability may be affected

Climate Change: Climate is an essential resource for tourism, and especially for beach, nature and winter sport tourism, and the phenomenon of global warming already gravely affects the industry and an increasing number of destinations

Rising online sales: With the advent of internet the role of travel agents is changing and the whole industry faces a threat of extinction unless they change to meet the need of tourists

Rising fuel prices: This directly affect cost structure of tourism companies as with rising fuel prices leads to increase in air and other transport fares. Due to high competition when companies are not able to pass on such costs to consumer the margins of company suffers

Tourism Infrastructure: The tourism infrastructure is backbone of travel and tourism sector. The quality of road, rail and airways transport facilities directly translates into increasing inbound as well as domestic tourism. From the infrastructure perspective, Regional Linkages, Access & Connectivity (Plains & Hills), Accommodation Infrastructure – High end as well as affordable, Basic Civic Infrastructure and Tourist Amenities remains to be key issues for India. (Source: IL&FS)

Human Resource: Despite of the fact that T&T is one of largest employment generator in India, the timely availability of skilled manpower at various levels remains to be a challenge. This issue gets multiplied with high level of attrition in industry.

Taxes: T&T is heavily taxed in India, this affects Inbound tourism the most.

The Road Ahead

The Indian tourism & hospitality sector is certainly the most apt replication of the belief 'Atithi devo bhava'- touch of tenderness, a helping hand and a welcoming visage. Keeping in view the importance of Tourism sector, the allocation for Ministry of Tourism in the Union Budget 2013 -14 has also been hiked by ₹ 87.66 crore. The allocation for the Ministry this year is ₹ 1297.66 crore while it was ₹ 1210 crore in the Union Budget 2012-13 and ₹ 1110.96 crore in the Union Budget 2011-12. The Budget allocation for Plan projects/schemes for the benefit of North East region and Sikkim has been hiked from ₹ 121 crore to ₹. 129 crore.

According to the WTTC projections the total contribution of India's travel and tourism to Gross Domestic Product (GDP) is expected to rise by 7.9% pa to Rs 14,722.3bn by 2023 (7.0% of GDP). By 2023, Travel & Tourism is forecast to support 48,592,000 jobs (8.0% of total employment). Export earnings from international visitors and tourism goods are expected to increase from US\$ 11.1 billion in 2010 to US\$ 33.6 billion in 2020.

Ministry of Tourism aims to create a comprehensive and coordinated framework for promoting golf tourism in India, capitalising on the existing work that is being carried out, and building upon the strength of India's position as the fastest growing free market economy. Finally, rising disposable income, favorable demographics, travel aspirations of India's large middle class, combined with food, language, and cultural barriers generally encountered by first-time travelers, are among the key structural drivers of growth for India's Travel & Tourism sector.

Source: *Entire Industry Section as detailed below is based on March 2013, Industry Report on Travel and Tourism Sector, prepared by Yogesh Katariya & Co., Research & Consulting*

OUR BUSINESS

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Draft Prospectus, including the information contained in the section titled 'Risk Factors', beginning on page number 9 of the Draft Prospectus.

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the sections titled 'Risk Factors' and 'Financial Information' and chapter titled 'Management Discussion and Analysis of Financial Condition and Results of Operations' beginning on page numbers 9, 117 and 134, respectively, of the Draft Prospectus.

Unless the context otherwise requires, in relation to business operations, in this section of the Draft Prospectus, all references to "we", "us", "our" and "our Company" are to Ace Tours Worldwide Limited and Group Entities as the case may be.

Overview

Our Company was originally incorporated as "Ace Tours Worldwide Private Limited" on July 13, 2007 by conversion of a partnership firm Ace Tours Worldwide under Part IX of the Companies Act, 1956 vide Certificate of Incorporation issued by the Asst. Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Our Company was converted into a public limited company vide fresh Certificate of Incorporation dated September 30, 2011 and subsequently the name of our Company was changed to "Ace Tours Worldwide Limited".

Our Company is promoted by Mr. Raju Choksi, Mr. Bharat Choksi, Mr. Jayesh Choksi and Mr. Mayank Choksi. We provide quality holidays with a range of services designed to meet the diverse holiday needs and interests of our clients families and corporate as well.

We are primarily in the business of providing the following travel and leisure services to our clients:

1. International Tours
 - a. Individual Tours
 - b. Group Tours
2. Domestic Tours
 - a. Individual Tours
 - b. Group Tours
3. MICE (Meetings, Incentives, Conferences and Exhibitions)
4. Cruises
5. Other special planned trips
 - a. Honeymoon trips
 - b. School trips
 - c. Business / Conventional trips
 - d. Conference / Trade Fairs / Exhibitions
6. Travel Bookings
 - a. Air tickets
 - b. Railway tickets
7. Hotel bookings (worldwide)
8. Rent-a-Car facility
9. Visa Processing

We endeavour to provide the most suited holidays/trips to our clients, which are custom made to meet their requirements. As mentioned above we provide the entire gamut of activities associated with holidays like ticketing, local travel arrangement, hotel bookings, etc under a single roof to our clients.

Our continued services have won us many accolades such as recognition as an approved tour operator and for excellent co-operation and service by the Ministry of Tourism, Government of India.

Our Business Model

Customer Service

The key and centre-point of our existence are our customers, and providing services to them in an informed manner is paramount to our business operations

Affordable price

We strive to offer services to our clients at prices which are affordable and at various price points.

Consistent Improvement

With the increase in the number of services offered by us, it is challenging to maintain and manage our customer services across the platforms. However consistency in customer service our key to manage our customers.

Call-Center/Web Portal

In today's age of rampant information flow, customers also expect instantaneous solutions for their issues. Having anticipated this we have set-up a call-centre unit at our registered office to solve our client's issues as well and to make information available to them to help them make an informed decision regarding their travel/holiday plans. We firmly believe that communication and vigil at all contact points.

Location

Our Company is headquartered in Surat and has branch offices in Mumbai, Ahmedabad and Rajkot. We also have our franchisees, who operate under our brand name from Ahmedabad, Baroda and Bharuch.

Our Competitive Strengths

5. Integrated provider

Our Company is an integrated provider of travel and travel related services such as travel management, airline ticket and hotel booking, package tours and travel insurance services to domestic and foreign tourists and business travellers.

We provide one stop shop for all the travel requirements from visa to ticketing to holidays to insurance to foreign exchange under one roof. This cross selling of products facilitates our customers, thereby, making it our unique selling proposition.

6. Established institutional customer base

We provide travel and related services to leading corporates in India. We have the ability and expertise to service our institutional as well as individual clients.

7. Strong Leadership Team

Our Company operates in service industry wherein the biggest asset of the Company is the quality of its human resources. Our Company is managed by Directors who are qualified and are having significant experience in this industry. The Board of Directors is supported by a team of professionals with several years of relevant experience.

8. Customer focus

Our Company lays great emphasis on customer service and providing quality care to our customers. Our Company works towards providing 100% satisfaction to the customers. Service quality cell has been set up to ensure customer retention and repeat business.

Our Business Strategy

We intend to pursue the following principal strategies to leverage our competitive strengths and grow our business:

1. Intensify our service offerings by increasing our distribution network

We seek to be the preferred partner to families and corporate clients alike for leisure/holidays and related services in India and abroad. Our focus is to enhance our service excellence, provide innovative offerings and strengthen our brand value along with it. With an increase in our network, we believe that we can accelerate the above focuses.

2. Competitive Pricing

To remain aggressive and capitalize a good market share, we believe in offering competitive prices to our customers. This helps us to sustain the competition and withhold a strong position in the market.

3. *Ramping up presence and client base through acquisitions*

We intend to grow at a fast pace through acquisition opportunities that may be available. As a part of our overall strategy, we shall evaluate opportunities available for acquisition from time to time

Our Services

We offer our services to corporate as well as individual customers who are looking to travel/leisure and holiday, in India and abroad. We also offer specific and customised offerings for our corporate clients as well. We offer the following services to our customers:

1. International Tours
 - a. Individual Tours
 - b. Group Tours
2. Domestic Tours
 - a. Individual Tours
 - b. Group Tours
3. MICE (Meetings, Incentives, Conferences and Exhibitions)
4. Cruises
5. Other special planned trips
 - a. Honeymoon trips
 - b. School trips
 - c. Business / Conventional trips
 - d. Conference / Trade Fairs / Exhibitions
6. Travel Bookings
 - a. Air tickets
 - b. Railway tickets
7. Hotel bookings (worldwide)
8. Rent-a-Car facility
9. Visa Processing

A few notable corporate customers, whom we serve are LIC of India, Motilal Oswal, Asian Paints, JM Financial Services, LIC Mutual Fund, Siemens, Torrent Pharmaceuticals amongst other.

Plant and Machineries and Technology

The major plant and machineries required for our business are computers. We have adequate number of computer systems commensurate with our current size of operations. We make extensive use of internet to service our clients in a faster and efficient manner. We use dedicated servers and internet connections to help our customers to get their bookings done within a short span.

Collaborations

As of the date of filing of the Draft Prospectus, our Company has not entered into any collaborations or agreements for marketing of our products, except for setting up of franchisee offices, which are done in the normal course of business.

Utilities & Infrastructure Facilities

Our registered office is located at Surat. Our offices are equipped with latest computer systems, servers, relevant software's, uninterrupted power supply, internet connectivity, security and other facilities, which are required for our business operations to function smoothly.

Manpower/Employee details

As on February 28, 2013, we have 36 employees on our permanent rolls.

Office Locations	Management	Marketing	Ticketing	Support staff	Total
Surat	4	3	7	11	25
Mumbai	0	1	2	3	6

Ahmedabad	0	1	1	1	3
Rajkot	0	0	1	1	2
Total	4	5	11	16	36

Our Human Resources Philosophy

Our HR philosophy is centred on empowerment with a strong sense of respect. In this direction our organization constantly encourages and supports freedom of ideas and enterprise. We encourage employees to

- Develop relationships with diverse ideas, and perspectives.
- Have a sense of enterprise with rewards for results
- Celebrate achievements and reward for superior performance
- Provide appropriate working conditions and resources to enable people to do their work.
- Respect co workers irrespective of nature of work and responsibilities

Imbibed in these guiding principles we constantly develop and evolve our Human Resources, which are most critical in our service-based industry.

Past Production Figures Industry-wise

The Travel industry is highly fragmented and is dominated by large number of players. For details of the industry data please refer to section titles “Industry Overview” beginning on page 64 of the Draft Prospectus.

Competition

Travel and travel-related services business in India is highly fragmented with presence of many regional, local and unorganized sector players. Except for integrated travel companies like Thomas Cook or Cox & Kings, who are by far larger entities than us, there may be many other players of comparable size, who offer travel related services. Further there are many small and fragmented players (both individuals and corporate entities) that compete with us in various market segments.

Approach to Marketing and Marketing Set-up

We employ a variety of marketing and sales channels, which include advertisements in print media, television, direct mail, e-commerce and on-ground market promotions backed by outbound telemarketing.

Our marketing initiatives are present across all key mediums of print media, direct mail, ecommerce and out of home advertising. From time to time, we have joint marketing promotions with local brands as well as on ground promotions supported by telemarketing.

We undertake a detailed exercise periodically to identify existing and prospective clients with the potential to develop into large clients. Our senior management is actively involved in managing client relationships and business development through targeted interaction with multiple contacts at different levels in the client organization.

Future Prospects

A person may travel for attending a meeting, he or she might want to visit somebody, or may be that person is going abroad for a job. In this way each and every one has to travel. Travel agencies are vital for each and everybody. Nowadays if a person wants to go abroad, he or she has to make a call to a travel agency. They will arrange each and every thing for them like tickets, hotel booking. They do not have to worry about anything.

A person can easily reach his destination with the help of travel and tourism agencies. Cultural holidays are fastest growing sector, according to World Tourism Organizations. In other words, everybody wants to explore the world whether he or she is a kid or an adult. Everybody likes to travel and want to enjoy his or her holidays. Demographic shifts will reshape the travel agencies. Outbound Tourism is also increasing from countries like India and China. Multinational companies also urge tourism. They send their employees on vacation, so that they can enjoy and experience bliss in their life. Employees can even go with their families on such a trip.

Capacity and Capacity Utilization

Our Company operates in a service industry and hence capacity and capacity utilisation is not applicable to us.

Export Possibilities & Export Obligation

Currently, we do not have any outstanding export obligations.

Property

The following table sets forth the location and other details of the leasehold properties of our Company:

Owned by our Company

Sr. No.	Description of Property, Usage and details of charges	Vendor	Area	Consideration as per agreement
1	Surat Head Office FF-22/23, Jolly Arcade Ghod Dod Road, Surat – 395 007 Gujarat Document Registration No. 11824 dated November 09, 2004	Tanvi Corporation Ram Corporation	740 sq. ft. super built up	₹ 4,81,000
2	Surat Head Office FF-24, Jolly Arcade Ghod Dod Road, Surat – 395 007 Gujarat Document Registration No. 13587 dated November 07, 2007	Mala R Choksi (spouse of Promoter Mr. Rajubhai Choksi)	370 sq. ft. super built up	₹ 20,00,000

Properties taken on license/lease by our Company

Branch offices

Sr. No	Address of Property	Name of Lessor	Agreement Date, Lease period	Rental Amount
1.	Mumbai Branch office 239, Citi Center, S.V. Road, Goregaon (West) Mumbai – 400 062, Maharashtra	Mr. Mustak Motiwala	01.11.2012 for a period of 22 months upto 31.08.2014	₹ 15000 p.m.
2.	Ahmedabad Branch Office A-114, Sakar-7, Nehru Bridge Corner Ashram Road Ahmedabad – 380 009, Gujarat	Ms. Fahila S Mansuri	01.12.2010 for a period of 35 months 29 days from the date of agreement	₹ 16000 p.m.
3	Rajkot Branch Office 108, Embassy Tower Opp. Jubilee Garden Rajkot – 360001, Gujarat	Mr. Dasrathbhai Wala	01.04.2012 for a period of 11Months and with provision for renewal with increase of rent by 10 %	₹ 8000 p.m.


Franchisee offices

Sr. No	Name and Address of Franchisee	Date of agreement	Valid upto
1.	Patel Services B – 201, Alankar Tower Sayajiganj, Baroda – 390 005, Gujarat.	April 08, 2011	One year from the date of Agreement and automatically renewed for subsequent periods of one year unless terminated
2.	M/s. Patel Services F-7, Amardeep Complex	April 20, 2011	One year from the date of Agreement and shall be

Sr. No	Name and Address of Franchisee	Date of agreement	Valid upto
	Falshruti Nagar, Station Road Bharuch – 392 001, Gujarat		automatically renewed for subsequent period of one year unless terminated
3.	Aditya Multitude Private Limited 101, Ashirvad Paras Complex, Corporate Road, Near Prahalad Nagar Garden, Ahmedabad – 380 015, Gujarat	January 25, 2012	One year from the date of Agreement, and renewable for subsequent period of one year unless terminated

Intellectual Property

Our Company does not have any IPRs registered except our logo as mentioned hereinunder:

Sr. No.	Mark	Certification Date	Issuing Authority	Description of Class
1.	 Ace Tours ™	May 20, 2006	Registrar of Trademarks, Mumbai	39

Insurance

Our Company maintains insurance against various risks inherent in our business activities, including property damage caused by fire, earthquake, flood, explosion and similar catastrophic events that may result in physical damage to or destruction of our computers and other office equipment as also burglary insurance. Although we consider our insurance coverage to be of a type and level that is economically prudent, we cannot assure you that we will be able to maintain insurance at rate which we consider commercially reasonable or that such coverage will be adequate to cover any claims that may arise.

FINANCIAL INDEBTEDNESS

SECURED LOANS

(₹ in lacs)

Name of the lender	Facility	Sanctioned Amount	Amount Outstanding as on 31.10.12	Rate of Interest	Repayment Schedule	Securities offered
IDBI Bank Limited	Cash Credit BG	350.00	357.94	15.00%	On Demand, Renewable every year	As given below
		30.00				

Primary – First Exclusive charge in the form of Hypothecation on all the current assets, movable and immovable assets of the company (present and future)

Collateral – first exclusive charge in the form of equitable mortgage (registered) of the following collateral securities situated at :

1. F22-23-24, Jolly Arcade, Ghod Dod Road, Surat owned by Ace Tours Worldwide Pvt. Ltd. having market value of ₹200 lacs.
2. Flat No. 1001, 10th floor, Pratishtha Complex, Block no. A, Lake View Lane, Piplod, Surat owned by Rekha A. Choksi having market value of ₹ 50 lacs.
3. Sagar Sankul, 304, Jahagirpura, Surat owned by Mrs. Mala Raju Choksi, having market value of ₹25 lacs.
4. Regent Corporation, 1101, Adajan, Surat owned by Nileshaben Choksi having market value of ₹ 35 lacs.
5. Insurance policies having surrender value of ₹ 10 lacs.

Personal Guarantees of directors of the Company viz.

Third party guarantee of Mrs. Suhagini Jayesh Choksi and Mrs. Mala Raju Choksi.

Name of the lender	Facility	Sanctioned Amount	Amount Outstanding as on 31.10.12	Rate of Interest	Repayment Schedule
ICICI Bank Limited	Overdraft	25.00	25.84	20.25%	On Demand, Renewable every year
Associate Co-Op Bank	Overdraft		38.77	11.50%	On Demand

Limited				
HDFC Bank	Vehicle Loans - Innova		4.43	Monthly Repayment
HDFC Bank	Vehicle Loans – Tavera		3.52	Monthly Repayment
HDFC Bank	Vehicle Loans – Verna		3.04	Monthly Repayment
HDFC Bank	Vehicle Loans – Verna		2.52	Monthly Repayment

UNSECURED LOANS

(₹ in Lacs)

Long Term Unsecured Loans

Particulars	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
From Directors/Shareholders and their relatives	0.68	0.06	-	0.31	7.55	31.47
0% Fully Convertible Debentures of face value of ₹ 400 Lacs	400.00	400.00	400.00	288.27	0.00	0.00
From Companies/ Entities under same management	-	-	-	-	-	11.85
From Banks / NBFCs	89.06	63.19	39.32	62.82	122.01	118.44
From Others	-	4.11	7.67	32.74	29.99	34.57
Total	489.74	467.36	446.99	384.14	159.55	196.33

Terms & Conditions of the Unsecured Loans outstanding as on October 31, 2012

Name of the Lender	Amount Outstanding	Rate of Interest	Repayment Schedule
From Directors/Shareholders and their relatives			
Ashutosh B. Choksi	4.85	Nil	Repayable on Demand
Anil J Choksi	5.06	Nil	Repayable on Demand
Mayank A. Choksi	2.35	Nil	Repayable on Demand
Bharat J.Choksi	7.05	Nil	Repayable on Demand
Raju J.Choksi	6.02	Nil	Repayable on Demand
Shivani J.Choksi	2.70	Nil	Repayable on Demand
Nilesa Choksi	3.45	Nil	Repayable on Demand
From Companies/ Entities under same management			
Ace Resort & Infrastructure Pvt.Ltd.	0.15	Nil	Repayable on Demand
Mayur Construction	11.70	Nil	Repayable on Demand
From Banks / NBFCs			
Dhanlaxmi Lease Finance Limited	95.89	Nil	Repayable on Demand
Religare Finvest Limited	22.55	17.00%	Monthly Repayment
From Others			

Vashi Construction	25.00	Nil	Repayable on Demand
Ghenga D. Vanol	1.11	18.00%	Repayable on Demand
BCCL	8.46	Nil	Repayable on Demand

KEY REGULATIONS AND POLICIES

There are no specific laws in India governing the industry in which we operate in India. The significant legislations and regulations that generally govern our industry in India are acts such as the Income Tax Act, 1961, Service Tax Rules, 1994, Employees State Insurance Act, 1948, Bombay Shops and Establishment Act, 1948, Employees Provident Fund and Miscellaneous Act 1952, State Tax on Professions, Trades, Callings and Employment Act, 1975 and such other acts as applicable.

The other significant legislations and regulations that generally govern our industry in India are acts such as the Income Tax Act, 1961, Service Tax Rules, 1994, Bombay Shops and Establishment Act, 1948, and such other acts as applicable. For details of government approvals obtained by us, please refer to the chapter titled “Government and Other Approvals” beginning on page number 147 of the Draft Prospectus.

HISTORY AND CERTAIN CORPORATE MATTERS

History of our Company

Our Company was originally incorporated as “Ace Tours Worldwide Private Limited” on July 13, 2007 by conversion of the partnership firm Ace Tours Worldwide under Part IX of the Companies Act, 1956 vide Certificate of Incorporation bearing CIN number U63040GJ2007PTC051318 issued by the Asst. Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Our Company was converted into a public limited company vide fresh Certificate of Incorporation dated September 30, 2011 and subsequently the name of our Company was changed to “Ace Tours Worldwide Limited”.

Details of erstwhile Partnership firm:

M/s. Ace Tours & Information Centre is a partnership firm formed under the Partnership Act, 1932 vide a partnership deed dated April 1, 1997 having its office at Surat. The partnership had commenced business w.e.f. April 1, 1996. The firm was reconstituted vide partnership deed dated April 1, 2005. The firm was further reconstituted vide partnership deed dated May 28, 2007 and the name of the firm was changed to M/s Ace Tours Worldwide. The firm was engaged in the business of providing travel and leisure services. The following persons were partners of the partnership firm just before conversion:

Sr. No.	Name of the Partners	Profit Sharing Ratio (%)
1.	Mr. Raju Jashwantlal Choksi	25%
2.	Mr. Jayesh Jashwantlal Choksi	25%
3.	Mrs. Rekha A. Choksi	10%
4.	Mrs. Nilesa B. Choksi	15%
5.	Mr. Bharat Jashwantlal Choksi	10%
6.	Mr. Mayank A. Choksi	10%
7.	Mr. Anil Jashwantlal Choksi	5%

Later on July 13, 2007 the firm was converted into a corporate entity under part IX of the Companies Act, 1956 as Ace Tours worldwide Private Limited.

The current promoters of our Company are Mr. Raju Choksi, Mr. Bharat Choksi, Mr. Jayesh Choksi and Mr. Mayank Choksi. Since incorporation in the year 2007, our Company is engaged in the business of providing travel and leisure services. Our services mainly include arranging Domestic as well as International tour on individual and group basis, Air and Rail ticketing, Hotel Booking, Rent A Car, Visa processing, foreign exchange etc. As on date our Company operates from its Head office at Surat and 3 Branches at Mumbai, Ahmedabad and Rajkot. We have 3 franchisee offices at Ahmedabad, Baroda and Bharuch servicing the clients in these locations.

A table indicating our revenues and profits for the past 5 years and seven months ended October 31, 2012 is given below:

(₹ Lacs)

Particulars	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012	October 31, 2012
Sales and Operating Incomes	1,840.74	2,746.46	2,114.91	2,183.17	1910.52	1128.57
Restated PAT	(2.34)	44.36	49.21	52.33	12.71	30.78

Our Company had earlier filed its Draft Offer Document with SEBI on March 27, 2012. We in consultation to our Book Running Lead Manager decided to withdraw our IPO vide their letter dated November 6, 2012 to SEBI.

Details in relation to the Business of our Company

For further details of our Company’s activities, services and the growth of our Company, please refer to the chapters titled “Our Business” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” beginning on page numbers 78 and 134 respectively, of the Draft Prospectus.

The total number of members of our Company as on the date of filing of the Draft Prospectus is 22. For further details, please refer the chapter titled ‘Capital Structure’ beginning on page number 33 of the Draft Prospectus.

Changes in our Registered Office:

There has been no change in the Registered Office of our Company since incorporation.

Main Objects of our Company:

The objects as set forth in the Memorandum of Association of our Company are:

- To promoter, represent, organize, undertake, establish, conduct, handle, arrange, manage, own, operate, participate, facilitate, sponsor, encourage and provide the business as package tour operators for religious, educational and picnic purposes; Designing, booking and catering ready made and tailor made international and domestic packages, international and domestic hotel booking, visa processing, booking, issuing and selling domestic and international air tickets, passport application processing, cruise booking, providing and hiring transport services by surface, sea and air, MICE, business activities, passenger sales agents, general sales agents for domestic airlines, domestic international hotels, cruise liners, cargo booking agents daily passenger service operators, conducted tour operators; travelling agents for booking and reserving accommodations, seats, berths, compartments, coupes, complete bogies on railways, motor ships, motor boats, aeroplanes, steamships, motor buses and omnibuses, vehicle booking agents; hotel booking agents, authorised railway ticket booking agents, ship booking agents, authorised airlines tickets booking agents, representatives of other travelling agencies, courier service agents, correspondents, parcel & postage booking agents, telephone.*
- To carry on activities and business of and to establish and run hotel, resorts, motels, clubs, service apartments, residential accommodations, holiday home, complexes, sports, indoor and outdoor games, golf course, amusement parks for members, tourists, visitors and to provide and cater all type of food, soft drinks, beverages through restaurant café and to provide facilities of health club, swimming pool, recreation, conference, convention and to carry all the activities in the field of hospitality tourism and recreation.*

Amendments to the MoA of our Company since Incorporation:

Since incorporation, the following amendments have been made to the MoA of our Company:

Date of Shareholder Resolution	Details
October 15, 2007	Change in the capital clause The authorised share capital of our Company was increased from ₹ 1,00,00,000 to ₹ 5,00,00,000.
February 28, 2011	Change in the capital clause The authorised share capital of our Company was increased from ₹ 5,00,00,000 to ₹ 7,05,00,000.
September 19, 2011	Change in the capital clause The authorised share capital of our Company was increased from ₹ 7,05,00,000 to ₹ 16,00,00,000.
August 30, 2011	Change in the name clause The compnay was converted into public limited Compnay.
October 18, 2011	Change in Main Object Clause Addition of following clause 2 to the existing main objects clause: To carry on activities and business of and to establish and run hotel, resorts, motels, clubs, service apartments, residential accommodations, holiday home, complexes, sports, indoor and outdoor games, golf course, amusement parks for members, tourists, visitors and to provide and cater all type of food, soft drinks, beverages through restaurant café and to provide facilities of health club, swimming pool, recreation, conference, convention and to carry all the activities in the field of hospitality tourism and recreation.

Key Events and Milestones:

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

Year	Event
2007	Incorporated as “Ace Tours Worldwide Private Limited” by conversion of partnership firm under Part IX of the Companies Act, 1956
2008	Started catering to corporate clients, including meetings, incentives, conferences and events (MICE)
2010	Opening of franchisee locations
2011	Converted into a public limited company

Subsidiaries and Holding Company:

Our Company is not a subsidiary of any company. Further, as on the date of the Draft Prospectus our Company does not have any subsidiary company.

Other declarations and disclosures

Our Company is not a listed entity and its securities have not been refused listing at any time by any recognized stock exchange in India or abroad. Further, Our Company has not made any Public Issue or Rights Issue (as defined in the SEBI ICDR Regulations in the past. No action has been taken against Our Company by any Stock Exchange or by SEBI.

Our Company is not a sick company within the meaning of the term as defined in the Sick Industrial Companies (Special Provisions) Act, 1985. Our Company is not under winding up nor has it received a notice for striking off its name from the relevant Registrar of Companies.

Fund raising through equity or debt:

For details in relation to our fund raising activities through equity and debt, please refer to the chapters titled ‘*Financial Information*’ and ‘*Capital Structure*’ beginning on page number 117 and 33 respectively, of the Draft Prospectus.

Revaluation of assets:

Our Company has not revalued its assets since its incorporation.

Changes in the activities of Our Company having a material effect

Our Company has not changed its line of activities since incorporation. For further details, please refer to Chapter titled "Our Business" beginning on page 78 of this Draft Prospectus.

Injunctions or Restraining Orders:

Our Company is not operating under any injunction or restraining order.

Mergers and acquisitions in the history of our Company

There has been no merger or acquisition of businesses or undertakings in the history of our Company.

Defaults or Rescheduling of borrowings with financial institutions/banks:

There have been no Defaults or Rescheduling of borrowings with financial institutions/banks. However ICICI Bank had recalled the facility granted to the company on December 08, 2012 on account of repeated and continuous breach of the terms and conditions of the agreement with the bank.

Strikes and lock-outs:

Our Company has, since incorporation, not been involved in any labour disputes or disturbances including strikes and lock-outs. As on the date of the Draft Prospectus, our employees are not unionized.

Time and cost overruns in setting up projects:

As on the date of the Draft Prospectus, The company is in service industry; hence time and cost overrun have not arisen till date.

Equity Capital raising

Our Equity issuances in the past have been provided in sections titled “Capital Structure” on page no. 33 of this Draft Prospectus.

Shareholders’ agreement:

Other than as mentioned below, as on the date of filing the Draft Prospectus, there are no existing Shareholders Agreements amongst the shareholders of our Company.

Convertible Debenture Subscription Agreement and Amendment to Convertible Debenture Subscription Agreement

Our Company had entered into a Convertible Our Company had entered into a Convertible Debenture subscription agreement dated January 10, 2008, with Benett, Coleman & Co. Limited and our Company’s promoters, represented by Mr. Rajubhai Choksi.

Through the said agreement, the Company allotted One (1) 0% fully convertible debenture for a consideration of ₹ 4,00,00,000 (Rupees Four crores only). As per the terms of the agreement, the debenture was to be converted into Equity Shares (BCCL Shares) on September 01, 2009, based on the following formula: $BCCL\ Shares = (Subscription\ Amount * Y) / X$

$Y = \text{No. of shares outstanding as on August 31, 2009} + \text{proposed BCCL Shares} + \text{Shares vested under ESOP, if any}$

$X = \text{PAT based on 2009 audited accounts} * \text{PE multiple (14 times)}$

As per the terms of the said agreement, the conversion of debenture into Equity Shares (BCCL Shares), should not exceed 10% of the paid up and outstanding capital. To the extent the debenture cannot be converted to Equity Shares, BCCL has the right to convert the balance into Equity Shares or redeem the balance in cash.

However, due to the global financial crisis, our Company could not convert the debentures into Equity as per the terms of the above agreement and it was mutually decided amongst the parties to the agreement that the conversion would be kept in abeyance.

The parties through an amended agreement dated February 24, 2011 modified the terms of the original agreement dated January 10, 2008, wherein debenture to the extent of ₹ 2,88,26,702/- were redeemed in cash, while the balance amount of ₹ 1,11,73,298 was converted into Equity Shares as per the above formula and accordingly 5,19,949 Equity Shares were allotted to BCCL on February 28, 2011.

While as on date there are no outstanding debentures, we have not received any waiver or satisfaction letter from BCCL and the the covenants as per the original agreement stand, which are detailed in brief as under:

- a) Promoters shall use reasonable endeavour for an IPO
- b) Submission of quarterly financial statements to BCCL
- c) No additional shares to be issued to others at a price lower than the conversion price, prior to the IPO, and in case the shares are issued, the Company to issue such shares to BCCL for no consideration, or through transfer from promoters.
- d) Company shall not issue shares through the IPO at a price lower than the conversion price. In case the IPO is priced at less than the conversion price, the promoters would transfer such number of shares to BCCL, such that the weighted average price of acquisition cost per share of BCCL is equal to the IPO price. It is however clarified that such transfer would take place after completion of the statutory lock-in period
- e) The promoters cannot dispose of or sell shares to third party who is not an affiliate of the Promoters resulting into shareholding falling below 75% of Issued & Outstanding Capital of the Company without considering sale of all the shares of BCCL to the third party.
- f) Customary Tag along rights and Right of First Refusal.
- g) Tag along rights

- a. If the Promoters, or any of them, as the case may be, by themselves or through their affiliates, intends to Transfer all or part of their shareholding in the Company to a third party who is not an affiliate of the of the Promoters (the “Third Party Offeror”), the Promoters shall provide notice of such proposed sale to BCCL no later than 30 (Thirty) days prior to the proposed closing of such sale. The Promoters, or any of them, as the case may be, shall not be permitted to carry out the sale unless simultaneously with the sale the Third Party Offeror makes an offer in writing to BCCL to purchase a prorata portion (i.e.a ratio of Shares of the Promoters proposed to be transferred to the Shares held by the Promoters at the time of the sale or disposal, as the case may be) of the Shares held by BCCL in the Company at such terms and conditions as the Third Party Offeror’s proposed acquisition of Shares from the Promoters, or any of them, as the case may be, including as to Price (the “Tag-Along Offer”). The Third Party Offeror’s Tag Along shall remain open for acceptance for not less than 30 (Thirty) days following delivery to BCCL Of the offer of the Third Party Offeror
- b. Provided that in the event that any such sale or disposal by the Promoter results in the Promoter’s shareholding falling below 75% (Seventy Five Percent) of issued and outstanding capital of the company (whether in a single transaction or a series of transaction related or otherwise), the Promoter shall not be permitted to carry out such sale or otherwise dispose of the Shares held by the Promoter, unless simultaneously with the sale, the Third Party Offeror makes an offer in writing to BCCL to purchase all the BCCL Shares held by BCCL in the Company at such time, on the same terms and conditions as the Third Party Offeror’s proposed acquisition of Shares from the Promoters, including as to price.
- c. If the Third Party Offeror refuses to purchase Shares from BCCL and BCCL notifies the Promoters in Writing within 30 (Thirty) days following receipt by BCCL of the Promoter’s notice that it desires to sell Shares to the Third Party Offer or, the Promoters shall reduce the number of shares proposed to be sold to the Third Party Offer or and BCCL shall sell to the Third Party Offer or, and Promoters shall ensure that the Third Party Offer or shall buy, a pro rata portion or all of the Shares held by BCCL at that time, as the case may be, on the same terms and conditions, including as to price. It is clarified that the Promoters will not be permitted to sell any Shares to the Third Party Offer or, unless and until the Third Party Offer or has acquired all the Shares offered by BCCL on the terms and conditions, including as to price.

