



**COX AND KINGS (INDIA) LIMITED**

(The Company was incorporated as “Eastern Carrying Company Ltd” on June 7, 1939 under the India Companies Act, VII of 1913. The name of the Company was changed to “Cox & Kings (India) Limited” on February 23, 1950 after the introduction of the Companies Act 1956, as amended (“**Companies Act**”). The fresh certificate of incorporation consequent upon the change of name was granted on 23<sup>rd</sup> February 1950 by the Registrar of Companies, Maharashtra, located at Mumbai (the “**RoC**”). For details of changes in the registered office, see the section “History and Certain Corporate Matters” beginning on page 120 of this Draft Red Herring Prospectus).

**Registered Office:** Turner Morrison Building, 1st Floor, 16 Bank Street, Fort, Mumbai- 400 001  
Maharashtra, India

**Telephone No:** +91-22-22709100 **Fax No:** +91-22-22704600.

**Contact Person:** Ms. Rashmi Jain, Company Secretary & Compliance Officer; **Email:** ipo@coxandkings.com

**Website:** www.coxandkings.com

**PUBLIC ISSUE OF 8,700,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE, AGGREGATING RS. [●] MILLION (THE "ISSUE") BY COX AND KINGS (INDIA) LIMITED (THE "COMPANY OR "THE ISSUER"). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF 8,600,000 SHARES OF RS. 10 EACH (THE "NET ISSUE") AND A RESERVATION OF UP TO 100,000 SHARES OF RS. 10 EACH FOR THE PERMANENT ELIGIBLE EMPLOYEES OF THE COMPANY (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE WOULD CONSTITUTE 23.75% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY. THE NET ISSUE WILL CONSTITUTE 23.48% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.**

**PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS. 10 EACH.**

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

*Our Company is considering a Pre-IPO Placement of certain Equity Shares with some investors (“Pre-IPO Placement”). Our Company will complete the issuance of such Equity Shares prior to the filing of the RHP with the RoC. The number of Equity Shares in the Net Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, if any, subject to the Net Issue to the public being atleast 10% of the fully diluted post-Issue paid up capital of our Company. Further, the reservation for Eligible Employees shall be subject to a maximum of 10% of such revised Issue size.*

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (the “**BSE**”) and the National Stock Exchange of India Limited (the “**NSE**”), by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager (the “**BRLM**”) and the terminals of the other members of the Syndicate.

Pursuant to Rule 19(2)(b) of the SCRR (as defined below), this Issue is for less than 25% of the post-Issue share capital of the Company and is therefore being made through a 100% Book Building Process (as defined below) wherein at least 60% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (“**QIBs**”), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the

Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 100,000 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Issue Price.

#### IPO GRADING

The Company has appointed and will obtain a grading of this Issue from Credit Analysis and Research Limited, a credit rating agency registered with the Securities and Exchange Board of India (“SEBI”) at the time of filing of the Red Herring Prospectus with RoC. For details regarding the grading of the Issue, see the section “General Information” beginning on page 44 of this Draft Red Herring Prospectus.

#### RISKS IN RELATION TO FIRST ISSUE

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

#### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the statements in the section “Risk Factors” beginning on page x of this Draft Red Herring Prospectus.

#### COMPANY’S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and the Issue that is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. The Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Issue, [●] shall be the Designated Stock Exchange.

#### BOOK RUNNING LEAD MANAGER



**ENAM SECURITIES PRIVATE LIMITED**  
 801/ 802, Dalamal Towers  
 Nariman Point  
 Mumbai 400 021,  
 Maharashtra, India  
 Tel: + 91 22-66381800  
 Fax: + 91 22-22846824  
 E-mail: cnk.ipo@enam.com  
 Investor Grievance E-Mail: complaints@enam.com  
 Contact Person: Ms. Kinjal Palan  
 Website: www.enam.com  
 SEBI Registration Number- INM000006856

#### REGISTRAR TO THE ISSUE



**KARVY COMPUTERSHARE PRIVATE LIMITED**  
 Plot No. 17 to 24, Vithalrao Nagar  
 Madhapur  
 Hyderabad 500081  
 Andhra Pradesh, India  
 Tel: + 91 40 234220815  
 Fax: + 91 40 23420814  
 E-mail: cnk.ipo@karvy.com  
 Contact Person: Mr. M. Murali Krishna  
 Website: [www.karvy.com](http://www.karvy.com)  
 SEBI Registration Number: INR 000000221

#### BID/ISSUE PROGRAM

**BID/ISSUE OPENS ON: [●], 2008**

**BID/ISSUE CLOSES ON: [●], 2008**

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

In this Draft Red Herring Prospectus, all references to “the Company” and “the Issuer” are to Cox and Kings (India) Limited, a company incorporated under the Companies Act, 1956, with its registered office at Turner Morrison Building, 1st Floor, 16 Bank Street, Fort, Mumbai- 400 001 Maharashtra, India

In this Draft Red Herring Prospectus, all references to “we”, “us”, “our”, “Company”, “our Company” are to Cox and Kings (India) Limited and all references to “our Group” are to its Group Companies and Subsidiaries.

#### Company Related Terms:

<b>Term</b>	<b>Description</b>
Articles / Articles of Association / AOA	Articles of Association of our Company
Auditors	Chaturvedi & Shah, Chartered Accountants
Board / Board of Directors	Board of Directors of our Company or a committee of the Board
Equity Shares	Equity Shares of the Issuer of face value Rs 10/-] each
Memorandum of Association	The Memorandum of Association of our Company
Individual Promoters	Mr. A.B.M. Good Mr. Ajay Ajit Peter Kerkar Ms. Urrshila Kerkar
Corporate Promoters	Liz Investments Private Limited Kubber Investments (Mauritius) Private Limited
Promoter Group or Promoter Group Companies	The individuals, companies, or other entities specified in the section “Our Promoters and Promoter Group Companies” beginning on page 152 of this Draft Red Herring Prospectus.
Registered Office of the Company	The registered office of the Issuer, being Turner Morrison Building, 1 <sup>st</sup> Floor, 16 Bank Street, Fort, Mumbai- 400 001 Maharashtra, India
Subsidiaries of the Company	<ol style="list-style-type: none"> <li>1. Clearmine Limited U.K</li> <li>2. ETN Services Limited U.K.</li> <li>3. Cox &amp; Kings Tours LLC, Dubai</li> <li>4. CNK Internet Pte. Limited, Singapore</li> <li>5. Cox &amp; Kings Limited U.K.</li> <li>6. Cox &amp; Kings (Japan) Limited</li> <li>7. Cox &amp; Kings Travel Limited, U.K</li> <li>8. Cox &amp; Kings (Shipping) Limited</li> <li>9. Cox &amp; Kings Holdings Limited</li> <li>10. Cox &amp; Kings Enterprises Limited</li> <li>11. C &amp; K Investments Limited.</li> <li>12. Cox &amp; Kings Special Interest Holidays Limited</li> <li>13. Grand Tours Limited</li> <li>14. Cox &amp; Kings Tours Limited</li> <li>15. Cox &amp; Kings Investment Limited</li> <li>16. Cox &amp; Kings (Agents) Limited</li> <li>17. Cox &amp; Kings Finance Limited</li> <li>18. Cox &amp; Kings Finance (Mauritius) Ltd.</li> </ol>

#### Issue Related Terms:

<b>Term</b>	<b>Description</b>
Allotment / Allotment of Equity Shares	Issue of Equity Shares of the Issuer pursuant to the Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity Shares would be issued.
Banker (s) to the Issue and Escrow Collection Bank (s)	[●]

<b>Term</b>	<b>Description</b>
Bid	An indication to make an offer made by a prospective investor to subscribe for Equity Shares of the Issuer at a price within the Price Band, during the Bidding Period and includes all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid / Issue Closing Date	The date after which the Syndicate Members to the Issue shall not accept Bids for the Issue; which shall be notified through a notice in an English national newspaper, a Hindi national newspaper and a Marathi news paper
Bid / Issue Opening Date	The date on which the Syndicate Members to the Issue shall start accepting Bids for the Issue; any such date shall be notified through a notice in an English national newspaper, a Hindi national newspaper and a Marathi news paper
Bid-cum- Application Form	The form used by a pursuant to the terms of the Red Herring Prospectus, be considered as the application for allotment of the Equity Shares in terms of the Red Herring Prospectus
Bidder(s)	Any prospective investor who makes a Bid for Equity Shares pursuant to the terms of the Red Herring Prospectus through the Book Building Process
Bidding / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which period prospective investors can submit their Bids
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is being made.
BRLM/Enam	Book Running Lead Manager to the Issue, in this case being Enam Securities Private Limited
CAN / Confirmation of Allocation Note	The note, advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, Rs [●] per Equity Share in the Issue, above which the Issue Price will not be finalized and above which no bids will be accepted
Companies Act/ The Act	The Companies Act, 1956, as amended from time to time
Cut-off/ Cut-off Price	The Issue Price finalized by the Issuer in consultation with the BRLM. Only Retail Individual Bidders are entitled to bid at the Cut Off Price, for a Bid Amount not exceeding Rs. 1,00,000. QIB's and Non-Institutional Bidders are not entitled to bid at the Cut-Off Price.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
DP / Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the ROC, following which the Board of Directors shall transfer / allot the Equity Shares to successful Bidders
Designated Stock Exchange	[●]
Director(s)	Director(s) of our Company, unless otherwise specified
Draft Red Herring Prospectus	This Draft Red Herring Prospectus dated January 25, 2008 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue.
Eligible Employee	Eligible Employee means a permanent employee of the Company as on one day prior to the Bid/Issue Opening Date, the directors thereof, who are Indian nationals based in India and are physically present in India on the date of submission of the Bid cum-Application Form. However, the Directors who are the Promoters and forming part of the Promoter Group of the Company shall not be considered Eligible Employees.

<b>Term</b>	<b>Description</b>
Employees Reservation Portion	The portion of the Issue being upto 100,000 Equity Shares available for allocation to Eligible Employees
Escrow Account	Account opened with the Escrow Collection Bank and in whose favour the Bidder will issue cheques in respect of the Bid and in which account the cheques/demand drafts will be deposited by the Syndicate Members
Escrow Agreement	Agreement entered into between the Syndicate Members, the Issuer, the Registrar and the BRLM for collection of the Bid Amounts and refunds of the amounts collected from the Bidders
Financial Year/ Fiscal/ FY	The twelve months or period ended March 31 of a particular year
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
Floor Price	The lower end of Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue/ Issue Size	Public Issue of 8,700,000 new Equity Shares of face value of Rs. 10 for cash at the Issue Price of Rs. [●] aggregating to Rs. [●] million by the Issuer in terms of this Draft Red Herring Prospectus
Income Tax Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally accepted accounting principles in India
Issue Price	Price determined by the Issuer in consultation with the BRLM on the Pricing Date after the Bidding Period and which shall be set forth in the Prospectus to be filed with ROC
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Mutual Funds Portion	5% of the QIB Portion or upto [●] Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion
Net Issue	The Issue amounting to 8,600,000 Equity Shares
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Bidders
Non-Institutional Portion	The portion of the Issue being [●] Equity Shares available for allocation to Non-Institutional Bidders
OCB / Overseas Corporate Body	Overseas corporate body, is a company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs and includes overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Pay-in-Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	Pay-in-Period means the period commencing on the Bid Opening Date and extending till the Bid Closing Date, during which the Bidders have to pay the maximum Bid Amount into the Escrow Account, unless such requirement is waived by the Syndicate Members for Bidders. In case of requirement of payment during the Bidding Period is waived by the Syndicate Members for Bidders, the closure of the Pay-in-Period for such Bidders, for payment into the Escrow Account, shall be within four calendar days of communication of the allocation list of respective Syndicate Member to them by the BRLM
Price Band	The price band of Rs. [●] to Rs. [●] including revisions thereof
Pricing Date	The date on which the Issuer in consultation with the BRLM finalizes the Issue Price
Promoter Group	Unless the context otherwise requires, refers to those companies and individuals mentioned in the section titled "Our Promoters and Promoter Group" beginning on page 152 of this Draft Red Herring Prospectus
Prospectus	The Prospectus to be filed with the ROC containing, inter-alia, the Issue Price that is determined at the end of the Book Building Process, the Issue size and certain other information

<b>Term</b>	<b>Description</b>
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account
<b>QIB Margin Amount</b>	<b>An amount representing 10% of the Bid Amount</b>
Qualified Institutional Buyers (QIBs)	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law
QIB Portion	The portion of the Issue being [●] Equity Shares available for allocation to QIB Bidder(s)
Red Herring Prospectus	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the Issue size. The Red Herring Prospectus will be filed with the ROC at least 3 days before the opening of the Issue and will become a Prospectus after filing with ROC after the pricing and allocation
Registrar	Registrar to the Issue, in this case being Karvy Computershare Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more than or equal to Rs.100,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being [●] Equity Shares available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any
Stock Exchanges	BSE and NSE
Syndicate	The BRLM and Syndicate Member(s)
Syndicate Agreement	The agreement between the Syndicate Members and the Issuer to be entered into in relation to the collection of Bids in this Issue
TRS or Transaction Registration Slip	The slip or document registering the Bids, issued by the Syndicate Member to the Bidder as proof of registration of the Bid upon submission of the Bid-cum-Application Form in terms of this Draft Red Herring Prospectus
Underwriters	The BRLM and the Syndicate Members
Underwriting Agreement	The agreement between the BRLM, Syndicate Members, and the Issuer to be entered into on or after the Pricing Date

#### Other abbreviations

<b>Term</b>	<b>Description</b>
AGM	Annual General Meeting
AOA	Articles of Association
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year in accordance with Income-Tax Act
AED	Arab Emirates Dirham
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CY/ Calendar Year	A period of twelve months ended December 31 of that particular year unless otherwise stated.
DIN	Director's Identification Number

<b>Term</b>	<b>Description</b>
DRHP	Draft Red Herring Prospectus
CEO	Chief Executive Officer
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under
FII(s) / Foreign Institutional Investors	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor
FY / Financial Year	A period of twelve months ended March 31 of that particular year unless otherwise stated.
GAAP	Generally Accepted Accounting Principles
GBP	Great Britain Pounds
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GOI	Government of India
HNI	High Networth Individual
HUF	Hindu Undivided Family
IPO	Initial Public Offer
I. T. Act	The Income Tax Act, 1961
Mn / mn	Million
MAPIN	Market Participant and Investor Database
MD	Managing Director
MIS	Management Information System
MNC	Multi National Company
MOA	Memorandum of Association of the Issuer
NAV	Net Asset Value
NRE Account	Non-Resident External Account
NRI	Non Resident Indian
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profits After Taxation
PBT	Profits Before Taxation
P/E Ratio	Price/Earnings Ratio
RBI	The Reserve Bank of India
ROC	Registrar of Companies, located at Mumbai, Maharashtra.
RONW	Return on Net Worth
Rs. / Rupees / INR	Indian Rupees
RTGS	Real Time Gross Settlement System
SBI	State Bank of India
SCRR	Securities Contract Regulations Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI DIP Guidelines	Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
UIN	Unique Identification Number
YOY	Year on Year



## Industry Related Terms

<b>Term</b>	<b>Description</b>
B2B	Business to Business
B2C	Business to Customers
CRS	Central Reservation System
FFMC	Full Fledged Money Changer
FHRAI	Federation of Hotels and Restaurants Association of India
FITs	Free Individual Travellers'
Forex	Foreign Exchange
GSA	General Sales Agent
MICE	Meetings Incentives Conferences Exhibitions
PSA	Preferred Sales Agent
RMC	Restricted Money Changer
TAFI	Travel Agents Federation of India
WTTC	World Travel and Tourism Council

All other words and expressions used but not defined in this Draft Red Herring Prospectus, but defined in the Companies Act, 1956, the SEBI DIP Guidelines or in the Securities Contracts (Regulation) Act, 1956 and/ or the Rules and the Regulations made thereunder, shall have the meanings respectively assigned to them in such Acts or the Rules or the Regulations made thereunder or any statutory modification or re-enactment thereto, as the case may be.

## **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

### **Financial Data**

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements prepared in accordance with generally accepted accounting principles followed in India (“**Indian GAAP**”) and the Companies Act and restated in accordance with the SEBI Guidelines. Our fiscal year commences on April 1 and ends on March 31, so all references to a particular fiscal year are to the 12-month period ended March 31 of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP, generally accepted accounting principles in the United Kingdom (“**U.K. GAAP**”); accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Guidelines. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Guidelines on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. The Company has not attempted to quantify the differences between Indian GAAP and U.K. GAAP or their impact on the financial data included herein, and you should consult your own advisors regarding such differences and their impact on our financial data.

### **Certain Conventions**

In this Draft Red Herring Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms all references to “we”, “us”, “our”, “Company”, “our Company” are to Cox and Kings (India) Limited and all references to “our Group” are to its Group Companies and Subsidiaries. All references to “India” are to the Republic of India and all references to the “Government” are to the Government of India.

### **Currency of Presentation**

All references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “\$”, “US\$”, “USD”, “U.S. Dollar(s)”, “US Dollar” are to the United States Dollars, the official currency of the United States of America. All references to “GBP” are to the Great Britain Pounds. All references to “JY” are to the Japanese Yen. All references to “SD” are to Singapore Dollars. All references to “AED” are to the Arab Emirates Dirham.

The US Dollar exchange rate data from RBI website are stated as below for the last 3 years

1 USD = Rs 43.75 as on March 31, 2005  
1 USD = Rs. 44.61 as on March 31, 2006  
1 USD = Rs 43.47 as on March 29, 2007  
1 USD = Rs. 39.74 as on September 28, 2007

The Great Britain Pound exchange rate data for the last 3 years from RBI website is as given below:

1 GBP = Rs. 82.09 as on March 31, 2005  
1 GBP = Rs. 77.80 as on March 31, 2006  
1 GBP = Rs. 85.53 as on March 29, 2007  
1 GBP = Rs. 80.34 as on September 28, 2007

The Japanese Yen exchange rate data for the last 3 years from RBI website is as given below:

1 JY = Rs. 40.84 as on March 31, 2005  
1 JY = Rs. 38.01 as on March 31, 2006  
1 JY = Rs. 37.00 as on March 29, 2007  
1 JY = Rs. 34.48 as on September 28, 2007

The Singapore Dollar exchange rate data for the last 3 years from OANDA website ([www.oanda.com](http://www.oanda.com)) is as given below:

1 SD = Rs. 26.52 as on March 31, 2005  
1 SD = Rs. 27.54 as on March 31, 2006  
1 SD = Rs. 28.64 as on March 29, 2007  
1 SD = Rs. 26.81 as on September 28, 2007

The Arab Emirates Dhiram exchange rate data for the last 3 years from OANDA website ([www.oanda.com](http://www.oanda.com)) is as given below:

1 A.E.D. Dhiram = Rs. 11.93 as on March 31, 2005  
1 A.E.D. Dhiram = Rs. 12.15 as on March 31, 2006  
1 A.E.D. Dhiram = Rs. 11.83 as on March 29, 2007  
1 A.E.D. Dhiram = Rs. 10.85 as on September 28, 2007

### **Industry and Market Data**

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

Further, the extent to which the market data presented in this Draft Red Herring 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

We have included statements in this Draft Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that could be considered to be “forward-looking statements”. Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to:

- our ability to successfully implement our strategy, growth and expansion plans, technological initiatives;
- our ability to retain our current employees;
- market fluctuations and industry dynamics beyond our control;
- our ability to manage the third party risks;
- our ability to successfully launch new services;
- any adverse outcome in legal proceedings in which we are involved;
- potential mergers, acquisitions or restructuring;
- changes in monetary and/ or fiscal policies of the Government of India, inflations, deflation, foreign exchange rates, unanticipated turbulence in interest rates;
- occurrence of natural disasters or calamities affecting the areas in which we have operations;
- changes in political and social conditions in India;
- the performance of the financial markets in India and globally; and
- competition in the industry.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page x of this Draft Red Herring Prospectus. 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 be materially different from those that have been estimated. Neither the Issuer, nor the BRLM nor any of their respective 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 or differ from actuality. In accordance with SEBI requirements, the Issuer and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## SECTION II: RISK FACTORS

### RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. Prior to making an investment in our Equity Shares, prospective investors and purchasers should consider all the information in this Draft Red Herring Prospectus, including the risk and uncertainties described below, and the sections “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 99 and 235 respectively, of this Draft Red Herring Prospectus as well as all the other financial information contained in this Draft Red Herring Prospectus. If anyone or some combination of the following risks were to occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.*

#### **RISKS RELATED TO OUR BUSINESS**

***1. We are subject to operating risks applicable to the travel and tourism industry***

Our ability to manage costs could be adversely impacted by significant increases in operating expenses, such as wages and labour costs, insurance and taxes, as well as increases in hotel room rates and air fares, resulting in lower operating margins. Increases in transportation and fuel costs for sustained periods in India and internationally (affecting inbound travel from abroad) could also unfavourably impact future results. Similarly, we are dependent on our IT information systems and electronic reservation system. Any disruption in these systems could result in the loss of important data, increasing our expenses and generally harm our business.

***2. We are involved in a number of legal proceedings, which, if determined against us, could adversely affect our business and financial condition.***

The Issuer, the Promoters, Directors and promoter group companies are parties to certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals, statutory and regulatory authorities. A significant degree of judgment is required to assess our exposure in these proceedings and determine the appropriate level of provisions, if any. There can be no assurance that the provisions we make will be adequate to cover all losses we incur in such proceedings, or that our actual liability will be as reflected in any provision that we may make in connection with any such legal proceeding. No assurances can be given whether these legal proceedings will be decided in our favour or have no adverse outcome. Any adverse decision may have a significant effect on our business and reputation, financial condition and results of operations. For more information regarding these legal proceedings, please refer to the section titled Outstanding Litigation and Other Material Developments beginning on page 262.

We have in the past paid and been held liable to pay damages in consumer disputes on the alleged deficiency of services.

There have been instances, in the past, wherein the District Forum has found us guilty of providing deficient service and we have been made to pay damages for providing such deficient service. Damages awarded by Indian Courts may vary and is unpredictable. Our insurance coverage also may be inadequate. If any of the current pending consumer disputes are resolved against us and we are made liable to pay damages to the consumer, we may be required to restrict or modify our operations. Since these proceedings allege deficiency in providing service, any adverse decision will affect our reputation in the market.

***3. Our group companies and companies belonging to the Promoter Group are involved in legal proceedings, which may affect our business.***

Our group companies and companies belonging to the promoter group are involved in legal proceedings. These legal proceedings are pending at different level of adjudication before various courts and tribunals, statutory and regulatory authorities. Though we are not a direct party to these legal proceedings or in any ways connected with these legal proceedings, any adverse order can affect our reputation and consequently our brand name could be adversely affected. For more information regarding these legal proceedings, please refer to the section titled Outstanding Litigation and Material

Development beginning on page 262.

**4. *Our growth will depend on our ability to sustain our brand and failure to do so will have a negative impact on our ability to compete in this industry.***

We believe that our brand is well respected and recognised in the market today. Continuing efforts towards building and sustaining our brand will be critical for the recognition of our services. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to back that with high quality services. Brand promotion activities may /may not result in incremental revenue, and even if they do, any incremental revenue may not offset the expenses we incur in building our brand. If we fail to promote and maintain our brand, our business, financial condition and results of operations could be adversely affected.

**5. *Our inability to manage growth could disrupt our business and reduce our profitability.***

A principal component of our strategy is to continue growing by expanding the size and geographical scope of our businesses through new business development initiatives. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure and more importantly adhering to quality and high standards that meet customer expectations. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

**6. *We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all.***

We may require additional capital expenditure in connection with other future business expansion and development initiatives. In addition to the net proceeds of this offering and our internally generated cash flow, we may need additional sources of funding to meet our capital expenditure requirements, which may include entering into new debt facilities with lending institutions or raising additional debt in the capital markets. If we decide to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants. Such financings could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favour of lenders. If we decide to raise additional funds through the issuance of equity (other than through a rights issue to the existing shareholders), the ownership interest of our existing shareholders will be diluted. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of any acquisition plans or implementation of our business development plans and this may affect our business and future results of operations.

**7. *Material changes in the regulations that govern us could cause our business to suffer and the price of our Equity Shares to decline.***

Our business and activities are regulated by the Foreign Exchange Management Act, 1999 including the rules, regulations and policies made thereunder, the circulars/ notifications, guidelines and instructions issued by the RBI from time to time as well as the Ministry of Tourism and IATA. We are subject to changes in Indian law, as well as to changes in regulation, government policies and accounting principles governing us, which may consequently affect our business, financial condition and results of operations or deprive us of the benefits currently available to us. For more information see the section titled “Regulations and Policies” beginning on page 113 of this Draft Red Herring Prospectus.

**8. *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.

**9. *The international nature of our business exposes us to several risks many of which are beyond our control***

We have operations in India, the United States, the United Kingdom, Japan and we service clients across Asia, Europe, and North America, Australia, South Africa. Our corporate structure also spans multiple jurisdictions, with subsidiaries incorporated in India, the United Kingdom, Japan, Singapore and UAE. As a result, we are exposed to risks typically associated with conducting business internationally, many of which are beyond our control. These risks include:

- significant currency fluctuations between the Euro, Japanese Yen, U.S. Dollar and the Pound Sterling and the Indian rupee (in which a significant portion of our costs are denominated);
- social, political or regulatory developments that may result in an economic slowdown in any of these regions;
- legal uncertainty owing to the overlap of different legal regimes, and problems in asserting contractual or other rights across international borders;
- potentially adverse tax consequences, such as scrutiny of transfer pricing arrangements by authorities in the countries in which we operate;
- changes in regulatory requirements;
- the burden and expense of complying with the laws and regulations of various jurisdictions; and
- terrorist attacks and other acts of violence or war.

The occurrence, inter-alia, of any of these events could have a material adverse effect on our results of operations and financial condition.

**10. *Any change in the laws and regulations of other countries could have an adverse affect on our business.***

A significant portion of our revenues are derived from our outbound tours i.e. tours taken to other countries. All the countries over the world recognise tourism as an important industry. Generally the laws of a country are devised to promote tourism. But any change in the laws and regulation of such countries, where we take tours, which results in restricting the number of tourist visas or such other restriction which directly or indirectly restricts the number of arrivals in general or from a specific country in particular could have an adverse affect on our business.

**11. *Any occurrence of an epidemic in the countries where we operate tours may have an adverse affect on the operations of our business.***

The recent occurrence of SARS disease or Bird Flu or Mad Cow epidemic saw a drop in the number of tourist arrivals in the affected countries. The suspension of flights as a precautionary measure also impacts the numbers of tourists coming into the country. We have experienced cancellations of the tour bookings in light of such epidemics. Though we have in the past managed to control the losses by directing the tours to other countries, we may in the future not be able to control the losses due to cancellations on account of such epidemics. Also we may have to adopt low-price promotion policies, which may affect our profitability.

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

Terrorist attacks and other acts of violence or war may cause a drop in the number of arrivals into the country. Countries have been known to regulate the number of arrivals after such attacks. After the September 11, 2001 attacks, the US government has passed stringent regulations governing the inflow of arrivals in US. Such attacks affect the Tour and Travel Industry directly including people becoming averse to travelling to locations where such terrorist attacks are prevalent.

A significant portion of our revenues are generated from ground handling. If the number of tourist arrivals were to decrease as a result of terrorist attacks in India, it will significantly impact our revenues.

Terrorist attacks and civil unrest may also have an adverse affect on Indian markets on which our Equity Shares will be traded. These acts may also result in a loss of business confidence, make travel and other services more difficult and may ultimately adversely affect our business. India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

**13. *We require certain regulatory approvals or licenses in the ordinary course of business and the failure to obtain them in a timely manner or at all may adversely affect our operations***

We require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired or are due to expire and for which we have either made or are in the process of making an application for obtaining the license or its renewal. For more information, please see the section entitled “Government and Other Approvals” beginning on page 315. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner or at all, our business could be adversely affected.

Furthermore, the success of our strategy to expand our existing business and operations or acquire new business is contingent upon, inter alia, receipt of all required licenses, permits and authorizations, including local permits. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for our proposed operations. While we believe that we will be able to renew or obtain such permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations or delay in or prevent our expansion plans and may have a material adverse effect on our business, financial condition and results of operations.

**14. *Failure to successfully identify and conclude acquisitions or manage the integration of the businesses acquired or the performance of such businesses being below expectations may cause profitability and operations to suffer.***

We believe acquisitions are one of the avenues for our growth and intend to make acquisitions in the future as part of our growth strategy. We may not be able to identify or conclude appropriate or viable acquisitions in a timely manner. Further, the acquisitions may not necessarily contribute to our profitability and may divert management attention or require us to assume debt or contingent liabilities. In addition, we may experience difficulty in integrating operations and harmonizing cultures leading to a non-realisation of anticipated synergies or efficiencies from such acquisitions, these difficulties could impact our on going business.

**15. *Some of our subsidiaries have not yet started commercial operations and are operating in markets new to us.***

We have incorporated subsidiaries in UAE and Singapore in the last year. We have no past experience in operating in these new markets where we are hoping to commence operations. Our subsidiary in Singapore, CNK Internet Pte Ltd, is yet to commence operations. While we believe that the Singapore subsidiary will start commercial operation by the beginning of the year 2008, we cannot guarantee the same or whether their operations would be successful and profit making.

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

We have, in the course of our business entered into transactions with related parties that include entities forming part of our Promoter Group. For details please see section titled “Related Party Transactions” beginning on page 170 of this Draft Red Herring Prospectus. While we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

**17. *The complexity of transfer pricing regulations across countries may result in substantial tax liabilities to us.***

Each country’s transfer pricing regulations require that international transactions involving associated enterprises be at an



arm's-length price. Transactions between our Company and our Subsidiaries in other countries fall into this classification, at least for purposes of Indian tax laws and regulations. Accordingly, we will determine the pricing among our associated enterprises on the basis of detailed functional and economic analysis involving benchmarking against transactions with entities that are not under common control. If the applicable income tax authorities, on review of our tax returns, determine that the transfer price we applied was not appropriate, we may incur increased tax liability, including accrued interest and penalties. These penalties could be substantial and have an adverse effect on our business. Please also see the section titled "Outstanding Litigation and Material Developments" on page 262 of this Draft Red Herring Prospectus for details regarding current tax litigation against our Company, including in connection with transfer pricing issues.

**18. *We operate in a highly competitive and fragmented market***

We operate in a highly competitive market. Many Indian and Foreign players have entered the market both in the online and offline space. There are several strategies adopted by our competitors to increase their market share through advertising, pricing, service, new product introductions and distribution reach among others. This increased competition by both traditional and new players may affect our margins. In order to protect our existing market share or capture market share, we may be required to increase expenditure for advertising and promotions and to introduce and establish new products. Due to inherent risks in the marketplace associated with advertising and new product introductions, including uncertainties about consumer response, increased expenditure may not prove successful in maintaining or enhancing our market share and could result in lower profitability. For further details, see the section titled "Our Business – Competition" beginning on page 111 of this Draft Red Herring Prospectus.

**19. *We have not entered into definitive agreements to utilise all the proceeds of the Issue.***

We have not entered into definitive agreements to utilize the net proceeds of the Issue. The deployment of funds as stated in the section titled "Objects of the Issue" on page 65 of this Draft Red Herring Prospectus. All figures included under the section titled "Objects of the Issue" are based on management estimate. Pending utilization of the proceeds of this Issue for the purposes described in this Draft Red Herring Prospectus, we intend to invest the proceeds of the Issue in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or for reducing overdraft. Such investments would be made in accordance with the investment policies or investment limits approved by our Board of Directors from time to time.

**20. *Our financial statements for the fiscal year ended March 31, 2007 and prior periods may not be comparable to those for future periods***

We acquired Cox & Kings Limited U.K. and Cox & Kings (Japan) Limited in September 2007 and we received our Authorised Dealer Category II License from RBI on October 19, 2006. We have also incorporated subsidiaries in UAE and Singapore in the fiscal 2007. The Singapore subsidiary is yet to start commercial operations. Revenues from these activities will not be reflected in the financial statements of prior periods. It is also difficult to predict the revenues from the UAE and Singapore subsidiaries for the future years without having any comparable data. Though financial statements for the fiscal year ended March 31, 2007 does reflect revenues from Forex business the same might not help in making estimation for the future periods as the business as Authorised Dealer Category II was started only during the second half of the fiscal 2007.