Joint Venture and Other Agreements:

Except for the agreements signed with our franchisees, which are also entered into in the normal course of business, there are no material agreements, entered into by our Company more than two years before the date of this Draft Prospectus.

Strategic Partners:

Our Company does not have any strategic partner(s) as on the date of the Draft Prospectus.

Financial Partners:

As on the date of the Draft Prospectus, apart from the various arrangements with bankers and financial institutions which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

Collaborations

Our Company has not entered into any collaboration with any third party as per regulation (VIII)(B) (1)(c) of Part A, Schedule VIII of the SEBI Regulations.

Guarantees given to third parties

Our Promoters have not given any Guarantees to third parties.

OUR MANAGEMENT

Under our Articles, our Company is required to have not less than 3 Directors and not more than 12 Directors. As on date of filing of the Draft Prospectus, our Board Consists of 4 Directors and includes 2 Promoter Directors and 2 independent Directors. Mr. Raju Jashwantlal Choksi is our Managing Director and in charge of overall management of our Company subject to the supervision and control of the Board.

OUR DIRECTORS

The following table sets forth the details regarding our Board of Directors as on the date of the Draft Prospectus.

Sr. No.	Name, Age, Address, Designation, Occupation, DIN and Nationality	Date of Appointment and Terms of Office	Other Directorships
1)	Mr. Raju Jashwantlal Choksi Age: 47 years Address: 13/332, Matru Ashish, Athwaline, Surat –395 001, Gujarat, India Designation: Managing Director (Executive and Non Independent) Occupation: Business DIN: 01421108 Nationality: Indian	Date of Appointment: July 13, 2007 Term: Appointed as Managing Director w.e.f September 01, 2011 for a period of 5 years	Ace Resorts and Infrastructure Private Limited Choksi Circuits Private Limited
2)	Mr. Bharat Jashwantlal Choksi Age: 50 years Address: 13/332, Matru Ashish, Athwaline, Surat –395 001, Gujarat, India Designation: Director (Non Executive and Non Independent) Occupation: Business DIN: 01421133 Nationality: Indian	Date of Appointment: July 13, 2007 Term: Liable to retire by rotation	Ace Resorts and Infrastructure Private Limited Choksi Circuits Private Limited
3)	Mr. Rajendra K. Desai Age: 62 years Address: 4B, Shantikunj Society, Near L.B.Cinema, Bhatar Road, Surat-395002 Gujarat, India	Date of Appointment: March 11, 2013	Meher Synthetics Private Limited Fairdeal Filaments Limited Nikon Synthetics Private Limited

	Designation: Independent Additional Director (Non Executive and Independent) Occupation: Professional DIN: 00198139 Nationality: Indian		
4)	Mr. Rakesh Mohinder Puri Age: 45 years Address: 6, Raja Garden(Extn) Near Alpine Intl. School Ferozpur Road, Ludhiana – 141 012. Punjab, India Designation: Independent Director (Non Executive and Independent) Occupation: Professional DIN: 02443261 Nationality: Indian	Date of Appointment: September 20, 2011 Term: Liable to retire by rotation	Timbor Home Limited MSK Fabricators Private Limited.

Note:

- 1) None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of the Draft Prospectus.
- 2) None of the Promoters, persons forming part of our Promoter Group, our Directors or persons in control of our Company or our Company are debarred by SEBI from accessing the capital market.
- 3) None of the Promoters, Directors or persons in control of our Company, have been or are involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.
- 4) There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Directors was selected as director or member of senior management.
- 5) There are no service contracts entered into by and between our Directors and our Company whereby benefits would be provided upon termination of employment.

Brief Profile of the Directors of our Company

For a brief profile of our Promoter Directors Mr. Raju Jashwantlal Choksi and Mr. Bharat Jashwantlal Choksi, please refer chapter titled “Our Promoter and Promoter Group” beginning on page 104 of the Draft Prospectus.

Mr. Rajendra K. Desai, Independent Director

Mr. Rajendra Desai, aged 62 years, is an Independent Additional Director of our Company. He holds bachelor’s degree in commerce. He is also a fellow member of Institute of Chartered Accountants of India. After completion of Chartered accountancy course , he has worked in Union Bank of India in Central Credit Department , Sick Industrial Undertaking Cell for four years from 1976 to1980. He has started his practice as Chartered Accountnat from 1980 onwards. He is a practicing Chartered Accountant and is having over three decades of professional experience.

Mr. Rakesh Puri, Independent Director

Mr. Rakesh Puri, aged 45 years, is an Independent Director of our Company. He is a B.Com. from Punjab University, Ludhiana and is a member of the Institute of Chartered Accountants of India Delhi. He is a practicing Chartered Accountant and has been practicing since 1995. He has more than 23 years of working experience in the field of Finance and Accounts.

Family relationship between Directors

Our Directors and Promoters are related to each other as disclosed hereunder

Name	Director to whom related	Nature of Relationship
Mr. Raju Jashwantlal Choksi	Mr. Bharat Jashwantlal Choksi	Brother
Mr. Bharat Jashwantlal Choksi	Mr. Raju Jashwantlal Choksi	

Borrowing power of the Board

The Board of Directors of our Company has power to borrow up to ₹ 100 crore as per the members' resolution passed in the EGM of our Company held on October 18, 2011.

For further details of the provisions of our Articles of Association regarding borrowing powers, please refer to the chapter titled '*Main Provisions of the Articles of Association*' beginning on page number 182 of the Draft Prospectus.

Compensation and Benefits to the Managing Director

Terms and Conditions of Employment of the Directors

1. Terms of appointment and compensation of Mr. Raju Jashwantlal Choksi, Managing Director are as follows:

Mr. Raju Choksi was appointed as Director on July 13, 2007, and appointed as Managing Director w.e.f. September 01, 2011 for a period of Five years.

Particulars	Amount (₹)
Salary	1.00 Lac per Month / 12 Lac per Annum
Perquisites	
(a) House rent allowance and House maintenance with expenditure on gas, electricity, water and furnishings.	3 Lacs per Annum
(b) Leave Travel Allowance for self and family.	5 Lac per Annum
(c) Medical benefits for self and family.	2 Lac per Annum
(d) Personal accident insurance premium	0.50 Lac premium per Annum
(e) Mediciam Insurance for self, spouse, children and dependent family members	0.50 Lacs premium per Annum / Claim Value ₹ 10 Lacs
Provident Fund contribution by our Company	As per Company Rules
Superannuation fund contribution by our Company	As per Company Rules

2. Independent Directors

Our independent Directors are not entitled to any sitting fees for attending meetings of the Board, or of any committee of the Board.

Shareholding of Directors in our Company

As per the Articles of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of the Director of our Company. The following table details the shareholding in our Company of our Directors in their personal capacity, as on the date of the Draft Prospectus:

Sr. No.	Name of the Directors	No. of Equity Shares held	Percentage (%) of pre-issue Equity Share in our Company
1.	Mr. Raju Jashwantlal Choksi	10,26,000	13.38%
2.	Mr. Bharat Jashwantlal Choksi	9,85,500	12.85%
3.	Mr. Rajendra K. Desai	Nil	Nil
4.	Mr. Rakesh Puri	Nil	Nil

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges.

Mr. Ankit Shukla, Company Secretary & Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Details of current and past directorship(s) in listed companies whose shares have been / were suspended from being traded on the BSE / NSE and reasons for suspension

None of our Directors are/were directors of any company whose shares were suspended from trading by stock exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority in the last five years.

Details of current and past directorship(s) in listed companies which have been/ were delisted from the stock exchange(s) and reasons for delisting

None of our Directors are currently or have been on the board of directors of a public listed company whose shares have been or were delisted from being traded on any stock exchange(s).

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them (if any) for attending meetings of the Board or a committee thereof as well as to the extent of remuneration payable to them for their services as Managing Director of our Company and reimbursement of expenses as well as to the extent of commission and other remuneration, if any, payable to them under our Articles of Association. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to any body corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees.

All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to our non-promoter Directors, out of the present Issue and also to the extent of any dividend payable to them and other distribution in respect of the said Equity Shares.

The Directors may also be regarded as interested in the Equity Shares, if any, held or that may be subscribed by and allocated to the companies, firms and trusts, if any, in which they are interested as directors, members, partners, and/or trustees.

Our Directors may also be regarded interested to the extent of dividend payable to them and other distribution in respect of the Equity Shares, if any, held by them or by the companies/firms/ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to this Issue.

All our Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by the Company with either the Director himself, other company in which they hold directorship or any partnership firm in which they are partners, as declared in their respective declarations.

Interest in the property of our Company

Our Directors have no interest in any property acquired or proposed to be acquired by our Company in the preceding two years from the date of the Draft Prospectus nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company.

Interest in the business of our Company

Further, save and except as stated otherwise in Section “Related Parties Transaction” in the chapter titled “Financial Information” beginning on page number 117 of the Draft Prospectus, our Directors do not have any other interests in our Company as on the date of the Draft Prospectus. Our Directors are not interested in the appointment of Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the directors was selected as a director or member of senior management.

Details of Service Contracts

There are no service contracts entered into with any Directors for provision of benefits or payments of any amount upon termination of employment.

Bonus or Profit Sharing Plan for the Directors

There is no bonus or profit sharing plan for the Directors of our Company.

Contingent and Deferred Compensation payable to Directors

No Director has received or is entitled to any contingent or deferred compensation.

Changes in the Board for the last three years

Save and except as mentioned below, there had been no change in the Directorship during the last three (3) years:

Name of the Director	Date of Appointment	Date of Cessation of Directorship	Remarks
Mr. Nileshaben Choksi	Since incorporation	March 31, 2011	Resigned
Mr. Rekhaben Choksi	Since incorporation	March 31, 2011	Resigned
Mr. Mayank Choksi	Since incorporation	September 20, 2011	Resigned
Mr. Jayesh Choksi	Since incorporation	September 20, 2011	Resigned
Mr. Anil Choksi	Since incorporation	September 20, 2011	Resigned
Mr. Gour Keshablal Kanjilal	May 18, 2009	March 9, 2013	Resigned
Mr. Dipankar Basu	May 18, 2009	March 21, 2013	Resigned
Mr. Rakesh Puri	September 20, 2011		Appointed
Mr. Rajendra K. Desai	March 11, 2013		Appointed as Additional Director

Corporate Governance

The provisions of the listing agreements to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI ICDR Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchange. Our Company has complied with the corporate governance code in accordance with Clause 52 of such Listing Agreement, particularly those relating to composition of Board of Directors, constitution of committees such as Audit Committee, Remuneration and Shareholder / Investors Grievance Committee. Our Board functions either as a full board or through various committees constituted to oversee specific operational areas. Further, our Company undertakes to take all necessary steps to comply with all the requirements of Clause 52 of the Listing Agreement to be entered into with the Stock Exchanges.

Composition of Board of Directors

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 52 of the Listing Agreement. Our Board has 4 Directors out of which 2 are independent directors in accordance with the requirement of clause 52 of the listing agreement of the Stock Exchanges.

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Raju Jashwantlal Choksi	Managing Director	Executive and Non Independent
2.	Mr. Bharat Jashwantlal Choksi	Director	Non Executive and Non Independent
3.	Mr. Rajendra K Desai	Additional Director	Non Executive and Independent
4.	Mr. Rakesh Puri	Director	Non Executive and Independent

In terms of Clause 52 of the Listing Agreement, our Company has constituted the following Committees of the Board:

1. Audit Committee
2. Remuneration Committee
3. Shareholders/Investors Grievance Committee

To enable efficient functioning with regards to the activities relating to this Issue we have constituted an Initial Public Offer (IPO) Committee.

Audit Committee

Our Board constituted an Audit Committee in accordance with Clause 52 of the Listing Agreement. The Audit Committee which was constituted on September 20, 2011 was reconstituted at a meeting of the Board of Directors held on March 22, 2013.

The terms of reference of Audit Committee comply with the requirements of Clause 52 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. The committee consists of the following Directors:

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Rajendra K. Desai	Chairman	Independent Director
3.	Mr. Rakesh Puri	Member	Independent Director
4.	Mr. Bharat Choksi	Member	Non Executive Director

Our Company Secretary, Mr. Ankit Shukla will act as the secretary of the Committee.

The terms of reference of our Audit Committee are given below:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to the statutory auditors for any other services rendered by the statutory auditors.
4. Appointment, removal and terms of remuneration of internal auditor.
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference, but not restricted to:
 - a. Matters required to be included in the Director's Responsibility Statement' to be included in our Board's report in terms of Clause (2AA) of Section 217 of the Companies Act;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to the financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
6. Reviewing, with the management, the half yearly financial statements before submission to the board of directors for their approval, including such review as may be required for compliance with provisions of the listing agreement entered into with the Stock Exchanges;
7. Monitoring the, 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;

8. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
9. 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.
10. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
11. Discussing with internal auditors on any significant findings and follow up thereon.
12. 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.
13. 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.
14. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
15. To review the functioning of the 'whistle blower' mechanism, when the same is adopted by our Company and is existing.
16. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
17. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and to carry out any other function statutorily required to be carried out by the Audit Committee as per applicable laws;
18. The Audit Committee shall mandatorily review the following information:
 - a. Management discussion and analysis of financial information and results of operations;
 - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

Terms of reference, power, quorum and other matters in relation to the Audit Committee will be as per Clause 52 of Listing Agreement

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Audit Committee, reasons for disagreement shall have to be minuted in the Board Meeting and the same has to be communicated to the shareholders. The chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

REMUNERATION COMMITTEE

Pursuant to the provisions of Clause 52 of the Listing Agreement, the Remuneration Committee which was constituted on September 20, 2011 was reconstituted at a meeting of the Board of Directors held on March 22, 2013

The terms of reference of Remuneration Committee comply with the requirements of Clause 52 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. The committee consists of following Directors.

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Rakesh Puri	Chairman	Independent Director
2.	Mr. Rajendra K. Desai	Member	Independent Director
3.	Mr. Bharat Choksi	Member	Non Executive Director

Our Company Secretary, Mr. Ankit Shukla will act as the secretary of the Committee.

The terms of reference of our Remuneration Committee are given below:

1. to ensure that our Company has formal and transparent procedures for the selection and appointment of new directors to the board and succession plans;
2. to develop and implement a plan for identifying and assessing competencies of directors;
3. to identify individuals who are qualified to become board members, taking into account a variety of factors, including, but not limited to:
 - a) the range of skills currently represented on the board;
 - b) the skills, expertise, experience (including commercial and/or industry experience) and particular qualities that make individuals suitable to be a director of our Company; and/or
 - c) the individual's understanding of technical, accounting, finance and legal matters;
4. to make recommendations for the appointment and removal of directors;
5. ensure that our Company has in place a programme for the effective induction of new directors;
6. to review, on an ongoing basis, the structure of the board, its committees and their inter relationship;
7. to recommend to the Board, the remuneration packages of our Company's Managing / Joint Managing / Deputy Managing / Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
8. to be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, our Company's policy on specific remuneration packages for Company's Managing / Joint Managing / Deputy Managing / Whole-time / Executive Directors, including pension rights and any compensation payment;
9. to implement, supervise and administer any share or stock option scheme of our Company; and
10. to attend to any other responsibility as may be entrusted by the Board within the terms of reference."

SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The Shareholders' / Investors' Grievance Committee which was constituted on September 20, 2011 has been reconstituted at the meeting held on March 22, 2013 in compliance with Clause 52 of the Listing Agreement. The Shareholders' / Investors' Grievance Committee has been constituted with the following Directors:

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Bharat Choksi	Chairman	Non Independent & Non Executive Director
2.	Mr. Rajendra K. Desai	Member	Independent Director
3.	Mr. Rakesh Puri	Member	Independent Director

Our Company Secretary, Mr. Ankit Shukla will act as the secretary of the Committee.

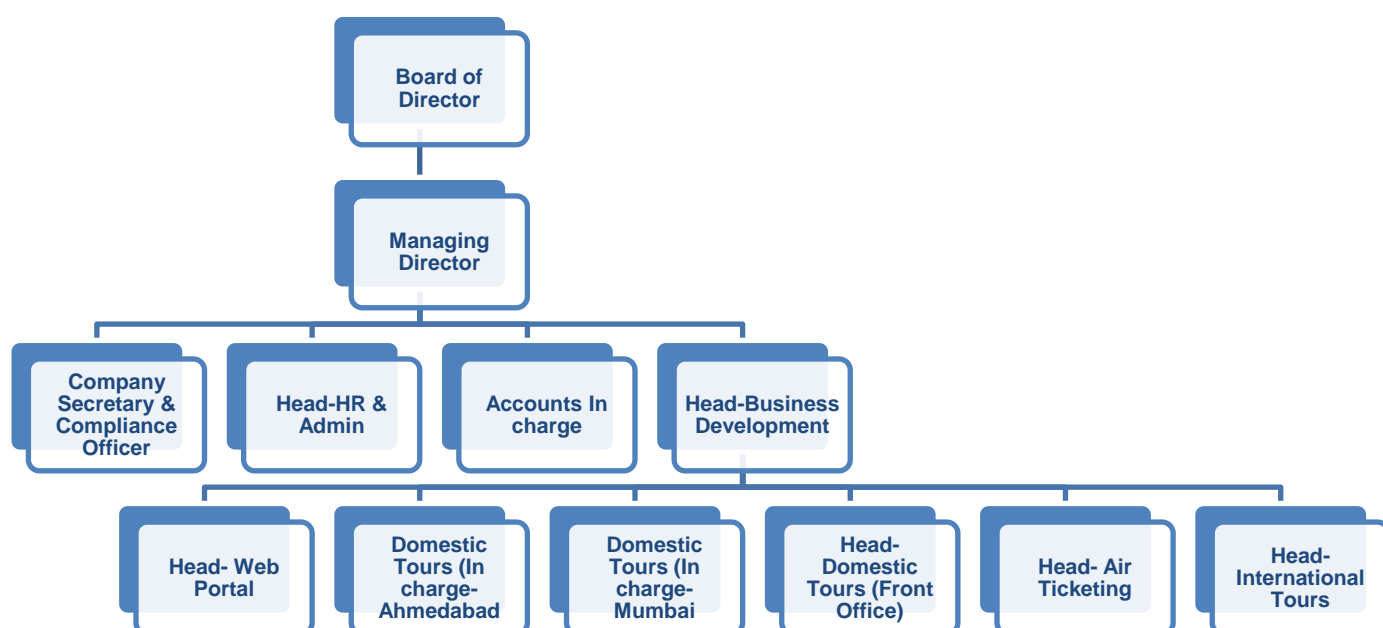
The terms of reference of our Shareholders' / Investors Grievance Committee are given below:

"To allot the Equity Shares of the Company, and to supervise and ensure:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressal of shareholders and investor complaints in relation to transfer of shares, allotment of shares, non-receipts of the refund orders, right entitlement, non-receipt of Annual Reports and other entitlements, non-receipt of declared dividends etc;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares

4. Issue of duplicate / split / consolidated share certificates;
5. Allotment and listing of shares;
6. Review of cases for refusal of transfer / transmission of shares and debentures;
7. Reference to statutory and regulatory authorities regarding investor grievances;
8. Ensure proper and timely attendance and redressal of investor queries and grievances.
9. To do all such acts, things or deeds as may be necessary or incidental to the exercise of all the above powers.”

Management Organisation Chart



Key Managerial Personnel

Our Company is managed by our Board of Directors, assisted by qualified professionals, who are permanent employees of our Company. Below are the details of the Key Managerial Personnel of our Company:

Sr. No.	Name of Employees	Designation	Age (years)	Qualifi- Cation	Date of Joining	Experience	Previous Employment	Gross compensa- tion in FY 2012 (₹ in Lacs)
1.	Mr. Mayank Choksi	Head – Business Development	32	B. Com. South Gujarat University and Diploma in Basic Fares – Air Ticketing from Air India	September 21, 2011	8 years in business development and handling corporate clients. He was an Executive Director of our Company till September 20, 2011	First job	2.40

2.	Mr. Amit Kumar Singh	Head - Web Portal	28	B.Sc. Purvanchal University MCA from Uttar Pradesh Technical University, Lucknow	July 13, 2007*	6 years in portal development and management	First job	4.52
3.	Ms. Shefali Sheth	Head - Air Ticketing	30	Basic/ Advance Fares and Ticketing Functionalities from ABACUS. She is also an AMADEUS Certified Agent	July 13, 2007*	9 years in handling Air ticketing division for domestic as well as international	Shree Raj Travels & Tours, Surat	3.36
4.	Mr. Hormaz Besania	Head - International Tours	37	B. Com. South Gujarat University	July 13, 2007*	Over 15 years in marketing of marketing of hospitality services.	Royal Park Club Resort	4.80
5.	Mr. Vinay Parmar	Head - Domestic Tours (Front office)	33	B. Com., M.S. University, Baroda	July 13, 2007*	12 years in handling marketing of domestic tour packages, GIT and FIT	New Maharaja Travels, Baroda	3.00
6.	Mr. Hemal Chitania	Head - HR & Admin.	41	B.Com South Gujarat University	July 13, 2007*	24 years in handling Banking, payrolls, HR and administration	Mayur Construction Co., an associate concern	2.58
7.	Mr. Ankit Shukla	Company Secretary & Compliance Officer	30	CS (2007), ICSI, LLB (2006). Gujarat University B. Com.	September 20, 2011	4 years of Company Secretarial practice	Individual Consultant	0.94
8.	Ms.Sapna Gulabchand Yadav	Domestic Tours (In charge – Ahmedabad office)	27	B.Com Kutch University Diploma in Aviation, Hospitality and Travel Management from Franklin Institute	September 1, 2011	Over 3 years in sales and support	Square 1 Company & Azure Knowledge Corporatin Pvt.Ltd. (BPO)	0.39
9.	Mr. Jayesh Rathod	Internation Tours (In charge – Ahmedabad office)	37	B.Com. Mumbai University.	October 1, 2012	Overall 4 years in Travel Industry	Apple Tour & Travels	NIL
10.	Mr. Alpeshkumar Gulabbhai Gajjar	Accounts Incharge	33	B.Com. and Post Graduate Diploma in Tax Mngement from South	February 1, 2013	9 years in handling Accounts, Audit and Taxation	Zeal Aqua Pvt. Ltd., Surat.	NIL

				Gujarat University				
11.	Ms. Pooja Shirsat	Domestic Tours (In charge - Mumbai office)	21	IATA/UFTAA Foundation EBT Course from IATA Training & Development Institute	May 15, 2012	Over 1 year experience in Travel Industry	Vin Travels & Tourism	Nil

Notes:

* These employees were earlier associated with the erstwhile partnership M/s Ace Tours Worldwide and became employees of our company pursuant to registration as a company under part IX of The Companies Act, 1956.

- All of our Key Managerial Personnel mentioned above are on the payrolls of our Company as permanent employees.
- There is no agreement or understanding with major shareholders, customers, suppliers or others pursuant to which any of the above mentioned personnel was selected as a director or member of senior management.

Relation of the Key Managerial Personnel with our Promoter/Directors

None of our Key Managerial Personnel are “related” to the Promoter or Directors of our Company within the meaning of Section 6 of the Companies Act, 1956 except as stated below.

Name	Nature of Relationship
Mr. Mayank A. Choksi	Mr. Mayank A. Choksi is the Promoter of our Company

Details of Service Contracts of our Key Managerial Personnel

Our key managerial personnel have not entered into any other contractual arrangements with our Company.

Bonus and/ or Profit Sharing Plan for the Key Managerial Personnel

Our Company does not have any bonus and / or profit sharing plan for the key managerial personnel.

Contingent and Deferred Compensation payable to Key Managerial Personnel

None of our Key Managerial Personnel has received or is entitled to any contingent or deferred compensation.

Shareholding of the Key Managerial Personnel

Other than as mentioned below, as on date of the Draft Prospectus, none of our Key Managerial Personnel are holding any Equity Shares in our Company.

Name of the KMP	No. of Shares	% Holding
Mayank Anil Choksi	533250	6.95

Interest of Key Managerial Personnel

None of our key managerial personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to our Company as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Changes in our Company’s Key Managerial Personnel during the last three years

Following have been the changes in the Key Managerial Personnel during the last three years:

Sr. No.	Name	Date of Joining	Date of Leaving	Designation
1.	Ms. Neha Thakker	August 01, 2009	January 1, 2013	Domestic Tours (In charge -Mumbai office)
2.	Mr. Ankit Shukla	September 20, 2011	--	Company Secretary & Compliance Officer

Sr. No.	Name	Date of Joining	Date of Leaving	Designation
3.	Ms. Nehal Salvi	July 13, 2007	November 15, 2011	Head - International Tours
4.	Mr. Ritesh Glasswala	July 13, 2007	January 15, 2013	Accounts Incharge
5.	Ms.Sapna Gulabchand Yadav	March 15, 2012	--	Domestic Tours (In charge –Ahmedabad office)
6.	Mr. Jayesh Rathod	October 1, 2012	--	Internation Tours (Incharge –Ahmedabad office)
7.	Mr. Alpesh Gulabbhai Gajjar	February 1, 2013	--	Accounts Incharge
8.	Ms. Pooja Srisat	May 15, 2012	--	Domestic Tours (In charge -Mumbai office)

Scheme of Employee Stock Options or Employee Stock Purchase

Our Company does not have any Employee Stock Option Scheme or other similar scheme giving options in our Equity Shares to our employees.

Employees

As on February 28, 2013, our Company has 36 employees. For details of the Employees/ Manpower of our Company, please refer to the paragraph titled '*Manpower*' under the chapter titled '*Our Business*' beginning on page number 78 of the Draft Prospectus.

Payment of Benefit to Officers of our Company (non-salary related)

Except the statutory payments made by our Company, in the last two years, our company has not paid any sum to its employees in connection with superannuation payments and ex-gratia/ rewards and has not paid any non-salary amount or benefit to any of its officers.

Retirement Benefits

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.

OUR PROMOTERS AND PROMOTER GROUP

OUR PROMOTERS

Our Company has been promoted by the following individuals whose details are mentioned hereinbelow:

- 1) Mr. Raju Jashwantlal Choksi
- 2) Mr. Bharat Jashwantlal Choksi
- 3) Mr. Jayesh Jashwantlal Choksi
- 4) Mr. Mayank Anil Choksi

Brief profile of our Promoters is as under:



Mr. Raju Jashwantlal Choksi

Mr. Raju Jashwantlal Choksi, aged 47 years, is the Managing Director of our Company. He is a Diploma in Electrical Engineering from Polytechnic Board of Gujarat, India. He started his career in 1988 by joining family business of construction and cinema exhibition and was mainly involved in marketing of services and handling customer relations.

He ventured into a service industry by establishing M/s. Ace Tours & Information Centre in partnership with other family members in the year 1996. The name of the firm was later changed to M/s. Ace Tours Worldwide and on July 13, 2007 was converted into a corporate entity under part IX of the Companies Act, 1956 as Ace Tours worldwide Private Limited.

His main role in the company is to formulate business plan keeping in mind market trends and consumer preferences, formulating global multi channel marketing plan and handling media campaign for promoting tourism business. Over a period he has successfully build an ACE TOURS brand within the travelling community.

Presently he is also a Chairman of Tourism Committee of The Southern Gujarat Chamber of Commerce & Industry.

Driving License No.: GJ05/070164/02

Voter Id No.: GJ/24/171/531658

Passport No. : G7269993

PAN No. : ABGPC0322A

Bank Name, A/c No. and Branch Address: YES Bank Limited, Ring Road, Surat - SB 001190100009889

For further details relating to Mr. Raju Jashwantlal Choksi, including terms of appointment as our Managing Director and other directorships, please refer to the chapter titled "*Our Management*" beginning on page number 92 of the Draft Prospectus.



Mr. Bharat Jashwantlal Choksi

Mr. Bharat Jashwantlal Choksi, aged 50 years, was the Director-Finance of our Company. He is a Commerce Graduate from South Gujarat University. After graduation in 1983, he joined his family business of construction activities. Mr. Bharat was looking after administration and legal function of the construction business.

In the year 2004, he joined M/s. Ace Tours & Information Centre as a partner and started handling Finance, Legal and administration function for tourism business. He was instrumental in converting the partnership firm into a corporate entity.

His main role in the company was to handle entire finance and accounts function. Apart from finance and accounts, he was providing strategic inputs for

the creative designing and content development of web portal of the Company. Due to his busy schedule in construction activities he has resigned as Director (Finance) and continues to work as Non Executive Director.

Driving License No: GJ05/0050967/02

Voter Id No: GJ/24/171/531652

Passport No: F4724113

PAN No: ABGPC0321D

Bank Name, A/c No. and branch Address: YES Bank Limited, Ring Road, Surat - SB 001190100010610

For further details relating to Mr. Bharat Jashwantlal Choksi, please refer to the chapter titled "*Our Management*" beginning on page number 92 of the Draft Prospectus.



Mr. Jayesh Jashwantlal Choksi

Mr. Jayesh Jashwantlal Choksi, aged 52 years, is the promoter of our Company. He holds a Bachelor's degree in Civil Engineering from Sardar Vallabhbhai Patel Regional College of Engineering, Surat. After graduation in 1981, he started the construction business.

Due to his vast experience of managing business and strong corporate relations, he has been the guiding force for Ace Tours Worldwide Limited. He has been providing the strategic inputs for the development of business of our Company.

Driving License No: GJ05/19820087582

Voter Id No: GJ/24/171/531503

Passport No: H4140133

PAN No: ABGPC0320C

Bank Name, A/c No. and branch Address: YES Bank Limited, Ring Road, Surat - SB 001190100010622



Mr. Mayank Anil Choksi

Mr. Mayank Anil Choksi, aged 32 years, is the promoter of our Company. He is also the Head-Business Development of Our Company. He is a B.Com from South Gujarat University and has also completed his Diploma in Basic Fares – Air Ticketing from Air India. After completion of studies he Joined our Company. He is having an overall experience of 7 years in business development and handling corporate clients.

Driving License No: 250533/98/SRT

Voter Id No: GBV7657893

Passport No: H6386828

PAN No: ADOPC8248H

Bank Name, A/c No. and branch Address: YES Bank Limited, Ring Road, Surat - SB 001190100009834

For further details relating to Mayank Anil Choksi, please refer to the chapter titled "*Our Management*" beginning on page number 92 of the Draft Prospectus.

Declaration

Our Company hereby confirms that the personal details of our Individual Promoters viz., Permanent Account Number, Passport Number, and Bank Account Number will be submitted to BSE, at the time of filing this Draft Prospectus with them.

Our Promoters and the members of our Promoter Group have not been debarred from accessing the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. None of our Promoters was or also is a promoter, director or person in control of any other company which is debarred from accessing the

capital market under any order or directions made by the SEBI.

Further, neither our Promoters, the relatives of our Promoters (as defined under the Companies Act) nor our Group Companies have been declared as a willful defaulter by the RBI or any other government authority and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against him.

INTEREST OF PROMOTERS

Interest in promotion of our Company

Our Promoters are interested in the promotion of our Company in their capacity as a shareholder of our Company and influencing significant control over the management and policy decisions of our Company.

Interest in the property of our Company

Except the rent received from our Company for using the properties as mentioned under the paragraph titled “Property” under the chapter titled “Our Business” beginning on page 78 of the Draft Prospectus, our Promoters do not have any interest in any property acquired by our Company within two years preceding the date of the Draft Prospectus or proposed to be acquired by our Company.

Interest as member of our Company

Our Promoters jointly hold 36,36,900 Equity Shares aggregating to 47.41% each of pre-Issue Equity Share Capital in our Company and are therefore interested to the extent of their respective shareholding and the dividend declared, if any, by our Company. Except to the extent of their respective shareholding in our Company and benefits provided to our Executive Directors as given in the chapter titled “Our Management” beginning on page number 92 of the Draft Prospectus, our Promoters hold no other interest in our Company.

Interest as a creditor of our Company

Except as stated in the “Statement of Related Party Transactions” beginning on page number 115 of the Draft Prospectus, our Company has not availed any secured loan from the Promoters of our Company.

Interest as Director of our Company

Except as stated in the “Statement of Related Party Transactions” beginning on page number 115 of the Draft Prospectus, our Promoters / Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or Committees thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of our AoA.

Interest in transactions involving acquisition of land

Our Promoters is not currently interested in any transaction with our Company involving acquisition of land, construction of building or supply of any machinery.

Other Ventures of our Promoters

Save and except as disclosed in the chapters titled ‘Our Group Entities’ beginning on page 108 of the Draft Prospectus, there are no other ventures of our Promoters in which they have business interests/other interests.

Our Promoter Group:

Our Promoters and Promoter Group in terms of Regulation 2(1)(za) and 2(1)(zb) of the SEBI (ICDR) Regulations is as under:

i. Natural Persons who form part of our Promoter Group:

The following natural persons being the immediate relatives of our Promoters in terms of the SEBI (ICDR) Regulations form part of our Promoter Group:

Relationship	Mr. Raju	Mr. Bharat	Mr. Jayesh	Mr. Mayank Anil
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	Jashwantlal Choksi	Jashwantlal Choksi	Jashwantlal Choksi	Choksi
Father	Mr. Jashwantlal Choksi	Mr. Jashwantlal Choksi	Mr. Jashwantlal Choksi	Mr. Anil Choksi
Mother	Ms. Jasvantiben Choksi	Ms. Jasvantiben Choksi	Ms. Jasvantiben Choksi	Ms. Rekhaben Choksi
Spouse	Ms. Malaben Choksi	Ms. Nileshaben Choksi	Ms. Suhangini Choksi	Ms. Amiben Choksi
Brothers	Mr. Bharat Choksi Mr. Jayesh Choksi Mr. Anil Choksi	Mr. Raju Choksi Mr. Jayesh Choksi Mr. Anil Choksi	Mr. Raju, Mr. Bharat, Mr. Anil	--
Sister	Ms. Amita Parekh Ms. Daksha Soni	Ms. Amita Parekh Ms. Daksha Soni	Ms. Amita Parekh Ms. Daksha Soni	Ms. Meghna Choksi
Son	Mr. Chirag Choksi	Mr. Ashutosh Choksi	--	--
Daughter	--	Ms. Neha Choksi	Ms. Binita Choksi Ms. Shivani Choksi	Ms. Hansika Choksi
Spouse's Father	Mr. Rameshchandra Parekh	Mr. Dhruvkumar Tikiwala	Mr. Dhruvkumar Tikiwala	Mr. Pravinbhai Rajpara
Spouse's Mother	Ms. Leelaben Parekh	Ms. Vatsalaben Tikiwala	Ms. Vatsalaben Tikiwala	Ms. Harshaben Rajpara
Spouse's Brother	Mr. Dipak Parekh Mr. Chetan Parekh Mr. Jayesh Parekh	Mr. Shreyas Tikiwala	Mr. Shreyas Tikiwala	Mr. Mayank Rajpara
Spouse's Sister	--	Ms. Suhangini Choksi Ms. Sejalben Shah Ms. Smita Ramwala	Ms. Nileshaben Choksi Ms. Sejalben Shah Ms. Smita Ramwala	Ms. Sejalben D Bhadiyatra Ms. Kajal Ketanbhai Sorathiya

ii. Entities forming part of the Promoter Group

i. Companies

1. Ace Resorts & Infrastructure Private Limited;
2. Choksi Circuits Private Limited

ii. Partnership Firms:

1. M/s L N Constructions
2. M/s Mayur Construction Co.
3. M/s Omega Corporation
4. M/s ADB Hospitality Services

iii. Proprietary Concerns: Nil

Relationship of Promoters with each other and with our Directors

All the three Promoters are brothers. Except as disclosed herein, none of our Promoters are related to any of our Company's Directors. Further our Promoter Mr. Mayank A. Choksi is the son Mr. Anil Choksi who is brother of other three promoters.

OUR GROUP ENTITIES

As on the date of the Draft Prospectus, following entities that are promoted by our Promoters (including companies under the same management pursuant to Section 370 (1B) of the Companies Act) form part of our Group Entities and thus, are our Group Companies as defined under SEBI ICDR Regulations:

1. Group Companies

ACE RESORTS AND INFRASTRUCTURE PRIVATE LIMITED (“ARIPL”)

The Company was incorporated as Ace Holidays and Resorts Private Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated February 15, 2006 issued by the Assistant Registrar of Companies, Gujarat, Dadra & Nagar Haveli with registration number 047733. Subsequently, the name of the Company was changed to Ace Resorts and Infrastructure Private Limited *vide* fresh certificate of incorporation dated April 15, 2008 issued by Assistant Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The Corporate Identification Number of our Company is U63040GJ2006PTC047733. The registered office of the Company is situated at F-22, 23, 24, Jolly Arcade, Ghod Dod Road, Surat – 395 007, Gujarat, India. The company is engaged in the housing as well as industrial construction business.

Board of Directors

Currently, the Board of Directors of ARIPL consists of:

Sr. No.	Name	Designation
1.	Jayesh Jashwantlal Choksi	Managing Director
2.	Mayank Anil Choksi	Director
3.	Raju Jashwantlal Choksi	Director
4.	Bharat Jashwantlal Choksi	Director
5.	Anil Jashwantlal Choksi	Director
6.	Ashutosh Bharat Choksi	Director

Capital Structure and Shareholding Pattern

The authorized share capital of ARIPL is ₹ 50,00,000 divided into 5,00,000 equity shares of ₹ 10 each and paid-up share capital of ARIPL is ₹ 50,00,000 divided into 5,00,000 equity shares of ₹ 10 each. The shareholding pattern of ARIPL as on the date of the Draft Prospectus is as follows:

Sr. No.	Name of Shareholders	Number of Shares	Percentage of share capital (%)
1	Jayesh Choksi	84,500	16.90
2	Anil J. Choksi	81,500	16.30
3	Raju J. Choksi	84,500	16.90
4	Bharat Choksi	84,500	16.90
5	Mayank Choksi	75,000	15.00
6	Nilesha Choksi	7,500	1.50
7	Rekha Choksi	7,500	1.50
8	Suhangini Choksi	7,500	1.50
9	Mala Choksi	7,500	1.50
10	Jashwantiben Choksi	7,500	1.50
11	Binita Choksi	7,500	1.50
12	Meghna Choksi	7,500	1.50
13	Ami Choksi	7,500	1.50
14	Neha Choksi	7,500	1.50
15	Ashutosh Choksi	7,500	1.50
16	Shivani Choksi	7,500	1.50

17	Chirag Choksi	7,500	1.50
	Total	5,00,000	100.00

Financial Information

(₹ In Lacs)

Particulars	FY 2010	FY 2011	FY 2012
Paid up Equity share Capital	50.00	50.00	50.00
Reserves and Surplus (Excl. Revaluation Reserves)	42.70	74.78	101.61
Misc. Expenditure to the extent not written off	0.80	0.69	0.00
Net Worth	91.90	124.09	151.61
Total Income	995.44	903.24	1,302.21
Profit / (Loss) after tax	41.76	32.08	27.41
Earnings per share (₹)	8.35	6.42	5.48
Net Asset Value Per Share (₹)	18.38	24.82	30.32
Face Value	10.00	10.00	10.00

Other disclosures:

The Equity Shares of ARIPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

ARIPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further ARIPL is not under winding up, neither does it have a negative net – worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against ARIPL.

CHOKSI CIRCUITS PRIVATE LIMITED (“CCPL”)

The Company was incorporated as Choksi Circuits Private Limited under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated December 23, 1985 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli with registration number 008342. The Corporate Identification Number of our Company is U32104GJ1985PTC008342. The registered office of the Company is situated at 13/332, Matru Ashish Khoddod Road, Athwa Lines, Surat, Gujarat. The company was incorporated with the object of carrying on the business of manufacturing of video games, television receivers, tape duplicators etc. Currently, the company is not carrying on any business activity.

Board of Directors

Currently, the Board of Directors of CCPL consists of:

Sr. No.	Name	Designation
1.	Jayesh Jashwantlal Choksi	Director
2.	Raju Jashwantlal Choksi	Director
3.	Bharat Jashwantlal Choksi	Director
4.	Anil Jashwantlal Choksi	Director

Capital Structure and Shareholding Pattern

The authorized share capital of CCPL is ₹ 50,00,000 divided into 50,000 equity shares of ₹ 100 each and paid-up share capital of CCPL is ₹ 50,00,000 divided into 50,000 equity shares of ₹ 100 each. The shareholding pattern of CCPL as on the date of the Draft Prospectus is as follows:

Sr. No.	Name of Shareholders	Number of Shares	Percentage of share capital (%)
1	Jayesh Choksi	6,460	12.92%
2	Anil J. Choksi	11,650	23.30%
3	Raju J. Choksi	2,925	5.85%
4	Bharat Choksi	10,350	20.70%
5	Mayank Choksi	300	0.60%
6	Rekha Choksi	110	0.22%
7	Suhangini Choksi	1,230	2.46%
8	Jashwantiben Choksi	3,165	6.33%
9	Binita Choksi	300	0.60%
10	Meghna Choksi	300	0.60%
11	Daxa H. Soni	110	0.22%
12	Gayatri H. Soni	110	0.22%
13	Prashant H. Soni	220	0.44%
14	Amita U. Parekh	110	0.22%
15	Dilip N Parekh	110	0.22%
16	Vasumati R. Parekh	110	0.22%
17	Jashwantlal N. Choksi	6,090	12.18%
18	Harshad S. Soni	6,350	12.70%
	Total	50,000	100.00%

Financial Information

(₹ In Lacs)

Particulars	FY 2010	FY 2011	FY 2012
Paid up Equity share Capital	50.00	50.00	50.00
Reserves and Surplus	-20.88	-20.96	-21.04
Less: Misc. Expenditure to the extent not written off	-17.19	-17.19	-17.19
Net Worth	11.93	11.85	11.77
Total Income	0.00	0.00	0.00
Profit / (Loss) after tax	-0.08	-0.08	-0.08
Earnings per share (₹)	-0.16	-0.16	-0.16
Net Asset Value Per Share (₹)	23.87	23.71	23.54
Face Value	100.00	100.00	100.00

Other disclosures:

The Equity Shares of CCPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI. CCPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further CCPL is not under winding up, neither does it have a negative net – worth.

Choksi Circuits Pvt. Ltd. (CCPL) had availed financial assistance by way of a Term Loans from Gujarat Industrial Investment Corporation Limited (GIIC) for their proposed project to be established in Gandhinagar. As per the terms and conditions of the sanction letter the said loans were guaranteed jointly and severally by the personal guarantees of Promoters of CCPL. GIIC had filed a recovery suit before the City Civil Court at Ahmedabad, bearing suit no. 5807 of 1995 dated October 18, 1995 against the Promoters and Guarantors of M/s. Choksi Circuits Pvt. Ltd. (CCPL), Mr. Jaswantbhai N Choksi (father of our Promoters - now deceased), Mr. Anil J Choksi (brother of our Promoters) and Mr. Jayesh J Choksi, Mr. Bharat J Choksi & Mr. Rajubhai J Choksi (all three are Our Promoters), in relation to CCPL's failure to repay Term loan principal amount of ₹ 81,42,709/- and Interest thereon of ₹ 63,72,067/- aggregating to ₹

1,45,14,776/- outstanding as on August 31, 1995. GIIC has filed a suit for recovery of above said outstanding amount of Rs, 1,45,14,776/- along with interest @ 18% p.a. from September 01, 1995 and other costs and expenses. The matter is pending before the City Civil Court at Ahmedabad.

Partnership Firm

M/S. MAYUR CONSTRUCTION CO. ("MCC")

M/s. Mayur Construction Co., is a partnership firm formed under the Partnership Act, 1932 *vide* a partnership deed dated April 01, 1993. It has its office at Prakash Talkies Compound, Station Road, Surat, Gujarat. The firm is engaged in the business of dealing in real estate and construction of real estate projects.

Sr. No.	Name of the Partners	Profit Sharing Ratio (%)
1.	Mr. Jayesh Jashwantlal Choksi	20%
2.	Mr. Anil Jashwantlal Choksi	20%
3.	Ms. Jaswantiben Jashwantlal Choksi	20%
4.	Mr. Bharat Jashwantlal Choksi	20%
5.	Mr. Raju Jashwantlal Choksi	20%

Brief Audited Financial Information

(₹ In Lacs)

Particulars	FY 2010	FY 2011	FY 2012
Partners Capital	27.14	30.14	15.92
Total Income	105.88	81.87	1.17
Net Profit	3.44	2.45	(9.61)

Other disclosures:

MCC does not have a negative Networth. No action has been taken against the firm by any Stock Exchange or SEBI.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against MCC.

M/S. OMEGA CONSTRUCTION ("Omega")

M/s. Omega Construction is a partnership firm formed under the Partnership Act, 1932 *vide* a partnership deed dated September 10, 2004. It has its office at Prakash Talkies Compound, Station Road, Surat, Gujarat. The firm is engaged in the business of civil construction work.

The following are the partners and their profit sharing ratio:

Sr. No.	Name of the Partners	Profit Sharing Ratio (%)
1.	Mr. Jayesh Jashwantlal Choksi	20%
2.	Mr. Anil Jashwantlal Choksi	20%
3.	Ms. Mala Rajubhai Choksi	20%
4.	Ms. Jaswantiben Jashwantlal Choksi	20%
5.	Mr. Mayank Anil Choksi	20%

Brief Audited Financial Information

(₹ In Lacs)

Particulars	FY 2010	FY 2011	FY 2012
Partners Capital	2.55	2.77	4.74
Total Income	7.22	1.32	8.38
Net Profit	0.42	0.11	0.18

Other disclosures:

Omega does not have a negative Net Worth. No action has been taken against the firm by any Stock Exchange or SEBI.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Omega.

M/S. L.N. CONSTRUCTION (“LNC”)

M/s. L.N. Construction is a partnership firm formed under the Partnership Act, 1932 *vide* a partnership deed dated October 1, 2003. M/s. L. N. Construction has its office at Prakash Talkies Compound, Station Road, Surat, Gujarat. M/s. L. N. Construction is currently engaged in the business *inter alia* of real estate development.

The following are the partners and their profit sharing ratio:

Sr. No.	Name of the Partners	Profit Sharing Ratio (%)
1.	Mr. Jayesh Jashwantlal Choksi	20%
2.	Mr. Mayank Anil Choksi	20%
3.	Ms. Mala Rajubhai Choksi	20%
4.	Ms. Jaswantiben Jashwantlal Choksi	20%
5.	Ms. Nilesa Bharatkumar Joshi	20%

Brief Audited Financial Information**(₹ In Lacs)**

Particulars	FY 2010	FY 2011	FY 2012
Partners Capital	3.94	2.21	3.57
Total Income	5.54	2.20	8.24
Net Profit	0.25	0.18	0.14

Other disclosures:

LNC does not have a negative Net Worth. No action has been taken against the firm by any Stock Exchange or SEBI.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against LNC.

M/S ADB HOSPITALITY SERVICES

M/s. ADB Hospitality Services is a partnership firm formed under the Partnership Act, 1932 *vide* a partnership deed dated December 22, 2011. M/s. ADB Hospitality Services has its office at 13/332, Matru Ashish, Athwalines, Surat, Gujarat. M/s. ADB Hospitality Services is formed with the object of building hotels, resorts, service apartments, bungalows etc.

The following are the partners and their profit sharing ratio:

Sr. No.	Name of the Partners	Profit Sharing Ratio (%)
1.	Mr. Raju Jashwantlal Choksi	25%
2.	Mrs. Ami Mayank Choksi	25%
3.	Ms. Ashutosh Bharat Choksi	25%
4.	Ms. Suhagini Jayesh Choksi	25%

Brief Audited Financial Information**(₹ In Lacs)**

Particulars	FY 2012
Partners Capital	1.00
Total Income	0.00
Net Profit	0.00

Other disclosures:

ADB Hospitality Services does not have a negative Net Worth. No action has been taken against the firm by any Stock Exchange or SEBI.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against LNC.

Companies / Firms from which the Promoters have disassociated themselves in last 3 (three) years

None of our Promoters have disassociated themselves from any of the companies, firms or other entities during the last three years preceding the date of the Draft Prospectus.

Negative Net Worth

None of our Group Entities have negative net worth as on the date of the Draft Prospectus.

Related Party Transactions and sales and purchases between our Company and Group Entities

For details of related party transactions entered into by our Company, please refer to “*Statement of Related Party Transactions*”, as Restated appearing as Annexure XVI on page number 130 of the section titled “*Financial Information*” beginning on page number 117 of the Draft Prospectus.

Common Pursuits

The Promoters / any member of Promoter Group do not have interest in any venture that is involved in any activities similar to those conducted by our Company.

Other Confirmations*Business interest of Group Entities in our Company*

Except as disclosed under “*Statement of Related Party Transactions*”, as Restated appearing as Annexure XVI on page number 130 of the section titled “*Financial Information*” beginning on page number 117 of the Draft Prospectus and under the paragraph titled ‘*Other Agreements*’ under the chapter titled ‘*History and Certain Corporate Matters*’ beginning on page number 87 of the Draft Prospectus, none of our Group Entities / Subsidiary / associate companies have business interests in our Company.

Interest in sales and purchases

Except as disclosed under “*Related Party Transactions*”, as Restated appearing as Annexure XVI on page number 130 of the section titled “*Financial Information*” beginning on page number 117 of the Draft Prospectus, there have been no sales and purchases between us and our Group Entities.

Payment or Benefit to our Group Entities

Except as stated in the “*Statement of Related Party Transactions*”, as Restated appearing as Annexure XVI on page number 130 of the section titled “*Financial Information*” beginning on page number 117 of the Draft Prospectus, there has been no payment of benefits to our Group Entities during the two years prior to the filing of the Draft Prospectus.

RELATED PARTY TRANSACTIONS

For details of the related party transaction of our Company, see Annexure XVI and V Notes to Accounts to the financial statements respectively, in “Auditors Report and Financial Information of Our Company” beginning from page 130 of this Draft Prospectus.

DIVIDEND POLICY

Under the Companies Act, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the Annual General Meeting. The shareholders of our Company have the right to decrease not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

Our Company has not declared any dividends since incorporation.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL INFORMATION

Auditors Report

**The Board of Directors,
Ace Tours Worldwide Limited**

F-22-23-24, Jolly Arcade,
Ghod Dod Road,
Surat – 395 007,
Gujarat.

Subject: Financial Information of Ace Tours Worldwide Limited

Dear Sir,

We have examined the financial information of Ace Tours Worldwide Limited annexed to this report, initialed by us for identification, which has been prepared in accordance with the requirements of:

Paragraph B, of Part II of Schedule II of the Companies Act, 1956 (“the Act”), and the amendments thereof

The Securities and Exchange Board of India (Issue of Capital & Disclosure Requirement Regulation) 2009 issued by the Securities and Exchange Board of India (“SEBI”) and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992; and

Our engagement with the Company requesting us to examine the financial information referred to above and proposed to be included in the offer document of the Company in connection with its Proposed Issue.

In terms of Schedule VIII, Clause IX of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of the Ace Tours Worldwide Limited, we, M/s. Arvind A. Thakkar & Co., Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the ‘Peer Review Board’ of the ICAI.

Audit of the financial statements for years ended 31st March 2012, 31st March 2011, 31st March 2010, 31st March 2009 and for the period ended on 31st March 2008 has been conducted by Company’s Statutory Auditor, M/s. Rasesh Shah and Associates, Chartered Accountants. Further, financial statements for the year ended 31st March 2012 and seven month period ended October 31, 2012 have been re-audited by us as required under the SEBI ICDR Regulations. This report, in so far as it relates to the amounts included for the financial years ended 31st March 2011, 31st March 2010, 31st March 2009 and period ended 31st March 2008 is based on the audited financial statements of the Company which were audited by the Statutory Auditor, M/s Rasesh Shah and Associates, Chartered Accountants and whose Auditors’ report has been relied upon by us for the said periods.

Financial Information of the Company

We have examined:

The attached summary statement of Restated Assets & Liabilities of the Company as at March 31 2008, 2009, 2010, 2011, 2012 and October 31, 2012 as prepared by the company and approved by the Board of Directors. (Annexure - I).

The accompanying summary statement of Restated Profits & Losses of the Company for the period ended March 31 2008, financial years ended 2009, 2010, 2011 and 2012 and seven month period ended October 31, 2012 as prepared by the Company and approved by the Board of Directors. (Annexure – II)

The accompanying summary statement of cash flow of the company for the period ended March 31 2008, financial year ended 2009, 2010, 2011, 2012 and seven month period ended October 31, 2012 as prepared by the Company and approved by the Board of Directors (Annexure – III)

These statements reflect the Assets and Liabilities and Profits and Losses for each of the relevant years as extracted from the balance sheet and profit and loss account for those years. These financial statements for all the years have been approved by the Board of Directors of the Company and adopted by the members of the Company for the respective years. The Restated financial statements have been made after making such adjustments and regroupings and after incorporating material amounts and auditor’s qualification requiring adjustments as in our opinion are appropriate and are described fully in the Notes appearing in Annexure V and Annexure VI to this report.

Based on our examination of these summary statements we confirm that the restated financial information has been made in accordance with the provisions of sub-clause (B) of clause (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations, and after incorporating:

Adjustments suggested in paragraph 9 of sub-clause (B) of clause (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations,

The prior period items which are required to be adjusted are properly stated.

There are no extra-ordinary items that need to be disclosed separately in the accounts.

The accounting policies applied for each of the period ended March 31 2008, years ended March 31 2009, 2010, 2011, 2012 and seven months period ended October 31, 2012 is materially consistent with the existing Accounting Standards (Annexure IV) except stated otherwise in Annexure-XX

The Restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate in the year to which they are related as described in restated Financial Statement.

There was no qualification in the audit reports issued by the statutory auditors for the respective years which would require adjustment in these Restated Financial Statements

Other Financial information

We have also examined the following financial information relating to the Company prepared by the management and approved by the Board of Directors for the purpose of inclusion in the Offer Document:

Statement of Other Income as appearing in Annexure VII to this report.

Statement of Accounting & Other Ratios as appearing in Annexure VIII to this report.

Statement of Capitalization of the company as appearing in Annexure IX to this report.

Statement of Tax Shelters as appearing in Annexure X to this report.

Statement of Secured Loans as appearing in Annexure XI to this report.

Statement of Unsecured Loans as appearing in Annexure XII to this report.

Statement of Sundry Debtors as appearing in Annexure XIII to this report.

Statement of Loans and Advances as appearing in Annexure XIV to this report.

Statement of Contingent Liabilities & Capital Commitments as appearing in Annexure XV to this report.

Statement of Related Party Transaction as appearing in Annexure XVI to this report.

Statement of Dividend paid as appearing in Annexure XVII to this report

Statement of Investments as appearing Annexure XVIII to this report.

Details of Qualification in Auditors Report as Appearing in Annexure XIX to this report

Details of Changes in significant Policies as Appearing in Annexure XX to this report

In our opinion, the above financial information of the Company read with Significant Accounting Policies & Notes to Accounts attached in Annexure IV, V & VI to this report, after making adjustments and regrouping as considered appropriate has been prepared in accordance with Part II of the Schedule II of the Act and the SEBI (ICDR) Regulations issued by SEBI, as amended from time to time subject to and read with other notes.

This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or other statutory auditor, nor should this report be construed as a new opinion on any of the financial statements referred therein.

This report is intended solely for your information and for inclusion in the Offer document in connection with the issue of Equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

Thanking you

**For M/s. Arvind A. Thakkar & Co.
Chartered Accountants**

**CA. Arvind A. Thakkar
Proprietor**

M. No: 014334

Firm Regn. No. : 100571W

Place: Ahmedabad

Date: April 10, 2013

Annexure-I
Statement of Assets and Liabilities (As Restated)

(₹ in Lacs)

Particulars	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
Non-Current Assets						
a) Fixed Assets						
Tangible Assets	107.87	113.39	96.40	81.57	68.48	57.06
Intangible Assets	87.42	175.33	169.26	155.38	141.14	130.89
Capital Work -in-Progress	0.00	0.00	0.00	0.00	0.00	0.00
Total Fixed Assets (a)	195.29	288.72	265.66	236.95	209.62	187.95
b) Non Current Investments	0.54	0.54	0.54	0.54	0.54	0.54
c) Long Term Loans and Advances	401.05	689.29	614.27	532.09	186.10	216.80
d) Deferred Tax Asset	0.00	0.00	0.00	0.00	0.00	0.00
Total Non Current Assets	596.88	978.55	880.47	769.58	396.29	405.29
Current assets						
Current Investments	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	0.00	0.00	0.00	0.00	0.00	0.00
Trade Receivables	467.44	263.08	341.99	467.87	579.95	568.40
Cash and Cash Equivalents balances	101.36	92.66	173.03	244.65	319.49	364.65
Short Term Loans and advances	393.42	141.64	174.36	204.15	165.46	198.20
Other Current Assets	0.00	0.00	27.41	32.56	37.24	56.96
Total Current Assets	962.22	497.38	716.79	949.23	1,102.14	1188.21
Total Assets	1,559.10	1,475.93	1,597.26	1,718.81	1,498.40	1593.50
Non Current Liabilities						
Long Term Borrowings	547.84	514.29	455.89	387.02	176.62	209.84
Long term provisions	13.41	48.87	50.21	7.14	8.70	8.51
Deferred Tax Liability	4.15	4.15	4.15	1.12	1.60	1.60
Total Current Liabilities	565.40	567.31	510.25	395.28	186.92	219.95
Current Liabilities						
Short Term Borrowings	145.40	247.88	355.48	394.22	408.54	422.58
Trade Payables	385.43	122.55	144.85	140.00	87.05	104.76
Other Current Liabilities	4.50	10.00	10.00	10.00	13.11	15.11
Short Term Provisions	14.00	30.41	28.70	59.74	26.24	41.00
Total Current Liabilities	549.33	410.84	539.03	603.96	534.94	583.45
Net worth	444.37	497.78	547.99	719.58	776.54	790.10
Represented by						
Share capital						
-Equity Share Capital	452.94	460.75	460.75	701.93	721.73	721.73
-Preference Share Capital						
Total(a)	452.94	460.75	460.75	701.93	721.73	721.73
Reserves and surplus						
General Reserve						
P&L Account	-2.34	42.01	91.22	20.14	62.55	78.13
Less: Revaluation Reserve						
Total(b)	-2.34	42.01	91.22	20.14	62.55	78.13
Less: Miscellaneous Expenditure	6.23	4.98	3.98	2.49	7.74	9.76
Net Worth (a+b-c)	444.37	497.78	547.99	719.58	776.54	790.10

Annexure - II

Summary Statement of Profit and Loss, As Restated

(₹ Lacs)

Particulars	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
Income						
Sales & Operating Incomes	1,840.74	2,746.46	2,114.91	2,183.17	1,910.52	1128.57
Commission / Discount / Incentives etc.	31.11	33.78	64.81	48.78	41.24	30.78
Other Income	2.51	5.71	5.84	2.39	6.20	3.14
Increase/(Decrease) in Inventory	-	-	-	-	-	-
Total Income	1,874.36	2,785.95	2,185.56	2,234.34	1,957.96	1,162.49
Expenditure						
Direct cost of Sales / Services	1,634.40	2,290.59	1,849.62	1,891.89	1647.54	977.91
Administrative and Other Expenses	135.77	245.29	158.04	149.51	156.26	74.98
Selling and Distribution Expenses	19.83	29.79	17.69	11.48	3.12	16.92
Total Operating Expenses	1,790.00	2,565.67	2,025.35	2,052.88	1,806.92	1069.81
PBDIT	84.36	220.28	160.21	181.46	151.04	92.68
Interest and Other Financial Charges	31.77	59.38	42.64	63.63	82.65	52.72
PBDT	52.59	160.90	117.57	117.83	68.39	39.96
Less: Depreciation & Amortisation	37.69	69.93	68.36	59.04	51.21	22.38
PBT	14.90	90.97	49.21	58.79	17.18	17.58
Add / (Less) : Provision for Tax						
Current Tax	5.87	13.05	-	9.50	3.98	2.00
Fringe Benefit Tax	-	-	-	-	-	-
Deferred Tax Liability	-	-	-	(3.04)	0.49	-
Tax adjustment due to Assessment	11.37	33.56	-	-	-	-
Restated Profit After Tax	(2.34)	44.36	49.21	52.33	12.71	15.58
Balance brought forward from previous year	-	(2.34)	42.01	91.22	20.14	32.85
Net Profit Available for Appropriation	(2.34)	42.01	91.22	143.55	32.85	48.43
Appropriation						
Proposed Dividend on Equity Shares	-	-	-	-	-	-
Tax on Dividend	-	-	-	-	-	-
Transfer to General Reserves	-	-	-	-	-	-
Capatilized during the year for Bonus Shares	-	-	-	123.41	-	-
Balance carried forward as restated	(2.34)	42.01	91.22	20.14	32.85	48.43

Annexure – III
Summary Statement of Cash Flow:

(₹ in Lacs)

Particulars	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
A. CASH FLOW FROM OPERATING ACTIVITIES						
Profit Before Tax	14.90	90.97	49.21	58.79	17.18	17.58
<i>Adjusted for :</i>						
a. Depreciation	37.69	69.93	68.36	59.04	51.21	22.38
b. Interest Expenses	31.77	59.38	42.64	63.63	82.65	52.72
c. Other Adjustments						
d. Interest Income	-2.36	-4.87	-2.16	-2.39	-2.43	-2.03
e. Tax Adjustment due to restatement	-11.37	-33.56				
Operating profit before working capital changes	70.63	181.85	158.05	179.07	148.61	90.65
<i>Adjusted for :</i>						
a. Decrease / (Increase) in Inventories	0.00	0.00	0.00	0.00	0.00	0.00
b. Decrease / (Increase) in trade receivable	-467.44	204.36	-78.91	-125.88	-112.08	124.45
c. (Increase) / Decrease in short term loans and advances	-393.42	251.78	-32.72	-29.79	38.69	-32.74
d. (Increase) / Decrease in Other Current Assets	0.00	0.00	-27.41	-5.15	-4.68	-19.72
e. (Increase) / Decrease in Long term loans and advances	-401.05	-288.24	75.02	82.18	345.99	-143.60
f. Increase / (Decrease) in Trade Payables	385.43	-262.88	22.30	-4.85	-52.95	17.71
g. Increase / (Decrease) in short term provisions	14.00	16.41	-1.71	31.04	-33.50	14.76
h. Increase / (Decrease) in other current liabilities	4.50	5.50	0.00	0.00	3.11	2.00
i. Increase / (Decrease) in Long Term Provisions	17.56	35.45	1.34	-43.07	1.56	-0.19
Cash generated from operations	-769.79	144.23	115.96	83.55	334.75	53.32
Income Tax Paid (net of refunds)	5.87	13.05	0.00	9.50	3.98	2.00
NET CASH GENERATED FROM OPERATION	-775.66	131.18	115.96	74.05	330.77	51.32
B. CASH FLOW FROM INVESTING ACTIVITIES						
a. Purchase of Fixed Assets	-232.99	-163.36	-45.30	-30.33	-23.87	-0.71
b. Sale of Fixed Assets						
c. (Purchase) / Sale of non-current investment	-0.54	0.00	0.00	0.00	0.00	0.00
(Increase) in Misc. Expenses	-6.23	1.25	1.00	1.49	-5.25	-2.02
e. Interest received	2.36	4.87	2.16	2.39	2.43	2.03
Net cash (used) in investing activities	-237.40	-157.24	-42.14	-26.45	-26.69	-0.70
C. CASH FLOW FROM FINANCING ACTIVITIES						
a. Interest Paid	-31.77	-59.38	-42.64	-63.63	-82.65	-52.72
b. Proceeds from share issued	452.94	7.81	0.00	117.78	19.80	0.00
c. Share Premium					29.70	
d. (Repayments) / proceeds of long term borrowings	547.84	-33.55	-58.40	-68.87	-210.40	33.22
e. (Repayments) / proceeds of short	145.40	102.48	107.60	38.74	14.32	14.04

term borrowings						
Net cash generated/(used) in financing activities	1,114.41	17.36	6.56	24.02	-229.23	-5.46
Net Increase / (Decrease) in cash and cash equivalents	101.36	-8.70	80.38	71.62	74.85	45.16
Cash and cash equivalents at the beginning of the year	0.00	101.36	92.66	173.03	244.65	319.49
Cash and cash equivalents at the end of the year	101.36	92.66	173.03	244.65	319.49	364.65

Annexure-IV

SIGNIFICANT ACCOUNTING POLICIES

(1) Accounting Policies:

Significant accounting policies adopted in the preparation and the presentation of the accounts are stated as under. These accounting policies adopted by the company are as per standard accounting practices prescribed by the Institute of Chartered Accountants of India.

Basis of Accounting :

1. Financial statements have been prepared on accrual basis following historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 except provision of gratuity Bonus and leave encashment which continued to be accounted for on cash basis.
2. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company.
3. All income and expenditure items & assets and liabilities having a material bearing on the financial statements are recognized on accrual basis.

Fixed Assets :

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and other attributable cost for bringing the asset to working condition for its intended use.

Depreciation:

Depreciation is provided on Written down Value Method at the rates and in the manner prescribed by Schedule XIV of the Companies Act, 1956. Depreciation has been provided on pro-rata basis.

Inventories:

There is no closing stock.

Forward Contracts:

Any profit or loss arising on cancellation of renewal of forward contract is recognized as income or expense in the profit and loss account.