Our online booking system allows prospective users to buy our products online through the internet. This system was started in the first half fiscal 2008 and the website is still under going development to incorporate more services. It is difficult to accurately predict the revenues that would be generated from the online business.

**21. *There are a number of Trademark applications pending with the Trademark office for registration.***

We own trademarks for a number of our products, there are still many trademarks pending registration with the Trademarks office. Some people have filed opposition with the Trademark Registry against registering our mark as a trademark. We cannot guarantee that all the pending applications will be decided in the favour of the Company. Non registration of the mark can allow any person to use a deceptively similar mark and market its product which could be similar to the products offered by us. Such a situation will hamper our business as prospective clients may go to such user of mark and our revenues may decrease.

**22. *We have recently changed our corporate logo which is pending registration with the Trademark Registry.***

We have changed our corporate logo for which we have made an application for registration with the Trademarks Office. We cannot guarantee that our application will be decided in our favour or that there will not be any opposition with the Trademark Registry against registration of our corporate logo trademark. Non registration of our corporate logo may allow any person to use a deceptively similar logo which may hamper our business.

**23. *We do not have escalation clauses in our contract with our customers.***

We do not have escalation clause in the contract with our customer and consequently during period of rising prices or any adverse change in tariffs by our business associates/intermediaries, we may not be able to pass price increases to our customers, which could harm our operational results and financial condition.

**24. *We are vulnerable to failures of our information technology systems, which could adversely affect our business.***

Our information technology systems are a critical part of our business and help us manage client details, bookings, schedules and inventory. Any technical failures associated with our information technology systems, including those caused by power failures and computer viruses and other unauthorized tampering, may cause interruptions in our ability to provide services to our clients. Corruption of certain information could also lead to delayed or inaccurate scheduling in our tour. All of this could affect our quality of services and may damage our reputation. In addition, we may be subject to liability as the result of any theft or misuse of personal information stored on our systems or any problems arisen due to wrong scheduling of the tour or any part of the tour.

**25. *Our Promoters and our Promoter Group have equity interests in affiliated companies that manufacture products and offer services that are related to our business, which may create conflicts of interest.***

Our Promoters and our Promoter Group have equity interests or other investments in other companies and trusts that manufacture products and offer services that are related to our business, such as Far Pavilions Tours and Travels Private Limited, Ezeego One Travels and Tours Private Limited. There may be conflicts of interest in addressing business opportunities and strategies in circumstances where our interests differ from other companies in which one or more of our Promoters or one or more members of our Promoter Group has an interest. None of our Promoters or the members of our Promoter Group has undertaken to refrain from competing with our business. In addition, none of the Promoters or members of the Promoter Group is obligated to direct any opportunities in the Tour and Travel industry to us. In addition, new business opportunities may be directed to these affiliated companies instead of our Company. Our Promoters and our Promoter Group may also keep us from entering into certain businesses related to our own, which may be important for our growth in the future, as they may already have interests in other similar businesses.

**26. *We have, in the past, relied on our Promoters to provide guarantees and pledge of their securities and other assets to our lenders to assist us in funding our expansion which may not necessarily be available in the future.***

We have historically depended on guarantees and share pledges provided to our lenders by our Promoters and our Promoter Group in order to help fund our expansion plans, as well as improvements to our existing infrastructure and other business requirements. The Promoters and other members of the Promoter Group have not committed to provide such forms of credit support on a going-forward basis. Although we expect that in the future such forms of credit support will be unnecessary in light of our improved liquidity due to the completion of the Issue, as well as increased income from operations as our existing business mature, we may be unable to obtain future funds from lenders on favorable terms or at all without such support, and without such support our expansion plans may be curtailed.

**27. *We may fail to attract and retain enough sufficiently trained employees needed to support our operations and growth.***

The Tour and Travel Industry is highly labour intensive and our success, to a significant extent, depends on our ability to attract, hire, train and retain qualified employees. The industry, including our Company, experiences high employee turnover. There is significant need for professionals in India with skills necessary to perform the services we offer to our clients. It is possible that we may lose our skilled and trained staff to our competitors. High attrition rates in particular, could result in a loss of domain and process knowledge, which could result in poor service quality and lead to breaches by us of our contractual obligations. This would also increase our recruiting and training costs and decrease our operating

efficiency, productivity and profit margins and could lead to a decline in demand for our services. Also we may have to increase the employee compensation to retain them and remain competitive. This could increase our costs and affect our profitability.

Lack of sufficiently qualified personnel could also inhibit our growth and our ability to establish operations in new markets and our efforts to expand geographically. Our failure to attract, train and retain personnel with the qualifications necessary to fulfill the needs of our existing and future clients or to assimilate new employees successfully could have a material adverse effect on our business, results of operations, financial condition and cash flows.

**28. *Future sale of Equity Shares by our principal shareholders may adversely affect the market price of our Equity Shares.***

Sale of a large number of our Equity Shares by our principal shareholder(s) could adversely affect the market price of our Equity Shares. The perception that any such sale may occur could also adversely affect the market price of our Equity Shares.

**29. *Our contingent liabilities could adversely affect our financial condition***

We have contingent liabilities of Rs. 81.66 mn as of September 30, 2007 based on audited unconsolidated financial statement as restated comprising of guarantees by bank on our behalf of Rs.9.19 mn, claims against us not accepted as debts of Rs. 36.59 mn and we have disputed Income-tax demands of Rs. 35.66 mn. If we are unable to meet these obligations when they fall due or finance their payment on acceptable commercial terms or if other contingent or future liabilities materialize which we cannot pay or finance when they fall due, our financial condition may be adversely affected. For further details about our contingent liabilities, refer to the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations (Basis of Consolidation)” beginning on page 244 of this Draft Red Herring Prospectus and the notes to our financial statements.

**30. *Certain entities forming part of our Promoter Group have incurred losses in the past.***

Some of our Promoter Group entities have incurred losses in recent years, as set forth in the table below:

(Rs. in rupee millions)

Name of the Company	Profit/Loss after Tax		
	March 31, 2005	March 31, 2006	March 31, 2007
Tulip Star Leisure & Health Resorts Ltd.	(4.82)	(2.54)	(0.03)
ABK Enterprise Private Limited	(7.46)	(8.69)	(18.02)
Tulip Hotels Private Limited	(11.48)	(41.19)	(45.14)
V Hotels Limited ( <i>erstwhile Tulip Hospitality Limited</i> )	(620.42)	(333.58)	(443.47)
Far Pavilions Tours and Travel Private Limited	0.005	(0.08)	(5.74)
Forever Travel Distribution Private Limited	18.44	(52.62)	(8.89)
Ezeego One Travels and Tours Private Limited	-	(0.07)	(0.55)
Sneh Sadan Graphic Services Private Limited	(0.32)	(0.37)	(0.51)
Good Relations (India) Limited	(1.18)	(5.69)	2.13

For a detailed description of our Promoter Group entities, please see the section entitled “Promoters and Promoter Group” on page 152 of this Draft Red Herring Prospectus.

**31. *Our indebtedness and the conditions and restrictions imposed by our financing and other agreements could***

***adversely affect our ability to conduct our business and operations.***

The financing agreements with our lenders contain restrictive covenants that require us to maintain certain financial ratios and seek the prior permission of these banks/financial institutions for various activities. One such restrictive covenant gives the lenders affirmative right to appoint /remove two nominee Directors from the Board of Directors (who shall not be liable to retire by rotation or possess any share qualification).

Though we have received necessary approvals from our lenders for this Issue, these restrictive covenants may also affect some of the rights of our shareholders, including the payment of the dividends. For details of these restrictive covenants, see the section titled “Financial Indebtedness” beginning on page 258 of this Draft Red Herring Prospectus.

As on December 31, 2007, we had total debt of approximately Rs. 928.72 million. In addition, we may incur substantial additional indebtedness in the future. Our indebtedness could have several important consequences, including but not limited to the following- we may be required to dedicate a portion of our cash flow towards repayment of our existing debt which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements; fluctuations in market interest rates may affect the cost of our borrowings since a majority of our indebtedness is payable at variable rates. There could be a material adverse effect on our business, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial covenants of such indebtedness.

Some of our fixed assets both movable and immovable properties and current assets (both present and future) have been mortgaged and/or charged including by way of second charge including charge over the escrow of credit card receivables of the Company, pledge of shares held as investment by the Company, personal guarantees by Promoters and corporate guarantees by Company and Group Companies as well as counter guarantees of the Company, in favour of lenders pursuant to the financing agreements. The Lender shall also have an unconditional power of attorney with respect to the security and all insurance claims shall be used to satisfy the loans.

Our inability to repay our loans or obtain a discharge of our security may result in enforcement or foreclosure proceedings against us, which may adversely affect our ability to conduct our business. We believe that our relationships with our lenders are good, and we have in the past obtained consents from them to undertake various actions and have informed them of our activities from time to time. Compliance with the various terms is, however, subject to interpretation and we cannot assure that we have requested or received all consents from our lenders that are required by our financing documents. There can also be no assurance that we will receive any required consents on time or at all. If we fail to obtain such consent, it may adversely affect our ability to conduct our business and operations or implement our business plans.

**32. *The Promoters and Promoter Group will hold a majority of our Equity Shares after the Issue and can therefore determine the outcome of shareholder voting and influence our operations***

After the completion of this Issue, the Issuer’s principal shareholders, being the Promoters, will hold approximately 62.06% of the Equity Shares. Consequently, they will be able to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be passed with a majority shareholder vote. In addition, the Promoters have the ability to block any resolution by our shareholders, including the alterations of the Articles of Association, issuance of additional shares of capital stock, commencement of any new line of business and similar significant matters. The Promoters will be able to control most matters affecting us, including the appointment and removal of officers, our business strategies and policies, dividend payouts and capital structure and financing, delay or prevent a change in our control, impede a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us even if such action was in the best interests of the Shareholders as a whole.

The Promoters will also continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests and or the interests of our minority shareholders, and there can be no assurance that such actions will not have an adverse effect on our future financial performance and the price of our Equity Shares.

**33. *Our insurance coverage may not adequately protect us against certain operating hazards and this may have an adverse effect on our business***

Travel and tourism services involve many risks that may adversely affect our operations, and the availability of insurance is

therefore fundamental to our operations. While we believe that our insurance coverage is adequate for the travel and tourism business, 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 any loss or damage that is not covered by insurance or exceeds our insurance coverage or if insurance premiums significantly increase, our results of operations and cash flow could be adversely affected. For details of our insurance cover, please refer to the section titled “Business Overview” beginning on page 24 of this Draft Red Herring Prospectus.

**34. *Our success depends in large part upon our management team and skilled personnel and our ability to attract and retain such persons***

We are highly dependent on our senior management, our whole-time directors and our other key personnel. The loss of any of the members of our senior management, our whole-time directors or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business and results of operations. Our ability to successfully function and meet future business challenges also depends on our ability to attract and retain talented and skilled personnel. Most of our employees have relevant experience in the Travel and Tourism Industry and we face strong competition to recruit and retain skilled and professionally qualified staff. Our future performance will depend upon the continued services of these persons.

**35. *We operate on leased premises***

Most of the offices through which we operate our business are taken by us on lease through lease and license agreements with third parties. We may in the future enter into further such arrangements with third parties. Any adverse impact on the title, ownership rights and/or development rights of our landlords from whose premises we operate, or breaches of the contractual terms of such lease and license agreements, may impede our operations. In the event such leases or licenses are not renewed, or there is any disruption in our business activities due to deficiency of title, our operations and in turn profitability will be adversely impacted.

**36. *Our business is in part dependent on our continuing relationship with our strategic partners***

We, in the normal course of our business enter into arrangements with other standalone service providers. They play an important role in helping us provide a complete integrated services package to our customers. These strategic alliances not only provide us advantages in the key services segment but also to further strengthen and consolidate the “Cox & Kings” brand. Our business and results of operations could be adversely affected if we are unable to maintain a beneficial relationship with these strategic partners and alliances. Please see section titled Business Overview beginning on page 24 of the Draft Red Herring Prospectus.

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

Revenues and cash flows in the travel and tourism industry are affected by seasonality and depend on various factors such as school holidays, public holidays and the conducive weather conditions in the destination for travel. Our revenues are generally higher for inbound tourism during the second half of each fiscal year as compared to the first half of the fiscal year. The first half of our fiscal year includes India’s summer and monsoon seasons hence international leisure travellers to, and domestic leisure travellers in, India are substantially fewer than in the second half of the year but revenues for outbound tourism are higher in the first half of the fiscal year. 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.

**38. *Certain material agreements relating to our operations do not have provisions for arbitration***

Certain material agreements relating to our operations, including our services arrangements with strategic partners, do not have provisions for arbitration. Thus enforcement of these agreements can be done only in a court of law. Any delay in the enforcement of these agreements may result in disruption of our business activities and operations and in turn may adversely impact our profitability.

**External Risk Factors**

**39. *A slowdown in economic growth in India could adversely impact our business***

Tourism is directly linked with the economic growth of a country. Travel and tourism is very erratic in nature and based on the discretion of the clientele. As a consequence, the travel and tourism industry tends to experience adverse financial results during general economic downturns. Although the Indian Economy has sustained growth in the last few years, soft economic conditions would put pressure on the profitability of the industry and our business. Any slowdown in the Indian economy or in the growth of the travel and tourism industry could adversely affect our business and financial performance and the price of our Equity Shares.

**40. *Changes in the policies of the Government or political instability could delay the further liberalisation of the Indian economy and adversely affect economic conditions in India generally, which could impact the Company's business and prospects.***

Since 1991, successive Indian governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian Central and state governments in the Indian economy as producers, consumers and regulators has remained. The current Government, formed in May 2004, has announced policies and taken initiatives that support the continued economic liberalisation policies that have been pursued by previous governments. However, there is no assurance that these liberalisation policies will continue in the future. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular.

The current Government is a coalition of several parties. The withdrawal of one or more of these parties could result in political instability. Such instability could delay the reform of the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares, and on the market for its products.

**41. *Natural calamities could have a negative impact on the Indian economy and cause our business to suffer***

India has experienced natural calamities such as earthquakes, Tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. For example, as a result of drought conditions in the country during fiscal 2003, the agricultural and allied sector recorded a negative growth of 6.9%. The erratic progress of the monsoon in 2004 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of our Equity Shares. In addition, any epidemics or infectious outbreaks or other health-related concerns that impact customers' willingness to travel could adversely affect our business and operations.

**42. *Any downgrading of India's sovereign rating by an international rating agency could have a negative impact on our business***

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

**43. *You may not be able to immediately sell any of the Equity Shares you purchase in the Issue on the Stock Exchanges***

Under the SEBI (DIP) Guidelines (should be consistent with the definition section) we are permitted to allot Equity Shares within fifteen days of the closure of the public issue. Consequently, the Equity Shares you purchase in the Issue may not be credited to your book or demat account, with Depository Participants until approximately fifteen days after the issuance of the Equity Shares. You can start trading in the Equity Shares only after they have been credited to your demat account and listing and trading permissions are received from the Stock Exchanges.

Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that the trading in Equity Shares will commence within the specified time periods.

**44. *After this Issue, 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. The prices of our Equity Shares may fluctuate after this Issue due to a wide variety of factors, including volatility in the Indian and global securities markets, our operational performance, financial results and capacity expansion, performance of the Company's competitors, perception in the market about investments in the travel and tourism industry or adverse media reports on the Company or the industry, developments in India's economic liberalisation and deregulation policies and fiscal regulations and changes in India's laws and regulations impacting our business.

We cannot assure 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 traded will correspond to the prices at which they will trade in the market subsequent to this Issue.

**45. *Investors may have difficulty enforcing judgments against us or our management***

We are a limited liability company incorporated under the laws of India. Most of our Directors and executive officers are residents of India. Further, most of our assets and the assets of such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons in jurisdictions outside India or to enforce judgments obtained against us or such persons outside India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 (the "**Civil Code**"). Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except (i) where it has not been pronounced by a court of competent jurisdiction, (ii) where it has not been given on the merits of the case, (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where it has been obtained by fraud or (vi) where it sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty. The United States has not been declared by the Government to be a reciprocating territory for the purpose of Section 44A of the Civil Code. However, the United Kingdom has been declared by the Government to be a reciprocating territory. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered.

**46. *Indian dividend taxes or surcharges could negatively affect our tax liability***

Under current Indian laws, no tax is payable by the recipients of dividends on shares of an Indian company. However, if we declare/distribute a dividend, we are required to pay a dividend distribution tax at a rate of 16.995 per cent. (including a surcharge of 10 per cent and education cess of 3 per cent on tax and surcharge) on the dividend so declared or distributed. The Government may in the future increase the surcharges and dividend distribution taxes it imposes. Any future increase in dividend distribution taxes or surcharges could adversely affect our tax liability.

**47. *Significant differences exist between Indian GAAP and other accounting principles with which investors may be more familiar***

Our financial statements are prepared in conformity with Indian GAAP, consistently applied during the periods stated and no attempt has been made to reconcile any of the information given in this Offering Circular to any other principles or to base it on any other standards. Indian GAAP and Indian auditing standards may differ from accounting principles and

auditing standards with which prospective investors may be familiar in other countries. Significant differences exist between Indian GAAP and IFRS which may be material to the financial information contained in this Offering Circular. We have made no attempt to quantify the effect of any of these differences and Indian GAAP does not require such quantification. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and the financial information contained in this Offering Circular.

**48. In order to maintain a listing on any of the Indian Stock Exchanges, we are obliged to maintain a minimum level of non-promoter shareholding of 10% per cent. of its paid-up equity share capital**

The listing agreement executed by us with the Indian Stock Exchanges requires us to maintain a minimum level of non-promoter (as defined herein) shareholding of 10% per cent of its paid-up equity share capital. In the event that the minimum level of non-promoter shareholding falls below the required level, the provisions of the SEBI (Delisting of Securities) Guidelines, 2003 (the ‘‘Delisting Guidelines’’) need to be complied with, which include, inter alia, the need to make a public offer for eventual delisting. Our non-promoter shareholding was 18.73 per cent as on the date of filing of the DRHP. There can be no assurance that the level of non-promoter ownership of the Shares will remain above the required level and therefore there can be no assurance that the Shares will remain listed on any of the Indian Stock Exchanges. In the event that the Shares are delisted, the controlling Shareholders will be required to offer to buy the Shares, which they do not already own at a price designed to equate to the fair market value. Whether they are able to do so will depend on the financial condition of such parties.

In this paragraph, the term ‘‘non-promoter’’ means any person who is not a ‘‘promoter’’ as defined in the SEBI (Substantial Acquisition of Shares and Takeover) Regulation 1997, as amended.

**49. Exchange rate fluctuations may adversely affect our results of operations**

Revenues of Cox & Kings Ltd. U.K. are in Pounds, Revenue of Cox & Kings (Japan) Limited are in Yen and India Inbound revenues are in US \$’s, Euro and GBP. There is no exchange risk as we hedge our currency risk in all areas. All outbound tours are charged to the client in the currency that is paid to the contractors. There may be an effect on the profitability on the company as the company earns profits in Yen, Pounds and Rupees. The relevant exchange rate at the time will be prevalent and may decrease or increase the profit. However, our foreign exchange business is affected by exchange fluctuation to the extent of proprietary trading in this area of business.

**Notes to Risk Factors:**

1. The Issue of 8,700,000 Equity Shares of Rs. 10 each for cash at a price of [●] per Equity Share, aggregating Rs. [●] million. The issue is comprised of the employee reservation portion of 100,000 Equity Shares of Rs. 10 each for the eligible employees of the Company and the Net Issue to the Public of 8,600,000 Equity Shares of Rs. 10. The Issue will constitute 23.75% of the fully diluted post Issue paid – up Equity Share capital of the Company. The Company is considering a Pre-IPO Placement of up to [●] Equity Shares of Rs. 10 each, to certain investors including Non-Residents prior to the Issue. If the Pre-IPO Placement is completed, the Net Issue would be reduced to the extent of the Pre-IPO Placement.
2. The net worth of the Company was Rs. 1,296.73 million as of September 30 2007, as per the restated unconsolidated financial statements of the Company prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Guidelines. For more information, see the section ‘‘Financial Statements’’ beginning on page 172 of this Draft Red Herring Prospectus.
3. The book value per Equity Share was Rs. 231 as of September 30 2007, as per the restated unconsolidated financial statements of the Company prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Guidelines. For more information, see the section ‘‘Financial Statements’’ beginning on page 172 of this Draft Red Herring Prospectus.
4. The average cost of acquisition of the Equity Shares by our Promoters are –

Name of the Promoter	Cost per share (Rs.)
Ms . Urrshila Kerkar	10.29



Mr. Peter Kerkar	40.43
Mr .A.B.M. Good	68.88
Liz Investments Private Limited	34.97
Kubber Investment (Mauritius) Pvt Ltd.	174.07

The average cost of acquisition of Equity Shares by our Promoters has been computed by taking the weighted average cost. For details, see the section "Capital Structure" beginning on page 53 of this Draft Red Herring Prospectus.

5. For related party transactions, see the section "Related Party Transactions" beginning on page 170 of this Draft Red Herring Prospectus.
6. Other than as stated in the section "Capital Structure" beginning on page 53 of this Draft Red Herring Prospectus, the Company has not issued any Equity Shares for consideration other than cash.
7. For details of transactions in the securities of the Company by the Promoters, the Promoter Group and the Directors in the last six months, see the section "Capital Structure —Notes to the Capital Structure" beginning on page 54 of this Draft Red Herring Prospectus.
8. For information on changes in the Company's name, registered office and objects clause of the Memorandum of Association of the Company, see the section "History and Certain Corporate Matters" beginning on page 120 of this Draft Red Herring Prospectus.
9. Except as disclosed in the sections "Our Promoters and Promoter Group Companies" and "Our Management" beginning on pages 152 and 139, respectively, of this Draft Red Herring Prospectus, none of the Promoters, Directors or key managerial employees have any interest in the Company except to the extent of any remuneration that may be paid to them for rendering professional services and reimbursement of expenses and to the extent of the Equity Shares held by them or held by the companies or firms in which they are interested as directors, members or partners and to the extent of the benefits arising out of such shareholding. For details of the shareholding of the Promoters, Directors and companies in which the Promoters and Directors are interested as members or directors, see the section "Capital Structure" beginning on page 53 of this Draft Red Herring Prospectus.
10. In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation, on a proportionate basis, to the QIBs and Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, up to 100,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees subject to valid bids being received at or above the Issue Price. For further details, see the section "Issue Structure" beginning on page 336 of this Draft Red Herring Prospectus.
11. For any clarification or information relating to the Issue, investors may contact the BRLM or the Company, who will provide or make available such clarification or information to the investors at large. No selective or additional information would be available for a section of investors in any manner whatsoever.
12. Investors may contact the BRLM and the Syndicate Members for any complaints pertaining to the Issue.
13. Investors are advised to refer to the section "Basis for the Issue Price" beginning on page 71 of this Draft Red Herring Prospectus.
14. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, see the section "Issue Procedure - Allotment - Basis of Allotment" beginning on page 361 of this Draft Red Herring Prospectus.

15. Trading in the Equity Shares for all investors shall be in dematerialised form only.

## SECTION III: INTRODUCTION

### SUMMARY

#### *Business Overview*

We are one of the oldest and most reputed travel organizations in India offering total travel solutions to our customers. We operate as a ONE STOP SHOP for all travel related products. We offer the following services:

- Excursions and Leisure Travel (Overseas Holidays, Domestic Holidays, Air, Land and Cruise Bookings)
- Destination Management
- Incentive and conference Solutions
- Value added NRI services
- Trade fairs
- Car/Coach/Railway bookings
- Foreign Exchange
- Business travel (Air Tickets domestic and International)
- Private Air charter
- Hotel Bookings (Domestic and International)
- Visas/Passport/Medical insurance assistance

We operate in eight countries either directly or through our subsidiaries/branch network and also have representative offices in additional 5 countries.

Our registered office is situated at Mumbai, India and other branch offices in India are located at New Delhi, Andheri, Chennai, Nagpur, Bangalore, Kolkata, Ahmedabad, Kochi, Hyderabad, Pune, Goa and Jaipur giving us a pan India presence. We intend to further expand our set up by adding more branches and shops as well as franchise outlets to serve more customers and add to our existing base of valued customers.

We also have two international branch offices at Moscow and New York and have operating subsidiaries in UK, Japan, UAE and Singapore. Cox & Kings (Japan) Limited has branches in Maldives and New Caledonia. We also have representative offices in Spain, South Africa, Australia, Sweden and Germany. Our global reach and passion for travel uniquely position us to offer multiple travel choices and value for our products.

Our Business is divided into three main verticals of Leisure, Corporate Travel and Forex. Within Leisure we have three segments of Inbound travel, Outbound travel and Domestic travel.

Our Inbound segment focuses on providing destination management services that cover all aspects of the ground tour arrangement for tour operators across the world for the tourist visiting the Indian sub-continent.

Our Outbound and Domestic segment includes package holidays in India and overseas. We also provide services related to conference organizing, meetings, exhibitions, trade fairs for the corporate traveller.

We serve our customers through our products viz. MICE (Meetings, Incentives, Conferences, Events), FITs (Free Individual Traveller), Groups and Trade Fairs.

Our Corporate travel verticals aims at making business trips more convenient and cost effective with our enhanced customer service aimed at faster service delivery and more personalized attention.

We were one of the first travel companies to be granted a license as an Authorized Dealer - category II under the new licensing regime on October 19, 2006.

Cox and Kings (India) Limited (formerly called Eastern Carrying Company Ltd) was incorporated in India in the year 1939. The name of the Company was initially changed to Cox & Kings (India) Ltd. on February 23, 1950 and thereafter upon the introduction of the Companies Act, 1956, the name of the Company was changed to Cox & Kings (India) Pvt. Ltd. The

Company ultimately converted into a public company pursuant to the special resolution to this effect dated 29<sup>th</sup> January, 2007 and the name has now changed to Cox and Kings (India) limited.

The name 'Cox & Kings' is synonymous with travel business. The evolution of the name of our company as a brand can be traced in history dating back to 1758, i.e. an history of 250 years when Lord Ligonier, Colonel of the Foot Guards, appointed Richard Cox, as his regimental agent for handling the affairs, pay and sundry obligations of the officers stationed overseas. By 1878 Cox & Co. became agent and banker to the entire Household Brigade, most of the cavalry and infantry regiments, the Royal Artillery, and the Royal Wagon Train, which later become the Royal Army Service Corps.

In October 1922, the business of Henry S. King & Co., a small bank with Indian interests was absorbed in the business of Cox and thus the name of Cox & Kings came into existence. In 1923 the banking business of Cox & King's was taken over by Lloyds Bank Limited.

In the year 1970 Cox and Kings entered the Grindlays Group pursuant to the acquisition of Cox & Kings (Holdings) Ltd by National Grindlays Bank Ltd. and increased its focus on the business of travel and tourism. In the year 1980, Grindlays divested its non-banking activities because of Governmental regulations. This business interest in the travel business was bought by Mr. ABM Good and John Norman Romney Barber from Grindlays by acquiring Cox & Kings (Holdings) Ltd. Cox and Kings under its present ownership continued to operate as specialized Tour operators. It also branched out into special interest holidays for artists, botanists and natural historians.

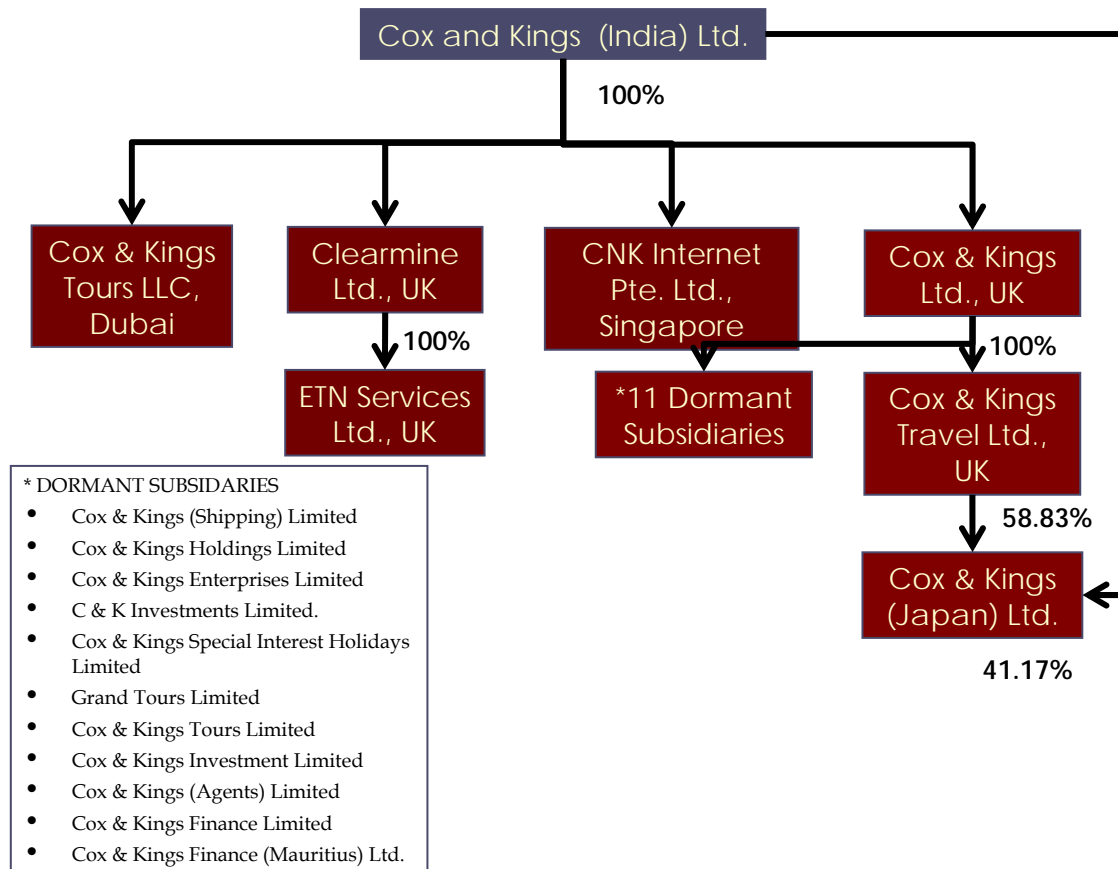
In the year 1980, Reserve Bank of India vide its letter dated May 14, 1980 permitted Cox and Kings (Agents) Limited, a company incorporated in the United Kingdom to transfer the business operations of its branch offices in Bombay & New Delhi, to Cox and Kings (India) Limited. Cox and Kings (Agents) Limited continued with the business of its head office in London. In consideration of the transfer of the business, Cox and Kings (India) Limited issued its shares to Cox and Kings (Agents) Limited. As a condition of Indianisation imposed by Reserve Bank of India, Cox and Kings (India) Limited issued and allotted 60% of the shares to Resident Indians and Staff Gratuity Trust Fund.

Ajay Ajit Peter Kerkar and Urrshila Kerkar bought shares of Cox and Kings (India) Limited from the existing shareholders of the Company for the first time on May 09, 1981 and thereafter in a series of rights issue by the Company in March 1990, August 1996, November, 1998 and June 2005 consolidated their holding through allotment of additional shares/subscription to renunciation in these rights issue including purchases from the existing shareholder during the said period. Liz Investment Private Limited acquired the shares in Cox and Kings (India) Limited from the existing shareholders for the first time on September 21, 1988 and similarly consolidated its holding in the rights issue by the Company in March 1990, August 1996, November, 1998 and June 2005. Upon conclusion of the rights issue in June 2005 Peter Kerkar, Urrshila Kerkar, Liz Investment Private Limited and Mr. A B M Good were collectively holding 3,842,450 shares representing 70.63% of the outstanding capital of the Company.

In March 2006, we acquired 100% of the share capital of Clearmine Limited, a company incorporated in the UK. ETN Services Limited is the wholly owned subsidiary of Clearmine Limited and it carries out destination management services for our tours to Europe and also inbound tours in Europe for other tour operators. It does not offer its own tours. In September 2007, we acquired 100% of the share capital of Cox & Kings Limited, UK and 41.17% of the share capital of Cox & Kings (Japan) Limited. Cox & Kings Travel Limited, UK a wholly owned subsidiary of Cox & Kings Limited UK is an outbound specialist tour operator and caters to leisure travel market of Europe. Cox & Kings Limited UK holds 100% of Cox & Kings Travel Limited. Cox & Kings Travel Limited holds the balance 58.83% of Cox & Kings (Japan) Limited. Cox & Kings (Japan) Limited is a dedicated wholesaler of products and services to other tour operators. It also offers ground handling capabilities in select geographies.

We are in the process of signing a Memorandum of Understanding with Indian Railways Catering and Tourism Corporation Ltd. (IRCTC) for running a Luxury Tourist Train in joint Venture with IRCTC. IRCTC has received an in-principle approval from the Railway Board dated 29/11/2007 for running the Luxury Tourist Train in joint venture with us to manage the onboard/Offboard services, marketing, booking, pricing etc. The in-principle approval of the Railway Board sets out the broad principle and the specific details are being worked out.

## Group Structure of Cox and Kings (India) Limited



We hope to add more customers each year and better our service standards by providing customers with a wide choice of products and flexibility to meet their changing needs. For the year ended March 31, 2007, 2006 and 2005 our total income was Rs. 994.19 million, Rs. 657.53 million and Rs. 455.18 million. Our restated profit after tax for the same period was Rs. 210.52 million, Rs. 173.45 million and Rs. 92.29 million respectively.

### Our Competitive Strengths

#### *Trusted and Respected Brand*

We believe that our brand is well recognized and respected in the World Tours and Travel Industry. The brand of Cox & Kings has evolved over a period of 250 years. We believe our business requires people to believe in our capability to provide quality services and products that will lead to an overall satisfied experience even before they have approached us for business or have given us the opportunity to serve them earlier. It is here that we believe our brand which we have built over the years, plays an important role in getting people to trust in our ability to serve them well. We believe that our biggest asset is the trust and the comfort that our clients have in us. It is also reflected in the repeat business we get from them. Various awards have been conferred upon us over the years and this is testimony to the acknowledgement of our services in the Travel Industry. For details on the awards won by us kindly refer to the section titled “Business – Past Awards and Recognition” on page 111 of this Draft Red Herring Prospectus.

### ***Strong Management***

We are lead by an experienced management group that has worked and has been associated with the travel industry for many years and has the required skill, expertise and vision to continue to expand our business in new markets. Our management team includes Mr. Peter Kerkar, Group CEO who has been with the company for more than 20 years. Mr. Peter Kerkar has an in-depth understanding of the travel industry. He was the founder, director of the World Tourism Council for the India sub continent. Ms. Urrshila Kerkar, is our Head of Operations in India who has been with the company since more than 15 years. Under their direction and guidance the Company has grown at a CAGR of 36.18 over the past four years. Mr. Arup Sen, Director - Operations, has extensive experience in travel industry and the same has been applied to the benefit of the operations of our Company.

### ***Product Spectrum***

We believe in offering complete travel solutions. Our wide choice of product offerings caters to all the travel needs of the Indian and International traveller. We believe that our products have been fairly successful in the market. We continuously innovate our product offering with the flexibility to meet the changing needs of our customers and to better address their needs. This also helps us to differentiate our products vis – a – vis the products offered by our competitors. We believe that our success in branding our products has created more awareness among travellers and has also helped a traveller in distinguishing and identifying our branded products like “Duniya Dekho”, “Bharat Deko”, “Flexihols”.

### ***Geographical Presence***

We operate in eight countries either directly or through our branches and subsidiary companies and including our representative offices, have presence in thirteen countries across the globe. In India, we have branch offices at New Delhi, Chennai, Nagpur, Bangalore, Kolkata, Ahmedabad, Kochi, Hyderabad, Pune, Goa and Jaipur. Further we have an exhaustive network of General Sales Agent (GSA) / Preferred Sales Agent (PSA) all over India. GSA are those agents who sell only our products i.e. we have an exclusive tie – up with them, whereas PSA are those agents who sell travel products of other tour operators as well as ours.

Our representatives who have in depth knowledge of the local market they operate in and we periodically update them in regards to the services and the kind of arrangements and products we have to offer to our customers. Our branches and sales network coupled with their domain knowledge has assisted us in successfully improving our market share in tourism business. This strong network of agents and representatives gives us access to important geographies and markets and help us set our feet firmly in the offline travel industry. Besides we have a strong network of dedicated ground operators functioning in different countries that offer better options to customers as per convenience and budget to maximize their travel experience. Also, as a member of RADIUS Inc, a global travel company, we are connected with a network of over 4,640 travel companies around the world and service clients originating through them within India.

### ***Skilled & Quality Staff***

We attach great importance to our well knit motivated team of committed people. They provide the customer interface and are always aligned to the customers’ requirements which reflects our standards of service quality. We have built a team of experienced, skilled and efficient personnel having in depth knowledge of the business and unspoken passion to promote our products. They are important components in contributing to the productivity of our business. We utilize a competitive compensation structure for our managerial personnel and staff, and we believe this structure helps us attract and retain our managerial personnel. We have dedicated and experienced management teams for the execution of special assignments, as well as for human resources, operations, quality management, and our international business. We also have regular training programs for our staff and management personnel. For more information on our managerial personnel see the section on “Our Management” beginning on page 139 of this Draft Red Herring Prospectus.

### ***Technology***

We deploy highest standards of information technology platforms. We have developed and implemented a comprehensive central reservation engine for all our travel related products. Our web enabled centralized dynamic packaging system enables individual, corporate and agents world wide to include all products and services which they want on a real time

basis. Our booking engine, built on high performance technology, is quick in delivering real time business information. Our sophisticated CRM (Customer Relationship Management System) is designed to analyze customer needs for better servicing and ensure repeat business for us. It generates reports identifying areas of opportunity and thereby helps us in customizing to improve the efficiency of our products. We have a 24 X 7 dedicated call center manned by well informed and efficient executives to address to customer requirements including complaints if any.

## **Our Business Strategy**

### ***Acquisitions***

We are looking a inorganic growth and may consider consolidating our market share through acquisition if targets provide strong strategic fit at a reasonable price. Our strategy will be to focus on up-market long haul tour operators whose product offerings include the Indian subcontinent and complement our existing worldwide product portfolio. This will enable us to consolidate our sourcing needs, giving us better buying power and yield cost savings. This will fit into our strategy of offering both outbound and inbound services to our clients in each of the destinations that we operate in. Our growth strategy involves gaining new clients and expanding our service offerings, both organically and through strategic acquisitions of companies, which have expertise in the domain in which they operate and which also have a good client base. This would increase the pace of our growth, thereby enabling us to secure a higher volume of business.

### ***Better Reach***

We are focused on maintaining and upgrading the infrastructure of our existing shops and also setting up new shops in new geographic areas. These shops will be powered by high-end technology and equipped with trained staff having an in depth knowledge of our products. We have also launched a franchisee model. It is a business arrangement where the franchisee has the licensed right to own and operate the business based on our business concept and use our brand name. In this we provide start up help in terms of training, site development, advertising and marketing support. The franchisee is branded as a Cox & Kings shop and sells only our products. It is a one stop travel shop that provides all travel related services under one roof, making travelling more simple for the customers. We also plan to open more branch offices abroad, which will help us penetrate newer geographies and add to our customer base. To penetrate newer regions we are planning to increase our network of PSA / GSA agents with high potential. Our endeavor is also to convert PSA agents and GSA agents to franchisees going forward.

### ***Online Foray***

The online travel market in India is in a nascent stage and offers tremendous growth potential. Having firmly set foot in the offline market, we have now created our space in the online arena. We have recently launched websites with the name [www.coxandkingsinbound.com](http://www.coxandkingsinbound.com) and [www.coxandkingsnri.com](http://www.coxandkingsnri.com). These websites and our existing website [www.coxandkings.com](http://www.coxandkings.com) primarily offer an additional channel of reaching out to our existing and potential (users) customers which are updated regularly to feature our products and innovations.. We offer various options to the customer giving him the flexibility to customize the holidays as per its choice. The website offers complete travel solutions offering the user a choice to purchase any item from an airline ticket, hotel accommodation, logistic support, to a complete tour package. The website also offers users a choice to purchase any combination of the above and also design their own holiday. We believe that with the rise in the number of internet users and better acceptability of the internet as a convenient medium for making travel related purchases, we are well positioned to capture a whole new client base.

### ***Focus on Outbound***

We believe that there is considerable growth opportunity in the outbound tourism segment. A buoyant economy, rise in disposable incomes, coupled with rising aspirations ensures this segment is poised for growth. Also with travel getting cheaper there will be an increase in the number of people opting to travel outside India. We believe we are well positioned to exploit this segment with our flexible products and will continue to offer a comprehensive range of travel contents to the consumer with attractive pricing

## THE ISSUE

Equity Shares offered:	
Issue by the Company*	8,700,000 Equity Shares of face value of Rs. 10 each*.
<i>Of which</i>	
(A) Employee Reservation Portion*	Upto 100,000 Equity Shares of face value of Rs. 10 each*.
<i>Therefore,</i> Net issue to the Public	8,600,000 Equity Shares of face value of Rs. 10 each*.
<i>Of which:</i>	
A) Qualified Institutional Buyers (QIB) Portion	At least [●] Equity Shares of face value of Rs. 10 each <i>(allocation on proportionate basis)</i>
<i>Of which:</i>	
<i>Available for allocation to Mutual Funds only</i>	[●] Equity Shares of face value of Rs. 10 each <i>(allocation on proportionate basis)</i>
Balance for all QIBs excluding Mutual Funds	[●] Equity Shares of face value of Rs. 10 each <i>(allocation on proportionate basis)</i>
B) Non-Institutional Portion	At least [●] Equity Shares <i>(allocation on proportionate basis)</i>
C) Retail Portion	At least [●] Equity Shares <i>(allocation on proportionate basis)</i>
Equity Shares outstanding prior to the Issue	27,925,260 Equity Shares of face value of Rs. 10 each*.
Equity Shares outstanding after the Issue	36,625,260 Equity Shares of face value of Rs. 10 each*.
Use of proceeds by the Company	See the section titled “Objects of the Issue” on page 65 of this Draft Red Herring Prospectus.

\* Our Company is considering a Pre-IPO Placement of certain Equity Shares with some investors (“Pre-IPO Placement”). Our Company will complete the issuance of such Equity Shares prior to the filing of the RHP with the RoC. The number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, if, any, subject to the Net Issue to the public being at least 10% of the fully diluted post-Issued paid up capital of our Company. Further, the reservation for Eligible Employees shall be subject to a maximum of 10% of such revised the Issue size.



## SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the restated consolidated financial statements as of and for the fiscal years ended March 31, 2003, 2004, 2005, 2006 and 2007, and for the six month period ended September 30, 2007 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Guidelines as described in the Auditors' Report included in the section "Financial Statements" beginning on page 172 of this Draft Red Herring Prospectus.

The summary financial information presented below should be read in conjunction with our restated financial statements including the significant accounting policies and the notes thereto and reports thereon included in the sections in "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 172 and 235 respectively, of this Draft Red Herring Prospectus.

<b>SUMMARISED UNCONOLIDATED STATEMENT OF PROFIT &amp; LOSS, AS RESTATED</b>						
	<b>Six months ended September 30, 2007</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>	<b>15 months ended March 31, 2003</b>
<b>(Rs. in Millions)</b>						
<b>Income</b>						
Commission and Operating Income	626.10	891.43	631.71	420.49	281.89	264.76
Other Income	24.36	23.71	25.74	34.69	5.62	6.47
<b>Total</b>	<b>650.46</b>	<b>915.13</b>	<b>657.45</b>	<b>455.18</b>	<b>287.51</b>	<b>271.23</b>
<b>Expenditure</b>						
Personnel Expenses	127.43	168.38	150.83	80.96	60.99	61.62
Other Expenses	279.79	321.01	277.60	159.46	148.16	185.23
Interest and finance charges	20.95	50.15	30.75	66.36	35.57	42.49
Depreciation	17.70	29.95	18.04	14.22	12.60	19.09
<b>Total</b>	<b>445.87</b>	<b>569.48</b>	<b>477.23</b>	<b>320.99</b>	<b>257.32</b>	<b>308.42</b>
<b>Net Profit/(Loss) before Tax and extra ordinary items</b>	<b>204.58</b>	<b>345.65</b>	<b>180.22</b>	<b>134.19</b>	<b>30.19</b>	<b>(37.19)</b>
<b>Taxation</b>						
Current Tax	62.12	124.17	74.84	21.14	2.40	-
Deferred Tax	1.29	0.63	(8.73)	15.76	8.20	(4.72)
Fringe Benefit Tax	3.25	5.20	6.22	-	-	-
<b>Net Profit/(Loss) after Tax before extraordinary items</b>	<b>137.92</b>	<b>215.65</b>	<b>107.90</b>	<b>97.29</b>	<b>19.59</b>	<b>(32.46)</b>
Extra-ordinary items (net of tax) (Receipt on relinquishment of Tenancy Rights)	-	-	65.72	-	-	-
<b>Net Profit after Tax and Extra-ordinary items</b>	<b>137.92</b>	<b>215.65</b>	<b>173.61</b>	<b>97.29</b>	<b>19.59</b>	<b>(32.46)</b>
<b>Balance brought forward</b>	<b>454.93</b>	<b>243.63</b>	<b>74.36</b>	<b>(22.22)</b>	<b>(41.10)</b>	<b>(7.98)</b>

<b>SUMMARISED UNCONOLIDATED STATEMENT OF PROFIT &amp; LOSS, AS RESTATED</b>						
	<b>Six months ended September 30, 2007</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>	<b>15 months ended March 31, 2003</b>
<b>(Rs. in Millions)</b>						
Less: Additional charge on adoption of AS-15(R)	2.31	-	-	-	-	-
Proposed Dividend	-	3.81	3.81	0.63	0.18	0.59
Tax on dividend	-	0.53	0.53	0.08	0.08	0.08
Interim Dividend	-	-	-	-	0.45	-
<b>Balance carried to Balance Sheet</b>	<b>592.85</b>	<b>454.93</b>	<b>243.63</b>	<b>74.36</b>	<b>(22.22)</b>	<b>(41.10)</b>
The above statement should be read with the significant accounting policies and notes appearing in Annexure IV and V.						

<b>SUMMARISED UNCONOLIDATED STATEMENT OF ASSETS &amp; LIABILITIES, AS RESTATED</b>						
	<b>As at Sept. 30, 2007</b>	<b>As at March 31, 2007</b>	<b>As at March 31, 2006</b>	<b>As at March 31, 2005</b>	<b>As at March 31, 2004</b>	<b>As at March 31, 2003</b>
<b>(Rs. in Millions)</b>						
<b>A. Fixed Assets</b>						
Gross Block	280.91	258.34	181.29	157.64	139.39	160.88
Less: Depreciation	141.32	126.06	96.23	94.70	90.36	96.22
Net Block	139.59	132.29	85.07	62.95	49.03	64.66
Add: Capital Work in Progress/Capital Advances	7.48	5.68	45.70	24.83	23.45	14.10
	<b>147.07</b>	<b>137.96</b>	<b>130.77</b>	<b>87.78</b>	<b>72.48</b>	<b>78.76</b>
<b>B. Deferred Tax Asset</b>	<b>12.16</b>	<b>12.28</b>	<b>12.91</b>	<b>4.18</b>	<b>19.95</b>	<b>28.15</b>
<b>C. Investment</b>	<b>977.58</b>	<b>617.07</b>	<b>358.70</b>	<b>194.84</b>	<b>16.75</b>	<b>16.75</b>
<b>D. Current Assets, Loans and Advances</b>						
Inventories	27.04	18.95	11.44	12.41	6.52	7.56
Sundry Debtors	816.81	740.76	445.46	478.36	317.48	306.53
Cash and Bank	172.72	154.16	265.99	261.31	100.39	58.62
Loans and Advances	1,075.47	944.03	889.33	609.17	505.57	460.86
	<b>2,092.04</b>	<b>1,857.89</b>	<b>1,612.22</b>	<b>1,361.25</b>	<b>929.95</b>	<b>833.57</b>

<b>SUMMARISED UNCONOLIDATED STATEMENT OF ASSETS &amp; LIABILITIES, AS RESTATED</b>						
	As at	As at	As at	As at	As at	As at
	Sept. 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
	(Rs. in Millions)					
<b>Total Assets</b>	<b>3,228.85</b>	<b>2,625.20</b>	<b>2,114.60</b>	<b>1,648.05</b>	<b>1,039.12</b>	<b>957.23</b>
<b>E. Liabilities and Provisions</b>						
Secured Loans	494.92	272.07	457.46	323.42	234.13	169.68
Unsecured Loans	350.60	300.00	185.90	287.23	221.55	358.02
Current Liabilities	735.43	1,025.60	781.55	853.36	525.32	391.29
Provisions	351.17	276.94	150.40	41.03	11.69	10.68
	<b>1,932.12</b>	<b>1,874.61</b>	<b>1,575.32</b>	<b>1,505.03</b>	<b>992.69</b>	<b>929.67</b>
<b>F. Net worth</b>	<b>1,296.73</b>	<b>750.59</b>	<b>539.29</b>	<b>143.02</b>	<b>46.44</b>	<b>27.56</b>
<b>Represented by</b>						
1. Share Capital (Equity paid-up capital)	64.81	54.40	54.40	9.00	9.00	8.40
2. Share Capital Suspense	-	-	-	-	-	12.00
3. Reserves and Surplus	1,231.92	696.19	484.89	134.02	37.44	7.16
3.1. Capital Reserve	1.75	1.75	1.75	1.75	1.75	1.75
3.2. Security premium account	611.11	211.00	211.00	29.40	29.40	18.00
3.3. General Reserve	22.89	22.89	22.89	22.89	22.89	22.89
3.4. Foreign Currency Earnings Reserve	5.62	5.62	5.62	5.62	5.62	5.62
3.5. Profit & Loss account balance	590.55	454.93	243.63	74.36	(22.22)	(41.10)
The above statement should be read with the significant accounting policies and notes appearing in Annexure IV and V.						

<b>SUMMARISED UNCONCOLIDATED CASH FLOW STATEMENT, AS RESTATED</b>						
	<b>Six months ended September 30, 2007</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>	<b>15 Months ended March 31, 2003</b>
	<b>(Rs. in Millions)</b>					
<b>Cash flow from operating activities:</b>						
<b>Net Profit before taxation and extra-ordinary item</b>	<b>204.58</b>	<b>345.65</b>	<b>180.22</b>	<b>134.19</b>	<b>30.19</b>	<b>(37.19)</b>
Add: Extra-Ordinary items	-	-	84.85	-	-	-
	204.58	345.65	265.07	134.19	30.19	(37.19)
Adjustments for:						
- Depreciation	17.70	29.95	18.04	14.22	12.60	19.09
- Dividend Income	-	-	(0.01)	(0.40)	(0.80)	(0.81)
- Interest Expense	20.95	50.15	28.84	39.85	26.60	42.49
- Interest income	(16.38)	(21.38)	(20.20)	(1.76)	(3.48)	(3.22)
- (Profit)/Loss on sale of investments (net)	(1.10)	-	(2.53)	(26.49)	(0.00)	(0.09)
- (Profit)/Loss on sale of fixed assets (net)	(0.04)	0.17	4.23	1.53	0.69	0.03
- Bad debts written off/provision for bad and doubtful debts	-	-	5.32	27.12	10.49	6.14
Operating Profit before working capital change	225.71	404.53	298.77	188.26	76.29	26.44
(Increase) / Decrease in Trade Receivables	(76.05)	(295.30)	27.58	(187.99)	(21.44)	14.73
(Increase) / Decrease in Loans and advances	(86.06)	85.45	(215.89)	(79.32)	(51.93)	(354.57)
(Increase) / Decrease in Inventories	(8.10)	(7.50)	0.97	(5.89)	1.04	(4.87)
Increase / (Decrease) in Current liabilities	(233.08)	171.86	(47.98)	331.61	95.24	26.38
<b>Cash generated from / (used in) from operations</b>	<b>(177.57)</b>	<b>359.04</b>	<b>63.44</b>	<b>246.66</b>	<b>99.20</b>	<b>(291.89)</b>
Income tax / Fringe Benefit tax paid	(32.69)	(123.57)	(48.79)	(23.21)	4.89	11.18
<b>Net Cash generated from / (used in) operating activities</b>	<b>(210.26)</b>	<b>235.46</b>	<b>14.65</b>	<b>223.45</b>	<b>104.09</b>	<b>(280.71)</b>
<b>Cash flow from investing activities:</b>						
Payment towards Purchase of Fixed Assets and Capital Work in Progress	(27.22)	(37.42)	(65.99)	(31.79)	(13.06)	(22.83)
Proceeds from Sale of Fixed Assets	0.46	0.12	0.72	0.74	6.05	0.96
Interest Received	3.70	4.80	4.84	0.70	2.41	3.22
Purchase of Investments						

<b>SUMMARISED UNCONCOLIDATED CASH FLOW STATEMENT, AS RESTATED</b>						
	<b>Six months ended September 30, 2007</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>	<b>15 Months ended March 31, 2003</b>
	<b>(Rs. in Millions)</b>					
	(160.00)	(258.36)	(164.07)	(180.10)	-	(0.61)
Dividend Received	-	-	0.01	0.40	0.80	0.81
Proceeds from Sale of Investments	211.11	-	2.73	28.50	0.01	0.16
<b>Net Cash generated from / (used in) investing activities</b>	<b>28.04</b>	<b>(290.87)</b>	<b>(221.75)</b>	<b>(181.56)</b>	<b>(3.79)</b>	<b>(18.30)</b>
<b>Cash flow from financing activities:</b>						
Increase/(decrease) in borrowings (Net)	273.45	(71.30)	32.71	154.97	(72.02)	307.39
Proceeds from issue of share capital	-	-	227.00	-	-	12.00
Dividend Paid	(4.34)	(4.34)	(0.71)	(0.20)	(1.17)	(0.42)
Interest paid	(20.95)	(50.15)	(28.84)	(42.07)	(16.88)	(42.49)
Deferred Revenue expenses incurred	-	-	-	-	-	-
<b>Net Cash generated from / (used in) financing activities</b>	<b>248.16</b>	<b>(125.79)</b>	<b>230.16</b>	<b>112.70</b>	<b>(90.07)</b>	<b>276.48</b>
Net Increase / (Decrease) in cash and cash equivalents	65.94	(181.20)	23.07	154.60	10.23	(22.53)
Cash and cash equivalents at the beginning of the period / year	55.75	236.95	213.88	59.29	49.05	71.59
<b>Cash and cash equivalents at the end of the year</b>	<b>121.70</b>	<b>55.75</b>	<b>236.95</b>	<b>213.88</b>	<b>59.29</b>	<b>49.05</b>
<b>Add : Book Overdraft</b>	<b>50.62</b>	<b>97.99</b>	<b>29.04</b>	<b>47.43</b>	<b>41.10</b>	<b>9.56</b>
<b>Cash and Cash equivalent as per restated accounts</b>	<b>172.31</b>	<b>153.75</b>	<b>265.99</b>	<b>261.31</b>	<b>100.39</b>	<b>58.62</b>

The above statement should be read with the significant accounting policies and notes appearing in Annexure IV and V.

CONSOLIDATED STATEMENT OF PROFIT & LOSS, AS RESTATED						
	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 months ended March 31, 2003
	(Rs. in Millions)					
<b>Income</b>						
Commission and Operating Income	800.64	969.51	631.79	420.49	281.89	264.76
Other Income	24.95	24.68	25.74	34.69	5.62	6.47
<b>Total</b>	<b>825.58</b>	<b>994.19</b>	<b>657.53</b>	<b>455.18</b>	<b>287.51</b>	<b>271.23</b>
<b>Expenditure</b>						
Personnel Expenses	180.82	209.15	150.84	80.96	60.99	61.62
Other Expenses	315.80	358.75	277.82	159.46	148.16	185.23
Interest and finance charges	23.57	51.67	30.77	66.36	35.57	42.49
Depreciation	22.01	34.06	18.06	14.22	12.60	19.09
<b>Total</b>	<b>542.19</b>	<b>653.63</b>	<b>477.47</b>	<b>320.99</b>	<b>257.32</b>	<b>308.42</b>
<b>Net Profit/(Loss) before Tax and extra ordinary items</b>	<b>283.39</b>	<b>340.57</b>	<b>180.06</b>	<b>134.19</b>	<b>30.19</b>	<b>(37.19)</b>
<b>Taxation</b>						
Current Tax	83.67	124.17	74.84	21.14	2.40	-
Deferred Tax	2.96	0.68	(8.73)	15.76	8.20	(4.72)
Fringe Benefit Tax	3.25	5.20	6.22	-	-	-
<b>Net Profit/(Loss) after Tax before extraordinary items</b>	<b>193.51</b>	<b>210.52</b>	<b>107.73</b>	<b>97.29</b>	<b>19.59</b>	<b>(32.46)</b>
Extra-ordinary items (net of tax) (Receipt on relinquishment of Tenancy Rights)	-	-	65.72	-	-	-
<b>Net Profit after Tax and Extra-ordinary items</b>	<b>193.51</b>	<b>210.52</b>	<b>173.45</b>	<b>97.29</b>	<b>19.59</b>	<b>(32.46)</b>
Add/(less): Share in Profit/(loss) of associate	(1.86)	87.30	0.46	(5.29)	(5.98)	(7.91)
<b>Net Profit for the year</b>	<b>191.65</b>	<b>297.82</b>	<b>173.90</b>	<b>92.00</b>	<b>13.61</b>	<b>(40.37)</b>
<b>Balance brought forward</b>	<b>533.22</b>	<b>239.74</b>	<b>70.17</b>	<b>(3.625)</b>	<b>(49.15)</b>	<b>(8.11)</b>

<b>CONSOLIDATED STATEMENT OF PROFIT &amp; LOSS, AS RESTATED</b>						
	<b>Six months ended September 30, 2007</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>	<b>15 months ended March 31, 2003</b>
	<b>(Rs. in Millions)</b>					
Less: Additional charge on adoption of AS-15(R )	2.31	-	-	-	-	-
Proposed Dividend	-	3.81	3.81	0.63	0.18	0.59
Tax on dividend	-	0.53	0.53	0.08	0.08	0.08
Interim Dividend	-	-	-	-	0.45	-
Add: Reduciton in Loss of Associates on dilution	-	-	-	15.13	-	-
<b>Balance carried to Balance Sheet</b>	<b>722.56</b>	<b>533.22</b>	<b>239.74</b>	<b>70.17</b>	<b>(36.25)</b>	<b>(49.15)</b>

The above statement should be read with the significant accounting policies and notes appearing in Annexure XXII and XXIII.

CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES, AS RESTATED						
	As at	As at	As at	As at	As at	As at
	Sept. 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
	(Rs. in Millions)					
<b>A. Fixed Assets</b>						
Gross Block	665.06	288.36	199.49	157.64	139.39	160.88
Less: Depreciation	305.42	143.73	108.58	94.70	90.36	96.22
Net Block	359.65	144.63	90.90	62.95	49.03	64.66
Add: Capital Work in Progress/Capital Advances	7.48	5.68	45.70	24.83	23.45	14.10
	<b>367.13</b>	<b>150.31</b>	<b>136.60</b>	<b>87.78</b>	<b>72.48</b>	<b>78.76</b>
<b>B. Goodwill on consolidation</b>	103.17	96.43	100.50	-	-	-
<b>C. Deferred Tax Asset</b>	<b>12.16</b>	<b>12.28</b>	<b>12.91</b>	<b>4.18</b>	<b>19.95</b>	<b>28.15</b>
<b>D. Investment</b>	<b>593.77</b>	<b>530.70</b>	<b>193.39</b>	<b>190.66</b>	<b>2.72</b>	<b>8.71</b>
<b>E. Current Assets, Loans and Advances</b>						
Inventories	27.04	18.95	11.44	12.41	6.52	7.56
Sundry Debtors	1,101.35	765.29	473.28	478.36	317.48	306.53
Cash and Bank	472.12	192.21	324.61	261.31	100.39	58.62
Loans and Advances	1,486.94	989.14	895.04	609.17	505.57	460.86
	<b>3,087.46</b>	<b>1,965.59</b>	<b>1,704.37</b>	<b>1,361.25</b>	<b>929.95</b>	<b>833.57</b>
<b>Total Assets</b>	<b>4,163.69</b>	<b>2,755.31</b>	<b>2,147.78</b>	<b>1,643.87</b>	<b>1,025.10</b>	<b>949.18</b>
<b>F. Liabilities and Provisions</b>						
Secured Loans	669.09	272.07	457.46	323.42	234.13	169.68
Unsecured Loans	456.56	300.00	185.90	287.23	221.55	358.02
Current Liabilities	1,199.05	1,076.57	804.63	853.36	525.32	391.29
Provisions	385.67	276.94	163.53	41.03	11.69	10.68
	<b>2,710.36</b>	<b>1,925.58</b>	<b>1,611.52</b>	<b>1,505.03</b>	<b>992.69</b>	<b>929.67</b>
<b>G. Deferred Tax Liability (Net)</b>	19.23	0.99	0.86	-	-	-
<b>H. Net worth</b>	<b>1,434.10</b>	<b>828.74</b>	<b>535.40</b>	<b>138.83</b>	<b>32.41</b>	<b>19.51</b>



CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES, AS RESTATED						
	As at	As at	As at	As at	As at	As at
	Sept. 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
	(Rs. in Millions)					
<b>Represented by</b>						
1. Share Capital (Equity paid-up capital)	64.81	54.40	54.40	9.00	9.00	8.40
2. Share Capital Suspense	-	-	-	-	-	12.00
3. Reserves and Surplus	1,369.29	774.34	481.00	129.83	23.41	(0.89)
3.1. Capital Reserve	1.75	1.75	1.75	1.75	1.75	1.75
3.2. Security premium account	611.11	211.00	211.00	29.40	29.40	18.00
3.3. General Reserve	22.89	22.89	22.89	22.89	22.89	22.89
3.4. Foreign Currency Earnings Reserve	5.62	5.62	5.62	5.62	5.62	5.62
3.5. Foreign Exchange Translation Reserve	5.36	(0.14)	-	-	-	-
3.6. Profit & Loss account balance	722.56	533.22	239.74	70.17	(36.25)	(49.15)
The above statement should be read with the significant accounting policies and notes appearing in Annexure XXII and XXIII.						