Revenue recognition:

Revenue on tour and travels is recognized when the services is about to be completed and no significant uncertainties exist about the final collection of payment.

Borrowing cost:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are recognized as expense in the year in which they are incurred.

Accounting For Taxes on Income:

Provision for taxation for the year comprises of current tax and deferred tax.

- i) Current tax is the amount of Income Tax ascertained on the basis of assessable profit computed in accordance with the provision of Income Tax Act, 1961.
- ii) Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Annexure - V

NOTES TO ACCOUNTS

1. Estimated amount of contracts remained to be executed on capital accounts is ₹ Nil.
2. Contingent liability in respect of bills discounted with bank is ₹ Nil.
3. There is no employee who was in receipt of remuneration, which in aggregate was more than ₹ 60,00,000/- per annum if employed throughout the year and not less than ₹ 5,00,000/- per month if employed for part of the year.
4. The company has not received balance confirmation at the end of Balance sheet date from Sundry creditors and Sundry debtors.
5. The company has requested its suppliers to furnish the information whether they are registered under the provisions of The Micro, Small and Medium Enterprises Development Act, 2006. The company has not received any information in this regard. Hence, disclosure as required under Section 22 of the said Act could not be furnished.
6. As the company's business activity falls within a single primary business segment viz. tours and travels, the disclosure requirements of Accounting Standard (AS) on segment reporting issued by the Institute of Chartered Accountants of India are not applicable.
7. Since there is only one segment of business hence AS 17 Segment Reporting is not applicable.
8. As per the records of the company it is not ostensible as to whether there is any amount outstanding for more than 30 days to any SSI Unit.
9. Previous years' figures have been regrouped and/or recast wherever necessary.

Annexure - VI

NOTES TO ADJUSTMENTS IN RESTATED ACCOUNTS

Employee benefits:

Gratuity payable to employees in accordance with the provisions of The Payment of The Gratuity Act, 1972 is a defined benefit plan as per Accounting Standard (AS) – 15 “Employee Benefits” as per Actuarial valuation certificates. For the purpose of restatement, gratuity liability of ₹ 7.30 Lacs pertaining to all the periods/years have been adjusted against profits of respective years as under:

Particulars	For the period / year ended 31st March (₹ Lacs)					
	31-10-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
Gratuity liability	0.35	1.56	1.86	1.34	1.89	2.04

Prior Period Items:

For the purpose of restatement Prior period items including Taxes related to earlier years have been adjusted in the periods to which it relates. Accordingly earlier year taxes of ₹ 11.37 lacs has been adjusted for the year ended March 31, 2008 and ₹ 33.56 lacs is adjusted for the year ended March 31, 2009.

Previous years' figures have been regrouped and/or recast wherever necessary.

Annexure – VII

Statement of Other income

(₹ in Lacs)

Particulars	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
Interest From Banks	2.36	4.87	2.16	2.39	2.43	2.03
Exchange Rate difference	0	0	3.57	0	0	0
Insurance Income	0	0	0.11	0	0.94	0.24
Dividend Income	0.01	0.07	0	0	0.00	0.00
Profit from sale of Vehicle	0.14	0.77	0	0	2.22	0
Other Income					0.61	0.87
Total	2.51	5.71	5.84	2.39	6.20	3.14

ANNEXURE- VIII

Statement of Accounting and Other Ratios

Particulars	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
Net Profit as restated (₹ in Lacs)	(2.34)	44.36	49.21	52.33	12.71	15.58
Net Worth	444.37	497.78	547.99	719.58	776.54	790.10
Return on Net worth (%)	-0.53%	8.91%	8.98%	7.27%	1.64%	1.97%
No of shares outstanding at the end of period/year (No)	46,55,380	46,79,540	51,99,489	70,19,310	72,17,310	72,17,310
No of shares (considering bonus issue) outstanding at the end of period/year (No)	62,84,763	63,17,379	70,19,310	70,19,310	72,17,310	72,17,310
(Face Value ₹ 10)						
Weighted No of Equity Shares outstanding at the end of the period/year	14,65,932	45,86,292	46,25,540	64,99,480	70,55,113	72,17,310
Weighted No of Equity Shares (considering bonus issue) outstanding at the end of the period/year	19,79,008	61,91,495	62,44,479	64,99,480	70,55,113	72,17,310
Earnings per Share	(0.16)	0.97	1.06	0.81	0.18	0.22
Earnings per Share considering bonus issue	(0.12)	0.72	0.79	0.81	0.18	0.22
Net Asset Value/Book Value per share	9.55	10.64	10.54	10.25	10.76	10.95
Net Asset Value/Book Value per share (Considering Bonus Issue)	7.07	7.88	7.81	10.25	10.76	10.95

Note:-

1. Earnings per share (₹) = Profit available to equity shareholders / Weighted No. of shares outstanding at the end of the year
2. Return on Net worth (%) = Restated Profit after taxation / Net worth x 100
3. Net asset value/Book value per share (₹) = Net worth / No. of equity shares outstanding at the end of the year
4. The Company does not have any revaluation reserves or extra-ordinary items.

Annexure – IX

Capitalization Statement:

(₹ in Lacs)

Long term debt	Pre Issue		Post Issue
	31-Mar-12	31-Oct-12	
Debt :			
Short term debt	408.54	422.58	422.58
Long term debt	176.62	209.84	209.84
Total Debt	585.16	632.42	632.42
Shareholders Funds			
Equity Share Capital	721.73	721.73	1267.05
Reserves and Surplus	62.55	78.13	405.28
Less: Misc Expenditure to the extent not written off	7.74	9.76	9.76
Total Shareholders Funds	776.54	790.10	1,662.57
Total Debt / Shareholders Fund	0.75	0.80	0.38

- 1) Debts have not been adjusted for the period after October 31, 2012.
- 2) Reserve and Surplus includes share premium of ₹ 6 arising out of Public Issue of 50,00,000 Equity Shares of ₹ 10 each which are yet to be allotted.
- 3) Profit & Loss account has not been adjusted for the period after October 31, 2012.

Annexure – X

STATEMENT OF TAX SHELTER

(₹ In Lacs)

Particulars	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
Profit Before Tax	14.90	90.97	49.21	58.79	17.18	17.58
Tax rate						
-- Normal Tax rate	30.90%	30.90%	30.90%	30.90%	30.90%	30.90%
-- Minimum Alternative Tax rate	11.33%	11.33%	16.995%	20.394%	19.06%	19.06%
Notional Tax at normal rates (A)	4.60	28.11	15.21	18.17	5.31	5.43
Permanent differences						
Exempted exp. u/s 10 A of IT Act	-	-	-	-	-	-
Other Adjustments	0.14	-	-	-	-2.15	0.08
Total (B)	0.14	-	-	-	(2.15)	0.08
Timing Differences						
Depreciation as per Books	37.69	69.93	68.36	59.04	51.20	22.38

Depreciation as per Income Tax	36.47	81.61	78.30	65.11	54.38	20.69
Difference between tax depreciation and book depreciation	(1.22)	11.68	9.94	6.07	(3.18)	1.69
Other adjustments (Disallowance)	3.36	6.04	46.09	(17.75)	8.30	0.00
Total (C)	(4.58)	5.64	(36.15)	23.82	(11.47)	1.69
Net Adjustments (B+C)	(4.44)	5.64	(36.15)	23.82	(13.62)	1.77
Tax Savings (D)	(1.37)	1.74	(11.17)	(7.36)	4.21	(0.55)
Total Taxation (E = A-D)	3.23	26.37	4.04	10.80	9.52	4.89
Tax payable as per MAT	1.69	10.31	8.36	11.99	3.27	3.35
Tax Expense recognised in Restated P&L	5.87	13.05	-	9.50	3.98	2.00

The statement of tax shelter has been prepared based on returns of income filed by the Company with the Income tax authorities, except for the seven months period ended October 31, 2012. The effect of assessment/appellate orders has not been considered for the above statement.

Annexure – XI

Statement of Secured Loans

Statement of Long Term Borrowings - Secured						(₹ in Lacs)
Particulars	31.03.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Associate Co-op.Bank Ltd.	38.55	26.40	0.00	0.00	0.00	0.00
HDFC Business Loan	9.15	3.94	0.00	0.00	0.00	0.00
HDFC Innova Loan	6.49	10.75	5.08	1.60	5.58	4.43
HDFC Tavera Loan	3.90	5.84	3.82	1.28	4.44	3.52
HDFC Verna Loan Bombay	0.00	0.00	0.00	0.00	3.86	3.04
HDFC Verna Loan Surat	0.00	0.00	0.00	0.00	3.19	2.52
Sub-Total	58.10	46.93	8.89	2.88	17.07	13.51

Statement of Short Term Borrowings – Secured						
Particulars	31.03.2008	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.10.2012
-From Banks						
Unsecured						
Associate Bank Overdraft	0.00	0.00	0.00	0.00	22.99	38.77
Axis Bank	0.00	0.00	0.00	0.02	0.00	0.00
ICICI Bank	9.16	0.00	0.00	14.54	3.83	0.00
YES Bank-394	110.08	219.78	0.00	0.00	1.40	0.00
ICICI Bank Overdraft	24.99	26.93	25.73	25.40	25.45	25.84
UCO Bank Overdraft	1.17	1.17	0.00	0.00	0.00	0.00
IDBI Bank 1359 Overdraft	0.00	0.00	329.75	354.26	354.87	357.94
IDBI Bank Current A/c	0.00	0.00	0.00	0.00	0.00	0.03
Total	145.40	247.88	355.48	394.22	408.54	422.58

Principle Terms and Conditions of Outstanding Secured Loans:

(₹ in lacs)

Name of the lender	Facility	Sanctioned Amount	Amount Outstanding as on 31.10.12	Rate of Interest	Repayment Schedule	Securities offered
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IDBI Bank Limited	Cash Credit BG	350.00 30.00	357.94	15.00%	On Demand, Renewable every year	As given below
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Primary – First Exclusive charge in the form of Hypothecation on all the current assets, movable and immovable assets of the company (present and future)

Collateral – first exclusive charge in the form of equitable mortgage (registered) of the following collateral securities situated at :

1. F22-23-24, Jolly Arcade, Ghod Dod Road, Surat owned by Ace Tours Worldwide Pvt. Ltd. having market value of ₹ 200 lacs.
2. Flat No. 1001, 10th floor, Pratishtha Complex, Block no. A, Lake View Lane, Piplod, Surat owned by Rekha A. Choksi having market value of ₹ 50 lacs.
3. Sagar Sankul, 304, Jahagirpura, Surat owned by Mrs. Mala Raju Choksi, having market value of ₹ 25 lacs.
4. Regent Corporation, 1101, Adajan, Surat owned by Nileshaben Choksi having market value of ₹ 35 lacs.
5. Insurance policies having surrender value of ₹ 10 lacs.

Personal Guarantees of directors of the Company viz.

Third party guarantee of Mrs. Suhagini Jayesh Choksi and Mrs. Mala Raju Choksi.

Name of the lender	Facility	Sanctioned Amount	Amount Outstanding as on 31.10.12	Rate of Interest	Repayment Schedule	
ICICI Bank Limited	Overdraft	25.00	25.84	20.25%	On Demand, Renewable every year	
Associate Co-Op Bank Limited	Overdraft		38.77	11.50%	On Demand	
HDFC Bank	Vehicle Loans - Innova		4.43	Monthly Repayment		
HDFC Bank	Vehicle Loans – Tavera		3.52	Monthly Repayment		
HDFC Bank	Vehicle Loans – Verna		3.04	Monthly Repayment		
HDFC Bank	Vehicle Loans – Verna		2.52	Monthly Repayment		

Annexure - XII

Statement of Unsecured Loans:

Long Term Unsecured Loans

(₹ in Lacs)

Particulars	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
From Directors/Shareholders and their relatives	0.68	0.06	-	0.31	7.55	31.47
0% Fully Convertible Debentures of face value of ₹ 400 Lacs	400.00	400.00	400.00	288.27	0.00	0.00
From Companies/ Entities under same management	-	-	-	-	-	11.85
From Banks / NBFCs	89.06	63.19	39.32	62.82	122.01	118.44
From Others	-	4.11	7.67	32.74	29.99	34.57

Total	489.74	467.36	446.99	384.14	159.55	196.33
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Terms & Conditions of the Unsecured Loans outstanding as on October 31, 2012			
Name of the Lender	Amount Outstanding	Rate of Interest	Repayment Schedule
From Directors/Shareholders and their relatives			
Ashutosh B. Choksi	4.85	Nil	Repayable on Demand
Anil J Choksi	5.06	Nil	Repayable on Demand
Mayank A. Choksi	2.35	Nil	Repayable on Demand
Bharat J.Choksi	7.05	Nil	Repayable on Demand
Raju J.Choksi	6.02	Nil	Repayable on Demand
Shivani J.Choksi	2.70	Nil	Repayable on Demand
Nilesha Choksi	3.45	Nil	Repayable on Demand
From Companies/ Entities under same management			
Ace Resort & Infrastructure Pvt.Ltd.	0.15	Nil	Repayable on Demand
Mayur Construction	11.70	Nil	Repayable on Demand
From Banks / NBFCs			
Dhanlaxmi Lease Finance Limited	95.89	Nil	Repayable on Demand
Religare Finvest Limited	22.55	17.00%	Monthly Repayment
From Others			
Vashi Construction	25.00	Nil	Repayable on Demand
Ghenga D. Vanol	1.11	18.00%	Repayable on Demand
BCCL	8.46	Nil	Repayable on Demand

Annexure – XIII

Statement of Sundry Debtors:

(₹ in Lacs)

Particulars	As at					
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
Outstanding for the period exceeding Six months	261.62	80.15	73.74	45.67	77.65	89.71
Other Debts	205.82	182.93	268.25	422.20	615.20	478.69
Total	467.44	263.08	341.99	467.87	692.85	568.40

Annexure – XIV

Statement of Loans & Advances, Sundry Deposits:

(₹ in Lacs)

Particulars	As at					
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
Long Term						

Deposits	16.09	10.71	17.34	11.86	13.61	16.11
Loan to Directors	0.00	27.98	43.61	69.44	17.29	5.82
Loan to compnaies in which directors and relatives are interested	343.58	306.45	205.17	94.13	114.75	114.75
Loan Given to Related Parties	0.40	1.23	6.13	20.24	10.41	10.46
Other Loans and Advances	40.98	342.91	342.02	328.61	22.23	61.86
MAT Credit Entitlement			0.00	7.81	7.81	7.81
Sub Total	401.05	689.29	614.27	532.09	73.20	216.80
Short Term						
Advances Recoverable in Cash or in Kind	359.65	83.73	83.74	183.62	153.32	183.90
Income Tax	33.77	54.33	79.55	14.82	6.36	10.10
Prepaid Expenses	0.00	3.59	11.07	5.71	5.78	4.20
Sub Total	393.42	141.64	174.36	204.15	165.47	198.20
Total	794.47	830.93	788.63	736.24	238.67	415.00

Annexure – XV

Statement of Contingent Liabilities

There are no contingent liabilities outstanding for the period covered by this report.

Annexure - XVI

Related party disclosure in accordance with AS – 18

Deatails of Related party Transactions	
Name of the key managerial personnel	Relationship
Rajubhai Choksi	Promoter / Director
Bharat Choksi	Promoter / Director
Jayesh Choksi	Director
Anil Choksi	Director
Mayank Choksi	Director
Nileshta Bharat Choksi	Director
Rekha Anil Choksi	Director
Suhagini Jayesh Choksi	Relative
Mala Rajubhai Choksi	Relative
Ami Mayank Choksi	Relative
Shivani J Choksi	Relative

Ashutosh B Choksi	Relative
Ace Holidays & Resorts Pvt. Ltd.	Associate Company
Mayur Construction Co.	Associate Firm
Hitech Software Projects	Associate Firm
Sri Satya Sai Hotels & Resorts	Associate Firm

Particulars	31.03.08	31.03.09	31.03.10	31.03.11	31.03.12	31.10.12
Remuneration						
Rajubhai Choksi	5.85	7.20	3.00	3.00	4.50	3.50
Bharat Choksi	5.85	7.20	3.00	3.00	4.50	3.50
Jayesh Choksi	5.85	7.20	3.00	3.00	1.50	0.00
Anil Choksi	5.85	7.20	3.00	3.00	1.50	0.00
Mayank Choksi	5.40	6.00	2.40	2.40	2.40	1.75
Nilesha Bharat Choksi	0.00	2.04	2.04	0.00	0.00	0.00
Rekha Anil Choksi	0.00	2.04	2.04	0.00	0.00	0.00
Services provided to						
Ace Resorts & Infrastructure Private Limited	0.00	0.00	0.00	2.21	4.22	1.54
Unsecured Loan Liability						
Ami Mayank Choksi	5.50					
Rajubhai Choksi	1.99	0.00	0.00	0.00		33.76
Bharat Choksi	2.97	0.00	0.00	0.00		6.02
Jayesh Choksi	1.93	0.00	0.00	0.00		
Mayank Choksi	1.90	1.00	0.00	0.00		0.70
Nilesha Bharat Choksi	2.12	2.04	0.00	0.00		0.53
Anil Choksi						
Rekha Anil Choksi	0.00	2.04	0.00	0.00		
Suhagini Jayesh Choksi						
Mayur Construction Co.						24.13
Ace Resorts & Infrastructure Private Limited						4.50
Shivani J Choksi					2.70	5.00
Ashutosh B Choksi					4.85	
Unsecured Loan repaid						
Ami Mayank Choksi	5.00					
Rajubhai Choksi	20.35	0.00	0.00	0.00		51.25
Bharat Choksi	11.94	0.00	0.00	0.00		1.98
Jayesh Choksi	15.04	0.00	0.00	0.00		
Mayank Choksi	9.55	1.00	0.00	0.00		1.58
Nilesha Bharat Choksi	12.12	2.00	0.00	0.00		0.58
Rekha Anil Choksi	4.50	2.16	0.01	0.00		
Suhagini Jayesh Choksi					0.31	
Mayur Construction Co.						12.43
Ace Resorts & Infrastructure Private Limited						4.35
Shivani J Choksi						5.00
Balance Outstanding						
Ami Mayank Choksi	0.00					

Rajubhai Choksi	0.07	0.00	0.00	0.00		6.02
Bharat Choksi	0.11	0.00	0.00	0.00	3.01	7.05
Jayesh Choksi	0.03	0.00	0.00	0.00		
Anil Choksi	0.00	0.00	0.00	0.00	5.06	5.06
Mayank Choksi	0.02	0.02	0.00	0.00	3.22	2.34
Nileshta Bharat Choksi	0.00	0.04	0.00	0.00	3.50	3.45
Rekha Anil Choksi	0.13	0.01	0.00	0.00		
Suhagini Jayesh Choksi	0.00	0.00	0.00	0.31	0.00	
Mayur Construction Co.	0.00	0.00	0.00	0.00		11.70
Ace Resorts & Infrastructure Private Limited						0.15
Shivani J Choksi					2.70	2.70
Ashutosh B Choksi					4.85	4.85
Loans & Advances (Assets)						
Ace Resorts & Infrastructure Private Limited	328.80	12.97	118.77	115.55	51.02	
Mayur Construction Co.	5.07	15.94	13.40	0.00	20.92	
Rajubhai Choksi	0.00	11.90	6.37	10.32	5.98	
Bharat Choksi	0.00	9.83	7.36	6.88	4.40	
Jayesh Choksi	0.00	12.38	0.00	10.44	0.81	
Anil Choksi	1.50	8.02	3.69	0.05		
Ami Mayank Choksi	0.00	0.35	0.00	0.00		
Suhagini Jayesh Choksi	25.40	0.19	0.05	1.50		0.05
Mala Rajubhai Choksi	30.95	0.50	4.66	3.31	2.52	
Mayank Choksi	0.00	0.00	3.95	4.13	2.40	
Meghana Anil Choksi	5.00	0.15	0.18	0.01		
Rekha Anil Choksi	0.00	0.00	0.00	6.61	3.29	
Nileshta Bharat Choksi	0.00	0.00	4.88	7.35	2.77	
Hitech Software Projects					202.90	
Sri Satya Sai Hotels & Resorts					2.85	
Loans & Advances repayment by related party						
Ace Resorts & Infrastructure Private Limited	0.00	57.05	214.40	220.60	135.26	
Mayur Construction Co.	3.00	8.99	19.05	6.00	30.80	
Rajubhai Choksi	0.00	1.00	2.48	0.36	19.25	
Bharat Choksi	0.00	2.00	3.85	5.64	19.89	
Jayesh Choksi	0.00	3.00	0.53	0.25	14.00	
Anil Choksi	2.52	1.20	0.32		18.00	
Ami Mayank Choksi	0.00	0.15	0.00	0.00		
Suhagini Jayesh Choksi	24.50	0.21	0.00	2.25		
Mala Rajubhai Choksi	30.50	0.00	0.00	2.00	3.78	
Mayank Choksi	0.00	0.00	0.03	4.43	9.22	
Meghana Anil Choksi	4.50					
Rekha Anil Choksi	0.00	0.00	0.00	0.00	5.25	
Nileshta Bharat Choksi	0.00	0.00	3.29	2.60	12.57	
Hitech Software Projects					90.00	
Sri Satya Sai Hotels & Resorts					1.00	
Balance Outstanding						
Loans & Advances Given						
<u>Directors</u>						

Rajubhai Choksi	0.00	10.90	14.79	24.74	11.47	0.00
Bharat Choksi	0.00	7.72	11.23	12.48	0.00	0
Jayesh Choksi	0.00	9.36	8.83	19.01	5.82	5.82
Anil Choksi	2.70	9.52	12.89	12.94		
Mayank Choksi	0.00	0.00	3.90	3.60		
Nilesa Bharat Choksi	0.00	0.00	1.55	6.30		
Group Company / Firm						
Ace Resorts & Infrastructure Private Limited	329.00	284.92	189.29	84.25	0.00	0
Mayur Construction Co.	14.58	21.53	15.88	9.88	0.00	0
Hitech Software Projects					112.90	112.90
Sri Satya Sai Hotels & Resorts					1.85	1.85
Relatives						
Ami Mayank Choksi	0.00	0.20	0.20	0.20	0.20	0.20
Suhagini Jayesh Choksi	0.40	0.38	0.43	0.31		0.05
Mala Rajubhai Choksi	0.00	0.50	5.16	6.47	5.21	5.21
Rekha Anil Choksi	0.00	0.00	0.00	6.61	4.65	4.65
Meghana Anil Choksi	0.00	0.15	0.34	0.35	0.35	0.35
Nilesa Bharat Choksi	0.00	0.00	0.00	6.30		
Total	346.68	345.18	264.49	193.44	142.45	131.03

Annexure –XVII

Statement of Dividend paid:

The Company has not declared/ paid any dividend since incorporation.

Annexure - XVIII

Schedule of Investments

(₹ In Lacs)

Particulars	As at					
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Oct-12
(a) Share Investment						
(i) Associates Co-op Bank	0.53	0.53	0.53	0.53	0.53	0.53
(ii) Vikash Co-op Bank	0.01	0.01	0.01	0.01	0.01	0.01
Total Investments	0.54	0.54	0.54	0.54	0.54	0.54

Annexure – XIX

There were no qualifications in the Auditors' report for the period / year ending on March 31, 2008, 2009, 2010, 2011, 2012 and seven months period ended October 31, 2012.

Annexure – XX

Changes in the Significant Accounting Policies

There have been no changes in the accounting policies for the period / year ending on March 31, 2008, 2009, 2010, 2011, 2012 and seven months period ended October 31, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated financial statements included in the Draft Prospectus. You should also read the section entitled "Risk Factors" beginning on page 9, which discusses a number of factors, risks and contingencies that could affect our financial condition and results of operations. The following discussion relates to our Company and, is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations. Portions of the following discussion are also based on internally prepared statistical information and on other sources. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year ("Fiscal Year") are to the twelve-month period ended March 31 of that year.

Business Overview

We provide quality holidays with a range of services designed to meet the diverse holiday needs and interests of our clients families and corporate as well.

We are primarily in the business of providing the following travel and leisure services to our clients:

1. International Tours
 - a. Individual Tours
 - b. Group Tours
2. Domestic Tours
 - a. Individual Tours
 - b. Group Tours
3. MICE (Meetings, Incentives, Conferences and Exhibitions)
4. Cruises
5. Other special planned trips
 - a. Honeymoon trips
 - b. School trips
 - c. Business / Conventional trips
 - d. Conference / Trade Fairs / Exhibitions
6. Travel Bookings
 - a. Air tickets
 - b. Railway tickets
7. Hotel bookings (worldwide)
8. Rent-a-Car facility
9. Visa Processing

We endeavour to provide the most suited holidays/trips to our clients, which are custom made to meet their requirements. As mentioned above we provide the entire gamut of activities associated with holidays like ticketing, local travel arrangement, hotel bookings etc under a single roof to our clients.

Our continued services have won us many accolades such as recognition as an approved tour operator and for excellent co-operation and service by the Ministry of Tourism, Government of India.

Significant developments subsequent to the last financial year:

After the date of last financial year i.e. March 31, 2012, the Directors of our Company confirm that, there have not been any significant material developments.

Discussion on Results of Operation:

The following discussion on results of operations should be read in conjunction with the Audited Financial Results of our Company for the years ended March 31, 2008, 2009, 2010, 2011, 2012 and seven months period ended October 31, 2012.

Key factors affecting the results of operation:

Our Company's future results of operations could be affected potentially by the following factors:

Demand: Currently, the demand for our services and products is predominantly from packaged tour and air ticket booking customers. The prospects and earnings growth of the customers will have an impact on our ability to generate

revenues.

Competition: Selling prices of our services and products may be affected if competition intensifies. Further, as a result of increase in scale of operations, adoption of aggressive pricing strategies by our competitors in order to gain market share or new competitors entering the markets, may adversely affect our operations and financial results.

Other factors include:

- Any delay in the recovery of outstanding receivables.
- Prevailing trends in the Tourism Industry in India and Globally.
- Company's ability to successfully implement their marketing, business and growth strategies.
- Changes in the regulations/regulatory framework/economic policies in India and/or in foreign countries.

Discussion on Results of Operation:

The following discussion on results of operations should be read in conjunction with the audited financial results of our Company for the years ended 31st March, 2008, 2009, 2010, 2011, 2012 and seven months period ended October 31, 2012.

OUR SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies please refer *Significant Accounting Policies, "Annexure IV" beginning under Chapter titled "Financial Information of our Company" beginning on page 117 of the Draft Prospectus.*

RESULTS OF OUR OPERATION

For the seven months ended October 31, 2012.

(₹ Lacs)

Particulars	For the period ended 31.10.12	% to Operating Income
Income		
Sales & Operating Incomes	1128.57	
Commission / Discount / Incentives etc.	30.78	
Other Income	3.14	
Increase/(Decrease) in Inventory		
Total Income	1162.49	
Expenditure		
Direct cost of Sales / Services	977.91	86.65%
Administrative and Other Expenses	74.98	6.64%
Selling and Distribution Expenses	16.92	1.50%
Total Operating Expenses	1069.81	94.79%
PBDIT	92.68	8.21%
Interest and Other Financial Charges	52.72	4.67%
PBDT	39.96	3.54%
Less: Depreciation & Amortisation	22.38	1.98%
PBT	17.58	1.56%
Tax Impact	2.00	0.18%
PAT	15.58	1.38%

Income from operations

The Income from operations for the seven months period ended October 31, 2012 is ₹ 1128.57 Lacs. This mainly includes income sale of Packaged Tours of ₹ 551.54 Lacs, Air Ticket Booking of ₹ 271.92 Lacs amongst others.

Total Income

The Total Income for the seven months period ended October 31, 2012 is ₹ 1162.49 Lacs.

Expenditure:

Direct Cost of Sales and Services

Direct Cost of Sales and Services was ₹ 977.91 Lacs for the seven months period ended October 31, 2012. This mainly includes expenses on air ticket and hotel booking charges, international land arrangement charges, tour expenses, cruise booking charges, visa processing fees etc. The Direct Cost of Sales and Services cost was 86.65% of total sales for the seven months period ended October 31, 2012.

Administrative and Other Expenses

Administrative and other expenses were ₹ 74.98 Lacs for seven months period ended October 31, 2012. The Administrative and other expenses was 6.64% of income from operations.

Selling and Distribution Expenses

Selling and Distribution expenses were ₹ 16.92 Lacs for seven months period ended October 31, 2012. The selling and distribution expenses was 1.50 % of income from operations.

Profit before Depreciation, Interest and Tax (PBDIT)

PBDIT for the period ended October 31, 2012 was ₹ 92.68 Lacs and our Company recorded PBDIT of 8.21% of the operating income.

Interest & Financial Charges

Interest & Financial Charges seven months period ended October 31, 2012 were ₹ 52.72 Lacs. During this period, the Interest & Financial Charges cost was 4.67% of income from operations.

Depreciation

Depreciation on fixed assets seven months period ended October 31, 2012 was 1.98 % of income from operations. The total depreciation seven months period ended October 31, 2012 was ₹ 22.38 Lacs.

Profit after Tax and restatement adjustment (PAT)

PAT seven months period ended October 31, 2012 stood at ₹ 15.58 Lacs. During this period, our Company recorded PAT margin of 1.38%.

Results of Operations for the FY 2010, 2011 and 2012

	(₹ Lacs)		
Particulars	31-Mar-10	31-Mar-11	31-Mar-12
Income			
Sales & Operating Incomes	2,114.91	2,183.17	1,910.52
Commission / Discount / Incentives etc.	64.81	48.78	41.24
Total Operating Income	2,179.72	2,231.95	1,951.76
Increase/Decrease (%)	-21.60%	2.40%	-12.55%
Other Income	5.84	2.39	6.20
Total Income	2,185.56	2,234.34	1,957.96
Increase/Decrease (%)	-21.55%	2.23%	-12.37%
Expenditure			
Direct cost of Sales / Services	1,849.62	1,891.89	1,647.54
Increase/Decrease (%)	-19.25%	2.29%	-12.92%
% to Income from Operations	84.86%	84.76%	84.41%
Administrative and Other Expenses	158.04	149.51	156.26
Increase/Decrease (%)	-35.57%	-5.40%	4.51%
% to Income from Operations	7.25%	6.70%	8.01%
Selling and Distribution Expenses	17.69	11.48	3.12

Increase/Decrease (%)	-40.62%	-35.10%	-72.82%
% to Income from Operations	0.81%	0.51%	0.16%
Total Expenditure	2,025.35	2,052.88	1,806.92
Increase/Decrease (%)	-21.06%	1.36%	-11.98%
% to Income from Operations	92.92%	91.98%	92.58%
PBIDT	160.21	181.46	151.04
Increase/Decrease (%)	-27.27%	13.26%	-16.76%
% to Income from Operations	7.35%	8.13%	7.74%
Depreciation	68.36	59.04	51.21
Increase/Decrease (%)	-2.25%	-13.63%	-13.26%
% to Income from Operations	3.14%	2.65%	2.62%
Profit Before Interest and Tax	91.85	122.42	99.83
Increase/Decrease (%)	-38.91%	33.28%	-18.45%
% to Income from Operations	4.21%	5.48%	5.11%
Interest & Financial Charges	42.64	63.63	82.65
Increase/Decrease (%)	-28.19%	49.23%	29.89%
% to Income from Operations	1.96%	2.85%	4.23%
Profit before Taxation	49.21	58.79	17.18
Increase/Decrease (%)	-45.90%	19.46%	-70.77%
% to Income from Operations	2.26%	2.63%	0.88%
Tax Effect	-	6.46	4.47
Increase/Decrease (%)	-100.00%		
% to Income from Operations	0.00%	0.29%	0.23%
Restated Profit After Tax	49.21	52.33	12.71
Increase/Decrease (%)	10.94%	6.33%	-75.71%
% to Income from Operations	2.26%	2.34%	0.65%

COMPARISON OF FY 2012 WITH FY 2011:

Income from operations

The Income from operations for the FY 2012 is ₹ 1951.76 Lacs as compared to ₹ 2231.95 Lacs during the FY 2011 showing decrease of 12.55%. This mainly includes income sale of Packaged Tours of ₹ 1201.34 Lacs and Air Ticket Booking of ₹ 447.59 Lacs for FY 2012 as against ₹ 1351.60 Lacs and ₹ 589.73 Lacs respectively for FY 2011. The reduction in income from operations was primarily due to decrease in the incomes from packaged tours as well as air ticket booking..

Total Income

The Total Income for the FY 2012 is ₹ 1957.96 Lacs as compared to ₹ 2234.34 Lacs during the FY 2011 showing decrease of 12.37%.

Expenditure:

Direct Cost of Sales and Services

Direct Cost of Sales and Services decreased from ₹ 1891.89 Lacs for the FY 2011 to ₹ 1647.54 Lacs for FY 2012 showing decrease of 12.92%. The direct cost of sales is linked to the income from operations. The reduction of Income from operation by 12.55% in FY 2012 compared to FY 2011 result in to reduction in cost by 12.92% in FY 2012

compared to FY 2011. The direct cost of sales and services mainly includes inland arrangement charges, air ticket booking charges, hotel booking charges, etc. The Direct Cost of Sales and Services cost was 84.41% of total sales during FY 2012 as against that of 84.76% during FY 2011. The decrease is line with decrease in revenues.