<b>CONSOLIDATED CASH FLOW STATEMENT, AS RESTATED</b>						
	<b>Six months ended September 30, 2007</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>	<b>15 Months ended March 31, 2003</b>
<b>Rs. in millions</b>						
<b>Cash flow from operating activities:</b>						
Net Profit before taxation and extra-ordinary item	281.53	427.87	180.51	128.90	24.21	(45.09)
Add: Extra-Ordinary items	-	-	84.85	-	-	-
	<b>281.53</b>	<b>427.87</b>	<b>265.36</b>	<b>128.90</b>	<b>24.21</b>	<b>(45.09)</b>
Adjustments for:						
- Depreciation	22.01	34.06	18.06	14.22	12.60	19.09
- Dividend Income	-	-	(0.01)	(0.40)	(0.80)	(0.81)
- Interest Expense	23.57	51.67	28.85	39.85	26.60	42.49
- Interest income	(16.74)	(22.29)	(20.20)	(1.76)	(3.48)	(3.22)
- (Profit)/Loss on sale of investments (net)	(1.10)	-	(2.53)	(26.49)	(0.00)	(0.09)
- (Profit)/Loss on sale of fixed assets (net)	(0.04)	0.17	4.23	1.53	0.69	0.03
- Bad debts written off/provision for bad and doubtful debts	2.30	7.15	5.32	27.12	10.49	6.14
- Share in profit of associates	1.86	(87.30)	(0.46)	5.29	5.98	7.91
- Exchange difference on translation of foreign subsidiaries	0.04	7.23	-	-	-	-
Operating Profit before working capital change	<b>313.43</b>	<b>418.55</b>	<b>298.62</b>	<b>188.26</b>	<b>76.29</b>	<b>26.44</b>
(Increase) / Decrease in Trade Receivables	(75.85)	(318.71)	24.49	(187.99)	(21.44)	14.73
(Increase) / Decrease in Loans and advances	95.86	42.51	(215.89)	(79.32)	(51.93)	(354.57)
(Increase) / Decrease in Inventories	(8.10)	(7.50)	0.97	(5.89)	1.04	(4.87)
Increase / (Decrease) in Current liabilities	(281.53)	226.32	(44.33)	331.61	95.24	26.38
Cash generated from / (used in) from operations	<b>43.82</b>	<b>361.17</b>	<b>63.86</b>	<b>246.66</b>	<b>99.20</b>	<b>(291.89)</b>
Income tax / Fringe Benefit tax paid	(217.18)	(136.70)	(48.79)	(23.21)	4.89	11.18
Net Cash generated from / (used in) operating activities	<b>(173.36)</b>	<b>224.46</b>	<b>15.07</b>	<b>223.45</b>	<b>104.09</b>	<b>(280.71)</b>
<b>Cash flow from investing activities:</b>						
Payment towards Purchase of Fixed Assets and Capital Work in Progress	(39.03)	(49.25)	(65.99)	(31.79)	(13.06)	(22.83)

<b>CONSOLIDATED CASH FLOW STATEMENT, AS RESTATED</b>						
	<b>Six months ended September 30, 2007</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>	<b>15 Months ended March 31, 2003</b>
	<b>Rs. in millions</b>					
Proceeds from Sale of Fixed Assets	0.46	0.12	0.72	0.74	6.05	0.96
Interest Received	16.74	5.71	4.85	0.70	2.41	3.22
Purchase of Investments	(160.00)	(251.94)	(164.07)	(180.10)	-	(0.61)
Dividend Received	-	-	0.01	0.40	0.80	0.81
Proceeds from Sale of Investments	211.11	-	2.73	28.50	0.01	0.16
Net Cash generated from / (used in) investing activities	<b>29.27</b>	<b>(295.36)</b>	<b>(221.74)</b>	<b>(181.56)</b>	<b>(3.79)</b>	<b>(18.30)</b>
<b>Cash flow from financing activities:</b>						
Increase/(decrease) in borrowings (Net)	257.74	(71.30)	32.71	154.97	(72.02)	307.39
Proceeds from issue of share capital	-	-	227.00	-	-	12.00
Dividend Paid	-	(7.48)	(0.71)	(0.20)	(1.17)	(0.42)
Interest paid	(23.57)	(51.67)	(28.85)	(42.07)	(16.88)	(42.49)
Net Cash generated from / (used in) financing activities	<b>234.17</b>	<b>(130.45)</b>	<b>230.15</b>	<b>112.70</b>	<b>(90.07)</b>	<b>276.48</b>
Net Increase / (Decrease) in cash and cash equivalents	<b>90.09</b>	<b>(201.35)</b>	<b>23.48</b>	<b>154.60</b>	<b>10.23</b>	<b>(22.53)</b>
Cash and cash equivalents at the beginning of the period / year	<b>94.22</b>	<b>295.57</b>	<b>213.88</b>	<b>59.29</b>	<b>49.05</b>	<b>71.59</b>
Add: on addition of subsidiary	<b>237.20</b>	-	<b>58.21</b>	-	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>421.51</b>	<b>94.22</b>	<b>295.57</b>	<b>213.88</b>	<b>59.29</b>	<b>49.05</b>
Add :Book Overdraft	50.62	97.99	29.04	47.43	41.10	9.56
<b>Cash and bank at the end of the year as per Restated Accounts</b>	<b>472.12</b>	<b>192.21</b>	<b>324.61</b>	<b>261.31</b>	<b>100.39</b>	<b>58.62</b>

<b>SUMMARISED PROFORMA COMBINED PROFIT AND LOSS ACCOUNT</b>		
	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>
	<b>Rs in millions</b>	
<b>Income</b>		
Commission and Operating Income	1,698.83	1,276.53
Other Income	29.47	37.40
<b>Total</b>	<b>1,728.30</b>	<b>1,313.92</b>
<b>Expenditure</b>		
Personnel Expenses	467.34	397.53
Other Expenses	641.39	515.21
Depreciation	74.04	50.09
Interest and finance charges	73.14	44.18
<b>Total</b>	<b>1,255.91</b>	<b>1,007.00</b>
<b>Net Profit before Tax and extra ordinary items</b>	<b>472.39</b>	<b>306.92</b>
<b>Taxation</b>		
Current Tax	149.57	118.07
Deferred Tax	8.56	(7.33)
Fringe Benefit Tax	5.20	6.22
Tax adjustment in respect of earlier years	0.83	-
<b>Net Profit after Tax before extraordinary items</b>	<b>308.23</b>	<b>189.96</b>
Extra Ordinary Gains/(losses)	(14.68)	108.61
<b>Net Profit after Extra-ordinary items</b>	<b>293.55</b>	<b>298.57</b>
<b>Balance brought forward</b>	<b>365.66</b>	<b>74.58</b>
Proposed Dividend	3.81	6.95
Tax on dividend	0.53	0.53
<b>Balance carried to Balance Sheet</b>	<b>654.87</b>	<b>365.66</b>
The above statement should be read with the significant accounting policies and notes appearing in Annexure XXVI		

<b>SUMMARISED PROFORMA COMBINED BALANCE SHEET</b>		
	As at	As at
	March 31, 2007	March 31, 2006
	Rs in millions	
<b>A. Fixed Assets</b>		
Gross Block	765.37	560.79
Less: Depreciation	287.32	212.69
Net Block	478.06	348.10
Add: Capital Work in Progress/Capital Advances	5.68	45.70
	<b>483.73</b>	<b>393.80</b>
<b>B. Goodwill (on consolidation)</b>	<b>138.27</b>	<b>138.72</b>
<b>C. Investment</b>	<b>513.48</b>	<b>265.45</b>
<b>D. Current Assets, Loans and Advances</b>		
Inventories	18.95	11.44
Sundry Debtors	828.64	575.47
Cash and Bank	455.03	505.04
Loans and Advances	1,418.17	1,281.51
	<b>2,720.78</b>	<b>2,373.46</b>
<b>E. Miscellaneous Expenditure</b>	<b>3.50</b>	<b>4.29</b>
<b>F. Deferred Tax Asset</b>	<b>12.28</b>	<b>12.91</b>
<b>Total Assets</b>	<b>3,872.04</b>	<b>3,188.64</b>
<b>G. Liabilities and Provisions</b>		
Secured Loans	557.83	703.79
Unsecured Loans	423.51	335.54
Current Liabilities	1,471.68	1,159.79
Provisions	298.50	186.62
	<b>2,751.52</b>	<b>2,385.74</b>
<b>H. Deferred Tax Liability</b>	<b>20.10</b>	<b>9.22</b>
<b>I. Networth</b>	<b>1,096.91</b>	<b>789.38</b>
<b>Represented by</b>		
1. Share Capital (Equity paid-up capital)	54.40	54.40
2. Reserves and Surplus	1,042.51	734.98
2.1. Capital Reserve (on consolidation)	147.66	134.86
2.2. Share premium account	211.00	211.00
2.3. General Reserve	22.89	22.89
2.4. Foreign Currency Earning Reserve	5.62	5.62
2.5. Foreign Currency Translation Reserve	1.80	(2.94)
2.6. Profit & Loss account balance	654.87	365.66

<b>SUMMARISED PROFORMA COMBINED BALANCE SHEET</b>		
	<b>As at</b>	<b>As at</b>
	<b>March 31, 2007</b>	<b>March 31, 2006</b>
2.7. Capital Reserve	1.75	1.75
2.8. Statutory Reserve	0.42	0.43
2.9 Miscellaneous Expenditure	(3.50)	(4.29)
The above statement should be read with the significant accounting policies and notes appearing in Annexure XXVI		

## GENERAL INFORMATION

The Company was incorporated as a “Eastern Carrying Company Ltd” on June 7, 1939 under the India Companies Act, VII of 1913. The name of the Company was changed to “Cox & Kings (India) Limited” on February 23, 1950 after the introduction of the Companies Act. The fresh certificate of incorporation consequent upon the change of name was granted on February 23, 1950 by the Registrar of Companies, Maharashtra, located at Mumbai (the “RoC”). Subsequently, after the amendment of section 43A the word “private” was added to the name of the Company. Pursuant to a special resolution of the shareholders of the Company at an extraordinary general meeting held on 29<sup>th</sup> January, 2007, the Company became a public limited company and the word “private” and the symbol “&” was deleted from its name and replaced with the word “and”. The certificate of incorporation to reflect the new name was issued on 28<sup>th</sup> March 2007 by the RoC.

For details of changes in the registered office, see the section “History and Certain Corporate Matters” beginning on page 120 of this Draft Red Herring Prospectus.

### Registered Office of the Company

Turner Morrison Building,  
1st Floor, 16 Bank Street, Fort,  
Mumbai- 400 001  
Maharashtra,  
India  
Tel No: 91-22-22709100  
Fax No: +91-22-22704600  
Website: www.coxandkings.com

Corporate Identification Number: U99999MH1950PLC011352

The Company is registered at the Registrar of Companies, Maharashtra, located at Everest 5<sup>th</sup> Floor, 100 Marine Drive, Mumbai – 400 002, Maharashtra, India.

### Board of Directors

The Company’s Board of Directors comprises the following:

Name, Designation and Occupation	Age (years)	Address
Mr. A.B.M. Good <i>Executive Director cum Chairman</i>  S/o Mr. Meyrick George Bruton Good  Occupation - Business  DIN - 00189453	75	Clench Lodge Wootton Rivers Marlborough Wiltshire Gloustershire SN8 4NT
Mr. Ajay Ajit Peter Kerkar <i>Executive Director</i>  S/o Mr. Ajit Baburao Kerkar  Occupation - Business  DIN- 00202891	44	No.9, Southlands, 4 <sup>th</sup> Floor, Shahid Bhagat Singh Road, Colaba, Mumbai-400039.
Ms.Urrshila Kerkar <i>Executive Director</i>	49	11, Nowroji Mansion, 31, Woodhouse Road, Colaba,

Name, Designation and Occupation	Age (years)	Address
D/o Mr. Ajit Baburao Kerkar Occupation - Business DIN- 00021210		Mumbai – 400 039
Mr.Arup Sen <i>Executive Director</i> S/o Mr. Arupabha Sen Occupation - Business DIN - 00035405	50	Flat No 78, Block No V 7 <sup>th</sup> Floor, Jaldarshan, 51, Nepeansea Road, Mumbai 400 036
Mr.Pesi Patel <i>Independent Director</i> S/o Mr. Savak Pestonji Patel Occupation - Business DIN- 00016091	55	Lyndewode House, Bomanji Petit Road, Cumbala Hill, Mumbai-400026
Mr. M. Narayanan <i>Independent Director</i> S/o Mr. Kuppus Mahalinga Iyer Occupation - Business DIN - 00159288	62	B-3/54 Safdarjung Enclave New Delhi- 110029
Mr. Sam Tully <i>Independent Director</i> S/o Sir Mark Tully Occupation - Business DIN - 01752200	42	280 Hills Road, Cambridge, CB2 2QE Cambridge
Mr. Subhash Chandra Bhargava <i>Independent Director</i> S/o Late Jyoti Swarup Bhargava	62	Flat No.1305, B Wing, Dosti Asters, Dosti Acres, Off S. M. Road, Wadala (East) Mumbai - 400 037



Name, Designation and Occupation	Age (years)	Address
Occupation – Business  DIN – 00020021		

Three of our Directors are related to each other. Mr. Ajay Ajit Peter Kerkar is the brother of Ms. Urrshila Kerkar and Mr. Sam Tully is the brother-in-law of Mr. Ajay Ajit Peter Kerkar. For further details regarding the Board of Directors, see the section “Our Management” beginning on page 139 of this Draft Red Herring Prospectus.

#### **Company Secretary**

Ms. Rashmi Jain  
Turner Morrison Building,  
1st Floor, 16 Bank Street, Fort,  
Mumbai- 400 001  
Maharashtra,  
India  
Tel No: 91-22-22709100  
Fax No: +91-91-22-22704600  
Email: ipo@coxandkings.com  
Website: [www.coxandkings.com](http://www.coxandkings.com)

#### **Compliance Officer**

Ms. Rashmi Jain  
Turner Morrison Building,  
1st Floor, 16 Bank Street, Fort,  
Mumbai- 400 001  
Maharashtra,  
India  
Tel No: 91-22-22709100  
Fax No: +91-91-22-22704600  
Email: ipo@coxandkings.com  
Website: [www.coxandkings.com](http://www.coxandkings.com)

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

#### **Book Running Lead Manager**

Enam Securities Private Limited  
801/ 802, Dalamal Towers  
Nariman Point  
Mumbai 400 021,  
Maharashtra,  
India  
Tel: + 91 22-66381800  
Fax: + 91 22-22846824  
E-mail: cnk.ipo@enam.com  
Investor Grievance E-Mail: complaints@enam.com  
Contact Person: Ms. Kinjal Palan  
Website: [www.enam.com](http://www.enam.com)  
SEBI Registration Number- INM000006856

## **Syndicate Member**

[●]

## **Legal Advisors**

### **Domestic Legal Counsel to the Issuer**

J. Sagar Associates  
Vakils House  
1<sup>st</sup> Floor, 18 Sprott Road  
Ballard Estate  
Mumbai – 400 001  
Maharashtra  
India  
Tel: +91 22 6656 1500  
Fax: +91 22 66561515/ 16  
Email: mumbai@jsalaw.com

### **Domestic Legal Advisor to the Underwriters**

Sterling Law Partners  
310, Rewa Chambers  
Behind Aaykar Bhawan  
New Marine Lines  
Mumbai- 400 020Tel: +91 22 64516112

### **Registrar to the Issue**

Karvy Computershare Private Limited  
Plot No. 17 to 24, Vithalrao Nagar  
Madhapur  
Hydrabad 500081  
Andhra Pradesh, India  
Tel: + 91 40 234220815  
Fax: + 91 40 23420814  
E-mail: cnk.ipo@karvy.com  
Contact Person: Mr. M. Murali Krishna  
Website: [www.karvy.com](http://www.karvy.com)  
SEBI Registration Number: INR 000000221

### **Bankers to the Company**

State Bank of Patiala  
Commercial Branch, Atlanta,  
Nariman Point,  
Mumbai- 400021  
Maharashtra  
Tel: +91 22 560683498, 22851762  
Fax: +91 22 56375703  
Email: sbop16@rediffmail.com  
Website: [www.sbp.co.in](http://www.sbp.co.in)

Axis Bank Limited,  
Atlanta, Ground Floor,

Nariman Point,  
Mumbai – 400021  
Maharashtra  
Tel: +91 22 22870238, 22834296  
Fax: +91 22 66390935  
Email: nuti.chakravarthy@axisbank.com  
Website: www.axisbank.com

### Statutory Auditors of the Company

Chaturvedi & Shah,  
Chartered Accountants  
A-3, Laxmi Towers, 1<sup>st</sup> Floor,  
Bandra Kurla Complex  
Bandra (E) Mumbai 400 051  
Tel: + 91 22 4009053  
Fax: + 91 22 30218595  
Email: cas@chaturvedi-and-shah.com  
Contact Person: Mr. Amit Chaturvedi

### Monitoring Agency

[●]

### IPO Grading Agency

#### Credit Analysis & Research Limited

Tel: +91 22 67543434  
Fax: +91 22 67543457  
Email: dr.dogra@careratings.com  
Contact Person: D.R. Dogra  
Website: www.careratings.com

### Statement of Responsibility of the Book Running Lead Manager

S.No.	Activity	Responsibility
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	Enam
2.	Due diligence of the Company including its operations/management/ business/plans/legal, etc. Drafting and design of the Red Herring Prospectus, including a memorandum containing salient features of the Prospectus. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of the Prospectus and RoC filing.	Enam
3.	Drafting and approval of all publicity material including the statutory advertisements as mentioned above, including road show presentations, corporate advertising, brochures, etc.	Enam
4.	Appointment of printers, the Registrar to the Issue and the Bankers to the Issue.	Enam
5.	Appointment of advertising agency.	Enam
6.	International institutional marketing of the Issue, which will cover, <i>inter alia</i> :	Enam
	<ul style="list-style-type: none"> <li>• Preparing the road show presentation and frequently asked questions;</li> <li>• Finalising the list and division of investors for one-to-one meetings; and</li> <li>• Finalising the road show schedule and the investor meeting schedules.</li> </ul>	
7.	Domestic institutional marketing of the Issue, which will cover, <i>inter alia</i> :	Enam

S.No.	Activity	Responsibility
	<ul style="list-style-type: none"> <li>Finalising the list and division of investors for one-to-one meetings; and</li> <li>Finalising the road show schedule and the investor meeting schedules.</li> </ul>	
8.	Non-institutional and retail marketing of the Issue, which will cover, <i>inter alia</i> :	Enam
	<ul style="list-style-type: none"> <li>Formulating marketing strategies and preparation of publicity budget;</li> <li>Finalising media and public relations strategy;</li> <li>Finalising centres for holding conferences for press, brokers, etc.;</li> <li>Follow-up on distribution of publicity and Issue material including forms, the Prospectus and deciding on the quantum of Issue material;</li> <li>Finalising collection centres and arranging for selection of Underwriter and execution of an underwriting agreement; and</li> <li>Coordination with the Stock Exchanges for book building software, bidding terminals and mock trading.</li> </ul>	
9.	Post-Bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, coordination with the Registrar to the Issue and Bankers to the Issue, intimation of allocation and dispatch of refunds to Bidders, etc. The post-Issue activities will involve essential follow up steps, including the finalisation of trading, dealing of instruments and dispatch of certificates and demat of delivery of shares with the various agencies connected with these activities such as the Registrar to the Issue, the Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfil their functions and for enabling them to discharge their responsibilities through suitable agreements with the Company.	Enam

### Credit Rating

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

### IPO Grading

The Company has appointed and will obtain a grading of this Issue from Credit Analysis & Research Limited, a credit rating agency registered with the SEBI at the time of filing of the Red Herring Prospectus with the RoC.

### Trustees

As the Issue is of Equity Shares, the appointment of trustees is not required.

### Book Building Process

Book building refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus. The Issue Price is determined by the Company, in consultation with the BRLM, after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- (1) the Company;
- (2) the BRLM, in this Issue being Enam Securities Private Limited;
- (3) the Syndicate Members,; and
- (4) the Registrar to the Issue.

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with Rule 19(2)(b) of the SCRR and the SEBI Guidelines, wherein at least 60% of the Net Issue shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject

to valid Bids being received at or above the Issue Price. Further, 100,000 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Issue Price.

**Under the SEBI Guidelines, QIBs are not allowed to withdraw their Bids after 3 p.m. on the Bid/Issue Closing Date. In addition, QIBs are required to pay the QIB Margin Amount, representing at least 10% of the Bid Amount, upon submission of their Bids. Allocation to QIBs will be on a proportionate basis. For details, see the section “Issue Structure” beginning on page 336 of this Draft Red Herring Prospectus.**

The Company will comply with SEBI guidelines in connection with the issue of securities by an Indian company to the public in India. In this regard, the Company has appointed Enam Securities Private Limited as the BRLM to manage the Issue and to procure subscriptions to the Issue.

**The process of book building under the SEBI Guidelines is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Issue.**

**Steps to be taken by the Bidders for bidding:**

- Check eligibility for making a Bid. See the section “Issue Procedure” of the Draft Red Herring Prospectus;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
- Ensure that the Bid-cum-Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form; and
- Ensure that the Bid-cum-Application Form is accompanied by the Permanent Account Number or by Form 60 or Form 61, as may be applicable, together with necessary documents providing proof of address. For details, see the section “Issue Procedure” of the Draft Red Herring Prospectus.

**Illustration of Book Building and the Price Discovery Process**

*(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)*

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

<b>Bid Quantity</b>	<b>Bid price (Rs.)</b>	<b>Cumulative Equity Shares Bid for</b>	<b>Subscription</b>
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

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

**Withdrawal of the Issue**

The Company, in consultation with the BRLM reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason therefore. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. Under the SEBI Guidelines, QIBs are not allowed to withdraw their Bids after 3 pm on the Bid/Issue

Closing Date.

### Bid/Issue Program

<b>BID/ISSUE OPENS ON</b>	[●], 2008
<b>BID/ISSUE CLOSES ON</b>	[●], 2008

Bids and any revision in Bids shall be accepted **only between 10.00 a.m and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 1.00 p.m. (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date.

Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

The Company, in consultation with the BRLM reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap should not be more than 20% of the floor of the Price Band. The floor of the Price Band can be revised up or down up to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

**In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the website of the BRLM and the terminals of the other members of the Syndicate.**

### Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, the Company intends to enter into an Underwriting Agreement with the Underwriter for the Equity Shares proposed to be issued and sold in the Issue. Pursuant to the terms of the Underwriting Agreement, if entered into, the BRLM shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions to closing, as specified therein.

The Underwriter has indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)*

<b>Name and Address of the Underwriter</b>	<b>Indicated Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten (Rs. in Million)</b>
[●]	[●]	[●]
<b>Total</b>	[●]	[●]

The above-mentioned underwriting will be finalised after determination of the Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [●], 2007 and has been approved by the Board of Directors.

Allocation among the Underwriter may not necessarily be in the proportion of their underwriting commitments.

Notwithstanding the above table, the BRLM and the Syndicate Members shall be responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe for Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The BRLM shall be responsible for bringing in amounts devolved in the event that the other members of the Syndicate do not fulfil their underwriting obligations.

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

## CAPITAL STRUCTURE

The share capital of the Issuer as of the date of filing of this Draft Red Herring Prospectus with SEBI (before and after the issue) is set forth below:

*(Rs. in million)*

	Particulars	Nominal Value	Aggregate value at Issue Price
<b>A</b>	<b>Authorised Capital<sup>(1)</sup></b> 40,000,000 Equity Shares of Rs. 10 each	400	[●]
<b>B</b>	<b>Issued, Subscribed and Paid Up Capital before the Issue</b> 27,925,260 Equity Shares of Rs. 10 each	279.25	[●]
<b>C</b>	<b>Present Issue in terms of this Draft Red Herring Prospectus*</b> 8,700,000 Equity Shares of Rs 10 each	87	[●]
<b>D.</b>	<b>Employee Reservation Portion<sup>(2)</sup></b> 100,000 Equity Shares of Rs. 10 each	1	[●]
<b>E</b>	<b>NET ISSUE TO PUBLIC</b> 8,600,000 Equity Shares of Rs. 10 each <i>Of which:</i> QIB Portion <sup>(3)</sup> : At least [●] Equity Shares of Rs. 10 each Non-Institutional Portion <sup>(4)</sup> : Not less than [●] Equity Shares of Rs. 10 each Retail Portion <sup>(4)</sup> : Not less than [●] Equity Shares of Rs. 10 each	86	[●]
<b>F</b>	<b>Paid Up Equity Capital after the Issue</b> [●] Equity Shares of Rs [●] each	[●]	[●]
<b>G</b>	<b>Share Premium Account</b> Before the Issue		611.1
	After the Issue		[●]



\* Our Company is considering a Pre-IPO Placement of certain Equity Shares with some investors (“Pre-IPO Placement”). Our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. The number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, if, any, subject to the Net Issue to the public being at least 10% of the fully diluted post-Issued paid up capital of our Company. Further, the reservation for Eligible Employees shall be subject to a maximum of 10% of such revised the Issue size.

(<sup>1</sup>) History of change in authorised share capital is as follows:

- (a) The authorized share capital of the Issuer was increased from Rs. 100,000 consisting of 10,000 equity shares of face value of Rs.10 each to Rs. 1,000,000 consisting of 100,000 equity shares of face value of Rs 10 each, pursuant to the resolution passed at the Extra Ordinary General Meeting of the Issuer on June 3, 1980
  - (b) The authorized share capital of the Issuer was increased from Rs 1,000,000 consisting of 100,000 equity shares of face value of Rs.10 each to Rs. 5,000,000 consisting of 500,000 equity shares of face value of Rs. 10 each pursuant to the resolution passed at the Extra Ordinary General Meeting of the Issuer on July 19, 1982.
  - (c) The authorized share capital of the Issuer was increased from Rs 5,000,000 consisting of 500,000 equity shares of face value of Rs.10 each to Rs. 8,000,000 consisting of 800,000 equity shares of face value of Rs 10 each pursuant to the resolution passed at the Extra Ordinary General Meeting of the Issuer on February 28, 1995.
  - (d) The authorized share capital of the Issuer was increased from Rs 8,000,000 consisting of 800,000 equity shares of face value of Rs.10 each to Rs. 25,000,000 consisting of 1,300,000 equity shares of face value of Rs.10 each and 100,000 Cumulative Redeemable Preference Shares of Rs.100 each and 200,000 unclassified shares of Rs. 10 each, pursuant to the resolution passed at the Extra Ordinary General Meeting of the Issuer on December, 22 1998.
  - (e) The authorized share capital of the Issuer was increased from Rs 25,000,000 consisting of 1,300,000 equity shares of face value of Rs.10 each and 100,000 Cumulative Redeemable Preference Shares of Rs.100 each and 200,000 unclassified shares of Rs. 10 each to Rs. 100,000,000 consisting of 10,000,000 equity shares of face value of Rs. 10 each pursuant to the resolution passed at the Extra Ordinary General Meeting of the Issuer on February 2, 2005.
  - (f) The authorized share capital of the Issuer was increased from Rs. 100,000,000 to Rs. 400,000,000 consisting of 40,000,000 equity shares of Rs. 10 each pursuant to the resolution passed at the Annual General Meeting of the Issuer on September 19, 2007.
- (2) For Eligible Employee, see the section “Definitions and Abbreviations – Issue Related Terms” beginning on page i of this Red Herring Prospectus. Under-subscription, if any, in the Employee Reservation Portion would be allowed to be met with spill-over from other categories or a combination of categories, at the discretion of the Company, in consultation with the BRLM.
  - (3) Allocation to QIBs is proportionate as per the terms of this Draft Red Herring Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further attention of all QIBs is specifically drawn to the following: (a) QIBs will not be allowed to withdraw their Bid-cum-Application Forms after 1 p.m. on the Bid/Issue Closing Date; and (b) each QIB, including a Mutual Fund, is required to deposit a Margin Amount of at least 10% with its Bid-cum-Application Form.
  - (4) Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and the Retail Portion, would be allowed to be met with spill-over from other categories or a combination of categories, at the discretion of the Company, in consultation with the BRLM.

## Notes to the Capital Structure:

### 1. Equity Share Capital History of the Issuer

Date of allotment of Fully Paid-up Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Particulars	Cumulative number of Equity Shares	Cumulative paid up share capital (Rs.)	Cumulative Share Premium (Rs.)
15 <sup>th</sup> June, 1989	1,000	10	10	Cash	Subscribers to Memorandu	11,000	10,000	-

Date of allotment of Fully Paid-up Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Particulars	Cumulative number of Equity Shares	Cumulative paid up share capital (Rs.)	Cumulative Share Premium (Rs.)
					m			
27 <sup>th</sup> July, 1989	500	10	10	Cash	Subscribers to Memorandum	1,500	15,000	-
27 <sup>th</sup> Oct, 1980	98,500	10	10	Cash and Consideration other than cash.	Transfer of the Indian business of Cox & Kings (Agents) Limited <sup>1</sup>	100,000	10,00,000	-
28 <sup>th</sup> Dec 1982	5,000	10	10	Cash	Further issue of shares	105,000	1,050,000	-
31 <sup>st</sup> May 1983	5,000	10	10	Cash	Further issue of shares	110,000	1,100,000	-
1 <sup>st</sup> July, 1983	15,000	10	10	Cash	Further issue of shares	125,000	1,250,000	-
10 <sup>th</sup> Aug, 1983	5,000	10	10	Cash	Further issue of shares	130,000	1,300,000	-
26 <sup>th</sup> Nov, 1983	20,000	10	10	Cash	Further issue of shares	150,000	1,590,000	-
2 <sup>nd</sup> May, 1985	50,000	10	10	Cash	Further issue of shares	200,000	20,00,000	-
March 31, 1990	200,000	10	10	Cash	Rights Issue (1:1)	400,000	4,000,000	-
Aug 1, 1996	194,750	10	50	Cash	Rights Issue (1:2)	594,750	5,947,500	7,790,000
March 31, 1997 <sup>2</sup>	5,250	10	50	Cash	Rights Issue (1:2)	600,000	6,000,000	8,000,000
Nov 5, 1998	200,000	10	60	Cash	Rights Issue (1:3)	800,000	8,000,000	18,000,000
Sept 19, 2000	40,000	10	10	Cash	Allotment of shares to key employees <sup>3</sup>	840,000	8,400,000	18,000,000
June 20, 2003	60,000	10	200	Consideration other than cash.	Acquisition of business <sup>4</sup>	900,000	9,000,000	29,400,000
June 2, 2005	4,540,000	10	50	Cash	Rights Issue (6:1)	5,440,000	54,400,000	211,000,000
Sept 1, 2007	1,041,315	10	394	Consideration other than cash.	Acquisition of controlling stakes in Cox & Kings Limited U.K and Cox &	6,481,315	64,813,150	610,864,960

Date of allotment of Fully Paid-up Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Particulars	Cumulative number of Equity Shares	Cumulative paid up share capital (Rs.)	Cumulative Share Premium (Rs.)
					Kings (Japan) Limited) <sup>5</sup>			
Oct 15, 2007	19,443,945	10	NA	NA	Bonus Issue (3:1)	25,925,260	259,252,600	610,864,960
Oct 15, 2007	2,000,000	10	10	Cash	Preferential allotment to Promoter <sup>6</sup>	27,925,260	279,252,600	610,864,960

Notes:

<sup>1</sup>RBI vide letter dated 14 May, 1980, approved the allotment of 38,500 equity shares as part consideration towards the transfer of the Indian business of Cox & Kings (Agents) Limited to our Company subject to the condition that the non resident interest in the equity share capital of the Company including 1500 equity shares already held by Cox & Kings (Agents) Limited would not exceed 40% of the total equity share capital of the Company. 57,000 equity shares were issued to resident Indians and 3000 equity shares were issued to a staff gratuity fund trust.

<sup>2</sup>This is the balance allotment of equity shares for the rights issue made on August 1, 1996.

<sup>3</sup> As on the date of filing of DRHP, there were no outstanding Stock Options pursuant to ESOP 2000 scheme. The entire options had been exercised and converted into Equity Shares in FY 2000-2001.

<sup>4</sup>Equity shares were issued to Tulip Star Hotels Limited as part consideration towards acquiring their Forex Division.

<sup>5</sup>Pursuant to FIPB letter dated August 6, 2007, approving acquisition of 100% of paid up equity share capital of Cox & Kings Ltd U.K. and 41.17% of the paid up equity share capital of Cox & Kings (Japan) Limited, preferential allotment was made to the shareholders of Cox & Kings Ltd. UK and Cox & Kings (Japan) Limited

<sup>6</sup>Preferential allotment to Ms. Urrshila Kerkar, one of our Promoters.

## 2. Details of Promoters' Contribution and Lock-in

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under Clause 4.6 of the SEBI Guidelines.