Administrative and Other Expenses

Administrative and other expenses increased from ₹ 149.51 Lacs for FY 2011 to ₹ 156.26 Lacs for FY 2012 showing increase of 4.51%. This increase was mainly due to increase in office expense, communication and other business expenses. During FY 2012, the Administrative and other expenses was 8.01% of income from operations as against 6.70% during FY 2011.

Selling and Distribution Expenses

Selling and Distribution expenses decreased from ₹ 11.48 Lacs for FY 2011 to ₹ 3.12 Lacs for FY 2012 showing decrease of 72.82%. This decrease was mainly due to decrease in commission paid and other business promotion expenses. During FY 2012, the selling and distribution expenses was 0.16% of income from operations as against 0.51% during FY 2011.

Profit before Depreciation, Interest and Tax (PBDIT)

PBDIT decreased from ₹ 181.46 Lacs for FY 2011 to ₹ 151.04 Lacs for FY 2012, mainly on account of decrease in revenues and increase in administrative expenses. During FY 2012, our Company recorded PBDIT of 7.74% of the operating income as against 8.13% during FY 2011.

Interest & Financial Charges

Interest & Financial Charges increased from ₹ 63.63 Lacs for FY 2011 to ₹ 82.65 Lacs for the FY 2012. This cost mainly includes interest on secured and unsecured loans and bank charges. During FY 2012, the Interest & Financial Charges cost was 4.23% of income from operations as against 2.85% during FY 2011.

Depreciation

Depreciation on fixed assets was 2.62% of income from operations during FY 2012 as compared to 2.65% during FY 2011. The total depreciation during FY 2011 was ₹ 59.04 Lacs and during FY 2012 it was ₹ 51.21 Lacs. There was decrease in depreciation since there was no major addition in fixed assets during FY 2012.

Profit after Tax

PAT decreased from ₹ 52.33 Lacs for the FY 2011 to ₹ 12.71 Lacs in FY 2012 showing a decrease of 75.71%. This decrease was due to increase in interest and financial charges, increase in administrative and Other Expenses and reduction of income. During FY 2012, our Company recorded PAT margin of 0.65% as against 2.34% for FY 2011.

COMPARISON OF FY 2011 WITH FY 2010:

Income from operations

The Income from operations for the FY 2011 is ₹ 2231.95 Lacs as compared to ₹ 2179.72 Lacs during the FY 2010 showing increase of 2.40%. This mainly includes income sale of Packaged Tours of ₹ 1351.60 Lacs and Air Ticket Booking of ₹ 589.73 Lacs for FY 2011 as against ₹ 1101.96 Lacs and ₹ 659.74 Lacs respectively for FY 2010.

Total Income

The Total Income for the FY 2011 is ₹ 2234.34 Lacs as compared to ₹ 2185.56 Lacs during the FY 2010 showing increase of 2.23%.

Expenditure:

Direct Cost of Sales and Services

Direct Cost of Sales and Services increased from ₹ 1849.62 Lacs for the FY 2010 to ₹ 1891.89 Lacs for FY 2011 showing an increase of 2.29%. The direct cost of sales is linked to the income from operations. The increase of Income from operation by 2.40 % in FY 2011 compared to FY 2010 result in to increase in cost by 2.29 % in FY 2011 compared to FY 2010. This mainly includes increase in inland arrangement charges. The Direct Cost of Sales and

Services cost was 84.76% of total sales during FY 2011 as against that of 84.86% during FY 2010. The increase is line with increase in revenues.

Administrative and Other Expenses

Administrative and other expenses decreased from ₹ 158.04 Lacs for FY 2010 to ₹ 149.51 Lacs for FY 2011 showing decrease of 5.40%. This decrease was mainly due to decrease in office expense, staff salaries, communication and other business expenses. During FY 2011, the Administrative and other expenses was 6.70% of income from operations as against 7.25% during FY 2010.

Selling and Distribution Expenses

Selling and Distribution expenses decreased from ₹ 17.69 Lacs for FY 2010 to ₹ 11.48 Lacs for FY 2011 showing decrease of 35.10%. This decrease was mainly due to decrease in commission paid and other business promotion expenses. During FY 2011, the selling and distribution expenses was 0.51% of income from operations as against 0.81% during FY 2010.

Profit before Depreciation, Interest and Tax (PBDIT)

PBDIT increased from ₹ 160.21 Lacs for FY 2010 to ₹ 181.46 Lacs for FY 2011, mainly on account of decrease in administrative and selling & distribution expenses. During FY 2011, our Company recorded PBDIT of 8.13% of the operating income as against 7.35% during FY 2010.

Interest & Financial Charges

Interest & Financial Charges increased from ₹ 42.64 Lacs for FY 2010 to ₹ 63.63 Lacs for the FY 2011. This cost mainly includes interest on secured and unsecured loans and bank charges. During FY 2011, the Interest & Financial Charges cost was 2.85% of income from operations as against 1.96% during FY 2010.

Depreciation

Depreciation on fixed assets was 2.65% of income from operations during FY 2011 as compared to 3.14% during FY 2010. The total depreciation during FY 2010 was ₹ 68.36 Lacs and during FY 2011 it was ₹ 59.04 Lacs. This decrease was due addition to fixed assets in the second half of FY 2011, which were put to use for less than six months.

Profit after Tax

PAT increased from ₹ 49.21 Lacs for the FY 2010 to ₹ 52.33 Lacs in FY 2011 showing a increase of 6.33%. This increase was due to decrease in administrative and Other Expenses and increase of income. During FY 2011, our Company recorded PAT margin of 2.34% as against 2.26% for FY 2010.

Related Party Transactions

For further information please refer “Annexure XVI” beginning on page 130 under Chapter titled “Financial Information of our Company” beginning on page 117 of the Draft Prospectus.

Financial Market Risks

We are exposed to financial market risks from changes in borrowing costs, interest rates and inflation.

Interest Rate Risk

We are currently exposed interest to rate risks to the extent of outstanding loans. However, any rise in future borrowings may increase the risk.

Effect of Inflation

We are affected by inflation as it has an impact on the operating cost, staff costs etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:

1. Unusual or infrequent events or transactions

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations.

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in *‘Factors Affecting our Results of Operations’* and the uncertainties described in the section entitled *‘Risk Factors’* beginning on page 9 of the Draft Prospectus. To our knowledge, except as we have described in the Draft Prospectus, there are no known factors which we expect to bring about significant economic changes.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

Apart from the risks as disclosed under Section titled “Risk Factors” beginning on page 9 in the Draft Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.

Our Company’s future costs and revenues will be determined by demand/supply situation, government policies and prices quoted by service providers.

5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.

Increases in revenues are by and large linked to increases in volume of business.

6. Total turnover of each major industry segment in which the issuer company operated.

For details on the total turnover of the industry *please refer to Chapter titled “Industry Overview” beginning on page 64 of the Draft Prospectus.*

7. Status of any publicly announced new products or business segment.

Our Company has not announced any new product and segment.

8. The extent to which business is seasonal.

Our Company’s business catering to tourists is seasonal in nature.

9. Any significant dependence on a single or few suppliers or customers.

We are not dependant significantly on single supplier or customers

10. Competitive conditions.

Competitive conditions are as described under the *Chapters titled “Industry Overview” and “Business Overview” beginning on pages 64 and 78, respectively of the Draft Prospectus.*

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions or proceedings against our Company, our Directors, our Promoter and Entities Promoted by our Promoters before any judicial, quasi-judicial, arbitral or administrative tribunals or any disputes, tax liabilities, non payment of statutory dues, over dues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/civil/ any other offences (including past cases where penalties may or may not have been imposed and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors, our Promoters and the Entities Promoted by our Promoters, except the following:

Further, except as stated herein, there are no past cases in which penalties have been imposed on our Company, the Promoters, directors, Promoter Group companies and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company. Neither our Company nor its Promoters, members of the Promoter Group, Subsidiaries, associates and Directors have been declared as wilful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

This chapter has been divided into five parts:

- I. Litigation involving our Company
- II. Litigation involving our Directors and Promoters
- III. Litigation involving our Promoter Group Entities
- IV. Penalties imposed in past cases for the last five years
 - a) Our Company
 - b) Our Directors and Promoters
 - c) Our Promoter Group Entities
- V. Amounts owed to small scale undertakings

A. Litigation involving our Company

Our Company is involved in following litigations:

I. Cases filed against our Company :

CONSUMER CASES

a) Notice u/s. 13(A) of the Consumer Protection Act, 1986

Mr. Sankarbhay K Vyas has filed consumer complaint against our Company *vide* application no. 100/2011 before the Consumer Disputes Redressal Forum, Vadodara. Mr. Mehul Vyas, nephew of the Complainant, had booked a Hongkong, Macau with cruise, 7 days GIT trip costing ₹ 144,000/- with our Company and paid 50% amount as an advance, i.e. ₹ 72,000 as per the booking terms of the tour. Mr. Mehul Vyas had later cancelled the tour as their passport had less than 6 months validity. However as per our Company's tour cancellation policy, if cancellation is done during a period of 15 days to 06 days prior to the scheduled departure of tour then 75% of the tour cost will be charged as cancellation charges and accordingly our Company is demanding ₹ 36000 as balance of cancellation charges payable as per our cancellation policy.

As per the Complaint filed, the complainant is demanding ₹ 72000 along with interest @18% from 10/09/2010 and compensation of ₹ 15,000 towards mental agony and physical harassment and ₹ 10000 towards cost of complaint. The hearing was completed on March 21, 2013 and the company is awaiting for the order.

b) Complaint no. 738/2009 by Dr. Rajan Girishkumar Shah in Surat District Redressal Forum

Dr. Rajan Girishkumar Shah and Surat Citizen's Council Trust has filed a consumer case before the Hon'ble President and other Hon'ble members of the Surat District Redressal Forum on July 23, 2009 *vide* complaint no. 738/2009. Dr. Rajan had booked a Thailand Singapore with Malaysia tour costing ₹ 190,218/- with our Company and paid ₹ 1,31,998/. Dr. Rajan had later cancelled the tour as his wife was pregnant and doctor had advised complete rest for 3 months.

Dr. Rajan Girishkumar Shah is demanding a refund of amount paid towards tour booking charges of ₹ 1,31,998 along with interest @12% p.a. from 31/03/2009, date of booking, till date of payment and compensation of ₹ 10,000 towards mental agony, harassment, hardship etc. and ₹ 2000 towards cost of complaint and any other relief as forum dim fit. The matter is pending before the Surat District Redressal Forum and the next date of hearing is fixed as May 24, 2013.

c) Notice u/s. 13 (1) (a) of the Consumer Protection Act, 1986

We were in receipt of notice dated February 09, 2011 from The Surat District Consumer Disputes Redressal Forum, Surat ("CDRF") to be present on April 06, 2011 in the matter of Mr. Vinit Kundaliya ("The Complainant"). The Complainant had booked package for South East Asia covering Thailand, Malaysia & Singapore. The complainant is demanding ₹ 9,05,000 as compensation for deficiencies in services and cost of the tour which was cancelled and ₹ 3,000 towards notice fee.

The matter is pending before the Consumer Disputes Redressal Forum, Surat and the next date of hearing is fixed as April 10, 2013.

d) Complaint no 232/09 by Karshanbhai Ravjibhai Patel in District Consumer Dispute Redressal Forum, Bhuj

Mr. Karshanbhai Ravjibhai Patel and his 5 relatives had booked a 18 day tour of USA through Rajkot Branch of our office and had paid ₹ 1,50,000/- as advance. Later on Mr. Patel had cancelled the tour and had asked us for refund of advance money. However our Company has refused to pay the money as the same was an non-refundable advance payment. Mr. Patel had filed the complaint no. 232/09 with District Consumer Dispute Redressal Forum, Bhuj on August 26, 2009 demanding a refund of ₹ 1,41,000/- along with interest @ 9% p.a. and cost of complaint and any other relief as forum dim fit.

The forum had allowed the complaint partially vide order dated January 27, 2011 and ordered us to pay a sum of ₹ 90,000/- and ₹ 2,000/- against mental harassment and ₹ 1,000/- for cost. Our Company has preferred an appeal against the above order in Consumer Dispute Redressal Commission, Gujarat State, Ahmedabad (CDRC). The hearing was last held on December 29, 2012 and next date of hearing is on April 15, 2013.

e) Notice u/s. 13(1) of the Consumer Protection Act, 1986

Mr. Vijay Gandhi has filed consumer complaint against M/s. Srilankan Airlines and our Company was made party to the same vide original application no. 172/2007 before the Consumer Disputes Redressal (Joint) Forum, Surat. Mr. Vijay Gandhi, had booked 9 tickets of Srilankan Airlines from Mumbai, India to Colombo, Srilanka through our Company for an urgent business meeting in Colombo, Srilanka. The flight did not go as per schedule and Mr. Vijay Gandhi could not attend the scheduled meeting in Srilanka with their client. Accordingly Mr. Gandhi is demanding ₹20,00,000/- towards loss of future business and ₹1,93,400 towards refund of air ticket charges as well as cost of litigation from Srilankan Airlines. The case was later on transferred to Consumer Disputes Redressal (Additional) Forum, Surat (CDRAF) by new case no. 414/2011 without any intimation to our Company.

The Consumer Disputes Redressal (Additional) Forum, Surat passed an order on September 12, 2011 directing Srilankan Airlines and our Company to pay jointly or severally ₹ 1,93,400/- towards refund of ticket and simple interest @ 9% p.a. from the date of complaint to the date of payment and ₹ 10,000 towards mental harassment and cost of complaint within 30 days from the date of this order. CDRAF has not acceded the demand of complainant to pay for ₹20,00,000/- towards loss of future business.

Our Company has preferred an appeal against above order in the Hon'ble Consumer Disputes Redressal State Commission of Gujarat at Ahmedabad and has requested forum to set aside the order and dismiss the complaint or stay the execution and enforcement of above order till final hearing of this appeal. The date of hearing for the appeal is fixed as March 12, 2013.

f) Notice u/s. 13 (1) (a) of the Consumer Protection Act, 1986

We are in receipt of notice dated October 03, 2012 from The Surat District Consumer Disputes Redressal Forum, Surat ("CDRF") to be present on October 19, 2012 in the matter of Mr. Champaklal Vitthaladas Jariwala ("The Complainant"). The Complainant had booked 18 days tour package for Europe. The complainant is demanding (1) a refund of advance paid towards tour cost of ₹ 3,56,000 alongwith Interest @

15% p.a., (2) ₹ 35,000 alongwith Interest @ 15% p.a. towards Cost of Visa, (3) ₹ 50,000 towards physical and mental harassment and inconvenience and (4) cost of complaint as compensation for not taking complainant in the Europe tour.

The matter is pending before the Consumer Disputes Redressal Forum, Surat and the next date of hearing is fixed as April 09, 2013.

g) Show cause notice u/s. 27 of the Consumer Protection Act, 1986

Mr. Narendrabhai Mohanlal Mehta ("The Complainant") had filed consumer complaint against our Company vide application no. 167/2011 before the Consumer Disputes Redressal Forum, Bharuch. Mr. Mehta, had booked 12 day tour package for couple to Thailand, Singapore with Malaysia. Mr. Mehta had demanded ₹90,000/- towards alongwith interest @ 15% p.a. for physical difficulty and mental harassment caused due to deficiency in the services and irresponsible business practices.

The Consumer Disputes Redressal Forum, Bharuch passed an order partially confirming the demands of Complainant on March 05, 2012 directing our Company to pay ₹ 40,000/- towards compensation and ₹ 10,000 towards mental harassment and ₹ 5,000 towards cost of complaint.

The Consumer Disputes Redressal Forum, Bharuch had issued show cause notice under section 27 of Consumer Protection Act 1986 for imposing penalty upto ₹ 10,000 and/or imprisonment for a period not exceeding three years for not obeying the order passed on March 05, 2012 by the said forum.

Our Company has filed an appeal with The Hon'ble State Consumer Disputes Redressal Commission of Gujarat at Ahmedabad against above order dated March 05, 2012. The Hon'ble State Consumer Disputes Redressal Commission of Gujarat had passed stay order for implementation of order passed by the Consumer Disputes Redressal Forum, Bharuch in the complaint No. 167/2011 on May 21, 2012 on payment of 50 % amount decided in the order of Consumer Disputes Redressal Forum, Bharuch.

The next date of hearing is fixed on April 19, 2013.

Negotiable Instruments Act, 1881

h) Legal Notice u/s. 138 of the Negotiable Instruments Act, 1881

We are in receipt of a legal notice u/s. 138 of the Negotiable Instruments Act, 1881 dated June 13, 2010 from Mr. Hitesh L Gupta, Advocate on behalf of his client Sumukh Travel Consultant Limited, UK for the value of ₹ 2,06,137/- along with cost of ₹ 5000/-. Our company had availed services of Sumukh Travel Consultants Limited, UK for group tour, however the above amount was deducted due to deficiency in the services and hence payment of cheque was stopped.

The matter is pending before Civil Court, Baroda and the next date of hearing is fixed as March 30, 2013.

i) Legal Notice u/s. 138 of the Negotiable Instruments Act, 1881

The loan was sanctioned by the bank to erstwhile partnership firm Viz. Ace Tours & Information Centre. (Now. Ace Tours Worldwide Limited). ICICI Bank had recalled the facility granted to the company on December 08, 2012 on account of repeated and continuous breach of the terms and conditions of the agreement with the bank. The cheque which was given as security at the time of sanction when the company was partnership firm was deposited by the bank by inserting the amount and date on the said cheque. We are in receipt of a legal notice u/s. 138 of the Negotiable Instruments Act, 1881 dated January 10, 2013 from Mr. Hitendra Parmar, Advocate on behalf of his client ICICI Bank Limited for the value of ₹ 2673348. The company had replied on February 02, 2013 through advocate Shri Manish Desai. The summons is issued by 4th Additional Sr.C.J. Civil Court and additional chief Judicial Magistrate Court to appear for reply on May 4, 2013.

Taxation Matters

j) Notice u/s. 154 (3) of the Income Tax Act, 1961 relating to the Assessment Year 2006-07

Ace Tours & Information Centre ("the Assessee"), erstwhile partnership firm, is in receipt of an notice u/s. 154 (3) of the Income Tax Act, 1961 dated March 30, 2011 issued by Assistant Commissioner of Income Tax, Circle-7, Surat in relation to the assessment year 2006-07 proposing a rectification of income by addition of ₹ 30,200/- and ₹ 3,43,782/-.

We have filed reply to above notice through our representative M/s. Rasesh Shah & Associates, Chartered Accountants vide their letter dated July 25, 2011. There has been no further communication on the matter.

k) Notice u/s. 142(1) of the Income Tax Act, 1961 relating to the Assessment Year 2008-09

Ace Tours Worldwide Private Limited ("the Assessee"), is in receipt of an notice u/s. 142(1) of the Income Tax Act, 1961 dated November 30, 2012 requiring to produce the accounts and other documents of the Company on December 07, 2012. Mr. Bharat Choksi, our director, attended the meeting and submitted the requisite documents. There has been no further communication on the matter.

l) Penalty under Section 271 C of The Income Tax Act, 1961 for the Asst year 2008-09.

The Joint Commissioner of Income Tax has levied penalty under Section 271 C of the Income Tax Act amounting to ₹ 8,12,168 for not deducting TDS on payment of vehicle hiring charges and on payment of remuneration to Directors. The company had preferred an appeal against the said order and the commissioner of Income Tax (appeals) had partly allowed the appeal by confirming the penalty levied on TDS on payment of vehicle hiring charges and TDS to be deducted on the remuneration amount after removing the calculation mistake. However the company agrived by the order of commissioner of Appeal had filed the appeal in the Appellate Tribunal, Ahmedabad.

m) Notice of demand u/s 156 of the Income Tax Act, 1961 relating to the Assessment Year 2009-10

Ace Tours Worldwide Private Limited ("the Assessee"), is in receipt of Demand Notice u/s 156 f the Income Tax Act, 1961 passed by Deputy Commissioner of Income Tax, Circle-1 (New), Surat in relation to the AY 2009-10 demanding a total tax and interest of ₹ 413215. On February 05, 2013 the company had received from the Office of Tax Recovery Officer, Range – 1, Surat demanding outstanding Income Tax arrears of ₹ 7,26,480 for the Assessment Year 2009-10. Our Company vide letter dated February 11, 2013 has requested Tax Recovery Officer to grant a facility to pay the demand money in 3 Installments and has already paid first installment of Rs,2,00,000 on March 04, 2013 and second installment of Rs,2,00,000 on March 15, 2013 .

n) Notice of Demand u/s. 156 of the Income Tax Act, 1961 relating to the Assessment Year 2012-13

Ace Tours Worldwide Private Limited ("the Assessee") is in receipt of a demand notice u/s. 156 of the Income Tax Act, 1961 dated October 05, 2012 demanding a sum of ₹ 2906 payable for the AY 2012-13.

o) Show cause Notice u/s. 73 (1) of the Finance Act, 1994 relating to Service Tax

Ace Tours & Information Centre ("the Assessee"), erstwhile partnership firm, is in receipt of a show cause notice u/s. 73 (1) of the Finance Act, 1994 dated March 17, 2006 issued by Joint Commissioner, Central Excise & Customs, Surat-1, calculating tax payable as ₹ 14,07,169 in relation to the period October 2000 to September 2005 and demanding a service tax of ₹ 12,04,706/- after adjusting a tax paid in returns of ₹ 2,02,463/-.

The Assessee had preferred an appeal against the above show cause notice before the Office of the Commissioner (Appeals), Central Excise & Customs, Surat -1 ("the Commissioner Appeals") and the same was rejected *vide* order in appeals No. RKA/06/SRT-I/2010.

The Assessee had further preferred an appeal against the above order before the Customs Excise & Service Tax Appellate Tribunal, West Zonal Bench, Ahmedabad ("the Tribunal"). The Tribunal has set aside the order passed by the Commissioner Appeals and remanded the matter back to the office of the Commissioner (Appeal) Surat – I. The Commissioner (Appeals) vide its order dated September 13, 2011 considered the submissions on certain issues and gave relief of ₹ 5,56,253 and confirmed the demand of ₹ 6,48,453.

The Assessee has already paid a tax of ₹ 4,99,709/- in the normal course and ₹ 4,50,000/- during the course of appeal.

p) Summons u/s. 14 of the Central Excise Act, 1944 read with S. 83 of the Finance Act 1994 relating to Service Tax

Our Company is in receipt of Summons dated December 19, 2012 from the office of Directorate General of Central Excise Intelligence, Vapi Regional Unit, Vapi to appear before their office to give statement or produce the documents for service tax liability for the period from April 2011 to November 2012.

Mr. Bharat Choksi, our director, attended the meeting and submitted the requisite documents. There has been no further communication on the matter.

q) Summons u/s. 14 of the Central Excise Act, 1944 read with S. 83 of the Finance Act 1994 relating to Service Tax

Our Company is in receipt of Summons dated February 22, 2013 from the office of Directorate General of Central Excise Intelligence, Vapi Regional Unit, Vapi to appear before their office to give statement or produce the documents for service tax liability for the period from 2007-08 to December 31, 2012 .

Mr. Bharat Choksi, our director, attended the meeting and submitted the requisite documents. There has been no further communication on the matter.

r) Summons u/s. 131 of the Income Tax Act, 1961

There was a survey conducted by the Income Tax Department, Surat at the office of our Company on November 01, 2012. We have further received Summons on November 03, 2012 from Income Tax Department, Surat to appear before them and produce books of accounts and other documents as required.

II. Cases filed by our Company:

a) Special Civil Summary Suit No. 19/2008 under order XXXVII of the Code of Civil Procedure 1908

Our Company has filed a summary suit no. 19/2008 dated before the Hon'ble 10th Additional Senior Civil Judge, Surat against M/s Sahjanand Medical Technologies Private Limited for the recovery of the amount of ₹ 28,34,806 in April 2008 including interest thereon for the non-payment of dues related to conference of doctors at Dubai organized by our Company for M/s Sahjanand Medical Technologies Private Limited. The matter is pending and the next date of hearing is fixed as March 21, 2012.

B. Litigation involving our Promoters and Directors

Other than being party to cases involving our Company and Promoter Group Companies, there are no litigations pending against the Promoters and Directors of our Company.

C. Litigation involving Promoter Group Entities

Choksi Circuits Private Limited

a) Appeal of 2008 filed with the Debt Recovery Appellate Tribunal, Mumbai and Original Application No. 155 of 1995 with DRT Ahmedabad filed by Bank of Baroda

Bank of Baroda had filed an Original Application No. 155 of 1995 with DRT Ahmedabad against Choksi Circuits Private Limited and its then Directors viz Mr. Jashwantlal Choksi, Mr. Raju J. Choksi, Mr. Bharat J. Choksi, Anil J. Choksi and Mr. Jayesh J. Choksi for the recovery of amount of ₹ 89,92,578.18/- along with interest. The said amount pertains to various facilities such as working capital term loan, cash credit, funded interest term loan and the letter of credit to Choksi Circuits Private Limited. The presiding officer vide Judgement dated July 15, 2008 partly allowed the outstanding amount in respect of cash credit aggregating ₹ 29,21,403.00 along with simple interest @6% per annum from December 19, 1995 and dismissed the remaining application of Bank of Baroda for other facilities. Bank of Baroda being aggrieved from the said judgement filed Appeal with the Debt Recovery Appellate Tribunal, Mumbai on August 28, 2008. The matter is pending with the Debt Recovery Appellate Tribunal, Mumbai.

As per the Order dated May 23, 2012 of The Debt Recovery Appellate Tribunal, Mumbai, appeal has been withdrawn by Bank of Baroda as they wanted to proceed with recovery proceedings.

The Promoters of our Company are trying to work out a mutual settlement and has already communicated their offer for the same vide letter dated March 8, 2013.

b) M/s. Choksi Circuits Pvt. Ltd. (CCPL) had availed financial assistance by way of a Term Loans from Gujarat Industrial Investment Corporation Limited (GIIC) for their proposed project to be established in

Gandhinagar. As per the terms and conditions of the sanction letter the said loans were guaranteed jointly and severally by the personal guarantees of Promoters of CCPL.

GIIC had filed a recovery suit before the City Civil Court at Ahmedabad, bearing suit no. 5807 of 1995 dated October 18, 1995 against the Promoters and Guarantors of M/s. Choksi Circuits Pvt. Ltd. (CCPL), Mr. Jaswantbhai N Choksi (father of our Promoters - now deceased), Mr. Anil J Choksi (brother of our Promoters) and Mr. Jayesh J Choksi, Mr. Bharat J Choksi & Mr. Rajubhai J Choksi (all three are Our Promoters), in relation to CCPL's failure to repay Term loan principal amount of ₹ 81,42,709/- and Interest thereon of ₹ 63,72,067/- aggregating to ₹ 1,45,14,776/- outstanding as on August 31, 1995.

GIIC has filed a suit for recovery of above said outstanding amount of Rs, 1,45,14,776/- along with interest @ 18% p.a. from September 01, 1995 and other costs and expenses. The matter is pending before the City Civil Court at Ahmedabad.

D. Penalties imposed in past cases in the last five years

There are no penalties which have been levied on our Company, Promoters, Directors or Promoter Group in last five years.

E. Amounts Owed to Small Scale Undertakings

The name of Small Scale Undertakings and Other Creditors to whom our Company owes a sum exceeding ₹ 1 Lac which is outstanding more than 30 days, as on March 31, 2012 is Nil.

Material developments occurring after the last Balance Sheet Date

There have been no material developments as regards litigation after the date of the last balance sheet, i.e. October 31, 2012.

Adverse Events

There has been no adverse event affecting the operations of our Company, occurring within one year prior to the date of filing of the Draft Prospectus with SEBI.

GOVERNMENT AND OTHER APPROVALS

In view of the licenses / permissions / approvals / no-objections / certifications / registrations, (collectively “Authorisations”) listed below, our Company can undertake this Issue and our current business activities and to the best of our knowledge, no further approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of the Draft Prospectus.

It must be distinctly understood that, in granting these approvals, the GoI, the RBI or any other authority does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. For further details in connection with the regulatory and legal framework within which we operate, please refer to the chapter titled “Key Regulations and Policies” beginning on page number 86 of the Draft Prospectus.

I. Approvals in relation to our Company’s Incorporation

- a) Certificate of Incorporation dated July 13, 2007, bearing Corporate Identification number U63040GJ2007PTC051318 of 2007-08 issued in the name of Ace Tours Worldwide Private Limited by the Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli, Gujarat.
- b) Fresh Certificate of Incorporation dated September 30, 2011, bearing Corporate Identification Number U63040GJ2007PLC051318, issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, Gujarat, consequent upon change of name on conversion to public limited company to Ace Tours Worldwide Limited.

II. Approvals related to this Issue

- a) Our Board of Directors has, pursuant to a resolution passed at its meeting held on February 25, 2013, authorized the Issue subject to the approval by the shareholders of our Company under Section 81 (1A) of the Companies Act, such other authorities as may be necessary.
- b) The shareholders of our Company have approved this Issue under Section 81 (1A) of the Companies Act, 1956 vide a Special Resolution passed at our Company’s Extra Ordinary General Meeting held on March 18, 2013.
- c) In-principle approval for listing from the Bombay Stock Exchange Limited dated [●].

III. Tax related approvals


- a) Permanent Account Number (PAN) being AAGCA8835L granted by the Income Tax Department, GoI, to our Company.
- b) Tax Deduction Account Number (TAN) being SRTA03524D granted by the Income Tax Department, GoI, to our Company.
- c) Assistant Provident Fund Commissioner, Sub Regional office, Surat has on December 29, 2005 issued a certificate bearing code no. GJ/SRT/34428 for the applicability of the Employees Provident Funds & Miscellaneous Provisions Act 1952 and the Schemes framed thereunder.
- d) Deputy Director of the Employees State Insurance Corporation has on April 21, 2008 issued a certificate bearing code no. 39/35075/106 under the ESI Act, 1948 for Registration of Employees’ Factories/Establishments under section 2(12)/1(5) of the ESI Act, 1948 as amended.
- e) Allotment of Service Tax Code Number AAGCA8835LST001, issued by Superintendent (ST, G-III) Central Excise & Customs, Surat-I, for providing services as Air Travel Agency, Tour operator, Travel Agents (other than Air/ Rail Travel Agents), Cab operators, Transport by Cruise Ships and Rail Travel Agent.
- f) Certificate of registration bearing number 5015389 issued by Surat Municipal Corporation, Surat, Gujarat for registration of our Company as an employer under sub-section (1) of section 5 of the Gujarat State Tax on Professions, Trades, Callings and Employment Act, 1975.
- g) Certificate of enrolment bearing number PEC03SW11788 issued by Surat Mahanagar Seva Sadan, Surat, Gujarat vide certificate dated May 12, 2009 for the enrollment of our Company under sub-section (2) of section 5 of the Gujarat State Tax on Professions, Trades, Callings and Employment Act, 1975.

- h) Certificate of Establishment bearing registration no. SWZ / ACE / ATHWA / 604310 dated February 7, 2012 issued by Surat Municipal Corporation under Bombay Shops and Establishments Act, 1948 for Surat Head office having validity up to December 31, 2014.
- i) Certificate of Establishment bearing registration no. PS011357 / Commercial II issued by Mumbai Municipal Corporation under Bombay Shops and Establishments Act, 1948 for Mumbai Branch office at Goregaon having validity up to December 31, 2013.
- j) Certificate of Establishment bearing registration no. PII/EL/01/0003526 issued by Ahmedabad Municipal Corporation under Bombay Shops and Establishments Act, 1948 for Ahmedabad Branch office.

IV. Business related approvals

- k) Certificate of accreditation numbered HO-14-3-56650 presented to our Company by International Air Transport Association (IATA) to promote and sell international air passenger transportation.
- l) Grant of recognition as Inbound Tour Operator vide letter no. 5.TT.II(13)/2005 dated December 11, 2008 issued by Regional Director of Tourism, Western and Central Region, India Tourism, Mumbai, Ministry of Tourism, Government of India for a period of 5 years with effect from August 24, 2008 to August 23, 2013.
- m) Membership Certificate issued by Indian Association of Tour Operators, National body of Tour Operators recognizing our Company as ALLIED member, valid up to March 31, 2013.
- n) Certificate of Active Membership No. GJ0756AC05 issued by Travel Agents Federation of India (TAFI), valid up to March 31, 2012. An application is made for renewal

V. Approvals related to Intellectual Property

- a) Certificate of registration issued on May 20, 2006 for trade mark of our logo  **Ace Tours** issued by Government of India, Trade Marks Registry under Trade Marks Act, 1999 registered in Class 39 under No. 1309504, in respect of Transport, Travelling arrangements including organization of country and foreign tours, rental of cars, bus.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors passed at their meeting held on February 25, 2013, subject to the approval of shareholders of our Company through a special resolution to be passed pursuant to Section 81 (1A) of the Companies Act.

The shareholders of our Company have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on March 18, 2013.

We have also obtained all necessary contractual approvals required for this Issue. For further details, refer to the chapter titled “*Government and Other Approvals*” beginning on page number 147 of the Draft Prospectus.

We have received approval from BSE *vide* their letter dated [•] to use the name of BSE in the Draft Prospectus for listing of our Equity Shares on SME Platform of BSE. BSE is the Designated Stock Exchange.

Prohibition by SEBI

Our Company, Directors, Promoters, members of the Promoter Group and Group Entities, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies, with which Promoters, Directors or persons in control of our Company were or are associated as promoters, directors or persons in control of any other company have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Further, none of our Directors are associated with any entities which are engaged in securities market related business and are registered with SEBI for the same.

Prohibition by RBI or Governmental authority

Our Company, our Promoters or their relatives (as defined under the Companies Act) and our Group Entities have confirmed that they have not been detained as willful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by them in the past or are pending against them.

Our Directors have not been declared as wilful defaulter by RBI or any other government authority and there have been no violation of securities laws committed by them in the past or no such proceedings are pending against our Company or them.

ELIGIBILITY FOR THIS ISSUE

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 106(M)(2) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post-issue face value capital is more than ten Crore Rupees and upto twenty five crore ruprees and we may hence issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the SME Platform of BSE).

We confirm that:

- a) In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this Issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten 94.60 % of the Total Issue Size. For further details pertaining to said underwriting please refer to “General Information – Underwriting” on page 27 of the Draft Prospectus.
- b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under Section 73 of the Companies Act.

- c) In accordance with Regulation 106(O) of the SEBI (ICDR) Regulations, we have not filed any Draft Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this Issue. *For further details of the arrangement of market making please refer to the section titled "General Information – Details of the Market Making Arrangements for this Issue" on page 27 of the Draft Prospectus.*

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

BSE ELIGIBILITY NORMS:

1. Net Tangible assets of at least ₹1 crore as per the latest audited financial results

Our Company has Net Tangible Assets of ₹ 1 crore as per the latest financial results. Our Net Tangible Assets for the year ended March 31, 2012 and October 31, 2012 are disclosed as under:

(₹ lacs)

Particulars	31-Mar-12	31-Oct-12
Fixed Assets (Net)	209.62	187.95
Less: Intangible Assets	141.14	130.89
Current Assets, Loans & Advances	1,215.04	1,188.21
Investments	0.54	0.54
Less: Current Liabilities & provisions	534.94	583.45
Net Tangible Assets	749.12	661.82

2. Net worth (excluding revaluation reserves) of at least ₹ 1 crore as per the latest audited financial results

Our Company satisfies the above criteria. Our Net Worth as per the restated financial statements is as under:

(₹ lacs)

Particulars	31-Mar-12	31-Oct-12
Net Worth	776.54	790.10

3. Track record of distributable profits in terms of sec. 205 of Companies Act, 1956 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the Net Worth shall be at least ₹3 Crores.

Our Company has distributable profits in terms of sec. 205 of Companies Act, 1956, as detailed below:

(₹ lacs)

Particulars	31-Mar-10	31-Mar-11	31-Mar-12
Net Profit as per P&L Account	52.33	12.71	11.62

4. Other Requirements

The post-issue paid up capital of the company shall be at least ₹1 crore.

Our Company currently has a paid up capital in excess of ₹ 1 crore, and the Post Issue Capital shall be ₹ 12.67 crores.

The company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.

Companies shall mandatorily have a website.

Our Company has a live and operational website: www.ace1world.com

5. *Certificate from the applicant company stating the following:*

- a. *The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).*

Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).

- b. *There is no winding up petition against the company that has been accepted by a court.*

There is no winding up petition against our Company that has been accepted by a court.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN 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 THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, CORPORATE STRATEGIC ALLIANZ LIMITED HAVE 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, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MANAGER, CORPORATE STRATEGIC ALLIANZ LIMITED, ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, CORPORATE STRATEGIC ALLIANZ LIMITED, SHALL BE SUBMITTED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●] WHICH READS AS FOLLOWS:

WE, THE LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE.**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - a) THE OFFER DOCUMENT FILED WITH SEBI 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 SEBI, THE CENTRAL GOVERNMENT, AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c) THE DISCLOSURES MADE IN THE OFFER DOCUMENT 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 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 OFFER DOCUMENT ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S 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 PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE OFFER DOCUMENT.
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 EQUITY SHARES 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 OFFER DOCUMENT.
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 SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – *NOT APPLICABLE*
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY 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 OF THE COMPANY 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 OFFER DOCUMENT. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. – *NOTED FOR COMPLIANCE*
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE OFFER DOCUMENT THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE
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 OFFER DOCUMENT:
- (A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
- (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI 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 OF THE COMPANY, 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 OFFER DOCUMENT WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY CORPORATE STRATEGIC ALLIANZ LIMITED, AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR BEARING REFERENCE CIR/MIRSD/1/2012 DATED JANUARY 10, 2012.

FORMAT FOR DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY CORPORATE STRATEGIC ALLIANZ LIMITED

Sr. No.	Issue Name	Issue Size ₹ (Cr.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	Closing Price on Listing Date	% Change in Price on listing date (Closing vs. Issue Price)	Benchmark Index on Listing Date (Closing) (BSE)	Closing Price as on 10th Calendar Day from Listing Day	Benchmark Index as on 10th Calendar Day from Listing Day (Closing)	Closing Price as on 20th Calendar Day from Listing Day	Benchmark Index as on 20th Calendar Day from Listing Day (Closing)	Closing Price as on 30th Calendar Day from Listing Day	Benchmark Index as on 30th Calendar Day from Listing Day (Closing)
1	Indo Thai Securities Ltd.	29.6	74	Nov 02, 2011	75	23	(68.91)	17464.85	16.95	17192.82	12.15	16065.42	11.37	16846.83
2	Rushil Decor Ltd.	40.635	72	July 07, 2011	81.25	119.65	66.25	19078.3	136.5	18561.92	130.65	18432.25	107.65	17305.87
3	Timbor Home Ltd.	23.247	63	June 22, 2011	72	91.2	44.76	17550.63	61.70	18762.80	42.90	18411.62	42.05	18722.3

TABLE 2: SUMMARY STATEMENT OF DISCLOSURE

Financial Year	Total No. of IPOs	Total Funds Raised ₹ (Cr.)	Nos. of IPO trading at discount on listing date			Nos. of IPO trading at premium on listing date			Nos. of IPO trading at discount as on 30th calendar day from listing date			Nos. of IPO trading at premium as on 30th calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
F.Y 2012-13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
F.Y 2011-12	3	93.482	1	NIL	NIL	1	1	NIL	1	1	NIL	NIL	1	NIL
F.Y 2010-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-

17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.

ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY LEAD MANAGER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE

- 1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**
- 3. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.**
- 4. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.**
- 5. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUBREGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, THE CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS. – NOT APPLICABLE**
- 6. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 110[106P] AND 111[106V] OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, HAVE BEEN MADE.**

THE FILING OF THE DRAFT PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT PROSPECTUS.

All legal requirements pertaining to this Issue will be complied with at the time of filing of the Prospectus with

the Registrar of Companies, Maharashtra at Mumbai, in terms of Section 56, Section 60 and Section 60(B) of the Companies Act.

Disclaimer Statement from our Company and the Lead Manager

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in the Draft Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website, www.ace1world.com, would be doing so at his or her own risk.

Caution

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Agreement for Issue Management entered into among the Lead Manager and our Company dated January 31, 2013, the Underwriting Agreement dated January 31, 2013 entered into among the Underwriters and our Company and the Market Making Agreement dated January 31, 2012 entered into among the Lead Manager and our Company.

Our Company and the Lead Manager shall make all information available 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 collection centers, *etc.*

The Lead Manager and its associates and affiliates may engage in transactions with and perform services for, our Company and associates of our Company in the ordinary course of business & have engaged, and may in future engage in the provision of financial services for which they have received, and may in future receive, compensation.

Investors who apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Price Information and the track record of the past Issues handled by the Lead Manager

For details regarding the price information and the track record of the past Issues handled by the Lead Manager to the Issue as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to 'Annexure A' to the Draft Prospectus and the website of the Lead Manager at www.csapl.com.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 2,500 lacs, pension funds with minimum corpus of ₹ 2,500 lacs and the National Investment Fund, and permitted non-residents including FIIs, Eligible NRIs, QFIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company the Draft Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Surat 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 the Draft Prospectus has been filed with BSE for its observations and BSE shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and the Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the

date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

Disclaimer Clause of the Bombay Stock Exchange Limited

As required, a copy of the Draft Prospectus shall be submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of the Draft Prospectus, shall be included in the Prospectus prior to the RoC filing.

Filing

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the Offer Document in term of Regulation 106(M)(3). However, a copy of the Prospectus shall be filed with SEBI at the Unit No: 002, Ground Floor, SAKAR I, Near Gandhigram Railway Station, Opp. Nehru Bridge, Ashram Road, Ahmedabad - 380 009. A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC.

Listing

The Equity Shares issued through the Draft Prospectus are proposed to be listed on the SME platform of BSE Limited. In-principle approval for listing of the Equity Shares of our Company from BSE has been received *vide* its letter dated [●]. BSE will be the Designated Stock Exchange with which the basis of allotment will be finalized.

If the permissions to deal in and for an official quotation of the Equity Shares is not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME platform of BSE mentioned above are taken within 12 Working Days of the Issue Closing Date.

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.”*

Consents

We have obtained consents in writing of our Directors, Promoters, Statutory Auditor, Peer review Auditor, Company Secretary and Compliance Officer, the Lead Manager, the legal counsel to the Issue, the Bankers to our Company, the Registrar to the Issue. We will obtain consents in writing of the Market Maker(s), Refund Bank(s) and the Banker(s) to the Issue / Escrow Collection Bank(s) to act in their respective capacities. These consents will be filed along with a copy of the Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act.

In accordance with the Companies Act and the SEBI Regulations, Bharat D. Sarawgee & Co, Chartered Accountants

our statutory auditors have agreed to provide their respective written consents for inclusion of their name, report on financial statements and report relating to the possible general and special tax benefits, as applicable, accruing to our Company and its shareholders, in the Draft Prospectus in the form and context in which they appear in the Draft Prospectus.

Further, such consent and report will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

Expert Opinion

Except for (a) Peer Review Auditors' reports on the restated financial statements by M/s Arvind A. Thakkar & Co, (b) Statement of Tax Benefits by the statutory auditors, M/s Rashesh Shah & Associates, Chartered Accountants (C) Industry Overview by Yogesh Katariya & Co., Research and Consulting (Copies of the said report and statement of tax benefits has been included in the Draft Prospectus), we have not obtained any other expert opinions.

Issue Related Expenses

The total expenses of the Issue are estimated to be approximately ₹ 40.00 lacs. The expenses of the Issue include, among others, underwriting and Issue management fees, Market Making fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated issue expenses are as under:

(₹ in lacs)

Sr. No.	Particulars	Amount (₹ in Lacs)
1.	Payment to Merchant Banker including fees and reimbursements of Market Making Fees, selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other out of pocket expenses.	25.00
2.	Printing & Stationery and Postage Expenses	5.00
3.	Marketing and Advertisement Expenses	5.00
4.	Regulatory fees and other expenses	5.00
Total		40.00

Details of Fees Payable

Fees Payable to the Lead Manager

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding dated April 11, 2013 executed between our Company and the Lead Manager, the copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Agreement signed by our Company and the Registrar to the Issue dated April 20, 2013, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, and 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/

Fees Payable to Others

The total fees payable to the Legal Advisor, Auditor, and Advertiser, etc. will be as per the terms of their respective engagement letters.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

We have not made any previous public issues. Therefore, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

Previous Rights and Public Issues during the Last Five Years

We have not made any previous rights and/or public issues during the last five years, and are an “Unlisted Issuer” in terms of the SEBI ICDR Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations.

Previous Issues of Shares otherwise than for Cash

Save and except as stated in the chapter titled “*Capital Structure*” beginning on page number 33 of the Draft Prospectus, our Company has not issued any shares otherwise than for cash at any time since inception.

Commission and Brokerage on Previous Issues

Since this is the initial public offer of the Equity Shares by our 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 our Equity Shares since our inception.

Particulars in regard to our Company and other listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act which made any capital issue during the last three years:

None of our Group Entities have made any capital issue during the last three years.

Performance vis-à-vis objects

Our Company is an “Unlisted Issuer” in terms of the SEBI ICDR Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations. Therefore, data regarding promise versus performance is not applicable to us.

None of the Group Entities has made public issue of equity shares during the period of ten years immediately preceding the date of filing draft offer document with the BSE. However, our Promoter Company Global Capital Market & Infrastructures Limited came with its maiden IPO in the year 1995.

Outstanding debentures, bonds, redeemable preference shares and other instruments issued by our Company

As on the date of the Draft Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

Option to Subscribe

Equity Shares being offered through the Draft Prospectus can be applied for in dematerialized form only.

Stock Market Data for our Equity Shares

Our Company is an “Unlisted Issuer” in terms of the SEBI ICDR Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar and us will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar with a copy to the Company Secretary and Compliance Officer, giving full details such as the name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid-cum-Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor

grievances. We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be 12 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have constituted the Shareholders/ Investors Grievance Committee of the Board *vide* resolution passed at the Board Meeting held on October 26, 2012. For further details, please refer to the chapter titled “*Our Management*” beginning on page number 92 of the Draft Prospectus.

Our Company has appointed Ankit Shukla as the Company Secretary and Compliance Officer and he may be contacted at the following address. :

Mr. Ankit Shukla
Ace Tours Worldwide Limited
F-22-23-24, Jolly Arcade,
Ghod Dod Road,
Surat – 395007,
Gujarat, India
Tel No: + 91 261 265 6667
Fax No: + 91 261 265 6851
Email: ipo@acetours.in
Website: www.ace1world.com

Investors can contact the Company Secretary and Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, *etc.*

Changes in Auditors during the last three financial years

There have been no changes in the statutory auditors of our Company in the past three years,

Capitalisation of Reserves or Profits

Save and except as stated in the chapter titled “*Capital Structure*” beginning on page number 33 of the Draft Prospectus, our Company has not capitalized its reserves or profits at any time since inception.

Revaluation of assets

Our Company has not revalued its assets since incorporation.

SECTION VIII - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009 our Memorandum and Articles of Association, the terms of the Draft Prospectus, Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note 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, the Government of India, the Stock Exchanges, the RBI, 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 issued in the Issue shall be subject to the provisions of the Companies Act and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to the section titled “*Main Provisions of Articles of Association*” beginning on page number 182 of the Draft Prospectus.

Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, if declared, to our Shareholders as per the provisions of the Companies Act and our Articles of Association.

Face Value and Issue Price per Share

The face value of the Equity Shares is ₹ 10 each and the Issue Price is ₹ 16 per Equity Share.

The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled “*Basis for Issue Price*” beginning on page 49 of the Draft Prospectus. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI ICDR Regulations

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled “*Main Provisions of Articles of Association*” beginning on page number 182 of the Draft Prospectus.

Minimum Application Value, Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per

the existing SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form for all investors.

The trading of the Equity Shares will happen in the minimum contract size of 8,000 Equity Shares and the same may be modified by BSE from time to time by giving prior notice to investors at large. Allocation and allotment of Equity Shares through this Offer will be done in multiples of 8,000 Equity Share subject to a minimum allotment of 8,000 Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of 8,000 Equity Share subject to a minimum allotment of 8,000 Equity Shares to the successful applicants.

Minimum Number of Allottees

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 15 days of closure of issue.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Surat.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint – tenants with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, 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 of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our 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:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) 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 ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten.

If our Company does not receive the 100% subscription of the offer through the Offer Document including devolvment of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall

forthwith refund the entire subscription amount received. If there is a delay beyond eight days, after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act.

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 15 days of closure of issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Arrangements for Disposal of Odd Lots

The trading of the equity shares will happen in the minimum contract size of 8,000 shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Platform of BSE.

Application by Eligible NRIs, FIIs registered with SEBI, VCFs registered with SEBI and QFIs

It is to be understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or VCFs or QFIs. Such Eligible NRIs, QFIs, FIIs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

As per the extant policy of the Government of India, OCBs cannot participate in this Issue.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Issue Equity Shares and Promoters' minimum contribution in the Issue as detailed in the chapter "*Capital Structure*" beginning on page number 33 of the Draft Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details please refer to the section titled "*Main Provisions of the Articles of Association*" beginning on page number 182 of the Draft Prospectus.

Option to receive Equity Shares in Dematerialized Form

Investors should note that Allotment of Equity Shares to all successful Applicants will only be in the dematerialized form. Applicants will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Migration to Main Board

Our Company may migrate to the main board of BSE from the SME Platform on a later date subject to the following:

- a) If the Paid up Capital of the company is likely to increase above ₹ 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- b) If the Paid up Capital of the company is more than ₹ 10 crores but below ₹ 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

Also as prescribed by the circular dated April 19,2012 issued by BSE, following eligibility criteria's shall be applicable for migrating to the main board from the SME platform :

“ The companies seeking migration to Main Board of BSE should satisfy the eligibility criteria as specified in 26(1) of SEBI (ICDR) Regulations,2009 either at the time of initial listing on SME platform or at the time seeking migration to Main Board. However the same will not be applicable where the company had sought listing on SME platform by following the process and requirements prescribed in 26(2) (a) of SEBI (ICDR) Regulations,2009

Market Making

The shares offered through this issue are proposed to be listed on the SME Platform of BSE, wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME Platform for a minimum period of three years from the date of listing of shares offered through this Prospectus. For further details of the agreement entered into between the Company, the Lead Manager and the Market Maker please see “*General Information – Details of the Market Making Arrangements for this Issue*” beginning on page 27 of the Draft Prospectus.

New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue paid up capital is more than ₹ 10 crores and upto ₹ 25 crores, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such an issue please refer chapter titled “*Terms of the Issue*” and “*Issue Procedure*” on page 160 and 166 of this Prospectus.

Particulars	Net Issue to Public	Market Maker reservation portion
Number of Equity Shares*	47,30,000 Equity Shares	2,70,000 Equity Shares
Percentage of Issue Size available for allocation	94.60% of the Issue Size 37.33% of the Post Issue Paid up Capital	5.40% of the Issue Size 2.13% of the Post Issue Paid up Capital
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate subject to minimum allotment of 8,000 Equity Shares and Further allotment in multiples of 8,000 Equity Shares each. For further details please refer to the section titled “ <i>Issue Procedure–Basis of Allotment</i> ” on page 171 of the Draft Prospectus.	Firm Allotment
Mode of Application	For QIB and NII Applicants the application must be made compulsorily through ASBA mode. Retail Individual Applicants may apply through the ASBA or the Physical Form.	Through ASBA mode
Minimum Application Size	<u>For QIB and NII:</u> Such number of Equity Shares in multiples of 8,000 Equity Shares such that the Application Value exceeds ₹ 2,00,000 <u>For Retail Individuals:</u> 8,000 Equity Shares	2,70,000 Equity Shares
Maximum Bid	<u>For QIB and NII:</u> Such number of Equity Shares in multiples of 8,000 Equity Shares such that the Application Size does not exceed 37,92,000 Equity Shares <u>For Retail Individuals:</u> 8,000 Equity Shares so that the Application Value does not exceed ₹ 2,00,000	2,70,000 Equity Shares
Mode of Allotment	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode
Trading Lot	8,000 Equity Shares	8,000 Equity Shares, However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of payment	Entire Application Amount shall be payable at the time of submission of Application Form. In case of ASBA Applicants, the SCSBs shall be authorized to block such funds in the bank account of the Applicant that are specified in the ASBA Application Form.	

[^]50 % of the shares offered in the Net Issue to Public portion are reserved for applications whose value is below ₹ 2,00,000 and the balance 50 % of the shares are reserved for applications whose value is above ₹ 2,00,000.

Withdrawal of the Issue

In accordance with the SEBI ICDR Regulations, our Company, in consultation with Lead Manager, reserves the right not to proceed with this Issue at any time after the Issue Opening Date, but before our Board meeting for Allotment, without assigning reasons thereof. If our Company withdraws the Issue after the Issue Closing Date, we will give reason thereof within two days by way of a public notice which shall be published in the same newspapers where the pre-Issue advertisements were published.

Further, the Stock Exchanges shall be informed promptly in this regard and the Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Applicants within one Working Day from the date of receipt of such notification. In case our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, QIB Applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/authorities at Surat.

Issue Programme

ISSUE OPENS ON	[●]
ISSUE CLOSES ON	[●]

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centers mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

ISSUE PROCEDURE

Fixed Price Issue Procedure

The Issue is being made under Regulation 106(M)(2) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit to them the Registrar of the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Applicants only in dematerialized form. Applicants will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchange.

Application Form

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Prospectus. Upon completing and submitting the Application Form to the Bankers, the Applicant is deemed to have authorized our Company to make the necessary changes in the Prospectus and the Application Form 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 Applicant.

ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application Form used by ASBA applicants. Upon completing and submitting the Application Form for ASBA Applicants to the SCSB, the ASBA Applicant is deemed to have authorized our Company to make the necessary changes in the Prospectus and the ASBA 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 ASBA Applicant.

The prescribed color of the Application Form for various categories is as follows:

Category	Color
Indian Public / NRI's applying on a non-repatriation basis (ASBA and Non-ASBA)	White
Non-Residents including eligible NRI's, FIIs, FVCIs, etc. applying on a repatriation basis (ASBA and Non-ASBA)	Blue

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

Who can apply?

1. Indian nationals resident in India who are not minors in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. 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;

6. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co operative banks (subject to RBI regulations and the SEBI Regulations, as applicable);
7. FIIs registered with SEBI;
8. Venture Capital Funds registered with SEBI;
9. State Industrial Development Corporations;
10. 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;
11. Scientific and/or industrial research organizations authorized to invest in equity shares;
12. Insurance Companies registered with Insurance Regulatory and Development Authority;
13. Provident Funds with minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in equity shares;
14. Pension Funds with minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in equity shares;
15. Foreign Venture Capital Investors registered with SEBI;
16. Multilateral and bilateral development financial institutions;
17. National Investment Fund; and

Applications not to be made by:

- a. Minors
- b. Partnership firms or their nominations
- c. Foreign Nationals (except NRIs)
- d. Overseas Corporate Bodies

Participation by Associates of LM

Except for the Underwriting Obligations, the Lead Manager shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the LM may subscribe to or purchase Equity Shares in the Issue, where the allocation is on a proportionate basis.

Availability of Prospectus and Application Forms

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue, Registrar to the Issue and the collection Centres of the Bankers to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE Limited i.e. www.bseindia.com.

Option to Subscribe in the Issue

- a. Investors will have the option of getting the allotment of specified securities either in physical form or in dematerialization form.
- b. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

Application by Indian Public including eligible NRIs applying on Non Repatriation

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non Residents (except for those applying on non repatriation),

trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

Application by Mutual Funds

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 share capital carrying voting rights.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

Applications by Eligible NRIs/FII's on Repatriation Basis

Application Forms have been made available for Eligible NRIs at our registered Office.

Eligible NRI applicants may please note that only such applications 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 form meant for Resident Indians.

Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRI's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRI's on repatriation basis.

Allotment of Equity Shares to Non Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian Tax Laws and regulations and any other applicable laws.

The Company does not require approvals from FIPB or RBI for the Transfer of Equity Shares in the issue to eligible NRI's, FII's, Foreign Venture Capital Investors registered with SEBI and multilateral and bilateral development financial institutions.

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 our post Issue issued capital. In respect of an FII investing in our equity shares on behalf of its sub accounts, the investment on behalf of each sub account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub account is a foreign corporate or an individual.

In accordance with the foreign investment limits, the aggregate FII holding in our Company cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII may issue, deal or hold, off shore 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 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.

In case of FII's in NRI/FII Portion, number of Equity Shares applied shall not exceed issue size.

Applications 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, whilst 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 investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

MAXIMUM AND MINIMUM APPLICATION SIZE

(a) For Retail Individual Applicants

The Application must be for a 8,000 Equity Shares so as to ensure that the Application Price payable by the Applicant does not exceed ₹ 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed ₹ 2,00,000.

(b) For Other Applicants (Non Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 200,000 and in multiples of 8,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non Institutional Portion.

Applicants are advised to ensure that any single Application 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 Prospectus.

Applications under Power of Attorney

In case of Applications 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 of Association and Articles of Association and/ or bye laws must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications 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 Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications 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 Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by provident funds with minimum corpus of ₹ 25 crore (subject to applicable law) and pension funds with minimum corpus of ₹ 25 crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

The Company in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that the Company and the LM may deem fit.

Information for the Applicants:

- a) Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
- b) The LM will circulate copies of the Prospectus along with the Application Form to potential investors.
- c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our registered office or from the corporate office of the LM.
- d) Applicants who are interested in subscribing for the Equity Shares should approach the LM or their authorized agent(s) to register their Applications.
- e) Applications made in the Name of Minors and/or their nominees shall not be accepted.
- f) Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

Instructions for Completing the Application Form

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Surat.

Applicant's Depository Account and Bank Details

Applicants should note that on the basis of name of the Applicants, 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 demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicants. 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 dispatch/ credit of refunds to Applicants at the Applicants sole risk and neither the LM or the Registrar or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be 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.

BASIS OF ALLOTMENT

Allotment will be made in consultation with SME Platform of BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 8,000 equity shares the allotment will be made as follows:
 - a) Each successful applicant shall be allotted 8,000 equity shares; and
 - b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 8,000 equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 8,000 equity shares subject to a minimum allotment of 8,000 equity shares.
5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 8,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under the Capital Structure mentioned in this Prospectus.
6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below
 - a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
 - b) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
 - c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall/may be made available for allocation to applicants in the other category, if so required.

However, if the retail individual investor category is entitled to more than fifty per cent. on proportionate basis, the retail individual investors shall be allocated that higher percentage.

'Retail Individual Investor' means an investor who applies for shares of value of not more than ₹ 2,00,000/. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with SME Platform of BSE.

The Executive Director / Managing Director of the SME Platform of BSE, Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

REFUNDS:

In case of Applicants 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 Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

The Company in its absolute discretion, reserves 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 Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Applicants 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 Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

TERMS OF PAYMENT / PAYMENT INSTRUCTIONS

The entire issue price of ₹ 16 per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, The Company shall refund the excess amount paid on Application to the Applicants.

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 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.

A separate Cheque or Bank Draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application and/ or on allocation/ Allotment as per the following terms:

1. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - Indian Public including eligible NRIs applying on non repatriation basis: "Ace Tours – Public Issue - R".
 - In case of Non Resident Retail Applicants applying on repatriation basis: "Ace Tours – Public Issue – NR"
2. In case of Application 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 Applicant applying 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.

3. Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the balance amount payable by the Pay In Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.
4. On the Designated Date and not later than 15 days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

Don'ts:

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.
- Do not fill up the Application Form such that the Equity Shares applied 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;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

OTHER INSTRUCTIONS

Joint Applications in the case of Individuals

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Applications

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications

- i. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.

- ii. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

No separate applications for demat and physical is to be made. If such applications are made, the applications for physical shares will be treated as multiple applications and rejected accordingly.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of “know your client” norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications 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 w.e.f. July 2, 2007. Each of the Applicants 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 Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

RIGHT TO REJECT APPLICATIONS

In case of QIB Applicants, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

Grounds for Rejections

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares applied for;
- 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;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of The Issue;
- Applications for number of Equity Shares which are not in multiples of 8,000;
- Category not ticked;
- Multiple Applications as defined in this Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant’s identity (DP ID) and the beneficiary’s account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or “qualified institutional buyers” as defined in Rule 144A under the Securities Act;

- Applications not duly signed by the sole;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of ₹ 2,00,000, received after 5.00 pm on the Issue Closing Date;

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

(a) Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or

(b) Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

Signing of Underwriting Agreement

Vide an Underwriting agreement dated April 20, 2013 this issue is 100% Underwritten.

Filing of the Prospectus with the RoC

The Company will file a copy of the Prospectus with the RoC in terms of Section 56 and Section 60 of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one Gujarati newspaper with wide circulation.

Designated Date and Allotment of Equity Shares

The Company will issue and dispatch letters of allotment/ securities certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 12 days of the Issue Closing Date.

After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of Allotment

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 15 days of closure of Issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as Refund Banker and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

PAYMENT OF REFUND

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. 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 dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the LM shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes as given hereunder:

- 1) **ECS (Electronic Clearing System)** – Payment of refund would be done through ECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of such centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
- 2) **Direct Credit** – Applicants having bank accounts with the Refund Banker(s), as mentioned in the 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 Company.
- 3) **RTGS (Real Time Gross Settlement)** – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 1.00 Lacs, 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 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 Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- 4) **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 Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the 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.
- 5) For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be sent through Speed Post/ Registered Post. 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 Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 15 days of Issue 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 SME Platform of BSE where the Equity Shares are proposed to be listed are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- 1) Allotment of Equity Shares shall be made within 12 (twelve) days of the Issue Closing Date;
- 2) Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Issue Closing Date would be ensured; and
- 3) The Company shall pay interest at 15% p.a. for any delay beyond the 12 (twelve) days 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.

UNDERTAKINGS BY OUR COMPANY

The Company undertakes the following:

- 1) That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
- 3) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- 4) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- 5) That the certificates of the securities/ refund orders to the non resident Indians shall be dispatched within specified time; and
- 6) That no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Application monies are refunded on account of non listing, under subscription etc.
- 7) That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment

UTILIZATION OF ISSUE PROCEEDS

Our Board certifies that:

- 1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 73 of the Companies Act;
- 2) details of all monies utilised out of the issue referred to in subitem(1) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised under an appropriate separate head in the balance-sheet of the issuer indicating the purpose for which such monies had been utilised; and
- 3) details of all unutilised monies out of the issue of specified securities referred to in sub-item (1) shall be disclosed under an appropriate separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested; and
- 4) Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the LM reserves the right not to proceed with the Issue at anytime, including after the Issue Closing Date but before the Board meeting for Allotment, without assigning any reason. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, QIB Applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

(a) Agreement dated [●] between NSDL, the Company and the Registrar to the Issue;

(b) Agreement dated [●] between CDSL, the Company and the Registrar to the Issue;

- An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.
- The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
- Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- Names in the 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.
- If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis-à-vis those with his or her Depository Participant.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

COMMUNICATIONS

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

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

ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the LM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

ASBA Process

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant (“**ASBA Account**”) is maintained. The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA

Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application.

The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be.

The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. 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 bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account.

In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the LM.

ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

Who can apply?

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

Mode of Payment

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB.

Application Amount paid in cash, by money order or by postal order or by stockinvest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

Interest in Case of Delay in Despatch of Allotment Letters or Refund Orders/instruction to Self Certified Syndicate Banks by the Registrar in Case of Public Issues

The issuer agrees that as far as possible allotment of securities offered to the public shall be made within fifteen days of the closure of public issue. The issuer further agrees that it shall pay interest at the rate of fifteen per cent. per annum if the allotment letters or refund orders have not been despatched to the applicants 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 within fifteen days from the date of the closure of the issue. However applications received after the closure of issue in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated primarily by the FEMA and the policy prescribed by the Department of Industrial Policy and Promotion, Government of India through circular 2 of 2011 with effect from October 1, 2011 ("FDI Policy"). While the FDI Policy 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 FDI Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The Government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

In terms of the Consolidated FDI policy (effective from April 10, 2012), issued by the Department of Industrial Policy and Promotion, 100% foreign direct investment in the Company is permitted.

Subscription by foreign investors (NRIs/FIIs)

FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/ RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Prospectus. Applicants 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 IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI ICDR 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 the each provision herein below is numbered as per the corresponding article number in the Articles of Association. Certain defined terms used in the Articles of Association are set forth below. All other defined terms used in this section have the meaning given to them in the Articles of Association.

The Authorized capital of our Company is ₹ 16,00,00,000 divided into 1,60,00,000 Equity shares of ₹ 10/- each.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Title of Article	Article Number and contents
Increase of capital by the Company how carried into effect	4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.
New Capital same as existing capital	5. Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
Non Voting Shares	6. The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.
Redeemable Preference Shares	7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Voting rights of preference shares	8. The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.
Provisions to apply on issue of Redeemable Preference Shares	9. On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect: (a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption; (b) No such Shares shall be redeemed unless they are fully paid; (c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed; (d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and (e) Subject to the provisions of Section 80 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.
Reduction of capital	10. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce (a) the share capital;

Title of Article	Article Number and contents
	(b) any capital redemption reserve account; or (c) any security premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.
Purchase of own Shares	11. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.
Sub-division consolidation and cancellation of Shares	12. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

MODIFICATION OF RIGHTS

Title of Article	Article Number and contents
Modification of rights	13. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall mutatis mutandis apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted. The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking <i>pari passu</i> therewith.