### (a) Details of Promoter's Contribution locked-in for three years

Pursuant to the SEBI DIP Guidelines, an aggregate of 20% of our post issue capital held by our Promoter/s shall be locked-in for a period of three years from the date of Allotment of Equity Shares in the Issue. Accordingly, 20% of the post-issue Equity Share capital held by our Promoters will be locked-in for a period of three years. The details of such lock-in are given below:

Name	Date of allotment/ transfer and date on which made fully paid up	Nature of Allotment	Number of Equity Shares	Consideration	Face Value (Rs.)	Issue/ transfer price (Rs.)	% of post-Issue paid-up capital
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Name	Date of allotment/ transfer and date on which made fully paid up	Nature of Allotment	Number of Equity Shares	Consideration	Face Value (Rs.)	Issue/ transfer price (Rs.)	% of post-Issue paid-up capital
Mr. A.B.M. Good	15/10/2007	*Bonus Issue	600,000	Nil	10/-	Nil	1.63%
<b>Sub Total (A)</b>			<b>600,000</b>				<b>1.63%</b>
Liz Investments Private Limited	15/10/2007	*Bonus Issue	5,161,248	Nil	<b>10/-</b>	Nil	14.10%
	16/01/2007	Transfer	208,000	Cash	10	800 per share	0.56%
	02/06/2005	Right Issue	1,354,000	Cash	10/-	Rs. 50 per share	3.70%
	27/05/2000	Transfer	5,000	Cash	10/-	Rs. 82.50 per share	0.01
<b>Sub Total (B)</b>			<b>6,728,248</b>				<b>18.37%</b>
<b>Total (A+B)</b>			<b>7,328,248</b>				<b>20%</b>

\*Bonus shares considered for Promoter's contribution to be locked in for 3 years are received in respect of shares which are eligible for lock-in.

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

- Shares acquired for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Securities issued during the preceding one year, at a price lower than the price at which equity shares are being offered to public.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.

The following chart represents the share capital build up of Promoters in the Company)

- Ajay Ajit Peter Kerkar

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative Shareholding	Nature of Consideration	Nature of Allotment
May 9, 1981	3,000	10	10	3,000	Cash	Shares Acquired by transfer

December 1, 1981	2,000	10	10	5,000	Cash	Shares Acquired by transfer
September 21, 1988	(5,000)	10	10	0		Shares sold
November 5, 1998	4,584	10	60	4,584	Cash	Rights Issue
June 2,* 2005	995,500	10	50	10,00,084	Cash	Rights Issue
May 23, 2006	(65,660)	10	653	934,424	Cash	Shares sold
March 01, 2007	(657,000)	10	NIL	277,424	NIL	Gift
October 15, 2007	832,272	10	NIL	1,109,696	NIL	Bonus
December 20, 2007	262640	10	158	1372336	Cash	Shares Acquired by transfer

\* unsubscribed portion of right issue offered to Ajay Ajit Peter Kerkar, one of our Promoters, in the year 1998, as per the information available from Ajay Ajit Peter Kerkar's Wealth Tax returns.

(ii) Ms. Urrshila Kerkar

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative shareholding	Nature of Consideration	Nature of Allotment
May 9, 1981	2,000	10	10	2,000	Cash	Acquired by transfer of shares
March 31, 1990	2,000	10	10	4,000	Cash	Rights Issue
August 1, 1996	2,000	10	15	6,000	Cash	Rights Issue
November 5, 1998	2,750	10	60	8,750	Cash	Rights Issue
June 2, 2005	361,200	10	50	369,950	Cash	Rights Issue
March 01, 2007	(300,000)	10	NA	69,950	NIL	Gift
October 15, 2007	209,850	10	Nil	279,800	Bonus	Bonus
October 15, 2007	2,000,000	10	10	2,279,800	Cash	Preferential Allotment

(iii) Mr. A.B.M.Good

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative shareholding	Nature of Consideration	Nature of Allotment
June 2, 2005*	960,000	10	50	960,000	Cash	Rights Issue
March 29,	(270,000)	10	Transfer Price	690,000	Cash	Transferred to

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative shareholding	Nature of Consideration	Nature of Allotment
2006			Rs. 597 per share			Deutsche Securities
May 2, 2006	(220,000)	10	Transfer Price Rs. 597 per share	470,000	Cash	Transferred to Merrill Lynch
July 06, 2006	(210,000)	10	Transfer Price Rs. 597 per share	260,000	Cash	Transferred to Goldman
September 1, 2007	494,979	10	NIL	754,979	NIL	Acquired pursuant to the FIPB approval dated August 6, 2007.
October 15, 2007	2,264,937	10	NIL	3,019,916	NIL	Bonus

\* Cox & Kings Limited UK, renounced 960,000 shares in favour of Mr. A.B.M.Good in the Right Issue made on June 2, 2005.

(iv) Liz Investments Private Limited

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative shareholding	Nature of Consideration	Nature of Allotment
September 21, 1988	5,000	10	10	5,000	Cash	Transfer
December 29, 1988	3,000	10	10	8,000	Cash	Transfer
December 29, 1988	3,000	10	10	11,000	Cash	Transfer
March 31, 1990	11,000	10	10	22,000	Cash	Rights Issue (1:1)
September 03, 1993	27,500	10	21	49,500	Cash	Transfer
June 23, 1994	(15,000)	10	16.11_	34,500	Cash	—
August 1, 1996	34,250	10	15	68,750	Cash	Rights Issue (1:2)
March 31 1997	40,500	10	56	109,250	Cash	Transfer
November 5, 1998	36,416	10	60	145,666	Cash	Right Issue (1:3)
May 27, 2000	12,250	10	82.50	158,416	Cash	Transfer
July 01,2000	500	10	82.50		Cash	Transfer
June 2, 2005**	1,354,000	10	50	1,512,416	Cash	Rights Issue(1:6)
January 16 2007	208,000	10	800	1,720,416	Cash	Transfer
October 15, 2007	5,161,248	10	NA	6,881,664	Cash	Bonus Shares

(v) Kubber Investments (Mauritius) Pvt. Ltd.

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative shareholding	Nature of Consideration	Nature of Allotment
March 28, 2007	17,50,000	10	322	1750000	Cash	Transfer
October 15, 2007	5250000	10	NA	7000000	Nil	Bonus
November 29, 2007	3259920	10	375	10259920	Cash	Transfer
December 5, 2007	(1086640)	10	375	9173280	Cash	Transfer

(c) Share capital locked-in for one year:

In addition to the lock-in of the Promoters' contribution specified above, the entire pre-issue Equity Share capital of the Issuer will be locked-in for a period of one year from the date of Allotment. The total numbers of Equity Shares, which are locked-in for one year, are 27,925,260 Equity Shares which include 22,726,996 Equity Shares held by the Promoters. The securities which are locked – in will carry an inscription “non- transferable” along with the duration of specified non – transferable period mentioned on the face of the security certificate.

(d) Other requirements in respect of lock-in:

In terms of Clause 4.15 of the SEBI DIP Guidelines, the locked-in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

In terms of Clause 4.16.1 (a) of the SEBI DIP Guidelines, the Equity Shares held by persons other than Promoters, prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI DIP Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Further, in terms of Clause 4.16.1 (b) of the SEBI DIP Guidelines, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoter or persons in control of the Issuer subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

3. **Shareholding Pattern of our Company**

*Equity Shares of face value of Rs. 10 each*

Name of Shareholders	Pre-Issue		Post-Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
<b>Promoters</b>				
A.B.M.Good	3,019,916	10.8	3,019,916	8.2
Urrshila Kerkar	2,279,800	8.2	2,279,800	6.2
Ajay Ajit Peter Kerkar	1,372,336	4.9	1,372,336	3.7
Liz Investments Private Limited	6,881,664	24.6	6,881,664	18.8
Kubber Investment (Mauritius) Pvt. Ltd.	9,173,280	32.8	9,173,280	25
<b>Sub Total</b>	<b>22,726,996</b>	<b>81.3</b>	<b>22,726,996</b>	<b>61.9</b>

Name of Shareholders	Pre-Issue		Post-Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
<b>Promoter Group</b>				
Elizabeth Kerkar	637,200	2.3	[●]	[●]
Sneh Sadan Graphic Services	49,500	0.18	[●]	[●]
<b>Sub Total</b>	<b>686,700</b>	<b>2.48</b>	[●]	[●]
<b>Non-Promoters</b>				
<b>Directors and employees</b>				
Pesi Patel	84,000	0.3	[●]	[●]
<b>Sub Total</b>	<b>84,000</b>	<b>0.3</b>	[●]	[●]
<b>Others</b>				
Vanaja Rajan	97,000	0.3	[●]	[●]
Matsui Yoshizumi	24,952	0.1	[●]	[●]
Matsui Chieko	180,472	0.6	[●]	[●]
Fullmoon Creative Services Private Limited	80,000	0.3	[●]	[●]
Girdhar Morari Agro Research Private Limited	108,500	0.39	[●]	[●]
Aparajita Mercantile Private Limited	50,000	0.18	[●]	[●]
Lehman Brothers Opportunity Limited	1,086,640	3.87	[●]	[●]
Deutsche Securities Mauritius Limited	1,080,000	3.9	[●]	[●]
Merrill Lynch Capital Markets Espana, S.A.S.V., Madrid Spain	880,000	3.2	[●]	[●]
Goldman Sachs Investments (Mauritius) I Ltd.	840,000	3.0	[●]	[●]
<b>Sub Total</b>	<b>4,427,564</b>	<b>15.12</b>	[●]	[●]
<b>Total</b>	<b>27,925,260</b>	<b>100</b>	<b>36,625,260</b>	<b>100</b>

4. **Our shareholders as on the date of the filing, ten days prior to the date of filing, prior to the date of filing and 2 years prior to the date of filing of this Draft Red Herring Prospectus are as follows:**

(a) Top ten shareholders as on the date of filing of the Draft Red Herring Prospectus with SEBI

No.	Name of the shareholder	No. of Equity Shares held of face value Rs. 10 each	% of holding
1.	Kubber Investments (Mauritius) Private Limited	9,173,280	32.8
2.	Liz Investments Private Limited	6,881,664	24.64
3.	A.B.M.Good	3,019,916	10.81
4.	Urrshila Kerkar	2,279,800	8.16
5.	Ajay Ajit Peter Kerkar	1,372,336	4.90



6.	Lehman Brother Opportunity Limited	1,086,640	3.90
7.	Deutsche Securities Mauritius Limited	1,080,000	3.87
8.	Merrill Lynch Capital Markets Espana S.A. S.V.	880,000	3.15
9.	Goldman Sachs Investments (Mauritius) I Ltd	840,000	3.00
10.	Mrs. Elizabeth Kerkar	637,200	2.28

(b) Top ten shareholders 10 days prior to the date of filing of the Draft Red Herring Prospectus with SEBI

No.	Name of the shareholder	No. of Equity Shares held of face value Rs. 10 each	% of holding
1.	Kubber Investments (Mauritius) Private Limited	9,173,280	32.8
2.	Liz Investments Private Limited	6,881,664	24.64
3.	A.B.M.Good	3,019,916	10.81
4.	Urrshila Kerkar	2,279,800	8.16
5.	Ajay Ajit Peter Kerkar	1,372,336	4.90
6.	Lehman Brother Opportunity Limited	1,086,640	3.90
7.	Deutsche Securities Mauritius Limited	1,080,000	3.87
8.	Merrill Lynch Capital Markets Espana S.A. S.V.	880,000	3.15
9.	Goldman Sachs Investments (Mauritius) I Ltd	840,000	3.00
10.	Mrs. Elizabeth Kerkar	637,200	2.28

(c) Top ten shareholders 2 years prior to the date of filing of the Draft Red Herring Prospectus with SEBI

No.	Name of the shareholder	No. of Equity Shares held of face value Rs. 10 each	% of holding
1.	Liz Investments Private Limited	1512416	27.80
2.	Ajay Ajit Peter Kerkar	1000084	18.38
3.	A.B.M.Good	960000	17.65
4.	Tulip Star Hotels Limited	420000	7.72
5.	Urrshila Kerkar	369950	6.80
6.	Cox & Kings Limited U.K.	320000	5.88
7.	Piem Hotels Limited	208000	3.82
8.	Elizabeth Kerkar	159300	2.93
9.	Ajit Kerkar	93000	1.71
10.	Sneh Sadan Graphics Services	52000	0.96

- In the year 1980, Cox and Kings, U.K., acquired the business of Cox & Kings (Agents) Limited which was approved by the RBI vide its letter dated 14<sup>th</sup>, May 1980. Subsequently, on 3<sup>rd</sup>, June 1980, 57,000 equity shares were issued for cash and 38,500 equity shares were issued for consideration other than cash.
- In case of over-subscription in all categories, atleast 60% of the Net Issue, shall be available for Allocation on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder, if any, of the QIB Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue price. Further, upto 10% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and upto 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. This Issue includes the Employee Reservation portion of 100,000 equity shares which are available for allocation to employees.
- Our Promoters have been allotted Equity Shares for consideration other than cash. For further details, please refer

to the section titled Capital Structure beginning on page 53 of this Draft Red Herring Prospectus.

8. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion, on a competitive basis. The Bid/Application by Eligible Employees can also be made in the “Net Issue” and such Bids shall not be treated as multiple Bids.
9. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.
10. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
11. Save as disclosed in the section titled ‘History and other Corporate matter’ beginning on page 120 of this Draft Red Herring Prospectus, the Issuer, its Directors, Promoters, the directors of its Promoters and the BRLM have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.
12. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Retail/ Non Institution Portion in equal proportion. Under-subscription, if any, in the Retail or Non-Institutional Portion would be allowed to be met with spill over from other categories or combination of categories at our discretion in consultation with the BRLM.
13. Subject to the Pre-IPO Placement there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.
14. Subject to the Pre-IPO Placement we presently do not intend or propose to alter our capital structure for a period of six months from the date of filing of this Draft Red Herring Prospectus, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
15. There shall be only one denomination of our Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
16. As on the date of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is 18.
17. We have not raised any bridge loans against the proceeds of the Issue
18. Save as disclosed in the section titled “Capital Structure” beginning on page 53 and “History and Other Corporate Matters” beginning on page 120 of this Draft Red Herring Prospectus Balance Sheet, we have not issued any Equity Shares for consideration other than cash.
19. Save as disclosed in this Draft Red Herring Prospectus, there are no outstanding financial instruments or any rights, which would entitle the Promoters or the shareholders or any other person any option to acquire any of our Equity Shares.
20. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of Allotment.
21. Save as disclosed in the section titled “Our Management” beginning on page 139 of this Draft Red Herring Prospectus, none of our Directors or key managerial personnel holds any of our Equity Shares.
22. The Equity Shares offered through this Issue will be fully paid up.
23. The Issuer has not issued any shares out of revaluation of reserves. Save as disclosed in the section titled “Capital

Structure” beginning on page 53 and “History and Other Corporate Matters” beginning on page 120 of this Draft Red Herring Prospectus, the Issuer has not issued any Equity Shares for consideration other than cash.

24. Our Promoters and members of the Promoter Group will not participate in the Issue.
25. The Company or the Promoters shall not make any payments direct or indirect, discounts, commission allowances or otherwise under this Issue.

## OBJECTS OF THE ISSUE

We are one of the leading players in the travel and tours business in India. As part of our growth strategy we want to increase our presence and reach in India and overseas by pursuing organic and inorganic growth.

The Objects of the Issue are to provide funding for (a) capital expenditure towards operational headquarters and corporate offices, upgrade our existing operations and to set up new shops (b) Investment in overseas subsidiaries and branches (c) repayment of loans (d) acquisitions and (d) general corporate purposes.

*The main objects clause of the Memorandum of Association of our Company enables us to undertake existing activities as well as the activities for which the funds are being raised through this Issue.*

### REQUIREMENT OF FUNDS

We intend to utilize the proceeds of the Issue, after deducting issue expenses (“Net Proceeds”), estimated at Rs. [●] million for the aforementioned objects.

The details of the utilization of Net Proceeds of this Issue will be as per the table set forth below:

*(In Rs. Millions)*

Sr. No.	Particulars	Total Fund Requirement	Estimated amount to be financed from the Net Proceeds of the Issue	Estimated schedule of deployment of Net Proceeds for Fiscal	
				2009	2010
(i)	<b>Capital expenditure within India</b>	<b>1173.90</b>	<b>1173.90</b>	<b>1173.90</b>	-
(ii)	<b>Investment in overseas subsidiaries and branches</b>	<b>762</b>	<b>762</b>	<b>762</b>	-
(iii)	<b>Repayment of Loans</b>	<b>750</b>	<b>Upto 750</b>	<b>750</b>	-
(iv)	<b>Acquisitions</b>	<b>1000</b>	<b>1000</b>	<b>500</b>	<b>500</b>
(v)	<b>General Corporate purposes including working capital requirement</b>	[•]	[•]	[•]	[•]
	<b>TOTAL</b>				

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs or in other financial condition, business strategy, as discussed further below.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue.

In case of any shortfall or cost overruns, we intend to meet our estimated expenditure to the extent possible from our internal accruals and debt and / or reduce the repayment of loans, to the extent of shortfall. In the event of a surplus of the Net Proceeds of the Issue, the Company will use the surplus towards general corporate purposes.

In addition, the fund requirements are based on the current internal management estimates of our Company. We operate in a highly competitive, dynamic market environment, and may have to revise our estimates from time to time on account of

new initiatives that we may pursue including any potential acquisition opportunities. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, at the discretion of our management/Board. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; and changes in management's views of the desirability of current plans, among others. As on the date of this Draft Red Herring Prospectus, we have not incurred any expense towards the aforementioned objects.

## MEANS OF FINANCE

Our total fund requirement for the aforesaid purposes are estimated at Rs. [•] millions. This entire requirement will be funded from the proceeds of the Issue.

Since the entire fund requirement will be funded from the proceeds of the Issue, there is no requirement for any other firm arrangements of finance.

## APPRAISAL

There is no project execution from the proceeds of the Issue and hence no appraisal is done by any banks or financial institutions or appraising agency.

## DETAILS OF OBJECTS OF THE ISSUE

### 1. Capital Expenditure within India

The company intends to incur capital expenditure within India as under:

*(in Rs. Million)*

Particulars	Amount
Capital Expenditure for setting up new headquarters of our Company at Mumbai & Delhi	716.00
Up gradation of existing operations	179.40
Setting up of New Shops	278.50
<b>Total</b>	<b>1,173.90</b>

#### ➤ Capital expenditure for setting up new corporate headquarters of our Company at Mumbai and Delhi.

All our businesses and branches are controlled from our offices at Mumbai and Delhi. As of now within Mumbai and Delhi, we have multiple offices and business centers for back office, accounts, research, corporate sales, customer service, relationship management and technology. We propose to set up new corporate headquarters at Mumbai & Delhi to consolidate these offices into one single location for better administrative control.

We have short listed office premises at Mumbai and Delhi for outright purchase. We are in advanced stage of negotiations for purchase of premises. Concrete steps would be taken for closing the commercial negotiations and completing the formalities for the purchase of these properties after completion of the Issue.

The total cost of setting up the Mumbai and Delhi office infrastructure including cost of property, cost of furniture and fixtures, office equipment, computers and telecom, is estimated at Rs. 716 million. As on date of this Draft Red Herring Prospectus, we have not incurred any expenditure. The break up of the capital expenditure is as given below:

Particulars	Amount (Rs. Million)
Property cost	648.00
Furniture and fixtures, office equipment, computers, telecom and others	68.00
<b>Total</b>	<b>716.00</b>

➤ **Up-gradation of existing operations**

We have existing operations at 14 locations within the country. We intend to expand and upgrade the existing operations by hiring more space and improvising the office infrastructure and upgrading the technology setup. We expect to spend Rs. 179.40 millions for expansion and up-gradation of existing operations. The breakup whereof is as under:

<b>Particulars</b>	<b>Amount (Rs. Million)</b>
Deposits	57.40
Furniture and fixtures, office equipment, computers, telecom and others	115.50
Vehicles	6.50
<b>Total</b>	<b>179.40</b>

➤ **Setting up of new Shops**

At present we have fourteen branches cum shops within India. We intend to segregate the shops from the existing branches and set up additional shops. These shops act as a point of sale for retail customers and play an important role in providing personalized service. We plan to set up 30 such additional shops in various cities across India.

We intend to either make outright purchases or enter into lease or leave and license arrangement for setting the proposed shops. We have short listed office premises for some of the proposed shops and are actively pursuing for the rest.

The total cost towards purchase of premises, rent deposit, furniture and fixtures, computer systems, technology and other establishment related expenses is estimated at Rs. 278.50 million, the break up whereof is as under:

<b>Particulars</b>	<b>Amount (Rs. Million)</b>
Property cost	199.80
Rent deposits	38.40
Furniture and fixtures, office equipment, computers, telecom and others	40.30
<b>Total</b>	<b>278.50</b>

**2. Investments in overseas subsidiaries and branches**

The Company has overseas subsidiaries at United Kingdom, Japan, Dubai and Singapore and has a branch at United States of America and Russia. We are in the process of setting up a subsidiary in Malaysia. The details of these subsidiaries and branch is provided in the section titled History and Certain Corporate Matters beginning on page 120 of this Draft Red Herring Prospectus.

The Company has been selling its outbound tour products covering destinations such as Dubai, Singapore, Malaysia, Japan, Europe & USA. The Company is in the process of expanding and setting up of ground handling activities overseas through its overseas subsidiaries and branch. These ground handling activities would cater to the outbound customers of the Company, that will help reduce costs for the Company and better personalized services for outbound clients. The ground handling services of the overseas subsidiaries and the branch would also be provided to third party outbound tour operators. Going forward, the overseas subsidiaries may also consider catering to the local outbound market.

We propose to invest Rs. 711 million in our four subsidiaries and our proposed subsidiary in Malaysia and Rs. 51 million in our USA branch. The investment in our subsidiaries would be by way of subscription to the equity capital of the subsidiaries.

The break up of our investment is as under:

(In Rs. Million)

Sr. no.	Subsidiary/branch	Amount
1.	Cox & Kings Limited, UK	300
2.	Cox & Kings (Japan) Limited, Japan	175
3.	Cox & Kings Tours LLC, Dubai	69
4.	CNK Internet Pte. Limited, Singapore	84
5.	Malaysia	83
6.	USA branch	51
	<b>TOTAL</b>	<b>762</b>

These subsidiaries intend to utilise the funds for repayments of loan, capital expenditure and working capital. The repayment of loan is by Cox & Kings Limited, UK and Cox & Kings (Japan) Limited, Japan to the extent of Rs. 100 million and Rs.75 million respectively. The details of utilization of funds are as under:

(In Rs. Million)

Sr. no.	Subsidiary/Branch	Repayment of Loan	Capital Expenditure	Working Capital	Total
1.	Cox & Kings Limited, UK	100	200	--	<b>300</b>
2.	Cox & Kings (Japan) Limited, Japan	75	100	--	<b>175</b>
3.	Cox & Kings Dubai LLC, Dubai	--	7	62	<b>69</b>
4.	CNK Internet Pte. Limited, Singapore	--	7	77	<b>84</b>
5.	Malaysia	--	8	75	<b>83</b>
6.	USA branch	--	6	45	<b>51</b>
	<b>TOTAL</b>	<b>175</b>	<b>328</b>	<b>259</b>	<b>762</b>

### 3. Repayment of outstanding debts due to banks, financial institutions and inter-corporate deposits

The Company has entered into financing arrangements with some banks/ financial institutions and other lenders. These arrangements include fund based facilities from banks/ financial institutions and other lenders aggregating Rs. 1085.01 million. As on December 31, 2007, the outstanding debt due is Rs. 928.72 million. We have the right to prepay these amounts under the terms of the loan agreements. We intend to utilise up to Rs. 750 million from the proceeds of the Issue towards repayment.

(In Rs. Million)

Sr. no.	Name of the Lender	Amount sanctioned	Amount due as at December 31, 2007	Estimated amount to be re-paid from the Net Proceeds of the Issue	Proposed Repayment during Fiscal 2009
1.	State Bank of Patiala Limited	170.80	109.16	109.16	109.16
2.	State Bank of Patiala Limited- Cash Credit Facility	150.00	145.12	-	-
3.	Axis Bank Limited	272.50	191.40	191.40	191.40
4.	Car Loans	14.16	5.49	-	-
5.	Unsecured Loans	477.55	477.55	477.55	477.55
	<b>Total</b>	<b>1085.01</b>	<b>928.72</b>	<b>upto 750</b>	<b>Upto 750</b>

For further details of the terms and conditions of the loan, see section titled "Financial Indebtedness" beginning on page 258 of this Draft Red Herring Prospectus.

#### 4. Acquisitions and other strategic initiatives

We seek to further enhance our position in the Travel and Tours industry. We can get ready access to newer markets and augment our service offerings through strategic acquisitions. Towards this end, we propose to target companies, that offer strong strategic fit and have the expertise in the domain and which have a good client base. We typically enter into non-binding letters of intent once the potential target company has been identified, evaluate the risks associated with such an acquisition and then either enter into a binding agreement with the target company or terminate the non-binding letter of intent.

As of the date of this Draft Red Herring Prospectus, we have identified potential targets and are in negotiations with them. However, we have not yet entered into any definitive/contractual commitment for any acquisition, investment or joint venture.

We intend to utilise Rs. 1000.00 million of the Net Proceeds of the Issue towards acquisitions. The above amount is based on the management's current estimates of the amounts to be utilised towards acquisitions. The company intends to utilize Rs. 500 million in fiscal 2009 and the balance in fiscal Rs. 500 million in 2010. The actual deployment of funds would depend on a number of factors, including the timing of acquisitions, number of acquisitions and size of the target companies. The proceeds allocated towards acquisition may not be the total value of the acquisition, but may provide us with leverage to enter into binding agreements.

In the event that there is a shortfall of the funds required for the acquisitions then, such shortfall shall be met out of the amounts allocated for general corporate purposes and/or through internal accruals. In case the shortfall cannot be met through internal accruals or out of the amounts allocated for general corporate purpose than the Company shall borrow from the domestic/international market and, if required, the promoters may, at their sole discretion, provide such credit enhancement to the lenders as may be mutually agreed with the lenders. In the event that there is a surplus, such amounts shall be utilised towards general corporate purposes.

#### General Corporate purposes

We intend to use a part of the net proceeds, approximately Rs. [●] million, out of the net Issue toward general corporate purposes to drive our business growth. This may include but not restricted to funding the incremental requirement of working capital to support the expansion of operations and new shops and strengthening our marketing capabilities and brand enhancement.

The management of the Company, in accordance with the policies of the Board, will have the flexibility in utilizing any surplus amounts from the net proceeds of the Issue towards any of the aforesaid purposes.

#### Issue Related Expenses

The expenses of the Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement and listing fees. The total expenses for this Issue are as estimated to be approximately Rs. [●] millions which is [●] % of the issue size. The break up of issue related expenses at this juncture cannot be estimated.

All the issue related expenses shall be made out of the proceeds of the issue and break up of the same is as follows:

(in Rs. Millions)

Sr. No.	Particulars of Expenses	Amount	%
1	Lead Management Fee (Inclusive of underwriting, selling commission)	[●]	[●]
2	Advertising and Marketing expenses	[●]	[●]
3	Printing and Stationery	[●]	[●]
4	Others (Monitoring agency, Registrar fees, legal fee, listing fees, IPO grading fee etc)	[●]	[●]
	<b>Total estimated Issue Expenses</b>	[●]	[●]



The Company has not received any funds from the promoters by way of promoter's contribution which have been deployed by the Company prior to the Issue

***INTERIM USE OF PROCEEDS***

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or for reducing overdraft. Such investments would be in accordance with investment policies approved by our Board of Directors from time to time.

***MONITORING OF UTILISATION OF FUNDS***

We have appointed [●] as the monitoring agency. For further details see "General Information" on page 44 of the Draft Red Herring Prospectus.

The audit committee appointed by the Board of Directors will monitor utilization of Issue Proceeds. No part of the Issue proceeds will be paid by us as consideration to our Promoters, Directors, key management personnel or companies promoted by our Promoters except in the course of normal business. We will disclose the utilization of the proceeds of the issue under separate head in our balance sheet for FY 2008-09 and FY 2009-10 clearly specifying the purpose for which such proceeds have been utilized or otherwise disclosed in accordance with the disclosure requirements of listing agreement with the stock exchange. We shall also in our balance sheet for the FY 2008-09 and FY 2009-10, provide details, if any, and disclose in accordance with the disclosure requirements of listing agreement in relation to all such proceeds of the issue that have not been utilized thereby also indicating investment, if any, of such unutilized proceeds of the Issue.

## **BASIS FOR THE ISSUE PRICE**

The Issue Price will be determined by the Company, in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs.10 each and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should review the entire Draft Red Herring Prospectus, including the sections “Risk Factors”, “Business” and “Financial Statements” beginning on pages x, 99, and 172 respectively, of the Draft Red Herring Prospectus to get a more informed view before making the investment decision.

### **Qualitative Factors:-**

The key competitive strengths of the company include the following:

- ***Trusted and Respected Brand***

We believe that our brand is well recognized and respected in the World Tours and Travel Industry. The brand of Cox & Kings has evolved over a period of 250 years. We believe that our biggest asset is the trust and the comfort that our clients have in us. It is also reflected in the repeat business we get from them.

- ***Strong Management***

We are lead by an experienced management group that has worked and has been associated with the travel industry for many years and has the required skill, expertise and vision to continue to expand our business in new markets. Our management team includes Mr. Peter Kerkar, Group CEO, who has an in-depth understanding of the travel industry, along with Ms. Urrshila Kerkar, who is our Head of Operations in India, and under whose direction and guidance the Company has grown at a CAGR of 36.18% over the past four years.

- ***Product Spectrum***

We believe in offering complete travel solutions. We continuously innovate our product offering with the flexibility to meet the changing needs of our customers and to better address their needs. This also helps us to differentiate our products vis – a – vis the products offered by our competitors. We believe that our success in branding our products has created more awareness among travellers and has also helped a traveller in distinguishing and identifying our branded products like “Duniya Dekho”, “Bharat Deko”, “Flexihols”.

- ***Geographical Presence***

We operate in eight countries either directly or through our branches and subsidiary companies and including our representative offices, have presence in thirteen countries across the globe. We have branch offices at 14 locations within India. Further, we have an exhaustive network of General Sales Agent (GSA) / Preferred Sales Agent (PSA) all over India.

- ***Skilled & Quality Staff***

We attach great importance to our well knit motivated team of committed people. They provide the customer interface and are always aligned to the customers’ requirements, which reflect our standards of service quality. We have built a team of experienced, skilled and efficient personnel having in depth knowledge of the business and unspoken passion to promote our products.

- ***Technology***

We have developed and implemented a comprehensive central reservation engine for all our travel related products. Our booking engine, built on high performance technology, is quick in delivering real time business information. Our sophisticated CRM (Customer Relationship Management) system is designed to analyze customer needs for better servicing and ensure repeat business for us.

For detailed discussion on the above factors, see the section “Business” beginning on page 99 of the Draft Red Herring Prospectus.

## **Quantitative Factors:-**

The information presented in this section for the years ended March 31, 2005, 2006 and 2007 is derived from our unconsolidated and consolidated audited restated financial statements prepared in accordance with Indian GAAP. Investors should evaluate the Company taking into consideration its earnings and based on its consolidated growth strategy. Some of the quantitative factors which may form the basis for computing the price are as follows:

### **1. Weighted average Earnings Per Share (“EPS”)**

a) Standalone:

<b>Financial Period</b>	<b>EPS (Rs.)</b>	<b>Weight</b>
Year ended March 31, 2005	108.10	1
Year ended March 31, 2006	23.04	2
Year ended March 31, 2007	39.64	3
<i>Weighted Average</i>	45.52	

For the 6 month period ended Sept 30, 2007, the EPS is 24.57 (not annualised)

b) Consolidated:

<b>Financial Period</b>	<b>EPS (Rs.)</b>	<b>Weight</b>
Year ended March 31, 2005	102.33	1
Year ended March 31, 2006	23.10	2
Year ended March 31, 2007	54.75	3
<i>Weighted Average</i>	52.13	

For the 6 month period ended Sept 30, 2007, the EPS is 34.14 (not annualised)

Note:

1. Earnings per share calculations are in accordance with Accounting Standard – 20 “Earnings per Share” issued by the Institute of Chartered Accountants of India.
2. The face value of each Equity Share is Rs. 10/-.
3. Earnings figures used are those before extra-ordinary items.

### **2. Price Earnings Ratio (“P/E Ratio”) in relation to the Issue Price of Rs. [.] per share of Rs. 10 each**

- a. P/E ratio in relation to the Floor Price : [●] times
- b. P/E ratio in relation to the Cap Price : [●] times
- c. P/E based on EPS for the year ended March 31, 2007 : [●] times
- d. P/E based on Weighted average EPS : [●] times
- e. Industry P/E

There is only one comparable listed company in the Industry i.e. Thomas Cook (India) Ltd., with a similar business in India and hence Industry PE is not available. However the highest and lowest PE of Thomas Cook (India) Ltd. for trailing 12 months is as follows:

- i. Highest: [●]
- ii. Lowest: [●]

### **3. Weighted average Return On Net Worth (“RONW”)**

a) Standalone:

<b>Financial Period</b>	<b>RONW (%)</b>	<b>Weight</b>
Year ended March 31, 2005	68.03	1
Year ended March 31, 2006	32.19	2
Year ended March 31, 2007	28.73	3
<i>Weighted Average</i>	36.43	

For the 6 month period ended Sept 30, 2007, the RONW is 10.63% (not annualised)

b) Consolidated:

Financial Period	RONW (%)	Weight
Year ended March 31, 2005	66.27	1
Year ended March 31, 2006	32.48	2
Year ended March 31, 2007	35.9	3
<i>Weighted Average</i>	39.84	

For the 6 month period ended Sep 30, 2007, the RONW is 13.36% (not annualised)

RONW has been calculated by dividing net profit after tax, as restated, by the average net worth as restated at the end of the year.

4. **Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS for the year ended March 31, 2007 is [●]**

5. **Net Asset Value (“NAV”)**

NAV as at March 31, 2007 (standalone)	: Rs. 137.98 per Equity Share
NAV as at March 31, 2007 (consolidated)	: Rs. 152.34 per Equity Share
NAV after the Issue	: Rs. [●] per Equity Share
Issue Price	: Rs. [●] per Equity Share

NAV per share =  $\frac{\text{Net worth, as restated at the end of the year or period}}{\text{Weighted average number of equity shares outstanding during the year}}$

NAV per Equity Share for the years ended March 31, 2005, 2006 and 2007 is as follows:

a) Standalone:

Financial Period	Net Asset Value per Equity Share (Rs.)	Weight
Year ended March 31, 2005	158.91	1
Year ended March 31, 2006	115.15	2
Year ended March 31, 2007	137.98	3
<i>Weighted Average</i>	133.86	

For the 6 month period ended Sep 30, 2007, the NAV was Rs. 231 (not annualised)

b) Consolidated:

Financial Period	Net Asset Value per Equity Share (Rs.)	Weight
Year ended March 31, 2005	154.26	1
Year ended March 31, 2006	114.32	2
Year ended March 31, 2007	152.34	3
<i>Weighted Average</i>	139.99	

For the 6 month period ended Sep 30, 2007, the NAV was Rs. 255.47 (not annualised)

6. **Comparison with Industry Peers**

Based on the nature of the services provided by the Company, the comparison of its accounting ratios with its closest comparable listed competitor in India is given below:

	<b>EPS (Rs.)</b>	<b>P/E as on 23<sup>rd</sup> Jan, 2008 (X times)</b>	<b>Return on Net Worth (%)</b>
Cox and Kings (India) Ltd.#	39.64	[●]	28.73
<i>Peer Group</i> <sup>(1)</sup>			
Thomas Cook (India) Ltd.*	1.50	31.54	24.18

<sup>(1)</sup> Source: Capital Market, Volume XXII/21, Dec 17 – Dec 30, 2007. (Industry – Travel Agencies)

# as on Mar 31<sup>st</sup>, 2007, FV of Rs. 10/- per equity share, RONW value is as per standalone financials

\* as on Dec 31<sup>st</sup>, 2006, FV of Rs 1/- per equity share

The issue price of Rs. [●] per Equity Share has been determined by us in consultation with BRLM and BRLM on the basis of demand from investors through the book building process and is justified on the above accounting ratios.

For further details and to have a more informed view, see the section titled “Risk Factors” beginning on page x and the financials of the Company including important profitability and return ratios, as set out in the auditor’s report stated on page 172.

## STATEMENT OF TAX BENEFITS

To,  
Board of Directors,  
Cox and Kings (India) Limited,  
Turner Morrison Building,  
1st Floor, 16 Bank Street, Fort,  
Mumbai- 400 001

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to Cox and Kings (India) Limited (the "Company") and its shareholders under the current direct tax laws presently in force in India. The benefits as stated are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional 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.

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 have been / would be met with.

The contents of this annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and our interpretation of current direct laws in force.

**For Chaturvedi & Shah  
Chartered Accountants**

**Place : Mumbai  
Date : January 15, 2008**

**Rajesh D. Chaturvedi  
Partner  
Membership No. 45882**

Annexure referred to in our letter dated January 15, 2008

The following tax benefits shall be available to the Company and the prospective shareholders under direct tax.

**1. To the Company – Under the Income –tax Act, 1961 (“the Act”)**

- 1.1 In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of any company is exempted from the tax.
- 1.2 In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the transaction is chargeable to such securities transaction tax. From Assessment Year 2007-2008, such long-term capital gains will be included while computing book profits for the purpose of payment of Minimum Alternate Tax (“MAT”) under the provisions of section 115 JB of the Act.
- 1.3 Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition, and expenses , if any, in relation to such transfer.
- 1.4 Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested upto a maximum of Rs.50 lakhs within a period of 6 months after the date of such transfer for a period of at least 3 years in 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;
- 1.5 Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of investment in shares, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder.
- 1.6 In terms of section 115JAA(1A), the company is eligible to claim credit for any tax paid as MAT under section 115JB of the Act for any Assessment Year commencing on or after April 1, 2006 against income tax liabilities incurred in subsequent years as prescribed. MAT credit eligible in subsequent years is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit will be available for set-off upto 7 years succeeding the year in which the MAT credit initially arose.

**2. To the Members of the Company – Under the Income Tax Act, 1961**

**2.1. Resident Members**

- a) Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income-tax in the hands of the shareholders.
- b) Shares of the company held as capital asset for a period of more than 12 months preceding the date of transfer will be treated as Long Term Capital Assets.

- c) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of twelve months or more) entered into in a recognised stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. From Assessment Year 2007-2008, such long-term capital gains will be included while computing book profits for the purpose of payment of Minimum Alternate Tax (“MAT”) under the provisions of section 115 JB of the Act.
- d) In terms of Section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head ‘Profits and Gains under Business or Profession’ arising from taxable securities transactions.
- e) As per the provisions of section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorised by the Reserve bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.
- f) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt under section 10(38) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by
  - (i) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;
  - (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

- g) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets (other than a residential house and those exempt u/s 10(38)) then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilised for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- h) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company or unit of an equity oriented mutual fund, which is subject to securities transaction tax will be taxable under the Act at the rate of 10% (plus applicable surcharge, educational cess and secondary and higher educational cess).
- i) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge, educational cess and secondary and higher educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge, educational cess and secondary and higher educational cess on income-tax) (without indexation), at the option of the shareholders, if the transfer is made after listing of shares.



2.2. ***Non-Resident Indians / Members other than foreign Institutional Investors and Foreign Venture Capital Investors***

- a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the Act, is exempt from tax in the hands of the recipients.
- b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.
- c) In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains of such amount paid on account of securities transaction tax.
- d) Taxation of Income from investment and Long Term Capital Gains on its transfer
  - (i) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. “Special Provisions Relating to certain incomes of Non-Residents”.
  - (ii) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered Section 10(38) of the Act) be concessionaly taxed at a flat rate of 10% (plus applicable surcharge, educational cess and secondary and higher educational cess on Income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.
  - (iii) Under provisions of section 115F of the Act, long term capital gains (not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- e) Return of Income not to be filed in certain cases

Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.
- f) Other Provisions of the Act
  - (i) Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would computed as per normal provisions of the Act.
  - (ii) Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign

exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost of indexation benefits will not be available in such a case.

- (iii) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt u/s 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gains are invested within a period of six months from the date of transfer in the bonds issued by-
  - (i) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;
  - (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

- (iv) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets (other than a residential house and those exempt u/s 10(38)) then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- (v) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company or unit of an equity oriented mutual fund, which is subject to securities transaction tax will be taxable under the Act at the rate of 10% (plus applicable surcharge, educational cess and secondary and higher educational cess).
- (vi) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge, educational cess and secondary and higher educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge, educational cess and secondary and higher educational cess on income-tax) (without indexation), at the option of the shareholders.

### 2.3. **Foreign Institutional Investors (FIIs)**

- a) By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the Institutional investor.
- b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.
- c) In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains of such amount paid on account of securities transaction tax.

- d) Under section 115AD capital gain arising on transfer of short capital assets, being shares and debentures in a company, are taxed as follows:
- (i) Short term capital gain on transfer of shares/debentures entered in a recognised stock exchange which is subject to securities transaction tax shall be taxed at the rate of 10% (plus applicable surcharge, educational cess and secondary and higher educational cess) ; and
  - (ii) Short term capital gains on transfer of shares/debentures other than those mentioned above would be taxable at the rate of 30% (plus applicable surcharge, educational cess and secondary and higher educational cess).
- e) Under Section 115AD capital gain arising on transfer of long term capital assets, being shares and debentures in a company (in cases not covered Section 10(38) of the Act), are taxed at the rate of 10% (plus applicable surcharge, educational cess and secondary and higher educational cess). Such capital gains would be computed without giving effect to the first and second proviso to section 48. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.
- f) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt u/s 10(38) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by-
- (i) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;
  - (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

#### **2.4. Venture Capital Companies/Funds**

As per the provisions of section 10(23FB) of the Act, income of

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set up for raising funds for investment in a Venture Capital Undertaking are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company..

#### **3. Wealth Tax Act, 1957**

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

#### **4. The Gift Tax Act, 1957**

Gift of shares of the company made on or after October 1, 1998 are not liable to tax.

**Notes**

- a) All the above benefits are as per the current tax law and will be available only to the sole/first named in case the shares are held by joint holders.
- b) In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- c) In view of the individual nature of tax consequence, each investor is advised to consult his/her own tax adviser with respect to specific tax consequences of his/her participation in the scheme.

## SECTION IV: ABOUT THE COMPANY

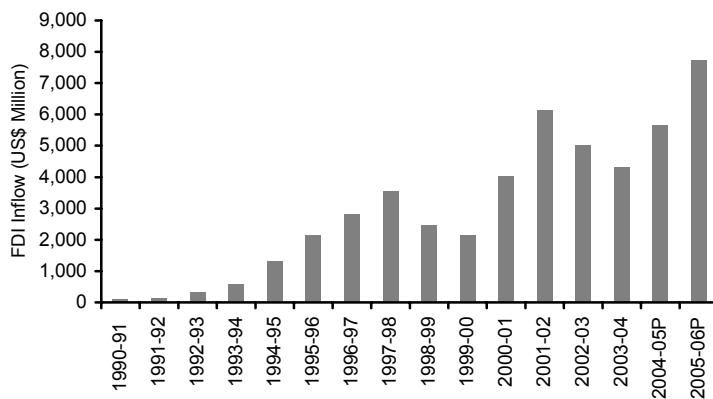
### INDUSTRY OVERVIEW

For the purpose of the Industry Overview we have relied for information on the Annual Report 2005-06 and the Tourism Statistics for 2005 and 2006 released by Ministry of Tourism, Government of India; the report of WTTC on India 'Travel and Tourism Navigating the path ahead'; and the report on Travel and Tourism in India by Euromonitor International September 2006.

#### Indian Economy

The Indian economy is one of the largest in the world with a gross domestic product (GDP) at current prices of Rs 32,509.32 billion (US\$ 737.01 billion). It is amongst the fastest growing major economies in the world, with a real GDP growth rate of 9.2% at the end of the second quarter of Fiscal 2007.

In recent years, India has become a global preferred destination for FDI, owing to its large consumer market and efforts by the government to position it as one of the front-runners of the rapidly growing Asia Pacific region. Overall, India attracted FDI of around US\$ 35.07 billion between Fiscal 2000 and Fiscal 2006.



Source: RBI Annual Report 2005-06

#### Tourism in General

Tourism has been a major social phenomenon of the societies all along. It is motivated by the natural urge for new experience, adventure, education and entertainment. The motivation for tourism also includes social, religious and business interests.

The importance of tourism as an instrument for economic development and employment generation, particularly in remote and backward areas, has been well recognised the world over. It is one of the largest service industries globally in terms of gross revenue as well as foreign exchange earnings.

Tourism is one economic sector in India that has the potential to grow at a high rate and can ensure consequential development of the infrastructure of the destinations. It has the capacity to capitalize on the success of the country in the service sector and provide sustainable models of growth.

Tourism has become an extremely important employment and revenue generator internationally, providing jobs directly through the tourism industry itself (for example, hotels, visitor attractions, restaurants, tourist transport, and so on) and indirectly through the supply of many goods and services that are inputs to the tourism industry. The World Travel & Tourism Council (WTTC) estimates that in 2006 the Travel & Tourism sector contributed 2.5 million new jobs worldwide. Behind these revenue and employment figures is the large and growing number of international travellers.

According to the Department of Tourism, India experienced the arrival of 4.4 million people in 2006, which was about 0.5% of the total international traffic. The following chart gives a list of top 10 countries in terms of arrivals with the details of the number of arrivals in that country and also gives the details in respect of India.

Rank	Country	International Tourist Arrivals * (In Million)	Percentage Share
1	France	79.1	9.39%
2	Spain	58.5	6.95%
3	USA	51.1	6.07%
4	China	49.6	5.89%
5	Italy	41.1	4.88%
6	UK	30.1	3.57%
7	Germany	23.6	2.80%
8	Mexico	21.4	2.54%
9	Austria	20.3	2.41%
10	Russian Federation	20.2	2.40%
	<b>Total of Top 10 countries</b>	395.0	46.91%
	India	4.4	0.52%
	Others	442.6	52.57%
	Total	842.0	100.00%

\* Provisional

Source: Department of Tourism

The total worldwide tourism receipts in 2006 were in the order of US\$ 735 billion. Of these, USA accounted for US\$ 85.7 billion worth of receipts, which amounted to 11.7% of the over all receipts. USA was followed by Spain, which accounted for US\$ 51.1 billion, i.e. around 7 % of the total receipts generated. A table of the top 10 countries in terms of revenues from tourism is given below:

Rank	Country	International Tourism Receipts* (in US\$ billion)	Percentage Share
1	USA	85.7	11.7%
2	Spain	51.1	7.0%
3	France	46.3	6.3%
4	Italy	38.1	5.2%
5	China	33.9	4.6%
6	UK	33.5	4.6%
7	Germany	32.8	4.5%
8	Australia	17.8	2.4%
9	Turkey	16.9	2.3%
10	Austria	16.7	2.3%
	<b>Total of Top 10 countries</b>	372.8	50.7%
	India	8.9	1.2%
	Others	353.3	48.1%
	Total	735.0	100.0%

\* Provisional

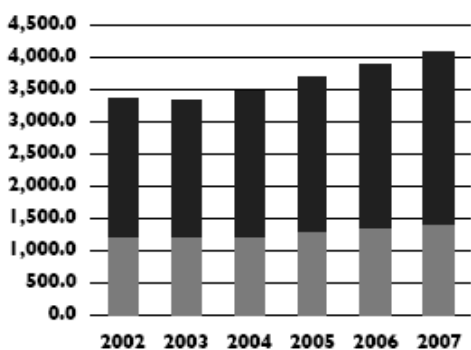
Source: Department of Tourism

## Tourism Industry

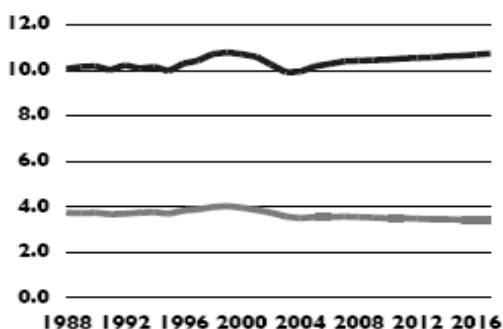
The Department of Tourism's resolve in promoting Indian tourism has strengthened as it recognises its potential. Tourism in India is the third largest foreign exchange earner, accounting for 2.5% of GDP. It also makes a direct contribution to economy with significant linkages with agriculture, horticulture, handicrafts and construction. The outlay on tourism development rose to Rs. 7,860 million in 2005/2006, from Rs. 3,500 million in 2003/2004, and continued to focus on the "Atithi Devo Bhavah" campaign, targeted at the inbound foreign tourists in the country. Translated literally this means "Guest is God".

In 2007, the Travel & Tourism Industry should contribute 3.6% to worldwide GDP at US\$ 1851 billion. The broader Travel & Tourism Economy should contribute 10.4% to world GDP in 2007 at US\$ 5391 billion. The growth forecasted by WTTC for the year 2017 for Travel and Tourism Industry is about US\$ 3122 billion, which would stand at 3.4% of the worldwide GDP and for Travel and Tourism Economy is about US\$ 9781 billion the same being 10.7% of the worldwide GDP.

**World**  
Travel & Tourism Gross Domestic Product  
(2000 Constant US\$ bn)



**World**  
Travel & Tourism Gross Domestic Product  
(% of Total GDP)



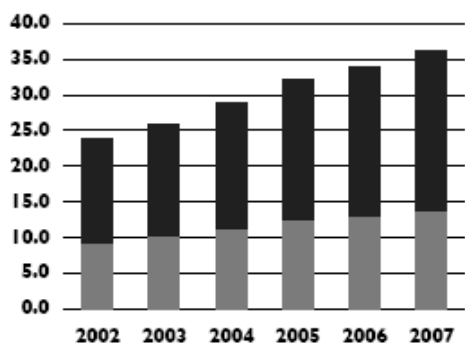
Grey bar represents the Travel and Tourism Industry; Grey and Black bar in combination represent the Travel and Tourism Economy;

Grey line is the Travel and Tourism Industry GDP; Black line is the combination for Travel and Tourism Economy GDP;

Source: WTTC report on INDIA : Travel and Tourism Navigating the path Ahead – 2007

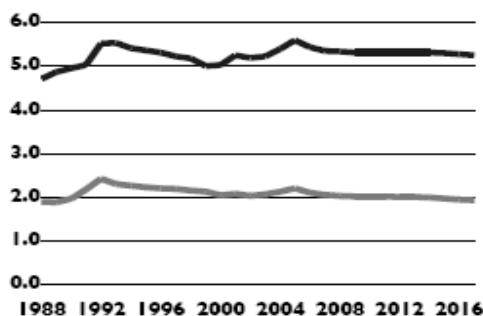
As far as India is concerned in 2007, the Travel & Tourism Industry should contribute approximately 2.0% to the overall GDP of India. In Rupee terms, the same stands at INR 838.7 billion. The broader Travel & Tourism Economy should contribute 5.4% to India's GDP in 2007 at INR 2190.2 billion. The growth forecasted by WTTC for the year 2017 for Travel and Tourism Industry is about INR 2551.3 billion, which would stand at 1.9% of the GDP of India in 2017 and Travel and Tourism Economy will contribute about INR 6948.6 billion the same being 5.2% of the India GDP.

**India**  
**Travel & Tourism Gross Domestic Product**  
**(2000 Constant US\$ bn)**



Grey bar represents the Travel and Tourism Industry; Grey and Black bar in combination represent the Travel and Tourism Economy;

**India**  
**Travel & Tourism Gross Domestic Product**  
**(% of Total GDP)**



Grey line is the Travel and Tourism Industry GDP; Black line is the combination for Travel and Tourism Economy GDP;

Source: WTTC report on INDIA : Travel and Tourism Navigating the path Ahead – 2007

India's travel and tourism market was valued at US\$ 42 billion in 2005, and is growing rapidly. India emerged as the fifth most preferred destination by the world's travellers in a survey conducted across 134 countries. In the Annual Readers Travel Awards, 2007 by the prestigious magazine Conde' Nast Traveller India has been voted *as the premier destination of choice*. A 5,000 year history, culture, religion and alternative medicine fascinate both budget and luxury travellers alike.

Only about 4% of the billion plus population of India travels for leisure. Although the rural population of India travels more than the urban population, the percentage of holiday-takers in the urban section is higher. The rural population travels more for social or religious purposes. Travel for leisure is generally limited to the higher strata of society, who have higher disposable incomes.

According to the WTTC estimates the total revenues generated by Personal tourism in India would be approximately Rs. 1016 billion in the current year, which is forecasted to rise to Rs. 1483 billion in the year 2010. Whereas the revenues generated by Business tourism would be Rs. 353 billion approx in 2007 and the same is expected to rise to Rs. 523 billion in the year 2010.

Tourism can be broadly divided into 3 areas viz. Inbound Tourism, Outbound Tourism and Domestic Tourism. The same are explained as under:

### **Inbound Tourism**

The diversity of India's natural and cultural richness provides the basis of a wide range of tourist products and experiences, which embraces business, leisure, culture, adventure, spirituality, eco tourism and many other pursuits. In recent years, India has emerged as a destination for natural and eco tourism and adventure tourism. With 4.5% of its land area under some form of legal protection, India can boast of a large number of national parks and game sanctuaries rich in flora and fauna. The country's 6000 KM long coastline has exquisite sandy beaches. The emergence of India as a strong scientific and technological power has brought in its wake a special brand of tourists to India, who participate in national and international scientific and technical conferences.

Focused marketing of tourism products and branding of India as a high value destination, policies targeted at strengthening of tourism infrastructure by the Ministry of Tourism have been responsible for a healthy growth in international tourist arrivals to India. Over the years, the arrival of foreign tourists has grown significantly. In the year 2005 where the country witnessed total arrivals of 3.92 million, the same has increased to 4.43 million in 2006 showing an increase of 13%. Till the end of the month of November' 2007 around 4.4 million people had arrived in India, showing an increase of around 12.7% over the same period as compared to last year. The numbers include both business and leisure travellers and people of Indian origin traveling to meet family.



The following table gives the list of countries from where India witnessed the most number of arrivals in the year 2006:

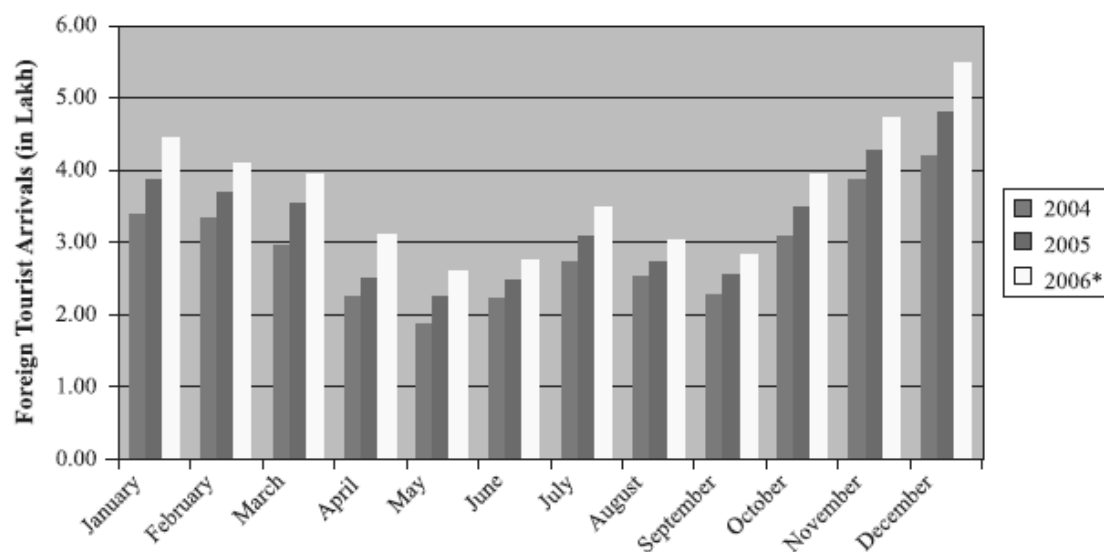
S.No	Source Country	Foreign Tourist Arrivals (in million)*	Percentage Share
1	UK	0.734	16.5%
2	USA	0.697	15.7%
3	Canada	0.177	4.0%
4	France	0.175	3.9%
5	Germany	0.157	3.5%
6	Srilanka	0.155	3.5%
7	Japan	0.119	2.7%
8	Australia	0.110	2.5%
9	Malaysia	0.107	2.4%
10	Nepal	0.092	2.1%
Total of top 10 countries		2.523	56.7%
Others		1.925	43.3%
All Countries		4.447	100.0%

\* Provisional

Source: Department of Tourism

An analysis of the month-wise data of the arrivals in India for the last three years shows that the number of tourists arriving in India is more during the period October – March then in the remaining part of the year. This shows that the Inbound Tourism in India is booming in the winter season as compared to the summer months of April to September:

**Month-wise Foreign Tourist Arrivals in 2004, 2005 & 2006**



\* Provisional

Source: Department of Tourism

As per the provisional statistics released by the Ministry of Tourism covering the period upto July '07 the number of arrivals were 2.76 million, an increase of about 12 % over the number of arrivals for the same period during the last year. The table showing the complete data as released by the ministry is given below:

Months	Foreign Tourist Arrival (Nos.)			% change	
	2005	2006*	2007*	2006/05	2007/06
January	385,977	444,260	514,453	15.1	15.8
February	369,844	407,198	462,578	10.1	13.6
March	352,094	390,824	443,976	11.0	13.6
April	248,416	309,775	334,558	24.7	8.0
May	225,394	258,527	271,454	14.7	5.0
June	246,970	278,370	310,104	12.7	11.4
July	307,870	337,332	377,474	9.6	11.9
<b>Total</b>	<b>2,136,565</b>	<b>2,469,506</b>	<b>2,764,361</b>	<b>15.6</b>	<b>11.9</b>

\* Pprovisional

Source: Ministry of Tourism website – <http://tourism.gov.in>;

A large part of this increase in the number of arrivals can be attributed to the integrated international media campaigns launched by the Ministry of Tourism to promote India as a “must-see” destination under the name of “Incredible India”. The campaign is focused on both the generic and niche areas to convert India into a 365 days a year destination.

### Business trends

Business travel to India has shown healthy growth in recent years, with a rise of 30% in 2005. 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.

### Leisure trends

Leisure tourists have the largest share among incoming travellers to India. The Ministry of Tourism's ‘Incredible India’ campaign has finally started to pay dividends. One noteworthy trend is that the period of stay for leisure tourists is much longer in India than in many other countries. On average, an inbound leisure tourist spends more than two weeks in India, compared to 3-7 days in other countries. This is because India is a large country and has many experiences to offer tourists.

Religious tourism is also seeing healthy growth. Non Resident Indians (NRIs) come to India in large numbers for pilgrimage purposes. With the advent of low cost airlines, this number is on the increase.

Apart from the NRIs, people from other countries are also coming to India for religious purposes. Foreign tourists from Sri Lanka, Nepal and Japan make a beeline for the Buddhist circuit, especially Bodh Gaya in Bihar.

The following table shows the purpose of visit of the arrivals

Purpose	2000	2001	2002	2003	2004	2005
Business	792.4	608.1	755.8	882.6	1,083.8	1,403.1
Leisure	1,162.1	1,004.7	1,037.0	1,210.2	1,435.2	1,551.8
Visiting friends/ relatives	422.6	674.3	377.9	446.3	626.2	732.0
Others	264.1	250.3	213.7	211.2	210.2	125.8

‘000 people

Source: Department of Tourism, FHRAI, Euromonitor International estimates

Our country is becoming as one of the fastest growing tourist destinations in the world. Even with the present volumes of international tourist traffic, tourism has already emerged as an important segment of our country's economy. The foreign exchange earnings from tourism for the year 2005 were US\$ 5730.86 million. These increased to US\$ 6569.34 in the year 2006 achieving an increase of 14.6%. (Annual report of Ministry of Tourism) A table showing the increase in the foreign exchange earnings over the past three years is given below:

US\$ millions

Months	Foreign Exchange Earnings			% change	
	2004	2005	2006	2005/04	2006/05
January	460.67	532.19	632.43	15.5	18.8
February	452.96	536.07	594.64	18.3	10.9
March	400.37	505.74	547.17	26.3	8.2
April	304.77	378.38	473.44	24.2	25.1
May	252.51	333.15	368.56	31.9	10.6
June	303.72	375.47	420.80	23.6	12.1
July	384.87	470.08	522.70	22.1	11.2
August	357.80	435.49	456.76	21.7	4.9
September	320.33	401.83	424.70	25.4	5.7
October	423.97	497.63	594.05	17.4	19.4
November	531.25	597.50	711.61	12.5	19.1
December	575.78	667.33	822.48	15.9	23.2
<b>Total</b>	<b>4769</b>	<b>5730.86</b>	<b>6569.34</b>	<b>20.2</b>	<b>14.6</b>

Source: Department of Tourism

As per the data released by the Ministry of Tourism, during the current year upto the end of the month of November the total foreign exchange earnings stood at US\$ 7231.66 million as compared to US\$ 5746.86 million during the same period in the previous year showing a growth of almost 26%.

India's infrastructure facilities, such as airports and roads, have not measured up to those of other tourism destinations. India's spending on infrastructure (excluding real estate) in 2003 was just about US\$21 billion compared with US\$150 billion in China. The stock of infrastructure in India is already much lower, as reflected in India's cumulative spending over the past 10 years on infrastructure totaling only US\$190 billion compared with US\$1,140 billion in China. In addition, there is a lack of focus on prioritizing the creation of sufficient connectivity to important tourist destinations specifically. A large part of the responsibility to upgrade the local infrastructure lies with the state governments who have been slow to invest in this area. But of late the spending has increased for instance with the coming of the golden quadrilateral project the connectivity of the cities inter se has got better and the roads have also got wider and better, also a number of new domestic and international airports are being set up across the country for faster movement of people.

According to WTTC 2007 Report, the Travel & Tourism demand from the country accounts for a miniscule 0.86% of the global pie, it is still viewed as an emerging star in this region and is generating avid interest among investors and service providers viz. airlines and hotels.

Between 2005 and 2010, arrivals to India are expected to grow at a CAGR of 18%. With the booming Indian economy, business travel to India will show strong growth. Another important factor in growth will be the rise of medical tourism in India. According to a study by McKinsey and the Confederation of Indian Industry (CII), medical tourism in India could become a US\$1 billion business by 2012.

Leisure travellers are also on the rise, as foreigners perceive India as a good value for money destination. Partly as a result of the Ministry of Tourism's initiatives, inbound travel is showing healthy growth. The Ministry of Tourism is pushing for a visa-on-arrival facility for around 16 countries. Initially, this visa facility will be available at only two international airports – Delhi and Mumbai – on an experimental basis. The ministry is also preparing a note to the committee of secretaries on the

matter. The 16 countries proposed as part of the initiative are France, Germany, New Zealand, Japan, South Korea, Belgium, Sweden, Finland, Vietnam, Chile, Mexico, Argentina, Brazil, Spain, Luxembourg and the Netherlands.

Incoming tourist receipts are expected to grow at a CAGR of 15% between 2005 and 2010. Lower travel costs and cheaper accommodation within the country are expected to restrain value growth to some extent. According to a report by PHD (Progress, Harmony and Development) Chamber of Commerce and Industry, adventure tourism will emerge as one of the largest foreign exchange earners for India, with predicted turnover of US\$20 billion by 2010. However, its development requires proper policy initiatives from state governments. Adventure tourism is a major draw for international tourists, as nearly 40% of tourists who visited India in 2004 and 2005 sought such experiences. Domestic tourists have also opted for adventure sports in large numbers, and around 125,000 of them visited venues offering such opportunities, according to the study.