SHARES, CERTIFICATES AND DEMATERIALISATION

Title of Article	Article Number and contents
Restriction on allotment and return of allotment	14. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
Further issue of shares	15. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares then: (a) Such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those Shares at that date; (b) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer and the offer, if not accepted, will be deemed to have been declined; (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right; (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company. (2) Notwithstanding anything contained in sub-clause (1), the further Shares aforesaid may

Title of Article	Article Number and contents
	<p>be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever:</p> <p>(a) If a Special Resolution to that effect is passed by the Company in General Meeting; or</p> <p>(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.</p> <p>(3) Nothing in sub-clause (c) of (1) hereof shall be deemed;</p> <p>(a) To extend the time within which the offer should be accepted; or</p> <p>(b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.</p> <p>(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company:</p> <p>(i) To convert such debentures or loans into Shares in the Company; or</p> <p>(ii) To subscribe for Shares in the Company.</p> <p>PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:</p> <p>(a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that government in this behalf; and</p> <p>(b) In the case of debentures or loans or other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the loans.</p>
Shares at the disposal of the Directors	<p>16.</p> <p>Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.</p>
Power to offer to Shares/options to acquire Shares	<p>16A</p> <p>(1) Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.</p> <p>(2) In addition to the powers of the Board under Article 16(1), the Board may also allot the Shares referred to in Article 16(1) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 16(1)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.</p> <p>(3) The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 16(1) and (2) above.</p>

Title of Article	Article Number and contents
Application of premium received on Shares	<p>17.</p> <p>(1) Where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the security premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the security premium account were paid up share capital of the Company.</p> <p>(2) The security premium account may, notwithstanding anything in clause (I) thereof be applied by the Company:</p> <p>(a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;</p> <p>(b) In writing off the preliminary expenses of the Company;</p> <p>(c) In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company ; or</p> <p>(d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.</p>
Power also to Company in General Meeting to issue Shares	<p>18.</p> <p>In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.</p>
Power of General Meeting to authorize Board to offer Shares/Options to employees	<p>19</p> <p>(i) Without prejudice to the generality of the powers of the General Meeting under Article 18 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose.</p> <p>(ii) In addition to the powers contained in Article 19, the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.</p>
Shares at a discount	<p>20.</p> <p>The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely:</p> <p>(a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board;</p> <p>(b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and</p> <p>(c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.</p>

Title of Article	Article Number and contents
Installments of Shares to be duly paid	21. If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.
The Board may issue Shares as fully paid-up	22. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.
Acceptance of Shares	23. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share(s) therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.
Deposit and call etc., to be debt payable	24. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
Liability of Members	25. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.
Dematerialisation of securities	26.(A) Definitions Beneficial Owner "Beneficial Owner" means a person whose name is recorded as such with a Depository. SEBI "SEBI" means the Securities and Exchange Board of India. Bye-Laws "Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996; Depositories Act "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force; Depository "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992; Record "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI; Regulations "Regulations" mean the regulations made by SEBI; Security "Security" means such security as may be specified by SEBI.

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Dematerialisation of securities	26.(B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.
Options to receive security certificates or hold securities with depository	26.(C) Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.
Securities in depositories to be in fungible form	26.(D) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owner.
Rights of depositories and Beneficial Owners	26.(E) (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner; (2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it; (3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.
Depository To Furnish Information	26.(F) Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
Service of documents	26.(G) 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 electronics mode or by delivery of floppies or discs.
Option to opt out in respect of any security	26.(H) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Sections 83 and 108 of the Act not to apply	26.(I) Notwithstanding anything to the contrary contained in the Articles, (1) Section 83 of the Act shall not apply to the Shares held with a Depository; (2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owner in the Records of a Depository.
Share certificate	27. (a) Every Member or allottee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name. (b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.

Title of Article	Article Number and contents
Limitation of time for issue of certificates	<p>28.</p> <p>Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.</p> <p>The Company shall be entitled to charge such sum as the Board may decide for issuing certificates for shares in numbers other than the marketable lot.</p>
Renewal of share certificates	<p>29.</p> <p>No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.</p> <p>PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.</p>
Issue of new certificate in place of one defaced, lost or destroyed	<p>30.</p> <p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹ 2/- for each certificate) as the Directors shall prescribe.</p> <p>PROVIDED THAT no fee shall be charged for issue of new Certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>PROVIDED THAT notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.</p> <p>The provision of this Article shall <i>mutatis mutandis</i> apply to Debentures of the Company.</p>
The first name joint holder deemed sole holder	<p>31.</p> <p>If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.</p>
Issue of Shares without Voting Rights	<p>32.</p> <p>In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.</p>

Title of Article	Article Number and contents
Buy-Back of Shares and Securities	33. Notwithstanding anything contained in these articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back, such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, provision of section 77 and SEBI (Buy back of Shares) Regulations as may be permitted by law.
Employees Stock Options Scheme/ Plan	34. The Directors shall have the power to offer , issue and allot Equity Shares in or Debentures (Whether fully/ partly convertible or not into Equity Shares) of the Company with or without Equity Warrants to such of the Officers, Employees, Workers of the Company or of its Subsidiary and / or Associate Companies or Managing and Whole Time Directors of the Company (hereinafter in this Article collectively referred to as "the Employees") as may be selected by them or by the trustees of such trust as may be set up for the benefit of the Employees in accordance with the terms and conditions of the Scheme, trust, plan or proposal that may be formulated, created, instituted or set up by the Board of Directors or the Committee thereof in that behalf on such terms and conditions as the Board may in its discretion deem fit.
Sweat Equity	35. Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.
Postal Ballot	36. The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.
Company not bound to recognize any interest in Shares other than of registered holder	37. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.
Trust recognised	38. (a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them. (b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.
Declaration by person not holding beneficial interest in any Shares	39. (1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act. (2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such

Title of Article	Article Number and contents
	<p>Beneficial Owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act.</p> <p>(3) Whenever there is a change in the beneficial interest in a Share referred to above, the Beneficial Owner shall, of so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.</p> <p>(4) Notwithstanding anything contained in the Act and Articles 37 and 38 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.</p>
Funds of Company not to be applied in purchase of Shares of the Company	<p>40.</p> <p>No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.</p>

UNDERWRITING AND BROKERAGE

Title of Article	Article Number and contents
Commission may be paid	<p>41.</p> <p>Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.</p>
Brokerage	<p>42.</p> <p>The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.</p>
Commission to be included in the annual return	<p>43.</p> <p>Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.</p>

INTEREST OUT OF CAPITAL

Title of Article	Article Number and contents
Interest out of capital	<p>44.</p> <p>Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.</p>

DEBENTURES

Title of Article	Article Number and contents
Debentures with voting rights not to be issued	<p>45.</p> <p>(a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.</p> <p>(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.</p> <p>(c) Payments of certain debts out of assets subject to floating charge in priority to</p>

Title of Article	Article Number and contents
	<p>claims under the charge may be made in accordance with the provisions of Section 123 of the Act.</p> <p>(d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act.</p> <p>(e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance.</p> <p>(f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred.</p> <p>(g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof.</p> <p>(h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.</p>
	<p>46. Definitions</p> <p>(1A) I) The “Act” means The Companies Act, 1956 or any statutory modification or reenactment hereof the time being in force.</p> <p>II) “The Company” or “This Company” means Ace Tours Worldwide Limited.</p> <p>III) “Shares” means shares in the equity shares capital of the Company having a face value of ₹ 10/- per shares and includes stock except where a distinction between stock and share is expressed or implied.</p> <p>IV) “Relative” means a relative as defined by Section 6 of the Act.</p> <p>V) “BCCL” means Bennett, Coleman and Co. Limited, an existing company within the meaning and provisions of the Companies Act, 1956.</p> <p>VI) “Debentures” includes debenture stock, bonds and other securities of the Company whether constituting charge on the assets of the Company or not.</p> <p>VII) “Board of Directors” or “Board” or “Directors” means Board of Directors of the Company constituted or functioning subject to or in accordance with restrictions, limitations stipulated in the Shareholder’s Agreement.</p> <p>VIII) “Agreement” means Convertible Debenture Subscription Agreement dated 10th January, 2008 executed amongst the Company BCCL and the promoters.</p> <p>IX) “Parties” unless context requires otherwise means all the signatories to the Agreement.</p> <p>47. In the event that the Company issues any further Shares, including in the event of a merger or amalgamation of another entity with the Company, within a period commencing from the date hereof i.e. January 10, 2008, till any point of time prior to the completion of the IPO (a “Fresh Offering”), at a price lower than the Conversion Price, then the Company shall issue and the Promoters shall cause the Company to issue such number of Shares forming part of the Fresh Offering to BCCL, in accordance with applicable law, for no additional consideration or a consideration being the par value of the Shares or such other consideration as may be determined by the board of directors of the Company, whichever is lower, such that the weighted average price of the BCCL Shares and the Shares acquired by BCCL at the Fresh Offering shall be equal to the price paid for the Shares issued at the Fresh Offering by another Person. The Company shall obtain and the Promoters shall cause the Company to obtain all approvals, regulatory and otherwise, in this regard. In the event the Company is unable to offer the Shares to BCCL for no additional consideration, the Promoters shall, jointly and severally, sell such number of Shares held by the Promoter at no additional consideration to BCCL, such that the weighted average price of the BCCL Shares and the Shares acquired by BCCL from the Promoters in the manner indicated herein shall be equal to the price paid for the Shares issued at the Fresh Offering by another person.</p> <p>48 The Company shall not issue Shares through the IPO at a price lower than the Conversion Price. For the purpose of this Article the Conversion Price shall be adjusted for any bonus issue and/or any stock split made by the Company from the</p>

Title of Article	Article Number and contents
	<p>date of allotment of the Shares till the date of the IPO. In the event that the IPO takes place at a lower than the Conversion Price after the adjustment, the Promoters hereby covenant and undertake, jointly and severally, to transfer such number of Shares to BCCL for no additional consideration such that the weighted average price of the BCCL Shares (i.e., the Shares held by BCCL after the date of allotment of the BCCL Shares and the Shares transferred by the Promoters in accordance with the terms hereof) is equal to the IPO Price. It is clarified that the transfer of Shares by the Promoters shall take place on the next succeeding Business Day after the completion of the statutory lock-in of one year from the date of the IPO of the entire pre-issue share capital currently prescribed in clause 4.141 of Chapter IV of the DIP Guidelines, as may be amended from time to time. Promoters undertake, jointly and severally, to keep available such number of Shares as may be required to fulfil their obligations in terms hereof and ensure that the same are not subject to the three year lock-in for promoter's shares under the DIP Guidelines. It is further clarified that the number of Shares to be transferred to BCCL by the Promoters shall be computed on the basis of IPO Price.</p> <p>49 Tag Along Right</p> <p>a. If the Promoters, or any of them, as the case may be, by themselves or through their affiliates, intends to Transfer all or part of their shareholding in the Company to a third party who is not an affiliate of the of the Promoters (the "Third Party Offeror"), the Promoters shall provide notice of such proposed sale to BCCL no later than 30 (Thirty) days prior to the proposed closing of such sale. The Promoters, or any of them, as the case may be, shall not be permitted to carry out the sale unless simultaneously with the sale the Third Party Offeror makes an offer in writing to BCCL to purchase a prorata portion (i.e.a ratio of Shares of the Promoters proposed to be transferred to the Shares held by the Promoters at the time of the sale or disposal, as the case may be) of the Shares held by BCCL in the Company at such terms and conditions as the Third Party Offeror's proposed acquisition of Shares from the Promoters, or any of them, as the case may be, including as to Price (the "Tag-Along Offer"). The Third Party Offeror's Tag Along shall remain open for acceptance for not less than 30 (Thirty) days following delivery to BCCL Of the offer of the Third Party Offeror</p> <p>Provided that in the event that any such sale or disposal by the Promoter results in the Promoter's shareholding falling below 75% (Seventy Five Percent) of issued and outstanding capital of the company (whether in a single transaction or a series of transaction related or otherwise), the Promoter shall not be permitted to carry out such sale or otherwise dispose of the Shares held by the Promoter, unless simultaneously with the sale, the Third Party Offeror makes an offer in writing to BCCL to purchase all the BCCL Shares held by BCCL in the Company at such time, on the same terms and conditions as the Third Party Offeror's proposed acquisition of Shares from the Promoters, including as to price.</p> <p>b. If the Third Party Offeror refuses to purchase Shares from BCCL and BCCL notifies the Promoters in Writing within 30 (Thirty) days following receipt by BCCL of the Promoter's notice that it desires to sell Shares to the Third Party Offer or, the Promoters shall reduce the number of shares proposed to be sold to the Third Party Offer or and BCCL shall sell to the Third Party Offer or, and Promoters shall ensure that the Third Party Offer or shall buy, a pro rata portion or all of the Shares held by BCCL at that time, as the case may be, on the same terms and conditions, including as to price, as described in Article 50.1 . It is clarified that the Promoters will not be permitted to sell any Shares to the Third Party Offer or, unless and until the Third Party Offer or has acquired all the Shares offered by BCCL on the terms and conditions, including as to price, as described in Article 50.1.</p> <p>50 Put Option</p> <p>50.1 In the event that the IPO of the Company and listing of the Shares on a recognized stock exchange in not completed within 4 (four) years from the date hereof, BCCL shall have the right, by written demand signed by BCCL, to require the promoters, jointly and severally, by themselves or through a person(s) nominated by them, to purchase all or some of the BCCL Shares at the price per Share being not less than the Sale Price. For the purposes of this Article the "Sale Price" shall mean an amount equal to the Earning Per Share ("EPS") *P/E multiple. EPS means EPS based on audited financial accounts for the financial year</p>

Title of Article	Article Number and contents
	<p>immediately preceding the date of such buyback. For the purpose of this Article, P/E multiple will be equal to 16 (Sixteen). For the purpose of Tag along right the Earning Per Share shall be adjusted for any stock split made by the Company from the Closing Date till the date of purchase of BCCL Shares by the promoters. The EPS will be arrived at after excluding all non-recurring income and expenditure and extra-ordinary income and expenditure in accordance with Indian GAAP.</p> <p>50.1.1 The Promoter and BCCL shall use their respective reasonable best efforts to obtain all relevant corporate and other approvals required for the completion of the transfer.</p> <p style="text-align: center;">51 Right to First Refusal</p> <p>51.1 Subject to the lock-in restriction in respect of the BCCL Shares prescribed in Article 51.1.2 of this agreement, BCCL shall have the right to sell the BCCL Shares or a part thereof by way of a negotiated deal to any third Party in the manner provided in this Article.</p> <p>51.1.2 BCCL covenants that the BCCL shares shall be subject to lock-in for a period of three years from January 10, 2008, or in the event of an IPO for such period as may be determined under applicable law at the time of IPO, whichever occurs earlier. It is however clarified that BCCL shall have the right to transfer or sell or otherwise dispose of the BCCL shares in any manner at the expiry of the lock-in period mentioned herein in this Article 6.3. However it is clarified that the provisions of this Article 6.3 shall not apply to transfer of shares by BCCL to any of its affiliates, associates and/or group companies</p> <p>51.2 Before the completion of the IPO, if BCC desires to Transfer the BCCL Shares, or a part thereof by way of A negotiated deal, BCCL shall first give a written notice ("the Transfer Notice") to the promoters, stating BCCL intension to Transfer the BCCL Shares, the number of the BCCL Shares proposed buyer and the price and the other terms and conditions at which BCCL proposes to Transfer the BCCL Shares.</p> <p>51.3. Upon receipt of the notice, the Promoters shall have the irrevocable and exclusive right to buy all the BCCL, by themselves or by a person/entity nominated by the Promoters, at the price and on the same terms and Conditions as specified in the notice such a right shall be exercisable by a written notice from the Promoters to BCCL, within 30 (Thirty) days from the date of receipt of the notice sent by BCCL.in the event that the Promoters or any person/entity nominated by the Promoters does not buy the BCCL Shares specified in the Notice then BCCL shall have the right to sell the BCCL Shares to the said proposed buyer on terms not more Favourable than those specified in the Transfer notice.</p> <p>51.4 If the Promoers, by themselves or through an entity nominated by them, fails to purchase the BCCL Shares within 21 (Twenty one) days from the date of the notice by which the promoters exercised their right to buy the BCCL Shares, in sddition to all other remedies available in law to BCCL, the right of first Refusal shall stand extinguished.</p> <p>51.5 After the occurrence of the IPO, BCCL shall have the right to Transfer, the BCCL shares, or a part thereof, in any manner and to any person that it deems fit.</p>

CALLS

Title of Article	Article Number and contents
Directors may make calls	<p>52.</p> <p>(a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution)make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.</p> <p>(b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.</p>

Title of Article	Article Number and contents
Notice of call when to be given	53. Not less than fourteen days notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.
Call deemed to have been made	54. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.
Directors may extend time	55. The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extended such time to call or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favour.
Amount payable at fixed time or by installments to be treated as calls	56. If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.
When interest on call or installment payable	57. If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.
Evidence in action by Company against share holder	58. On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment in anticipation of calls may carry interest	59. (a)The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. (b)The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. (c)The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

Title of Article	Article Number and contents
Partial payment not to preclude forfeiture	60. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
Company's lien on Shares/ Debentures	61. The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares/Debentures. The Directors may at any time declare any Shares/ Debentures wholly or in part exempt from the provisions of this Article.
As to enforcing lien by sale	62. The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:- (a) Unless a sum in respect of which the lien exists is presently payable; or (b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency. For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members (c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.
Application of proceeds of sale	63. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and (b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

FORFEITURE OF SHARES

Title of Article	Article Number and contents
If money payable on Shares not paid notice to be given	64. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Sum payable on allotment to be deemed a call	65. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.
Form of notice	66. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.

Title of Article	Article Number and contents
In default of payment Shares to be forfeited	67. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
Notice of forfeiture to a Member	68. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
Forfeited Shares to be the property of the Company and may be sold etc.	69. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.
Member still liable for money owing at the time of forfeiture and interest	70. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.
Effects of forfeiture	71. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.
Power to annul forfeiture	72. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
Declaration of forfeiture	73. (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share. (b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off. (c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share. (d) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment. (e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.
Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum.	74. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Title of Article	Article Number and contents
Cancellation of shares certificates in respect of forfeited Shares	75. Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.
Evidence of forfeiture	76. The declaration as mentioned in Article 67(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.
Validity of sale	77. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Surrender of Shares	78. The Directors may subject to the provisions of the Act, accept a surrender or any share from any Member desirous of surrendering on such terms and conditions as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents
No transfers to minors etc.	79. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Instrument of transfer	80. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
Application for transfer	81. (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee. (b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice (c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
Execution of transfer	82. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.
Transfer by legal	83. A transfer of Share in the Company of a deceased Member thereof made by his legal

Title of Article	Article Number and contents
representatives	representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.
Register of Members etc when closed	84. The Board of Directors shall have power on giving not less than seven days pervious notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
Directors may refuse to register transfer	85. Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. PROVIDED THAT the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.
Death of one or more joint holders of Shares	86. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.
Titles of Shares of deceased Member	87. The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.
Notice of application when to be given	88. Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)	89. Subject to the provisions of the Act and Article 80 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".
	90.

Title of Article	Article Number and contents
Refusal to register nominee	Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.
Person entitled may receive dividend without being registered as a Member	91. A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.
No fee on transfer or transmissions	92. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar document.
Transfer to be presented with evidence of title	93. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.
Company not liable for disregard of a notice prohibiting registration of transfer	94. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

SHARE WARRANTS

Title of Article	Article Number and contents
Power to issue share warrants	95. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
Deposit of share warrants	96. (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant (b) Not more than one person shall be recognized as depositor of the Share warrant (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor
Privileges and disabilities of the holders of share warrant	97. (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company. (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share

Title of Article	Article Number and contents
	included in the warrant, and he shall be a Member of the Company.
Issue of new share warrant coupons	98. The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Title of Article	Article Number and contents
Share may be converted into stock	99. The Company may, by Ordinary Resolution: (a) Convert any fully paid up Share into stock, and (b) reconvert any stock into fully paid-up Shares.
Transfer of stock	100. The several holders of such stock may transfer there respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit. PROVIDED THAT the Board may, form time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.
Right of stock holders	101. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.
Regulation applicable to stock and share warrant	102. Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

BORROWING POWERS

Title of Article	Article Number and contents
Power to borrow	103. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
The payment or repayment of moneys borrowed	104. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Bonds, Debentures,	105. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the

Title of Article	Article Number and contents
etc. to be subject to control of Directors	Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
Terms of issue of Debentures	106. Any Debentures, Debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise; However, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
Mortgage of uncalled capital	107. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.

MEETING OF MEMBERS

Title of Article	Article Number and contents
Statutory meeting	108. The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business.
Annual General Meeting	109. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. Then company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.
Report statement and registers to be laid before the Annual General Meeting	110. The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open and accessible during the continuance of the Meeting.
Extra-Ordinary General Meeting	111. All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.
Requisitionists' meeting	112. (1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:-

Title of Article	Article Number and contents
	<p>(a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.</p> <p>(b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.</p> <p>(2) The number of Members necessary for a requisition under clause (1) hereof shall be</p> <p>(a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or</p> <p>(b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.</p> <p>(3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.</p> <p>(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:</p> <p>(a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.</p> <p>(i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.</p> <p>(ii) the case of any other requisition, not less than two weeks before the Meeting, and</p> <p>(b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.</p> <p>PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.</p> <p>(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.</p> <p>(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.</p>
<p>Extra-Ordinary General Meeting by Board and by requisition</p> <p>When a Director or any two Members may call an Extra Ordinary General Meeting</p>	<p>113.</p> <p>(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.</p> <p>(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.</p>
<p>Contents of requisition, and number of requisitionists required and the conduct of</p>	<p>114.</p> <p>(1) In case of requisition the following provisions shall have effect:</p> <p>(a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.</p> <p>(b) The requisition may consist of several documents in like form each signed by one or more</p>

Title of Article	Article Number and contents
Meeting	<p>requisitionists.</p> <p>(c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.</p> <p>(d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.</p> <p>(e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called:</p> <p>(i) By the requisitionists themselves ; or</p> <p>(ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (I) which ever is less.</p> <p>PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.</p> <p>(2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:</p> <p>(a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but</p> <p>(b) shall not be held after the expiration of three months from the date of deposit of the requisition.</p> <p>PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.</p> <p>(3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.</p> <p>(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.</p>
Length of notice of Meeting	<p>115.</p> <p>(1) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing.</p> <p>(2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto:</p> <p>(i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and</p> <p>(ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting.</p> <p>PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later.</p>
Contents and manner of service of notice	<p>116.</p> <p>(1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.</p> <p>(2) Subject to the provisions of the Act notice of every General Meeting shall be given;</p> <p>(a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act;</p> <p>(b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for ,the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and</p> <p>(c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company</p> <p>PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a</p>

Title of Article	Article Number and contents
	<p>newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.</p> <p>(3) Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.</p>
Special and ordinary business and explanatory statement	<p>117.</p> <p>(1)(a) In the case of an Annual General Meeting all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to</p> <p>(i) the consideration of the accounts, balance sheet the reports of the Board of Directors and Auditors;</p> <p>(ii) the declaration of dividend;</p> <p>(iii) the appointment of Directors in the place, of those retiring; and</p> <p>(iv) the appointment of, and the fixing of the remuneration of the Auditors, and</p> <p>(b) In the case of any other meeting, all business shall be deemed special</p> <p>(2) Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director.</p> <p>PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects, any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company.</p> <p>(3) Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.</p>
Omission to give notice not to invalidate proceedings	<p>118.</p> <p>The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.</p>

MEETING OF MEMBERS

Title of Article	Article Number and contents
Notice of business to be given	<p>119.</p> <p>No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.</p>
Quorum	<p>120.</p> <p>Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite is present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.</p>
If quorum not present when Meeting to be dissolved and when to be adjourned	<p>121.</p> <p>If within half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members shall stand dissolved and in any other case the Meeting shall stand, adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjournment meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum and may transact the business for which the Meeting was called.</p>
Resolution passed at adjourned Meeting	<p>122.</p> <p>Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact</p>

Title of Article	Article Number and contents
	passed and shall not be deemed to have been passed on any earlier date.
Chairman of General Meeting	123. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.
Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required.	124 Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution be passed by a Special Resolution.
Business confined to election of Chairman whilst the Chair is vacant	125. No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.
Chairman may adjourn Meeting	126. (1) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place. (2) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place. (3) When a Meeting is adjourned for thirty days or more notice of the adjourned Meeting shall be given as in the case of an original Meeting. (4) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting.
How questions are decided at Meetings	127. Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.
Chairman's declaration of result of voting on show of hands	128. A declaration by the Chairman of the Meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.
Demand of poll	129. Before or on the declaration of the result of the voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
Time of taking poll	1230. A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the Meeting may direct and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken.
Chairman's casting vote	131. In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a

Title of Article	Article Number and contents
	Member.
Appointment of scrutineers	132. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.
Demand for poll not to prevent transaction of other business	133. The demand for a poll shall not prevent transaction of other business (except on the question of the election of the Chairman and of an adjournment) other than the question on which the poll has been demanded.
Special notice	134. Where by any provision contained in the Act or in these Articles, special notice is required for any resolution notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved, exclusive of the day which the notice is served or deemed to be served on the day of the Meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.

VOTES OF MEMBERS

Title of Article	Article Number and contents
Member paying money in advance not to be entitled to vote in respect thereof	135. A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.
Restriction on exercise of voting rights of Members who have not paid calls	136. No Member shall exercise any voting rights in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
Number of votes to which Member entitled	137 Subject to the provisions of Article 129, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.
Votes of Members of unsound mind	138. A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.
Votes of joint Members	139. If there be joint registered holders of any Shares, one of such persons may vote at any Meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be

Title of Article	Article Number and contents
	present at any Meeting either personally or by agent or by proxy, that one of the said persons so present whose name appears higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other holder(s) shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register of Members in respect of such Shares. Several executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof.
Representation of body corporate	140. (1) A body corporate (whether a company within the meaning of the Act or not) may, if it is a Member or creditor of the Company (including a holder of Debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body, to act as its representative at any Meeting of the Company or any class of shareholders of the Company or at any meeting of the creditors of the Company or Debenture-holders of the Company. A person authorised by resolutions aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, shareholder, creditor or holder of Debentures of the Company. The production of a copy of the resolution referred to above certified by a Director or the Secretary of such body corporate before the commencement of the Meeting shall be accepted by the Company as sufficient evidence of the validity of the said representatives' appointment and his right to vote thereat. (2) Where the President of India or the Governor of a State is a Member of the Company, the President or as the case may be the Governor may appoint such person as he thinks fit to act as his representative at any Meeting of the Company or at any meeting of any class of shareholders of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a Member of the Company.
Votes in respects of deceased or insolvent Members	141. Any person entitled under the Transmission Article to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares; provided that at least forty-eight hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the right to transfer such Shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.
Voting in person or by proxy	142. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.
Rights of Members to use votes differently	143. On a poll taken at a Meeting of the Company a Member entitled to more than one vote or his proxy, or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
Proxies	144. Any Member of the Company entitled to attend and vote at a Meeting of the Company, shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right what so ever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Member of the Company.
Proxy either for specified meeting or for a period	145. An instrument of proxy may appoint a proxy either for the purposes of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.
No proxy to vote on a show of hands	146. No proxy shall be entitled to vote by a show of hands.

Title of Article	Article Number and contents
Instrument of proxy when to be deposited	147. The instrument appointing a proxy and the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the Registered Office of the Company at least forty-eight hours before the time for holding the Meeting at which the person named in the instrument purposes to vote and in default the instrument of proxy shall not be treated as valid.
Form of Proxy	148. Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by any officer or attorney duly authorised by it.
Validity of votes given by proxy notwithstanding revocation of authority	149. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the proxy is used provided nevertheless that the Chairman of any Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.
Time for objection to vote	150. No objection shall be made to the qualification of any voter or to the validity of a vote except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting, shall be valid for all proposes and such objection made in due time shall be referred to the Chairman of the Meeting.
Chairman of any Meeting to be the judge of Validity of any value	151. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.
Custody of Instrument	152. If any such instrument of appointment is confined to the object of appointing an attorney or proxy for voting at Meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If such instrument embraces other objects, a copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

DIRECTORS

Title of Article	Article Number and contents
Number of Directors	153. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve. PROVIDED THAT the Company may from time to time increase or reduce within the maximum limit permissible the number of Directors. Provided further that any increase in the number of Directors exceeding the number prescribed under Section 259 of the Act shall not have any effect unless approved by the Central Government and shall become void if and so far it is disapproved by the Government.
First Directors	154. The following were the first Directors of the Company: (1) Mr. Raju J. Choksi (2) Mr. Jayesh J. Choks (3) Mrs. Rekha A. Choksi (4) Mrs. Nilesa B. Choksi (5) Mr. Mayank A. Choksi

Title of Article	Article Number and contents
	<p>(6) Mr. Bharat J. Choksi</p> <p>(7) Mr. Anil J. Choksi</p>
Powers to Promoters and Promoter Group	<p>155</p> <p>The Promoter(s) and Promoter Group shall as long as they, jointly and severally, holds not less than 26% of the total paid up share capital of the Company for the time being, be entitled by notice in writing addressed to the Company to appoint such number of persons as shall, together with the Managing Director(s), not exceeding one third of the total number of Directors for time being of the Company, as Director(s) of the Company and to remove such person(s) from office and on a vacancy being caused in such office from any cause whatsoever whether by resignation, retirement, death, removal or otherwise, of any such person(s) so appointed, to appoint another or others to fill such vacancy. An appointment or removal of the Director under this Article shall become effective forthwith upon receipt by the Company of the writing aforesaid. The Directors so appointed by the Promoter(s) and Promoter Group shall not be liable to retire at any General Meeting of the Company.</p>
Debenture Directors	<p>156</p> <p>Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.</p>
Nominee Director or Corporation Director	<p>157.</p> <p>(1)Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any Finance Corporation or Credit Corporation or to any Financing company or body, (which corporation or body is hereinafter in this Article referred to as "the corporation") out of any loans granted or to be granted by them to the Company or so long as the corporation continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.</p> <p>(2)The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.</p> <p>(3)The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall <i>ipso facto</i> vacate such office immediately on the moneys owing by the Company to the Corporation being paid off</p> <p>(4)The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.</p> <p>(5)The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation..</p> <p>PROVIDED THAT in the event of the Nominee Director(s) being appointed as</p>

Title of Article	Article Number and contents
	Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.
Special Director	<p>158.</p> <p>(1) In connection with any collaboration arrangement with any company or corporation or any firm or person for supply of technical know-how and/or machinery or technical advice the directors may authorize such company, corporation, firm or person herein-after in this clause referred to as "collaboration" to appoint from time to time any person as director of the company (hereinafter referred to as "special director") and may agree that such special director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for office of such director, so however that such special director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such collaborator under the collaboration arrangements or at any time thereafter.</p> <p>(2) The collaborators may at any time and from time to time remove any such special director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time appoint any other person as special director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.</p> <p>(3) It is clarified that every collaborator entitled to appoint a director under this article may appoint one such person as a director and so that if more than one collaborator is so entitled there may be at any time as many special directors as the collaborators eligible to make the appointment.</p>
Limit on number of retaining Directors	<p>159.</p> <p>The provisions of Articles 150, 151, 152 and 153 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 151 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.</p>
Alternate Director	<p>160.</p> <p>The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.</p>
Directors may fill in vacancies	<p>161.</p> <p>The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.</p>
Additional Directors	<p>162.</p> <p>The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board ("Additional Director") so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.</p>
Qualification shares	<p>163.</p> <p>A Director need not hold any qualification shares.</p>

Title of Article	Article Number and contents
Directors' sitting fees	<p>164.</p> <p>The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.</p>
Extra remuneration to Directors for special work	<p>165.</p> <p>(1) Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided.</p> <p>(2) Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either:</p> <p>i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or</p> <p>ii) by way of commission if the Company by a Special Resolution authorised such payment.</p>
Traveling expenses incurred by Directors on Company's business	<p>166.</p> <p>The Board of Directors may subject to the limitations provided by the Act allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence, for the purpose of attending a Meeting such sum as the Board may consider fair compensation for traveling, hotel, and other incidental expenses properly incurred by him in addition to his fees for attending such Meeting as above specified.</p>
Director may act notwithstanding vacancy	<p>167.</p> <p>The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the Director or Directors may act for the purpose of increasing the number, of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.</p>
Board resolution necessary for certain contracts	<p>168</p> <p>(1) Subject to the provisions of Section 297 of the Act, except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is partner, any other partner in such a firm or a private company of which the Director is a member or director, shall not enter into any contract with the Company.</p> <p>(a) For the sale, purchase or supply of goods, materials or services; or</p> <p>(b) for underwriting the subscription of any Share in or debentures of the Company;</p> <p>(c) nothing contained in clause (a) of sub-clause (1) shall affect:-</p> <p>(i) the purchase of goods and materials from the Company, or the sale of goods and materials to the Company by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or</p> <p>(ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company, or the Director, relative, firm, partner or private company, as the case may be regularly trades or does business, PROVIDED THAT such contract or contracts do not relate to goods and materials the value of which, or services the cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts;</p> <p>(2) Notwithstanding any contained in sub-clause(1) hereof, a Director, relative, firm partner or private company as aforesaid may, in circumstances of urgent necessity, enter without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds rupees five thousand in the aggregate in any year comprised in the period of the contract; but in such a case the consent of the Board shall be obtained at a Meeting within three months of the date on which the</p>