The forecast of the number of arrivals in India in the near future is as given in the table:

Year	No. of arrivals	% Growth
2007	5008.4	-
2008	5909.1	18.0
2009	7118.1	20.5
2010	8880.8	24.8

‘000 people

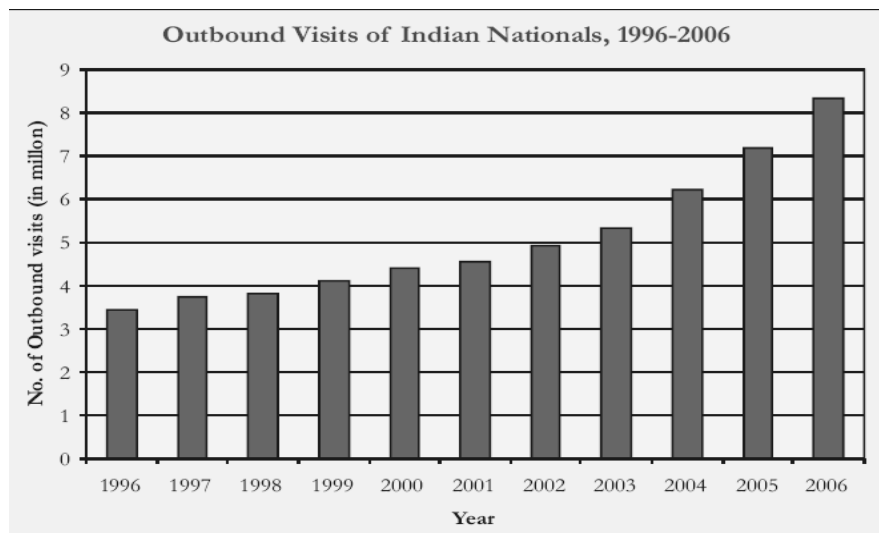
Source: Euromonitor International estimates

### Outbound Tourism

Outbound tourism demand is affected by confidence in economic conditions and security as well as perceptions of discretionary income.

Insofar as India is concerned the number of outbound tourists has increased considerably from a meager 1.94 million in 1991 to a staggering 7.2 million in 2005. According to estimates, the country's outbound travelling rate is going up by 15 – 20% per annum while the World Tourism Organisation estimates the numbers to reach 50 million by 2020. (Economic Times dt. 08/05/2006)

The following chart shows the growth in the number of outbound travellers from India:



Source: Department of Tourism

In terms of numbers the UK and the US are the most preferred destinations with both showing increased growth rates in arrivals from India in 2005, at 29% and 36%, respectively. This is largely due to the Open Skies policy and the advent of low cost airlines, which made travel to these countries easier and more affordable.

On a similar note, departures to Australia and New Zealand showed a stronger growth rates in 2005, of 42% and 39%, respectively. Australia and New Zealand are attracting many Indians as migrants in search of better employment and lifestyle.

Some European countries, including France, Italy and Switzerland, also showed stronger growth rates in 2005 compared to 2004. With the rise in disposable incomes and more competitive holidaying options, many affluent Indians are opting for European holidays. The US visa debacle, which made difficult for Indians to obtain visas following the September 11th terrorist attacks, also indirectly led to growth in travel to these European countries.

The following table shows the number of departures from India to different countries:

	2000	2001	2002	2003	2004	2005
Australia	38.8	40.3	41.9	46.3	49.7	68.0
Belgium	8.0	12.0	13.8	13.4	15.1	21.0
China	131.4	161.8	199.0	84.5	170.1	272.1
Dubai	206.0	189.0	222.5	226.9	246.3	333.9
France	60.6	51.1	134.0	127.4	120.0	138.5
Hong Kong	71.9	72.3	80.4	80.3	89.9	117.5
Indonesia	14.5	15.0	15.5	13.8	17.1	19.8
Italy	132.1	143.5	183.4	99.7	163.3	259.7
Japan	97.0	76.9	72.0	43.7	74.0	87.2
Malaysia	120.9	159.4	207.2	87.5	173.4	228.8
Middle East	346.4	339.8	375.0	254.9	440.0	556.5
Nepal	51.4	47.7	52.4	42.5	54.9	63.1
Singapore	274.2	270.8	257.3	240.5	296.7	383.3
South Korea	34.2	33.0	32.0	27.6	35.7	48.2
Sri Lanka	41.5	48.2	45.0	45.6	54.7	77.9
Switzerland	31.9	33.9	66.8	85.4	90.0	95.2
Thailand	111.5	113.9	129.4	135.0	146.1	173.1
U.K.	202.9	229.7	280.6	155.0	254.8	321.5
USA	235.5	270.8	308.7	237.9	314.4	395.7
Other destination	2204.8	2255.4	2223.3	2452.1	2593.8	2522.0

‘000 people

Source:; Euromonitor International estimates

There are many positive factors influencing Indian demand for outbound travel – all of which are widely cited by destinations eager to tap the market’s potential. The national economy is strong, with GDP growing by around 8% per annum; disposable incomes are rising extremely rapidly; the per capita income of a individual is now more than US \$1000 and, thanks to the liberalization of exchange controls, Resident Indian Nationals are now allowed to take up to US\$ 10,000 or its equivalent per financial year whilst travelling overseas on leisure. As regards overseas business travel, a traveller can avail upto an equivalent of US\$ 25,000 per trip irrespective of the number of days of travel, restricted to a maximum of US\$ 200,000 per financial year.

Although Indians are traditionally reputed to be savers, a new attitude is pervading Indian society today, no doubt influenced by the high share of young Indians – 50% of the population is under 35 years old – and by what Indians see happening in neighbouring countries. So while saving is still important, there is now a strong motivation to enjoy life today and consume. And travel and tourism comes high on the list of spending priorities.

Such strong economic performance has created unprecedented optimism and dynamism in the country, as such robust growth in a huge economy has also unleashed a lot of disposable income for very large segments of the population, what is now called the emergence of the “Great Indian Middle Class”.

## Purpose of visit

People going abroad for purposes like education, religious and pilgrimage journeys, attending conventions etc accounted for 34% of total departures in 2005. Travel for business purposes constituted 28% of total departures. Travellers going abroad to visit families and friends accounted for 21% of total departures. There is a large Indian Diaspora living in various parts of the world, and so it is not surprising that many Indians travel abroad every year to visit friends and relatives. Leisure travellers had a share of 17% of total departures in 2005, up by 21% over 2004, as the outbound travel market grew.

## Business trends

Business travellers constitute the largest group of people going abroad from India. With the boom in the economy and increasing Foreign Direct Investment (FDI) in India, outbound business travel has grown, with an increase of 16% in 2005.

## Leisure trends

The outbound leisure market of India grew by 21% in 2005. As airfares became more affordable and holiday packages cheaper, more and more Indians opted for holidaying abroad. Another trend that has been on the increase in India is that of families travelling together. India is a country with close family ties. People find travelling together with families simpler and more cost-effective. As taking time off for family reunions is becoming difficult, travelling together with families is a good way of being able to spend time together. Family groups consisting of 30 and more, along with grandparents, from places such as Hyderabad, Bangalore and even Tamil Nadu, in the interior, have opted to travel overseas.

The following table shows the bifurcation of the purpose of outbound departures:

	'000 people					
Purpose	2000	2001	2002	2003	2004	2005
Business	1,154.8	1,179.4	1,340.0	1,355.2	1495.4	1,731.2
Leisure	679.9	691.4	750.5	767.5	853.1	1,032.6
Visiting friends/relatives	807.0	823.4	959.1	1,019.8	1,082.1	1,310.8
Others	1,773.8	1,870.3	1,890.6	1,357.5	1,969.4	2,108.4

Source: Euromonitor International estimates

Outbound tourism expenditure in 2005 was estimated at Rs 250 billion, with growth of 23% over the previous year. As the holidaying options abroad became cheaper and disposable incomes rose, the outgoing expenditure also showed growth. Accommodation and shopping accounted for the largest shares, with around 21% each. The following table shows the nature of spending over the past years:

	Rs. million					
	2000	2001	2002	2003	2004	2005
Accommodation	105,291.1	117,294.3	127,147.0	146,346.2	166,834.7	195,701.6
Entertainment	9,476.2	10,556.5	114,43.2	13,171.2	15,015.1	16,718.5
Excursions	8,423.3	9383.5	10,171.8	11,707.7	13,346.8	17,598.4
Food	26,322.8	29,323.6	31,786.8	36,586.6	41,708.7	49,267.8
Shopping	10,529.1	11,729.4	12,714.7	14,634.6	16,683.5	17,598.4
Travel within country	258,355.4	264,202.1	319,204.1	392,356.9	493,798.8	578,986.5
Other tourism expenditure	5,264.5	58,64.7	6,357.3	7,317.3	8,341.7	4,047.6
Total	423,662.4	448,354.1	518,824.9	622,120.5	755,729.3	879,918.7

Source: Euromonitor International estimates

Note: Includes incoming tourist receipts and domestic tourist expenditure

In 2005, incoming tourist receipts exceeded outgoing expenditure, resulting in a surplus. However, the surplus was less than in 2004, primarily because growth in outbound travel exceeded that of arrivals into India

## Balance of Tourism Payments

Rs. in million

Year	Receipts	Expenditure	Balance
2000	142,380.00	131,360.00	11,020.00
2001	143,440.00	108,690.00	34,750.00
2002	141,950.00	167,610.00	-25,660.00
2003	164,290.00	161,100.00	3,190.00
2004	216,862.80	202,986.00	13,876.80
2005	258,066.70	249,672.80	8,394.00

Source: Reserve Bank of India, Euromonitor International estimates

The trend to go abroad for holidays does not seem likely to diminish in the near future. In the current year itself the nos. of people going abroad is likely to be about 8.5 million. It is expected that by the end of 2010 the nos. will be more than 14 million departures. A table showing the expected growth in the number of departures from India is given below:

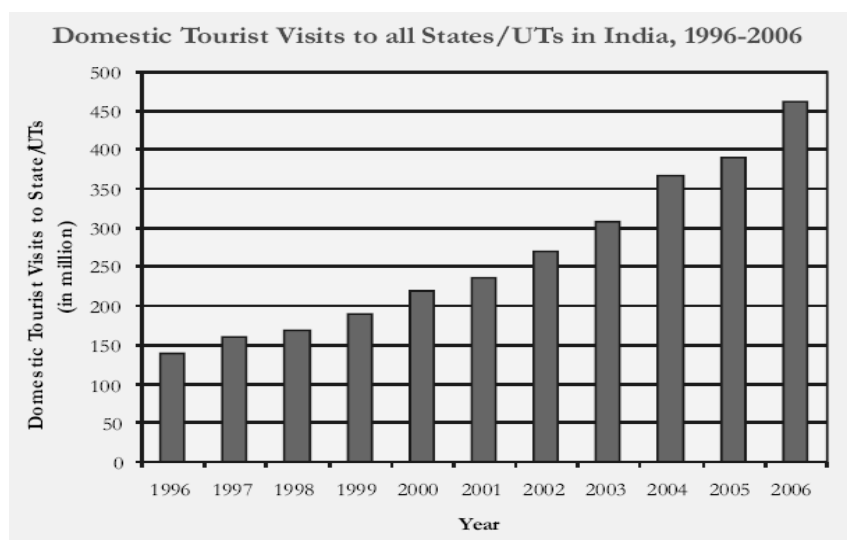
'000 people

Year	No. of departures	% growth
2007	8501.5	18.0
2008	10073.8	18.5
2009	11964.2	18.8
2010	14292.3	19.5

Source: Euromonitor International estimates

## Domestic Tourism

In line with the general growth in the Industry the number of domestic tourist visits within India has also grown significantly over the years. Domestic tourist visits have grown at a CAGR of about 14% over the period 1999 to 2004. The number of domestic tourist visits has increased from 66.7 Million in 1991 to 382.1 Million in 2005. The growth in number of domestic tourist visits in India is shown in the graph given below:



\* Provisional

Source: Department of Tourism

The growth in domestic tourists can also be attributed to the growth in the GDP, level of income, disposable income. Andhra Pradesh witnessed the most number of domestic tourists by having 24.5% of the total number followed closely by Uttar Pradesh which attracted 24.3% of the total domestic tourists. A table showing the details of domestic tourist visit in each state is given below:

Domestic Tourist Visits *	
State	Percentage Share
Andhra Pradesh	24.2%
Uttar Pradesh	22.9%
Tamil Nadu	12.7%
Karnataka	7.8%
Rajasthan	5.1%
Maharashtra	3.7%
Uttarakhand	3.6%
West Bengal	3.4%
Gujarat	2.5%
Madhya Pradesh	2.4%
Total of top 10	88.3%
Others	11.7%
Total	100.0%

\* Provisional

Source : Department of Tourism

The main reason for undertaking domestic trips in India is for Social purpose (e.g. visiting relatives and friends), Religious trips and Leisure trips. The peak season for outbound and domestic travel within India is the summer. This is because the schools and colleges shut for their vacations, and families are thus able to travel together.

Domestic trips rose in 2005, in part due to growth in the number of business trips. A much higher growth rate might have been achieved had not many Indians found it cheaper to holiday abroad, owing to cheaper airfares and more affordable holiday packages.

### **Business & Leisure trends**

Business travel is booming. With the growing economy and airfares coming down, this sector is charting an upward curve.

Leisure tourism comes last in India in terms of purpose of visit. However, as the cost of travel is coming down, leisure tourism is on the increase. Another reason is the Ministry of Tourism's initiatives to promote domestic tourism. However, because of cheaper holiday options available abroad, especially in the Southeast Asian countries, many Indians are vacationing overseas rather than in India.

### **Travel Retail Sector**

India's travel trade – at least the leading tour operators and retail travel agents – have been the backbone of the country's travel and tourism industry since its early beginnings.

The travel retail industry was valued at approximately Rs 275 billion in 2005, and accounted for approximately 17% of the total travel and tourism industry. This sector grew at a rate of 25% during 2005, in current value terms, achieving the highest growth rate among all sectors of the travel and tourism industry. With rises in, leisure and business travel, travel retailers' business also saw healthy growth.

As tourism boomed, so did the travel retail sector. Accommodation, adventure holidays and package holidays exhibited strong growth rates. 2005 was a year of hot deals and business promotion. Many travel packages, both inbound as well as outbound, were up for grabs, and travel retailers competed with each other to create holidays for customers.



The Travel Retail industry is segmented into various different players. The following table gives details of the number of various players over the years:

	2000	2001	2002	2003	2004	2005
Exchange services	250	265	306	350	400	457
Tour operators	3700	3800	3950	4200	4450	4784
Travel agents	21000	21550	22300	23220	23450	24037
Total	24950	25615	26556	27770	28300	29277

Source: Euromonitor International estimates

In terms of destination, the countryside saw a strong growth rate of 53% in current value terms in 2005, as against a rate of 27% in 2004. This was because of the rising interest in eco-tourism and nature travel. This type of tourism is popular not just, with incoming tourists, but increasingly with Indians themselves.

Growth in the travel retail sector in 2005 was sustained primarily by an increase in the domestic tourism industry. The number of domestic trips increased by 13% in 2005, whilst outbound travel saw growth of 15%.

Travel Retail sector's earnings comes from practically all the possible industries connected with the tourism sector. The overall earnings have increased from more than Rs. 127 billion in 2000 to more than Rs. 274 billion in 2005. The following table shows the sector wise earnings of the Travel Retail sector:

	Rs. Million					
	2000	2001	2002	2003	2004	2005
Accommodation only	2,768.8	2,706.7	3,362.1	3,756.3	4,687.4	6,176.9
Adventure/trekking holiday	6,554.6	7,274.1	9,385.9	11,188.9	14,159.9	18,009.0
City break	4,407.4	5,638.9	7,214.6	9,190.9	11,328.0	14,000.9
Cruise	1,638.6	1,804.4	2,521.6	3,037.0	4,003.8	5,490.6
Flight only	59,386.9	58,644.2	72,495.9	82,078.3	99,119.6	127,655.6
Other transport	11,075.0	10,713.8	12,608.0	13,586.5	17,089.6	18,942.4
Fly-drive	-	112.8	210.1	239.8	293.0	329.4
Package holiday	18,251.2	18,382.7	23,044.6	26,933.2	33,495.6	43,293.1
Travel insurance	2,203.7	2,199.2	2,661.7	2,957.1	3,710.9	4,941.5
Foreign currency	2,429.7	2,311.9	2,801.8	3,116.9	3,613.2	4,392.4
Traveller's cheques	1,073.6	1,184.2	1,681.1	2,157.9	2,832.0	3,568.9
Others	17,742.6	16,127.2	19,892.6	21,898.2	26,171.5	27,727.3
Total	127,532.1	127,100.0	157,880.0	180,140.7	220,504.5	274,528.1

Source: Euromonitor International estimates

Note: Others includes visa processing fees, tourist site bookings, car rentals etc

With the lowering of air fares and cuts in commissions on tickets, travel agencies are looking at alternative business models for staying afloat. More and more of them are diversifying into the realm of foreign exchange. 22% of foreign exchange sold was through travel agencies in 2005. In that year, the number of travel agents offering exchange services grew to 1,971, from 1,850 in 2004. 7% of all travel agents now offer exchange services.

The Reserve Bank of India regulates the granting of foreign exchange licences to travel agents and other companies or individuals. These licences are typically granted to travel agents, hotels, antique shops, jewellery shops and other large retailers, who may cater to the needs of foreign tourists or visitors, thereby helping earn foreign exchange for the country. The Full-Fledged Money Changers are licensed to both buy as well as sell foreign currency, while the Restricted Money Changers are authorised only to purchase foreign currency, on condition that all money be surrendered to a Full-Fledged money changer. The Reserve Bank of India has been liberalizing the norms periodically and is gradually moving towards a free convertibility regime, which will increase the scope of activity for the money changers as well as benefit the customers. In the year 2002, the RBI introduced the Franchisee concept where the RMC concept got converted to

Franchisee concept thereby giving a bigger role for the FPMC's. Subsequently in November 2006, RBI introduced a new concept which is Authorised Dealer - Category II and commenced licensing certain select FPMC's as Authorised Dealers - Category II based on their network, Know Your Customer Norms and implementation of Anti Money Laundering policies. The Authorized Dealer – Category II license enables the license holder to do such dealings in foreign exchange which were hitherto limited to the domain of the big banks. The most important among the activities that can be done under the new regime of Authorised Dealer – Category II is outward remittance of foreign exchange.

The on-line travel retail industry was valued at Rs.19.5 billion in 2005, achieving growth of 31% in current value terms in that year. The travel retail industry is very fragmented in India, with several small and medium sized travel agents. As a result, the on-line travel retail has not developed to a significant extent, despite reductions in the cost of Internet access and the availability of broadband in the 20 largest Indian cities. Some agencies do have an on-line presence in the form of company websites but these are mostly used for information collection only. The travel trade in India now understands the importance of the Internet, and companies offer comprehensive information on fares, packages and other travel-related matter on their websites. However, most bookings are still made through travel agents. Security issues about payment over the Internet and a low confidence level in timely consumer payments leads to the majority of transactions happening in person. More and more people are planning their leisure travel, both international and domestic, on the Internet. As most of the information needed for planning trips is available on the Internet, it is a very convenient option. The use of the Internet for buying services and products holds a particular appeal for young people in India. Of all online retail travel sales in 2005, 82%, were made by direct suppliers. Direct suppliers sold travel retail services worth Rs16 billion in 2005, up by 8% in current value terms on 2004. The travel retail industry now has a strong on-line presence in India. 7% of total value sales of the travel retail industry were generated through Internet transactions in 2005.

The rapidly changing marketplace, which has brought reduced commission level (and zero commissions in some cases) from airlines, which were travel agents' major source of revenues, has also resulted in a number of changes to the travel trade's way of doing business. Agents are increasingly concentrating on selling hotels accommodation, car rental, rail travel, insurance and other value-added services in an effort to sustain earnings at a viable level.

Of the 6000 or so travel agents and tour operators in India, very few operate at a national level. Of those that do, their 2007 strategies focus on service-oriented, personalized tours for the higher-yield markets, and pay greater attention to special products with unique sales pitches.

One result of the challenges – including fragmentation – that the industry has faced, is new consolidations, in line with trends in the rest of the world, with all the leading players linking with foreign operators in one way or another

Travel retail service sales are predicted to grow at a CAGR of 15% in constant value terms between 2005 and 2010. As tourism booms in India, travel retailers will benefit from increased demand for accommodation, holiday packages and ticketing services. However, value growth will be constrained due to increased competition. Retailers are expected to come up with better deals and discounts to entice consumers.

## **Ministry of Tourism**

The Ministry of Tourism is the nodal agency for formulation of national policies and programmes and for co-ordination of activities of various Central Government Agencies, State Governments / Union Territories and the private sector for the development and promotion of tourism in India.

The Ministry has given a special thrust to improving the quality of tourism infrastructure all over the country. During the Xth plan period tourism infrastructure development projects worth Rs. 1925 crores were sanctioned for 1113 tourism projects spread throughout the country for creating a better experience for the tourists. Special emphasis has been laid on the Buddhist circuit, Hampi, Mahabalipuram, Attari – Wagah Border and the North East.

The Ministry has worked out specific proposals for up gradation of roads to world heritage, Buddhist heritage, and key tourism sites. The Ministry has also identified destinations for connectivity through 4 laning and up gradation of existing roads.

The Ministry is also working in tandem with the Ministry of Railways for exploring the possibilities of introducing tourist trains in a Public – Private Partnership to connect the identified circuits and destinations.

As mentioned earlier, it has successfully campaigned for promotion of India as a tourist destination under its “Incredible India” program. The Ministry of Tourism is promoting the following new products of Tourism to attract foreign travellers to India as a part of its “Incredible India” campaign:

### **Rural Tourism**

Tourism growth potential can be harnessed as a strategy for rural development. The development of a strong platform around the concept of rural tourism is definitely useful for country like India, where almost 74% of the population resides in its 7 million villages. Across the world, the trends of industrialization and development have had an urban centric approach, which has led to growing interest in the rural areas.

The trend towards rural tourism is increasing due to levels of awareness, growing interest in heritage and culture and improved accessibility, and environmental consciousness. In the developed countries, this has resulted in a new style of tourism of visiting village settings to experience and live a relaxed and healthy lifestyle.

31 villages across India have been earmarked for development, and the Ministry of Tourism is working with local committees to develop tourism. The Ministry of Tourism is expected to develop institutional mechanisms for supporting, promoting and organising large numbers of fairs, festivals and craft bazaars in rural areas, which will provide exposure and recognition, as well as an additional flow of income to local artisans.

### **Cruise Tourism**

One of the objectives of Ministry of Tourism is to make India an attractive cruise tourism destination with state of the art infrastructural and other facilities at various ports in the country, to attract the right segment of foreign tourists to cruise shipping in India.

Cruises are associated with having an exotic and relaxed experience, and are popular amongst families and honeymooners, as well as being used for corporate incentive tours. The government is also considering the development of seven ports as cruise shipping stations. These are Kochi in Kerala, New Mangalore in Karnataka, Marmugao in Goa, Mumbai in Maharashtra, Kolkata in West Bengal, Port Blair in the Andaman & Nicobar Islands, and Tuticorin in Tamil Nadu.

### **Medical Tourism**

Medical tourism is promoted through suitable packaging of identified best hospitals and price banding for various specific treatments. India offers all kinds of medical and health related treatments at around one-fifth the cost in European countries or the USA. As health care costs skyrocket, patients in the developed world are looking overseas for medical treatment. India is capitalizing on its low costs and highly trained doctors to appeal to these "medical tourists." A new category of visa named as “Medical visa” has been introduced by the Ministry of Home Affairs for a foreign tourist coming to India especially for medical treatment.

According to CRIS – INFAC, in 2004 between 150,000 and 180,000 international patients received medical treatment in India, up from approximately 10,000 in 1995. Patients from approximately 55 countries were treated at Indian hospitals. According to a study by McKinsey and the Confederation of Indian Industry (CII), medical tourism in India could become a US\$ 1 billion business by 2012.

### **MICE**

MICE or Meetings Incentives Conventions Exhibitions is the fastest growing section of the International tourism market. It caters to various forms of business meetings, International conferences and conventions, events and exhibitions and is slowly but steadily capturing every big hotelier's attention. India is fast gaining its pace in the competition to become an ideal MICE destination. With the advanced technology and facilities, warm hospitality, personalized services coupled with immense natural beauty and rich cultural heritage, the goal seems to be not very far.

The importance of the MICE industry lies in the fact that it converts the annual business meetings and conferences into a glamorous and enjoyable event for the delegates and attendants. Be it a meeting to bring people together either from within one company or from a broader spectrum or an international conference of 100 delegates or product launch party or exhibition, MICE tourism finds itself being inevitable in all the occasions.

## **Related Sectors**

Tourism is overwhelmingly an industry of private sector service providers and the public sector has a significant role to play in infrastructure areas either directly or through Public-Private Partnership mode. It is primarily a multi-sectoral activity characterized by a multiple services provided by a range of suppliers. It is, in a way, quite similar to manufacturing industry, where the supply chain is as important as the end product. The related sectors include airlines, hotels, surface transport basic infrastructure and facilitation systems environment, etc. For a developed tourism market all these sectors should be developed.

## **Transportation**

At Rs. 1,103 billion in 2005, India's transportation industry is the largest sector of the travel and tourism industry. The sector outperformed the review period CAGR performance in 2005, with 15% sales value growth. Historically, in any tour undertaken, the maximum cost incurred by a tourist is on travelling from one place to another as compared to the other costs. Off late, investment in international quality roads, the launch of low cost carriers as well as the expansion of the railways were responsible for driving growth.

Land transportation accounted for a 51% share of the total. It grew by approximately 16% in current value terms in 2005. The majority of India's population travel by bus, as this is the cheapest mode of travel. Also, with improvements in infrastructure, travel by road is becoming faster and more convenient. The government has introduced a new generation of buses from Volvo and Daimler Chrysler targeted at the hospitality sector. These buses are very popular in the tourism sector, and also have higher fares than other buses. These factors all contributed to rising sales in land transportation during the review period.

Rail travel, in the form of Indian Railways accounted for 14% of revenue in 2005, having increased by 8% in current value terms.

## **Airlines**

Airlines across India have augmented their seat capacities, leading to an increase of more than 12% in 2005. According to the Centre for Asia-Pacific Aviation, in India, airlines will add more than 5 million seats every year until 2010.

Most of the airlines have expanded their fleet size. Air India now has a fleet size of 41 aircraft and carried 3.9 million passengers in 2005. It is predicted that Air India will double its seat capacity by 2007. Indian Airlines, Jet Airways, Air Sahara have also increased their fleet sizes to 67, 51 and 24, respectively.

In order to ensure sufficient availability of seats, a limited "open skies" policy was adopted by the government from November 2004 to March 2005. Under this, designated airlines could operate additional services to or from India subject to the existing terms of commercial agreements with Air India / Indian Airlines. A number of airlines responded to the offer and requested the operation of over 2,400 additional flights (equivalent to over 500,000 seats) to different airports in the country during this 5-month period.

Seat utilisation has seen an increase across all types of class, be it economy, business or first. The average number of seats sold increased by 20% in 2005.

Budget airlines accounted for only around 5% of the total seats sold in 2005. However, with the arrival of new low cost airlines and their increased business, they achieved strong volume growth of 185% in terms of airline capacity during 2005.

Six new low cost carriers were launched in India in 2005, and there seems to be room for more.

## **Hotels**

Travel accommodation in India accounts for only 12% of the travel and tourism industry in value terms. The skewed nature of hotel accommodation in India is evident from the fact that it constituted 5% of the accommodation market in terms of number of outlets, but accounted for 28% of sales value.

The travel accommodation sector in India grew at a rate of 17% in current value terms in 2005, compared with 14% in 2004. Growth was due to higher demand in relation to the supply of rooms. In 2005, India had an organised room capacity of 100,000 rooms. The hotel industry in the country is seeing a huge increase in Average Room Rates (ARR) and a steady increase in occupancies, due to steadily rising demand from business travellers and strong tourist inflows. Hotel rooms in India have also become increasingly expensive. Between 2004 and 2005, ARR's climbed by 54%, with the IT and ITES segments accounting for 45% of room demand in this city. Average sales per outlet at a national level grew by 6%.

Hotel accommodation is key for sustaining tourist traffic. Currently, India has about 100,000 rooms compared with over a million in China. If tourist arrivals grow at 10% p.a. over the next five years (the last five-year average is 7.7% pa) to about 6 million tourists a year, India will need to increase its hotel room capacity to 160,000 rooms by 2010 to accommodate this traffic.

There are only 1,690 first class hotels in India, forming 5% of the total accommodation available. During 2005, the number grew by 4%. According to the Federation of Hotel and Restaurant Associations of India (FHRAI), India has only 1,570 quality hotels, and 85,481 hotel rooms, of which 20,000 are in Mumbai and 18,000 in Delhi. Motels constitute 75% of the accommodation sector in volume terms and grew at a rate of 8% in 2005. Amongst the unique features of the hotel industry in India is the sheer volume of the domestic market. Hotels receive twice as many domestic guests as international guests

With the advent of low cost carriers, there has been a need for more low cost hotel accommodation. .

### **Online sales**

The Internet user base in India has registered substantial growth in recent years, with 38.5 million users by the end of 2005. One reason for this is the extensive investments in the IT and telecommunications infrastructure by the government, providing broadband connections at extremely reasonable rates to its citizens. This means that more people are becoming net savvy and are harnessing the power of the Internet.

According to International Data Corporation (IDC), India is expected to record the highest compound annual growth rate (CAGR), of 84%, among Asia-Pacific countries in e-commerce revenues between 2003 and 2008, exceeding the CAGR of 81% expected in China. It is estimated that travel will account for one third of this. Much of the growth is expected to be driven by intermediaries.

By 2010, India is expected to have 100 million Internet users, with the majority of them aged 25-39. Transportation and accommodation transactions will grow as they seek out newer experiences and get more comfortable with the medium.

### **Car Rental**

The car rental industry saw growth of 22% in current value terms in 2005, as against a growth rate of 14% in 2004. With a greater number of corporate travellers during 2005, demand for car rentals grew strongly. However, the car rental industry accounted for less than 1% of the total travel and tourism market in 2005. The improvement in road infrastructure led to travel by road becoming easier, and thus more business travellers preferred this mode of travel.

Structurally, the Indian car rental industry is in a very nascent stage. According to industry estimates, the organised sector comprises only 2% of total volume, and contributes 10% of value. There are many unregistered car rental companies in India. This is especially so in the case of smaller cities. Even in the major cities there are a large number of companies having a few cars that are registered and others that are non-registered.

## **BUSINESS**

### *Overview*

We are one of the oldest and most reputed travel organizations in India offering total travel solutions to our customers. We operate as a ONE STOP SHOP for all travel related products. We offer the following services:

- Excursions and Leisure Travel (Overseas Holidays, Domestic Holidays, Air, Land and Cruise Bookings)
- Destination Management
- Incentive and conference Solutions
- Value added NRI services
- Trade fairs
- Car/Coach/Railway bookings
- Foreign Exchange
- Business travel (Air Tickets domestic and International)
- Private Air charter
- Hotel Bookings (Domestic and International)
- Visas/Passport/Medical insurance assistance

We operate in eight countries either directly or through our subsidiaries/branch network and also have representative offices in additional 5 countries.

Our registered office is situated at Mumbai, India and other branch offices in India are located at New Delhi, Andheri, Chennai, Nagpur, Bangalore, Kolkata, Ahmedabad, Kochi, Hyderabad, Pune, Goa and Jaipur giving us a pan India presence. We intend to further expand our set up by adding more branches and shops as well as franchise outlets to serve more customers and add to our existing base of valued customers.

We also have two international branch offices at Moscow and New York and have operating subsidiaries in UK, Japan, UAE and Singapore. Cox & Kings (Japan) Limited has branches in Maldives and New Caledonia. We also have representative offices in Spain, South Africa, Australia, Sweden and Germany. Our global reach and passion for travel uniquely position us to offer multiple travel choices and value for our products.

Our Business is divided into three main verticals of Leisure, Corporate Travel and Forex. Within Leisure we have three segments of Inbound travel, Outbound travel and Domestic travel.

Our Inbound segment focuses on providing destination management services that cover all aspects of the ground tour arrangement for tour operators across the world for the tourist visiting the Indian sub-continent.