Title of Article	Article Number and contents
	<p>contract was entered into.</p> <p>(3) Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board required under clause (1) and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which was entered into.</p> <p>(4) If consent is not accorded to any contract under this Article, anything done in pursuance of the contract will be voidable at the option of the Board.</p> <p>(5) The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.</p>
Disclosure to the Members of Directors' interest in contract appointing Managers, Managing Director or Wholetime Director	<p>169.</p> <p>When the Company:-</p> <p>(a) enters into a contract for the appointment of a Managing Director or Wholetime Director in which contract any Director of the Company is whether directly or indirectly, concerned or interested; or</p> <p>(b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Act shall be complied with.</p>
Directors of interest General notice of disclosure	<p>170.</p> <p>(1) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act.</p> <p>(2) A general notice, given to the Board by the Director to the effect that he is a director or is a member of a specified body corporate or is a member of a specified firm under Sections 299(3)(a) shall expire at the end of the financial year in which it shall be given but may be renewed for a further period of one financial year at a time by fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that is brought up and read at the first meeting of the Board after it is given.</p>
Directors and Managing Director may contract with Company	<p>171.</p> <p>Subject to the provisions of the Act the Directors (including a Managing Director and Whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.</p>
Disqualification of the Director	<p>172.</p> <p>A person shall not be capable of being appointed Director of the Company if:-</p> <p>(a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;</p> <p>(b) he is an undischarged insolvent;</p> <p>(c) he has applied to be adjudged an insolvent and his application is pending;</p> <p>(d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;</p> <p>(e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or</p> <p>(f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.</p>
Vacation of office by Directors	<p>173.</p> <p>The office of Director shall become vacant if:-</p> <p>(a) he is found to be of unsound mind by a Court of competent jurisdiction; or</p>

Title of Article	Article Number and contents
	<p>(b) he applies to be adjudged an insolvent; or</p> <p>(c) he is adjudged an insolvent; or</p> <p>(d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or</p> <p>(e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or</p> <p>(f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or</p> <p>(g) he (whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or</p> <p>(h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or</p> <p>(i) he becomes disqualified by an order of the Court under Section 203 of the Act; or</p> <p>(j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or</p> <p>(k) if by notice in writing to the Company, he resigns his office, or</p> <p>(l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.</p>
Vacation of office by Directors (contd.)	<p>174.</p> <p>Notwithstanding anything contained in sub-clauses (c), (d) and (i) of Article 166. hereof, the disqualification referred to in these clauses shall not take effect:</p> <p>(a) for thirty days from the date of the adjudication, sentence or order;</p> <p>(b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or</p> <p>(c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.</p>
Removal of Directors	<p>175.</p> <p>(1) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.</p> <p>(2) Special Notice as provided by these Articles or Section 190 of the Act, shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.</p> <p>(3) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting.</p> <p>(4) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so:</p> <p>(a) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and</p> <p>(b) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent (before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late, or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter.</p> <p>(5) A vacancy created by the removal of the Director under this Article may, if</p>

Title of Article	Article Number and contents
	<p>he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 157 or Section 262 of the Act be filled by the appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under Article 167 hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.</p> <p>(6) If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 157 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly</p> <p>(7) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.</p> <p>(8) Nothing contained in this Article shall be taken:-</p> <p>(a) as depriving a person removed hereunder of any compensation of damages payable to him in respect of the termination of his appointment as Director, or</p> <p>(b) as derogating from any power to remove a Director which may exist apart from this Article.</p>
Interested Directors not to participate or vote in Board's proceedings	<p>176.</p> <p>No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:-</p> <p>(a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;</p> <p>(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;</p> <p>(i) in his being:</p> <p>(a) a director of such company; and</p> <p>(b) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or</p> <p>(ii) in his being a member holding not more than two percent of its paid-up share capital.</p>
Director may be director of companies promoted by the Company	<p>177.</p> <p>A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.</p>
Appointment of Sole Selling Agents	<p>178.</p> <p>(1) The appointment, re-appointment and extension of the term of a sole selling agent, shall be regulated in accordance with the provisions of Section 294 of the Act and any Rules or Notifications issued by the competent authority in accordance with that Section and the Directors and/or the Company in General Meeting may make the appointment, re-appointment or extension of the term of office in accordance with and subject to the provisions of the said Section and such rules or notifications, if any, as may be applicable.</p> <p>(2) The payment of any compensation to a sole selling agent shall be subject to the provisions of Section 294A of the Act.</p>

ROTATION AND APPOINTMENT OF DIRECTORS

Title of Article	Article Number and contents
Rotation of Directors	<p>179.</p> <p>Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.</p>
Retirement of Directors	<p>180.</p> <p>Subject to the provisions of Articles 152 and 154, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.</p>

Title of Article	Article Number and contents
Retiring Directors	181. Subject to the provisions of Section 256 of the Act and Articles 150 to 157, at every Annual General Meeting of the Company, one-third or such of the Directors for the time being as are liable to retire by rotation; or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 189, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.
Appointment of Technical or Executive Directors	182. (1) The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors. (2) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.
Ascertainment of Directors retiring by rotation and filling of vacancies	183. Subject to Section 288 (5) of the Act, the Directors retiring by rotation under Article 178 at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot.
Eligibility for re-election	184. A retiring Director shall be eligible for re-election and shall act as a Director throughout and till the conclusion of the Meeting at which he retires.
Company to fill vacancies	185. Subject to Sections 258, 259 and 294 of the Act, the Company at the General Meeting, at which a Director retires in manner aforesaid, may fill up the vacancy by appointing the retiring Director or some other person thereto.
Provision in default of appointment	186. (1) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. (2) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless: (a) at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost. (b) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed. (c) he is not qualified or is disqualified for appointment (d) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or (e) the provision of the sub-section (2) of section 263 of the Act is applicable to the case.
Company may increase or reduce the number of Directors or remove any Director	187. Subject to the provisions of Section 252, 255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications.
Appointment of Directors to be voted individually	188. (1) No motion, at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the Meeting without any vote being given against it. (2) A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided

Title of Article	Article Number and contents
	<p>where a resolution so moved has passed no provisions or the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply.</p> <p>(3) For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.</p>
Notice of candidature for office of Directors except in certain cases	<p>189.</p> <p>(1) No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless he or some other Member intending to propose him has given at least fourteen days notice in writing under his hand signifying his candidature for the office of a Director or the intention of such person to propose him as Director for that office as the case may be, along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such Member, if the person succeeds in getting elected as a Director.</p> <p>(2) The Company shall inform its Members of the candidature of the person for the office of Director or the intention, of a Member to propose such person as candidate for that office by serving individual notices on the Members not less than seven days before the Meeting provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid if the Company advertises such candidature or intention not less than seven days before the Meeting in at least two newspapers circulating in the place where the registered office of the Company is located of which one is published in the English language and the other in the regional language of that place.</p> <p>(3) Every person (other than Director retiring by rotation or otherwise or person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.</p> <p>(4) A person other than a Director appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director or a person filling a casual vacancy in the office of a Director under Section 252 of the Act, appointed as a Director re-appointed as an additional or alternate Director immediately on the expiry of his term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filled with the Registrar his consent in writing to act as such Director.</p>
Disclosure by Directors of their holdings of their Shares and debentures of the Company	<p>190.</p> <p>Every Director and every person deemed to be Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at a meeting of the Board the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the next meeting of the Board after it is given.</p>
Votes of Body Corporate	<p>191.</p> <p>A body corporate, whether a company within the meaning of the Act or not, which is a member of the Company, may by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company and the persons so authorized shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise as if it were an individual member of the company and the production of a copy of the Minutes of such resolution certified by a director or the copy of the Minutes of such resolution certified by a Director or the or the Secretary of such body corporate as being a true copy of the Minutes of such resolution shall be accepted as sufficient evidence of the validity of the said representative's appointment and of his right to vote.</p>

CHAIRMAN / MANAGING DIRECTOR

Title of Article	Article Number and contents
Rights of Promoter (s) and Promoter Group to Appoint Chairman:	<p>192.</p> <p>The Promoter(s) and Promoter Group shall as long as they, jointly and severally, holds not less than 26% of the total paid up share capital of the Company for the time being, be entitled by notice in writing addressed to the Company to appoint any Director as Chairman of the Board of Directors of the Company and to cancel such appointment and on a vacancy being caused in such office from any cause whatsoever whether by such cancellation or by resignation, retirement, death, removal or otherwise, of any such person so appointed, to appoint any Director to fill such vacancy. Any appointment or cancellation of the Director under this Article shall become effective forthwith upon receipt by the Company of the writing aforesaid.</p>

Title of Article	Article Number and contents
Powers to appoint Managing Director	<p>193.</p> <p>a) The Promoter(s) and Promoter Group shall as long as they, jointly and severally, holds not less than 26% of the total paid up share capital of the Company for the time being, be entitled by notice in writing addressed to the Company to appoint a Director appointed by it pursuant to the provisions of the Article 149 of Articles of Association as the Managing Director of the Company and to remove such person from office and on a vacancy being caused in such office from any cause whatsoever whether by such cancellation or by resignation, retirement, death, removal or otherwise, of any such person so appointed, to appoint any Director to fill such vacancy. An appointment or removal of the Director under this Article shall become effective forthwith upon receipt by the Company of the writing aforesaid.</p> <p>b) Subject to the superintendence, direction, control of the Board, the Managing Director, shall have the Management of the affairs of the Company. The remuneration of the Managing Director shall be such as may be determined by the Board from time to time and may be by way of monthly payment fee for such meeting or participation in profits or by any or all these modes or any other mode not expressly prohibited by the Act.</p>
Remuneration of Managing Director	<p>194.</p> <p>Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company.</p>
Special position of Managing Director	<p>195.</p> <p>Subject to any contract between him and the Company, a Managing or Wholetime Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, <i>ipso facto</i> and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.</p>
Powers of Managing Director	<p>196.</p> <p>The Director may from time to time entrust to and confer upon a Managing Director or Wholetime Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.</p>
	<p>197.</p> <p>The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.</p>
	<p>198.</p> <p>Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.</p>
	<p>199.</p> <p>The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.</p>
	<p>200.</p> <p>Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.</p>

Title of Article	Article Number and contents
Appointment and powers of Manager	<p>201</p> <p>The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.</p>

WHOLE TIME DIRECTOR

Title of Article	Article Number and contents
Power to appoint Whole Time Director and/or Whole-time Directors	<p>202.</p> <p>Subject to the provisions of the Act and of these Articles, the Board may from time to time with such sanction of the Central Government as may be required by law appoint one or more of its Director/s or other person/s as Whole-Time Director or Whole-Time Directors of the Company out of the Directors/ persons nominated under Article only either for a fixed term that the Board may determine or permanently for life time upon such terms and conditions as the Board may determine or permanently for life time upon such terms and conditions as the Board thinks fit. The Board may by ordinary resolution and / or an agreement/s vest in such Whole-Time Director or Whole Time Directors such of the powers authorities and functions hereby vested in the Board generally as it thinks fit and such powers may be made exercisable and for such period of periods and upon such conditions and subject to such restrictions as it may be determined or specified by the Board and the Board has the powers to revoke, withdraw, alter or vary all or any of such powers and / or remove or dismiss him or them and appoint another or others in his or their place or places again out of the Directors / persons nominated under Article 198 only. The Whole Time Director or Whole Time Directors will be entitled for remuneration as may be fixed and determined by the Board from time to time either by way of ordinary resolution or a Court act/s or an agreement/s under such terms not expressly prohibited by the Act.</p>
To what provisions Whole time Directors shall subject	<p>203.</p> <p>Subject to the provisions of Section 255 of the Act and these Articles, a Whole Time Director or Whole Time Director shall not, while he/they continue to hold that office, be liable to retirement by rotation but (subject to the provisions of any contract between him/they and the Company) he/ they shall be subject to the same provision as to resignation and removal as the other Directors, and he/they shall ipso facto and immediately ceases or otherwise under the sees to hold the office of Director/s for any reason whatsoever save that if he/they shall vacate office whether by retirement, by rotation or otherwise under the provisions of the Act any Annual General Meeting and shall be re-appointed as a Director of Directors at the same meeting he/they shall not by reason only of such vacation, cease to be a Whole Time Director or Whole Time Directors.</p>
Seniority of Whole Time Director and Managing Director	<p>204.</p> <p>If at any time the total number of Managing Directors and Whole Time Directors is more than one-third who shall retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Whole Time Directors and Managing Directors shall be determined by the date of their respective appointments as Whole Time Directors and Managing Directors of the Company</p>

PROCEEDINGS OF THE BOARD OF DIRECTORS

Title of Article	Article Number and contents
Meeting of Directors	<p>205.</p> <p>The Directors may meet together as a Board for the dispatch of business from time to time, and unless the Central Government by virtue of the provisions of Section 285 of the Act allow otherwise, Directors shall so meet at least once in every three months and atleast four such Meetings shall be held in every year. The Directors may adjourn and otherwise regulate their Meetings as they think fit. The provisions of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.</p>
Quorum	<p>206.</p> <p>(1) Subject to Section 287 of the Act the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one third being rounded off as one) or two Directors whichever is higher. PROVIDED that where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the Total Strength, the number of the remaining</p>

Title of Article	Article Number and contents
	<p>Directors that is to say, the number of remaining who are not interested) present at the Meeting being not less than two shall be the quorum during such time.</p> <p>(2)for the purpose of clause(1)</p> <p>(a)"Total Strength" means total strength of the Board of Directors of the Company determined in pursuance of the Act after deducting there from number of the Directors if any, whose places may be vacant at the time, and</p> <p>(b) "Interested Directors" means any Directors whose presence cannot by reason of any provisions in the Act count for the purpose of forming a quorum at a meeting of the Board at the time of the discussion or vote on any matter.</p>
Procedure when Meeting adjourned for want of quorum	<p>207.</p> <p>If a meeting of the Board could not be held for want of quorum then, the Meeting shall automatically stand, adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place, unless otherwise adjourned to a specific date, time and place.</p>
Chairman of Meeting	<p>208.</p> <p>The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors, provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, meeting of the Director shall choose one of their members to be Chairman of such Meeting.</p>
Question at Board meeting how decided	<p>209.</p> <p>Subject to the provisions of Section 316, 372(5) and 386 of the Act, questions arising at any meeting of the Board or in resolution to be passed by circular shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote; provided, however, that no resolution (whether passed at meeting or by circular) shall be deemed to have been passed unless a Director appointed by the Promoter(s) and Promoter Group under Article 149 or his alternate Director designated by the Promoter(s) and Promoter Group for the purpose of this article has voted in favour of this resolution .</p>
	<p>210.</p> <p>The following item of business shall not be included in the Agenda of the meeting of the Board of Directors or transacted unless prior written approval of a director appointed/nominated by the Promoter(s) and Promoter Group under Article 149 has been obtained:</p> <ol style="list-style-type: none"> Alteration in the capital structure of the Company by way of issue of bonus shares, rights issue, issue of preference shares, debentures, buy back of shares, conversion, capital reduction etc.; issue of or cancellation o any 'Securities', as defined under the Securities Contracts (Regulation) act, 1956, including (i) grant of employee stock options or issue of sweat equity shares by the Company, (ii) preferential issue of shares of the Company; Declaration of or recommendation of any dividend; Any decision on (i) restructuring of the Company (including, without limitation, any amalgamation, merger, de-merger, reverse mergers, takeovers, acquisitions, consolidations, compromise and arrangements, joint ventures, partnerships, etc.) (ii) voluntary liquidation, dissolution or winding up of the Company; Borrowing of funds; Purchase or sale of land and building; Leasing of or lease out of land and/or building in excess of annual term for rental exceeding INR 100 million; To create charge on the properties of the company, present or future, by way of mortgage or hypothecation or any other methods; Investment in 'securities' and issue of guarantees on behalf of third party; Agreements for receiving or imparting technical know-how, intellectual property rights such as patents, copyrights, designs, trademarks etc.; Capital expenditures involving expansions, diversification in manufacturing operations and making strategic investments by the Company beyond the scope of its yearly budgets and/or powers delegated to the Managing Director in this behalf; Deviation from accounting policy and practices including rates of depreciation and amortization; Approving financial budgets and operating plans and any modifications of such budgets or plans; Appointments, re-appointments and fixing of remuneration of Managing Director, whole Time Director and Executive Directors; Any amendments to the Memorandum and Articles of association of the Company.

Title of Article	Article Number and contents
Powers of Board meeting	211. A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act, or the Articles for the time being of the Company which are vested in or exercisable by the Board of Directors generally.
Directors may appoint Committee	212. The Board of Directors may subject to the provisions of Section 292 and other relevant provisions of the Act, and of these Articles delegate any of the powers other than the powers to make calls and to issue debentures to such Committee or Committees and may from time to time revoke and discharge any such Committee of the Board, either wholly or in part and either as to the persons or purposes, but every Committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation(s) that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board. Provided that every such committee shall have as one of its member the Director referred to in Article 152 or his alternate Director.
Meeting of the Committee how to be governed	213. The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding article. Quorum for the Committee meetings shall be two.
Circular resolution	214. (1) A resolution passed by circulation without a meeting of the Board or a Committee of the Board appointed under Article 208 shall subject to the provisions of sub-clause (b) hereof and the Act, be as valid and effectual as the resolution duly passed at a meeting of Directors or of a Committee duly called and held. (2) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation if the resolution has been circulated in draft together with necessary papers if any to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual addresses in India or to such other addresses outside India specified by any such Directors or members of the Committee and has been approved by such of the Directors or members of the Committee, as are then in India, or by a majority of such of them as are entitled to vote on the resolution.
Acts of Board or Committee valid notwithstanding defect in appointment	215. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered; that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid; or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provision contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director; provided nothing in the Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

POWERS OF THE BOARD

Title of Article	Article Number and contents
General powers of management vested in the Board of Directors	216. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. PROVIDED THAT the Board shall not, except with the consent of the Company in General Meeting :- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or

Title of Article	Article Number and contents
	<p>substantially the whole, of any such undertaking;</p> <p>(b) remit, or give time for the repayment of, any debt due by a Director,</p> <p>(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;</p> <p>(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;</p> <p>(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body;</p> <p>(i) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e);</p> <p>(ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.</p>
<p>Certain powers to be exercised by the Board only at Meetings</p>	<p>217.</p> <p>(1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;</p> <p>(a) the power to make calls, on shareholders in respect of money unpaid on their Shares,</p> <p>(b) the power to issue Debentures,</p> <p>(c) the power to borrow moneys otherwise than on Debentures,</p> <p>(d) the power to invest the funds of the Company, and</p> <p>(e) the power to make loans</p> <p>PROVIDED THAT the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below:</p> <p>(2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.</p> <p>(3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate.</p> <p>(4) Every resolution delegating the power referred to in sub-clause (1) (e) above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.</p>
<p>Certain powers of the Board</p>	<p>218.</p> <p>Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:</p> <p>a) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.</p> <p>b) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.</p> <p>c) Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.</p>

Title of Article	Article Number and contents
	<p>d) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.</p> <p>e) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.</p> <p>f) To accept from any Member, as far as may be permissible by law a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.</p> <p>g) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.</p> <p>h) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.</p> <p>i) To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.</p> <p>j) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.</p> <p>k) Subject to the provisions of Sections 291, 292, 295, 370, 372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.</p> <p>l) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.</p> <p>m) To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.</p> <p>n) To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.</p> <p>o) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.</p> <p>p) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for</p>

Title of Article	Article Number and contents
	<p>repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.</p> <p>q) To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.</p> <p>r) To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.</p> <p>s) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.</p> <p>t) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.</p> <p>u) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.</p> <p>v) Subject to Sections 294 and 297 and other applicable provisions of the Act, for or</p>

Title of Article	Article Number and contents
	<p>in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.</p> <p>w) From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.</p> <p>x) To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.</p> <p>y) To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.</p> <p>z) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported-by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.</p> <p>aa) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.</p> <p>bb) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.</p> <p>cc) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.</p> <p>dd) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.</p> <p>ee) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.</p> <p>ff) To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.</p> <p>gg) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.</p> <p>hh) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.</p>

MANAGEMENT

Title of Article	Article Number and contents
Prohibition of simultaneous appointment of different categories of managerial personnel	<p>219.</p> <p>The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely :-</p> <p>a) Managing Director and</p> <p>b) Manager.</p>

MINUTES

Title of Article	Article Number and contents
Minutes to be made	<p>220.</p> <p>(1) The Company shall cause minutes of all proceedings of General Meeting and of all proceedings of every meeting of the Board of Directors or every Committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.</p> <p>(2) Each page of every such books shall be initialed or signed and the last page of the record of proceedings of each Meeting in such books shall be dated and signed:</p> <p>(a) in the case of minutes of proceedings of a meeting of Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.</p> <p>(b) in the case of minutes of proceeding of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.</p>
Minutes to be evidence of the proceeds	<p>221.</p> <p>(a) The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or every Committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.</p>
Books of minutes of General Meeting to be kept	<p>(b) The books containing the aforesaid minutes shall be kept at the Registered Office of the Company and be open to the inspection of any Member without charge as provided in Section 196 of the Act and any Member shall be furnished with a copy of any minutes in accordance with the terms of that Section.</p>
Presumptions	<p>222.</p> <p>Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.</p>

THE SECRETARY

Title of Article	Article Number and contents
Secretary	<p>223.</p> <p>The Directors may from time to time appoint, and at their discretion, remove any individual, (hereinafter called "the Secretary") to perform any functions, which by the Act are to be performed by the Secretary, and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall be made according to the provisions of the Companies (Appointment and Qualifications of Secretary) Rules, 1988.</p>
The Seal, its custody and use	<p>224.</p> <p>(a) Seal</p> <p>The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.</p> <p>(b) Common Seal for use outside India</p> <p>The Board may for the purpose of use of the Common Seal outside India, cause a facsimile of the Common Seal to be made and authorize the use of it in the manner provided under Section 50 of the Companies Act, 1956</p> <p>(c) Safe Custody of Seal</p> <p>The Common Seal shall be in the safe custody of the Director or the Secretary for the time being of the Company.</p> <p>(d) Affixing of Seal on deeds and instruments'</p> <p>On every deed or instrument on which the Common Seal of the Company is required to be affixed, the Seal be affixed in the presence of a Director or a Secretary or in the absence of a Secretary, any other person or persons Authorised in this behalf by the Board, who shall sign every such deed or instrument to which the Seal shall be affixed.</p>

Title of Article	Article Number and contents
	<p>(e) Affixing of Seal on Share Certificates</p> <p>Notwithstanding anything contained in Clause (d) above, the Seal on Share Certificates shall be affixed in the presence of such persons as are Authorised from time to time to sign the Share Certificates in accordance with the provisions of the Companies (Issue of Share Certificates) Rules in force for the time being.</p>

DIVIDENDS AND CAPITALISATION OF RESERVES

Title of Article	Article Number and contents
Division of profits	<p>225.</p> <p>(1) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares,</p> <p>(2) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.</p>
The Company at General Meeting may declare dividend	<p>226.</p> <p>The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.</p>
Dividends out of profits only	<p>227.</p> <p>No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.</p>
Interim dividend	<p>228.</p> <p>The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.</p>
Debts may be deducted	<p>229.</p> <p>(1) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.</p> <p>(2) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.</p>
Capital paid-up in advance to carry interest, not the right to earn dividend	<p>230.</p> <p>Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.</p>
Dividends in proportion to amounts paid-up	<p>231.</p> <p>All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.</p>
No Member to receive dividend while indebted to the Company and the Company's right in respect thereof	<p>232.</p> <p>No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.</p>

Title of Article	Article Number and contents
Effect of transfer of Shares	233. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.
Dividend to joint holders	234. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
Dividend how remitted	235. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
Notice of dividend	236. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.
Reserves	237. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
Dividend to be paid within time required by law.	238. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:- (a) where the dividend could not be paid by reason of the operation on any law; or (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or (c) where there is dispute regarding the right to receive the dividend; or (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
Unpaid or unclaimed dividend	239. (1)Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "the Unpaid Dividend Account of Ace Tours Worldwide Limited". (2)Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act. (3)No unclaimed or unpaid dividend shall be forfeited by the Board and no unpaid dividend shall bear interest as against the Company.
Set-off of calls against dividends	240. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.

Title of Article	Article Number and contents
Dividends in cash	<p>241.</p> <p>No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.</p>
Capitalisation	<p>242.</p> <p>(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>(a) That is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and</p> <p>(b) That such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.</p> <p>(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;</p> <p>(a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or</p> <p>(b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or</p> <p>(c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b)</p> <p>(3) A security premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.</p>
Board to give effect	<p>243.</p> <p>The Board shall give effect to the resolution passed by the Company in pursuance of above Article.</p>
Fractional certificates	<p>244.</p> <p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall;</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and</p> <p>(b) Generally do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power:</p> <p>(a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also</p> <p>(b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such Members.</p> <p>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.</p>

ACCOUNTS

Title of Article	Article Number and Contents
Books to be kept	<p>245.</p> <p>(1) The Company shall keep at its Registered Office proper books of account as would give a true and fair view of the state of affairs of the Company or its transactions with respect to:</p> <p>(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place</p> <p>(b) all sales and purchases of goods by the Company</p> <p>(c) the assets and liabilities of the Company and</p> <p>(d) if so required by the Central Government, such particulars relating to utilisation of material or labour or to other items of cost as may be prescribed by the Government</p> <p>PROVIDED THAT all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.</p>

Title of Article	Article Number and Contents
	(2)Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transaction effected at the branch are kept at that office and proper summarised returns, made upto date at intervals of not more than three months, are sent by the branch office to the Company at its Registered Office or the other place referred to in sub-clause (1). The books of accounts and other books and papers shall be open to inspection by any Director during business hours.
Inspection by Members	246. No Members (not being a Director) shall have any right of inspecting any account books or documents of the Company except as allowed by law or authorised by the Board.
Statements of accounts to be furnished to General Meeting	247. The Board of Directors shall from time to time in accordance with Sections 210, 211, 212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.
Right of Members or others to copies of balance sheet and Auditors' report and statement under Section 219	248. (1) The Company shall comply with the requirements of Section 219 of the Act. (2) The copies of every balance sheet including the Profit & Loss Account, the Auditors' Report and every other document required to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the Annual General Meeting. A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit will be sent to every Member of the Company and to every trustee of the holders of any Debentures issued by the Company not less than 21 days before the date of the Meeting.
Accounts to be audited	249. Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors.
Appointment of Auditors	250. (1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 224 to 229 and 231 of the Act. (2) The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor. (3) At any Annual General Meeting a retiring Auditor by whatsoever authority appointed shall be reappointed unless: (a) he is not qualified for re-appointment; (b) he has given to the Company notice in writing of his unwillingness to be re-appointed; (c) a resolution has been passed at that Meeting appointing some body instead of him or providing expressly that he shall not be re-appointed; or (d) where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons as the case may be, the resolution cannot be proceeded with. (4) Where at any Annual General Meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy. (5)The Company shall within seven days of the central government's power under sub-clause (4) becoming exercisable give notice of that fact to that Government. (6) The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by the resignation of art Auditor, the vacancy shall only be filled by the Company in General Meeting. (7) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a Member to the Company not less than fourteen days before the Meeting in accordance with Section 190 of the Act and the Company shall send a copy of any such notice to retiring Auditor and shall give notice

Title of Article	Article Number and Contents
	thereof, to the Members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that retiring Auditor shall not be re-appointed.
Accounts when audited and approved to be conclusive except as to errors discovered within 3 months	251. Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within the next three months after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected, and amendments effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval and, on such approval, shall be conclusive.

DOCUMENTS AND NOTICES

Title of Article	Article Number and Contents
To whom documents must be served or given	252. Document or notice of every Meeting shall be served or given on or to (a) every Member (b) every person entitled to a Share in consequence of the death or insolvency of a Member and (c) the Auditor or Auditors for the time being of the Company, PROVIDED that when the notice of the Meeting is given by advertising the same in newspaper circulating in the neighborhood of the office of the Company under Article 111, a statement of material facts referred to in Article 102 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.
Members bound by documents or notices served on or given to previous holders	253. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which prior to his name and address being entered in the Register of Members shall have been duly served on or given to the person from whom he derived, his title to such Share.
Service of documents on the Company	254. A document may be served on the Company or an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post or by leaving it at its Registered Office.
Authentication of documents and proceedings	255. Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by a Director, the Managing Director, or the Secretary or other authorised officer of the Company and need not be under the Seal of the Company.

REGISTERS AND DOCUMENTS

Title of Article	Article Number and Contents
Registers and documents to be maintained by the Company	256. The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following: (a) Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act (b) Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act. (c) Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act. (d) Foreign register, if so thought fit, as required by Section 157 of the Act (e) Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act. (f) Register of Directors and Secretaries etc. as required by Section 303 of the Act. (g) Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act. (h) Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act. (i) Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act. (j) Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.

Title of Article	Article Number and Contents
Inspection of Registers	<p>257.</p> <p>The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.</p>

WINDING UP

Title of Article	Article Number and Contents
Distribution of assets	<p>258.</p> <p>If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.</p>
Distribution in specie or kind	<p>259.</p> <p>(1) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.</p> <p>(2) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.</p> <p>(3) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.</p>
Right of shareholders in case of sale	<p>260.</p> <p>A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.</p>
Directors and others right to indemnity	<p>261.</p> <p>Subject to the provisions of Section 201 of the Act, every Director or officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.</p>

Title of Article	Article Number and Contents
Director, officer not responsible for acts of others	<p>262.</p> <p>Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part of for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.</p>

SECRECY CLAUSE

Title of Article	Article Number and Contents
Secrecy Clause	<p>263.</p> <p>Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.</p>
No Member to enter the premises of the Company without permission	<p>264.</p> <p>No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.</p>

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of the Draft Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Draft Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at F-22-23-24, Jolly Arcade, Ghod Dod Road, Surat – 395 007, Gujarat, India, from date of filing the Draft Prospectus with RoC to Issue Closing Date on working days from 10.00 a.m. to 5.00 p.m.

Material Contracts

1. Memorandum of understanding dated April 11, 2013 between our Company and the Lead Manager.
2. Memorandum of Understanding dated April 20, 2013 between our Company and the Registrar to the Issue.
3. Underwriting Agreement dated April 20, 2013 between our Company, the Lead Manager, Market Maker and Underwriter.
4. Market Making Agreement dated April 20, 2013 between our Company, Lead Manager and Market Maker.
5. Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated [●].
6. Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated [●].
7. Escrow Agreement dated [●] between our Company, the Lead Manager, Escrow Collection Bank and the Registrar to the Issue.

Material Documents

1. Certified true copy of the Memorandum and Articles of Association of our Company including certificates of incorporation.
2. Resolution of the Board dated February 25, 2013 authorizing the Issue.
3. Special Resolution of the shareholders passed at the Extra Ordinary General Meeting dated March 18, 2013 authorizing the Issue.
4. Statement of Tax Benefits dated March 23, 2013, issued by our Statutory Auditors, M/s. Rasesh Shah and Associates, Chartered Accountants.
5. Copy of Restated Audit report from the peer review certified auditor, M/s. Arvind A. Thakkar & Co., Chartered Accountants dated April 10, 2013, included in the Draft Prospectus.
6. Copy of Certificate from the Statutory Auditor, M/s. Rasesh Shah and Associates, Chartered Accountants dated March 18, 2013, regarding the source and deployment of funds as on March 15, 2013.
7. Copies of Annual reports of the Company for the years ended March 31, 2012, 2011, 2010, 2009 and 2008 and Audited Financials for the seven months ended on October 31, 2012.
8. Convertible Debenture subscription agreement dated January 10, 2008, with Benett, Coleman & Co. Limited and our Company's promoters, represented by Mr. Rajubhai Choksi. Amendment agreement dated February 24, 2011 for the modification of the original agreement dated January 10, 2008.
9. Consents of Directors, Company Secretary and Compliance Officer, Statutory Auditors, Legal Advisor to the Issue, Bankers to our Company, the Lead Manager, Registrar to the Issue, Underwriter, Market Maker, Bankers to the Issue/Escrow Collection Banks, Refund Banker to the Issue, to act in their respective capacities.
10. Copy of Approval dated [●] from the SME Platform of BSE.

11. Due Diligence Certificate dated [●], 2013 from the Lead Manager.
12. Copy of resolution dated September 20, 2011, for appointment and agreement of association dated September 20, 2011 fixing remuneration of Mr. Raju Choksi, Managing Director.

Any of the contracts or documents mentioned in the Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the undersigned, hereby certify that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines and regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Draft 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 or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Prospectus are true, fair, accurate and correct.

Signed by all the Directors of Ace Tours Worldwide Limited

Name and designation	Signature
Mr. Raju Jashwantlal Choksi	
Mr. Bharat Jashwantlal Choksi	
Mr. Rajendra K. Desai	
Mr. Rakesh Mohinder Puri	

Signed by the Director

Mr. Raju Jashwantlal Choksi

Place: Surat

Date: April 20, 2013