Our Outbound and Domestic segment includes package holidays in India and overseas. We also provide services related to conference organizing, meetings, exhibitions, trade fairs for the corporate traveller.

We serve our customers through our products viz. MICE (Meetings, Incentives, Conferences, Events), FITs (Free Individual Traveller), Groups and Trade Fairs.

Our Corporate travel verticals aims at making business trips more convenient and cost effective with our enhanced customer service aimed at faster service delivery and more personalized attention.

We were one of the first travel companies to be granted a license as an Authorized Dealer - category II under the new licensing regime on October 19, 2006.

Cox and Kings (India) Limited (formerly called Eastern Carrying Company Ltd) was incorporated in India in the year 1939. The name of the Company was initially changed to Cox & Kings (India) Ltd. on February 23, 1950 and thereafter upon the introduction of the Companies Act, 1956, the name of the Company was changed to Cox & Kings (India) Pvt. Ltd. The Company ultimately converted into a public company pursuant to the special resolution to this effect dated 29<sup>th</sup> January, 2007 and the name has now changed to Cox and Kings (India) limited.

The name 'Cox & Kings' is synonymous with travel business. The evolution of the name of our company as a brand can be traced in history dating back to 1758, i.e. an history of 250 years when Lord Ligonier, Colonel of the Foot Guards, appointed Richard Cox, as his regimental agent for handling the affairs, pay and sundry obligations of the officers stationed overseas. By 1878 Cox & Co. became agent and banker to the entire Household Brigade, most of the cavalry and infantry regiments, the Royal Artillery, and the Royal Wagon Train, which later become the Royal Army Service Corps.

In October 1922, the business of Henry S. King & Co., a small bank with Indian interests was absorbed in the business of Cox and thus the name of Cox & Kings came into existence. In 1923 the banking business of Cox & King's was taken over by Lloyds Bank Limited.

In the year 1970 Cox and Kings entered the Grindlays Group pursuant to the acquisition of Cox & Kings (Holdings) Ltd the by National Grindlays Bank Ltd. and increased its focus on the business of travel and tourism. In the year 1980, Grindlays divested its non-banking activities because of Governmental regulations. This business interest in the travel business was bought by Mr. ABM Good and John Norman Romney Barber from Grindlays by acquiring Cox & Kings (Holdings) Ltd. Cox and Kings under its present ownership continued to operate as specialized Tour operators. It also branched out into special interest holidays for artists, botanists and natural historians.

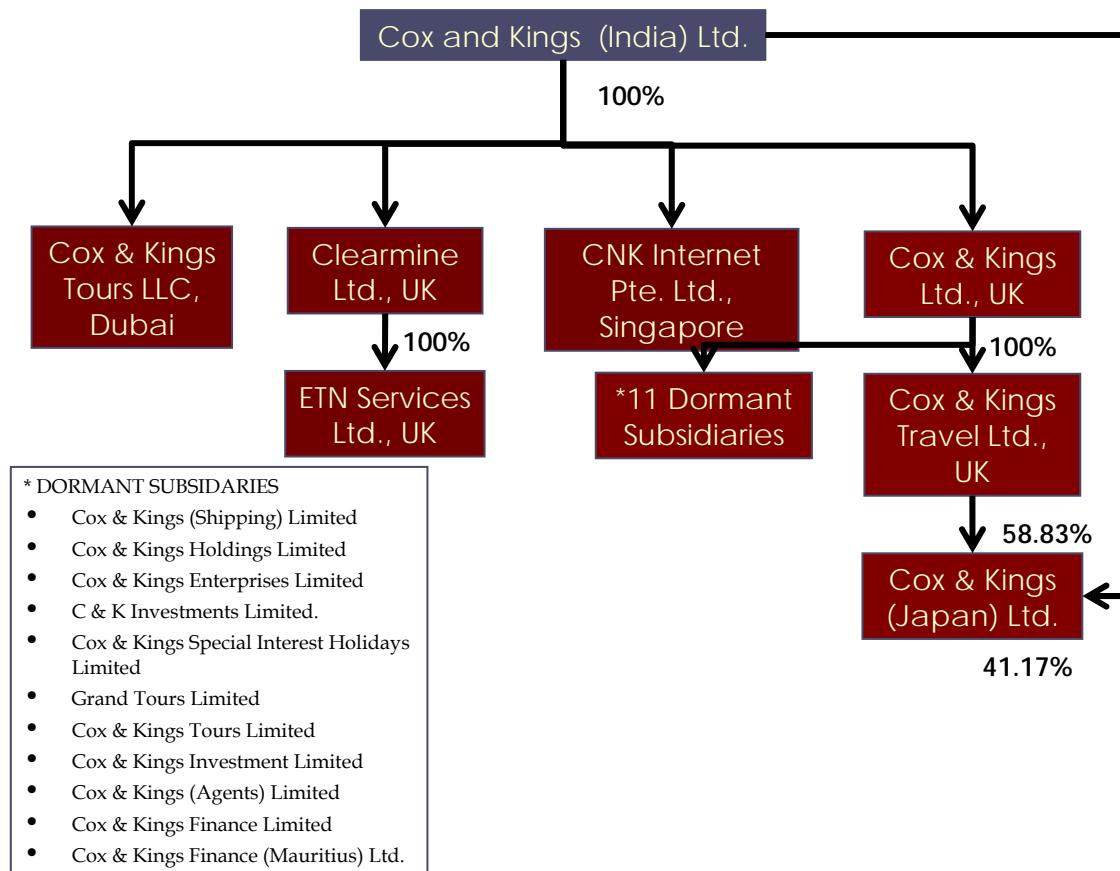
In the year 1980, Reserve Bank of India vide its letter dated May 14, 1980 permitted Cox and Kings (Agents) Limited, a company incorporated in the United Kingdom to transfer the business operations of its branch offices in Bombay & New Delhi, to Cox and Kings (India) Limited. Cox and Kings (Agents) Limited continued with the business of its head office in London. In consideration of the transfer of the business, Cox and Kings (India) Limited issued its shares to Cox and Kings (Agents) Limited. As a condition of Indianisation imposed by Reserve Bank of India, Cox and Kings (India) Limited issued and allotted 60% of the shares to Resident Indians and Staff Gratuity Trust Fund.

Peter Kerkar and Urrshila Kerkar bought shares of Cox and Kings (India) Limited from the existing shareholders of the Company for the first time on May 09, 1981 and thereafter in a series of rights issue by the Company in March 1990, August 1996, November, 1998 and June 2005 consolidated their holding through allotment of additional shares/subscription to renunciation in these rights issue including purchases from the existing shareholder during the said period. Liz Investment Private Limited acquired the shares in Cox and Kings (India) Limited from the existing shareholders for the first time on September 21, 1988 and similarly consolidated its holding in the rights issue by the Company March 1990, August 1996, November, 1998 and June 2005. Upon conclusion of the rights issue in June 2005 Peter Kerkar, Urrshila Kerkar, Liz Investment Private Limited and Mr. A B M Good were collectively holding 3,842,450 shares representing 70.63% of the outstanding capital of the Company.

In March 2006, we acquired 100% of the share capital of Clearmine Limited, a company incorporated in the UK. ETN Services Limited is the wholly owned subsidiary of Clearmine Limited and it carries out destination management services for our tours to Europe and also inbound tours in Europe for other tour operators. It does not offer its own tours. In September 2007, we acquired 100% of the share capital of Cox & Kings Limited, UK and 41.17% of the share capital of Cox & Kings (Japan) Limited. Cox & Kings Travel Limited, UK a wholly owned subsidiary of Cox & Kings Limited UK is an outbound specialist tour operator and caters to leisure travel market of Europe. Cox & Kings Limited UK holds 100% of Cox & Kings Travel Limited. Cox & Kings Travel Limited holds the balance 58.83% of Cox & Kings (Japan) Limited. Cox & Kings (Japan) Limited is a dedicated wholesaler of products and services to other tour operators. It also offers ground handling capabilities in select geographies.

We are in the process of signing a Memorandum of Understanding with Indian Railways Catering and Tourism Corporation Ltd. (IRCTC) for running a Luxury Tourist Train in joint Venture with IRCTC. IRCTC has received an in-principle approval from the Railway Board dated 29/11/2007 for running the Luxury Tourist Train in joint venture with us to manage the onboard/Offboard services, marketing, booking, pricing etc. The in-principle approval of the Railway Board sets out the broad principle and the specific details are being worked out.

## Group Structure of Cox and Kings (India) Limited



We hope to add more customers each year and better our service standards by providing customers with a wide choice of products and flexibility to meet their changing needs. For the year ended March 31, 2007, 2006 and 2005 our total income as per our consolidated financials was Rs. 994.19 million, Rs. 657.53 million and Rs. 455.18 million respectively. Our restated profit after tax for the same period as per our consolidated financials was Rs. 297.83 million, Rs. 173.90 million and Rs. 92.00 million respectively.

### Our Competitive Strengths

#### *Trusted and Respected Brand*

We believe that our brand is well recognized and respected in the World Tours and Travel Industry. The brand of Cox & Kings has evolved over a period of 250 years. We believe our business requires people to believe in our capability to provide quality services and products that will lead to an overall satisfied experience even before they have approached us for business or have given us the opportunity to serve them earlier. It is here that we believe our brand which we have built over the years, plays an important role in getting people to trust in our ability to serve them well. We believe that our biggest asset is the trust and the comfort that our clients have in us. It is also reflected in the repeat business we get from them. Various awards have been conferred upon us over the years and this is testimony to the acknowledgement of our services in the Travel Industry. For details on the awards won by us kindly refer to the section titled “Business – Past Wards and Recognition” beginning on page 111 of this Draft Red Herring Prospectus.

#### *Strong Management*



We are lead by an experienced management group that has worked and has been associated with the travel industry for many years and has the required skill, expertise and vision to continue to expand our business in new markets. Our management team includes Mr. Peter Kerkar, Group CEO who has been with the company for more than 20 years. Mr. Peter Kerkar has an in-depth understanding of the travel industry. He was the founder, director of the World Tourism Council for the India sub continent. Ms. Urrshila Kerkar, is our Head of Operations in India who has been with the company since more than 15 years. Under their direction and guidance the Company has grown at a CAGR of 36.18 over the past four years. Mr. Arup Sen, Director - Operations, has extensive experience in travel industry and the same has been applied to the benefit of the operations of our Company.

### ***Product Spectrum***

We believe in offering complete travel solutions. Our wide choice of product offerings caters to all the travel needs of the Indian and International traveller. We believe that our products have been fairly successful in the market. We continuously innovate our product offering with the flexibility to meet the changing needs of our customers and to better address their needs. This also helps us to differentiate our products vis – a – vis the products offered by our competitors. We believe that our success in branding our products has created more awareness among travellers and has also helped a traveller in distinguishing and identifying our branded products like “Duniya Dekho”, “Bharat Deko”, “Flexihols”.

### ***Geographical Presence***

We operate in eight countries either directly or through our branches and subsidiary companies and including our representative offices, have presence in thirteen countries across the globe. In India, we have branch offices at New Delhi, Chennai, Nagpur, Bangalore, Kolkata, Ahmedabad, Kochi, Hyderabad, Pune, Goa and Jaipur. Further we have an exhaustive network of General Sales Agent (GSA) / Preferred Sales Agent (PSA) all over India. GSA are those agents who sell only our products i.e. we have an exclusive tie – up with them, whereas PSA are those agents who sell travel products of other tour operators as well as ours.

Our representatives who have in depth knowledge of the local market they operate in and we periodically update them in regards to the services and the kind of arrangements and products we have to offer to our customers. Our branches and sales network coupled with their domain knowledge has assisted us in successfully improving our market share in tourism business. This strong network of agents and representatives gives us access to important geographies and markets and help us set our feet firmly in the offline travel industry. Besides we have a strong network of dedicated ground operators functioning in different countries that offer better options to customers as per convenience and budget to maximize their travel experience. Also, as a member of RADIUS Inc, a global travel company, we are connected with a network of over 4,640 travel companies around the world and service clients originating through them within India.

### ***Skilled & Quality Staff***

We attach great importance to our well knit motivated team of committed people. They provide the customer interface and are always aligned to the customers’ requirements which reflects our standards of service quality. We have built a team of experienced, skilled and efficient personnel having in depth knowledge of the business and unspoken passion to promote our products. They are important components in contributing to the productivity of our business. We utilize a competitive compensation structure for our managerial personnel and staff, and we believe this structure helps us attract and retain our managerial personnel. We have dedicated and experienced management teams for the execution of special assignments, as well as for human resources, operations, quality management, and our international business. We also have regular training programs for our staff and management personnel. For more information on our managerial personnel see the section on “Our Management” starting on page 139 of this Draft Red Herring Prospectus.

### ***Technology***

We deploy highest standards of information technology platforms. We have developed and implemented a comprehensive central reservation engine for all our travel related products. Our web enabled centralized dynamic packaging system enables individual, corporate and agents world wide to include all products and services which they want on a real time basis. Our booking engine, built on high performance technology, is quick in delivering real time business information. Our sophisticated CRM (Customer Relationship Management System) is designed to analyze customer needs for better servicing and ensure repeat business for us. It generates reports identifying areas of opportunity and thereby helps us in

customizing to improve the efficiency of our products. We have a 24 X 7 dedicated call center manned by well informed and efficient executives to address to customer requirements including complaints if any.

## **Our Business Strategy**

### ***Acquisitions***

We are looking at inorganic growth and may consider consolidating our market share through acquisitions if targets provide a strong strategic fit at a reasonable price. Our strategy will be to focus on up-market long haul tour operators whose product offerings include the Indian subcontinent and who complement our existing worldwide product portfolio. This will enable us to consolidate our sourcing needs, giving us better buying power and yield cost savings. This will fit into our strategy of offering both outbound and inbound services to our clients in each of the destinations that we operate in. Our growth strategy involves gaining new clients and expanding our service offerings, both organically and through strategic acquisitions of companies, which have expertise in the domain in which they operate and which also have a good client base. This would increase the pace of our growth, thereby enabling us to secure a higher volume of business.

### ***Better Reach***

We are focused on maintaining and upgrading the infrastructure of our existing shops and also setting up new shops in new geographic areas. These shops will be powered by high-end technology and equipped with trained staff having an in depth knowledge of our products. We have also launched a franchisee model. It is a business arrangement where the franchisee has the licensed right to own and operate the business based on our business concept and use our brand name. In this we provide start up help in terms of training, site development, advertising and marketing support. The franchisee is branded as a Cox & Kings shop and sells only our products. It is a one stop travel shop that provides all travel related services under one roof, making travelling more simple for the customers. We also plan to open more branch offices abroad, which will help us penetrate newer geographies and add to our customer base. To penetrate newer regions we are planning to increase our network of PSA / GSA agents with high potential. Our endeavour is also to convert PSA agents and GSA agents to franchisees going forward.

### ***Online Foray***

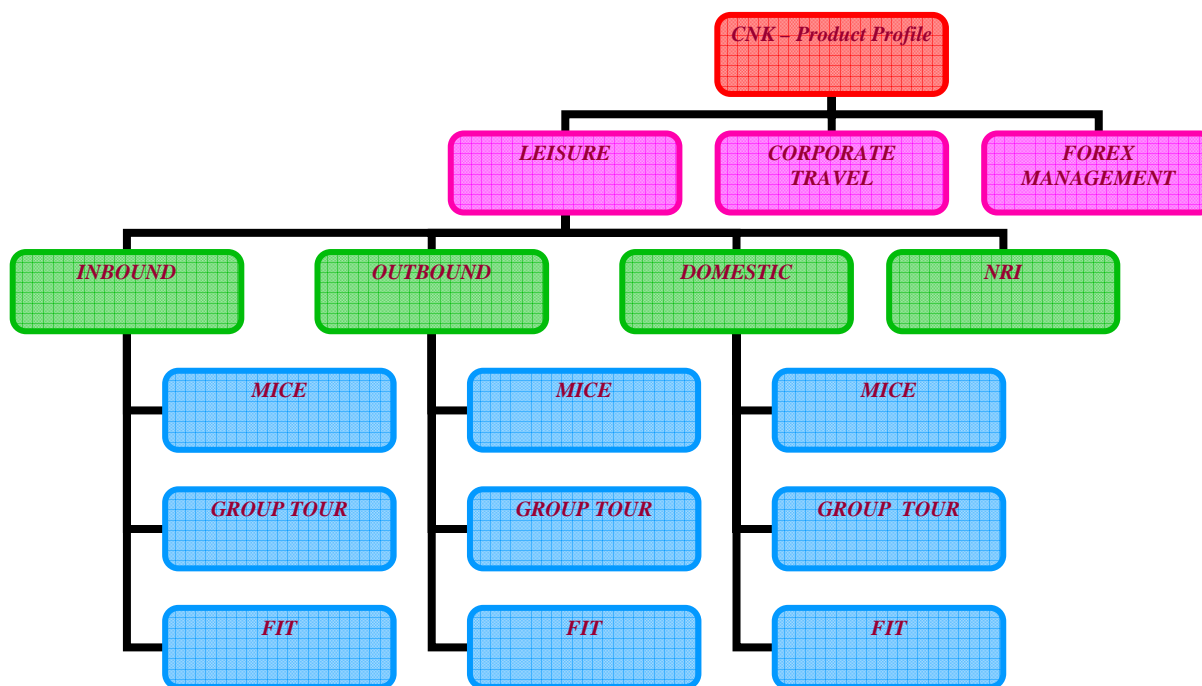
The online travel market in India is in a nascent stage and offers tremendous growth potential. Having firmly set foot in the offline market, we have now created our space in the online arena. We have recently launched websites with the name [www.coxandkingsinbound.com](http://www.coxandkingsinbound.com) and [www.coxandkingsnri.com](http://www.coxandkingsnri.com). These websites and our existing website [www.coxandkings.com](http://www.coxandkings.com) primarily offer an additional channel of reaching out to our existing and potential (users) customers which are updated regularly to feature our products and innovations. We offer various options to the customer giving him the flexibility to customize the holidays as per its choice. The website offers complete travel solutions offering the user a choice to purchase any item from an airline ticket, hotel accommodation, logistic support, to a complete tour package. The website also offers users a choice to purchase any combination of the above and also design their own holiday. We believe that with the rise in the number of internet users and better acceptability of the internet as a convenient medium for making travel related purchases, we are well positioned to capture a whole new client base.

### ***Focus on Outbound***

We believe that there is considerable growth opportunity in the outbound tourism segment. A buoyant economy, rise in disposable incomes, coupled with rising aspirations ensures this segment is poised for growth. Also with travel getting cheaper there will be an increase in the number of people opting to travel outside India. We believe we are well positioned to exploit this segment with our flexible products and will continue to offer a comprehensive range of travel contents to the consumer with attractive pricing

## **OUR BUSINESS**

Our Business is divided into three main verticals viz. Leisure, Corporate Travel and Forex. Within Leisure we operate three segments - Inbound travel, Outbound travel and Domestic. We offer products like MICE, FITs, Groups and NRIs across these verticals. Our various business divisions are diagrammatically represented as follows



### ***Leisure Travel***

The leisure travel market in India is highly fragmented. We are amongst the largest players in the segment of Leisure Travel. We offer products that are either pre packaged through brochures or tailor made as per the requirement of the group and/or individual clients. Leisure travel comprises of three segments viz. Inbound, Outbound and Domestic. We were amongst the first travel organizations to brand its outbound and domestic tours. Leisure travel gets us comparatively better margins. Our revenues from Leisure travel contribute significantly to our total income.

#### **■ *Inbound***

Inbound covers all aspects of the ground tour management such as hotel bookings, meet and greet services, event planning, meetings and appointments, airline bookings, car, rail, private air charter and coach bookings, excursion planning, conference management etc. We operate a range of group and individual tours to destinations throughout the Indian subcontinent for tour operators across the world. We carry out the entire destination management activities for all tours for destinations in Indian Sub-continent originated from our subsidiaries viz. Cox & Kings Limited UK and Cox & Kings (Japan) Limited, on an exclusive basis. We are known as a renowned travel brand and a tour specialist for Indian subcontinent in the overseas market and we have also been quoted as one of the top ten premium tour operators by “Conde Nast Traveller”. We also provide specialised services to foreign participants visiting India for international meetings, conferences, ad hoc incentives and exhibitions and cater to domestic conferences and corporate incentives as well. Additionally we provide ground related services to international cruise companies touching Indian shores with a provision for shore excursions.

Our global presence through our subsidiaries, branch offices and representative office helps us source significant inbound business. Our representatives make presentations to local tour operators / agents in different geographies, primarily selling India as a preferred destination. If the agent / tour operator is interested in our products and requests for a proposal, they are directed to us by the representative and our staff in India gets in touch with them with our product offerings and takes it forward towards deal closure. Currently we have five representative offices across the globe.

#### **■ *Outbound***

According to the Department of Tourism, the number of outbound travellers from India grew by 15% to 7.2 million in 2005. This was almost twice the number of arrivals witnessed by the country. A booming economy, real GDP growth revised upwards to 9.4 per cent [during 2006-07 by Central Statistical Organisation], rising disposable incomes, higher aspirations, air travel being more affordable and better products are some of the drivers of this growth.

We design and market escorted tours to cosmopolitan travellers across India through our flagship brands “Duniya Dekho” and “Flexihols”. “Duniya Dekho” is aimed at targeted the "value for money" traveller while “Flexihols” is targeted at the more discerning Free Individual Traveller. It is a concept in holidaying where the traveller enjoys all the comforts and convenience of a planned holiday but at a pace & price that is set by him. We design our own products under exclusive arrangements with direct suppliers and local agents across the globe. We also provide various services related to conference organizing, meetings, exhibitions, trade fairs for corporate and individual travellers. Outbound is basically serviced through our offices in India and our network of GSA/ PSA agents across in India. A client chooses a specific tour from the array of choices offered to suit his budget and preferences.

We also represent and retail many international third party products including Cosmos, Rail Europe, Silversea Cruises, Star Cruise, and Escorted Tours to USA etc.

#### ■ *Domestic*

According to the Department of tourism, the domestic tourism saw a movement of over 380 million Indians. These domestic travellers sustain the travel and tourism business within India. Domestic business travel and visiting family/friends, as well as pilgrimages contributes to the growth in number of trips within the country. We address this segment of the business through products marketed under the brand ‘Bharat Deko’. We have created a very effective agency network to promote holidays that are particular to this market.

Within “Bharat Deko” one could choose from religious pilgrimage tours, weekend breaks, activity holidays, spa holidays, budget holidays, summer and beach retreats, train vacations, coaching and touring holidays brochures on all products. Our renewed focus on this segment is backed by our proposed increase in branch offices, shops, franchisees and increase in the PSA / GSA agents that shall increase our geographical reach and help us expand our customer base.

Under Domestic Leisure, we provide various services related to conference organizing, meetings, exhibitions, for people coming to India and also destination management services for Group Travellers, free individual travellers. These are detailed separately under the section “Our Products” given below.

### **OUR PRODUCTS**

We serve our customers across the segments of Inbound, Outbound and Domestic, through our products - MICE, Group Tours and FITs.

#### **Meetings, Incentives, Conferences and Exhibitions (MICE)**

Leisure travel is increasingly being used as an incentive tool by many organizations to convey appreciation for recognizing achievers. It has the dual benefits for providing a holiday that enables the executive to unwind and recharge and serves as a reward for excellence that inspires the team. Our incentive division works closely with the client to tailor make a program best suited to his needs and budgets. These individual programs being created are unique in nature normally provide us a client with a long term relationship. The incentive division amongst other services assists in selection of a destination, providing a choice of airlines using the most economical route and complete logistic support on ground. Such programs are organized within India for foreign clients or domestic clients or overseas for a domestic client.

We cater to all aspects of conference organizing, business meetings, event management, seminars, exhibitions, product launches and incentives. Every event is designed to meet specific requirements right from the pre event preparations, during the event itself and through to post event settlements. Our expertise in this segment with extensive planning and considerable research ensures our customers have the most comprehensive travel experience. We have managed and organized conference events for several multi national corporations in the past undertaking the gamut of activities involved therein. We provide these services in the capacity of “Official Travel Agents”, “Exclusive Agent”, “Professional Conference Organizer”, “Conference Associates Partners”, or “Exhibition Organisers” as the case may be. This broadly include assistance provided in bidding for the conference, budgeting, planning and promotion, logistics management during

the conference and post conference correspondence. We have been part of a prestigious event like 12<sup>th</sup> World Water Congress & Expo (IWRA).

With advanced technology and facilities, warm hospitality, personalized services coupled with immense natural beauty and rich cultural heritage, India is fast emerging as a preferred destination in MICE tourism segment. We have been constantly introducing innovative events and suggestions to make every conference eventful and memorable like Elephant polo matches, Gala dinners in fairy tale castles, and steam train journeys in princely carriages amongst others.

#### ➤ **Group Tours**

We operate Group Tours in all our divisions i.e. Inbound, Outbound and Domestic. Each tour is different in the number of days and destinations. All the tours are pre planned i.e. the dates of departures and arrivals are fixed in advance for all the tours. Inbound group tours are operated by us for over 65 tour operators worldwide, wherein we organize for accommodation, air travel, coach, car, guides and excursions for foreign tourists traveling in groups from the size of 15 persons to 45 people on a pre-booked itinerary.

We are the exclusive ground handler for Group Tours originating from Cox & Kings Limited UK and Cox & Kings (Japan) Limited. At times, we assist the tour operator in making the itinerary. Many times the tours are totally different from our domestic tours and the destinations are different from what is generally preferred by the general client. We believe we have been fairly successful in catering to these varied demand arising from our clients outside India. Some of these different tours handled by us are theme led tours like Wild flower tours, Gardens & Natural History.

Our Outbound Group Tours are offered and sold under the brand name “Duniya Dekho”. We have arrangements with ground handlers in the destination countries that our Groups visit. We have incorporated our own subsidiaries in some of the countries where our group tours are organized. We handle domestic group tours under our domestic branded product “Bharat Deko”. We also handle incoming charters which come primarily from the Russian market.

We also organize group tours for a trade fair in countries outside India. Trade Fairs for different industries are organized all round the year at different places and we take participants in such trade fairs with a customised itinerary for their entire schedule.

#### ➤ **Free Individual Travellers (FITs)**

Under FITs we provide customized holidays which have flexibility and are designed to suit the customer needs unlike group tours which are standard in nature. We believe this product though complex has good demand and requires better planning and execution to meet individual needs. These tours are generally booked by people who prefer to travel alone. To illustrate, the itinerary of a holiday taken by two individuals could be totally different from each other though the destination may be same. We have experience in handling complex requests associated with FITs and have a unique internet program that allows and facilitates complex itinerary planning and booking capability. We have an intensive training program for our staff to enable them to sell complex holidays with efficiency..

Two of our products i.e. “Bharat deko” and “FlexiHols” cater to domestic and international FITs respectively with customized plans for holidays. The Holidays are designed as per the requirements of the customer who decides all individual components of the travel package, which, among other things, would include the length of the holiday, type of accommodation and mode of traveling. It is a concept in holidaying where the traveller enjoys all the comforts and convenience of a planned holiday but at a pace and price that is set by him. Normally families who want to enjoy their travel without any strings attached in their schedule and also without a group people prefer to travel as FITs as it gives them the flexibility to arrange their own tour. This facilitates the customer to chose his airline, accommodation, logistics and flexibility to spend as time as per his desire.

#### ➤ **Non-Resident Indians (“NRI”)**

To cater to up market NRIs we have specially designed high quality products for them, wherein we provide them with an upgraded service to suit their mindset. We have setup an office in New York to specially cater to this market segment which is a rapidly growing area of business for us. In order to tap this segment, we have entered into key markets across the globe by appointing PSAs in North America, U.K. Middle East, Singapore which continue to be the largest source market for the NRI traffic.

In Africa, the business has been expanded to the expatriate community with the appointment of GSA in Kenya and Tanzania which has a sizable Indian population. We also have GSA representation in Canada and UK. There is a significant number of NRIs and PIO in Dubai and Middle East, which makes it an important market for us. To service this high growth market, we have incorporated our own subsidiary in Dubai on February 07, 2007. This compliments our existing GSA network spread across gulf countries i.e, Muscat, Kuwait, Bahrain and Doha.

Along with providing better service and products to the NRIs, we also provide special care and motivation to the PSAs and GSAs who help bring the business to us. For example, we have, in the past, arranged familiarization trip to places where we conduct our tours for key staff of the travel agents from different countries to places and countries that we offer in our products to enable them to have a real feel of the product that we sell.

### ***Corporate Travel***

***We believe that corporate travel is a large part of our business which enhances our image and cross sells our leisure product to our business clients.***

We are specially focused on business travellers to take care of their travel requirements. We have a team of dedicated relationship managers that offer customized solutions for corporate clients. It is our endeavor to optimize the corporate travel budget. The complexity of travel services has led business houses to entrust travel companies with all their travel plans, rather than allow individuals to make their own arrangements. The Corporate Travel market is going through a gradual shift away from the traditional travel agency mode to the total travel management concept.

We derive significant revenues from servicing the corporate clients and believe that the growth in this segment is essentially due to quality of service that we give to these clients.

We have systems and processes in place to make urgent and quick bookings for international and domestic flights, hotels, visas, foreign exchange, travel insurance, car rentals.

Corporate Travel involves low marketing cost and provides scale to the operations and hence the buying power and a sense of predictability to the business. We believe our brand recall is very high amongst all business houses.

Some of our major clients include Scope International, Hutch, Neilsoft, Sony, Lanxess, HDFC Bank, ICI, Tata Sky, Star TV, Pantaloon, Hyundai Motors. Our strong IT Platform is geared to scale up the operations without any additional cost and time.

We are associated with Radius Inc., a US based global travel company. Radius grants membership on an exclusive basis with reference to geographical territory. Radius is an association of several leading travel houses across the world, who are selected from each geographical location. Through Radius, we have access to all business into India originating through other radius partners outside India. It works on a referral basis i.e. if any foreign tour operator has a client who wants certain travel related services in India, then as an Indian partner of Radius, we would be referred by that foreign tour operator to his client. On the international map, we have our presence through our own offices, subsidiaries as well as which Radius partners in more than 80 prominent countries worldwide. We are shareholders in Radius Inc. and also have our Director, Mr. Pesi Patel on the Board of Radius Inc.

### ***Forex Management***

We are amongst the leading retail forex dealers in the country. We were granted Full Fledged Money Changer (“FFMC”) license by the RBI in 1996. Subsequently, RBI introduced a new concept, of Authorised Dealer - Category II and commenced licensing certain select FFMC's as Authorised Dealer -Category II based on their networth, Know Your Customer Norms and implementation of Anti Money Laundering policies. We were one of the first travel companies to be granted the license as the Authorised Dealer - Category II under the new licensing regime.

The enhancement of status from FFMC to Authorised Dealer Category II opened a wide spectrum of activities which we can undertake, foremost among them is the ability to transact outward remittance requirements. The remittances or other exchange facilities for students pursuing studies abroad, medical treatment overseas, migrant travellers, salary and wages to crews on ships visiting in India, subscriptions for overseas publications, seminars, organizations membership are some of

the new businesses which we can undertake in addition to providing foreign exchange service to Leisure Travellers & Business Travellers.

We have identified innovative means of sourcing and selling forex in order to generate higher margins on the forex business. Empanelment with MNC's as well as nationalised banks has opened a new avenue of business for us. As a part of foray into bulk forex dealing segment, we have approached various banks for empanelment, and thereby carry out bulk purchase activities and increase our volumes and business. Our foreign exchange dealing business has enabled us to have a larger share of the travel budget of the travellers. We are therefore capable of providing one-stop services to its clients with respect to their travel requirements.

We are amongst the top Sellers of American Express, consistently increasing the sale of American Express Travellers Cheques in India year on year over the past couple of years. Additionally we are also one of the top performers in promoting new products like foreign currency prepaid cards. Cox & Kings sells cards issued by Axis Bank (Travel Currency Card) which is available in USD, EUR, GBP, AUD, CAD, SGD, CHF and SEK. WMTC is a prepaid PIN-protected Forex debit card that can be used for Cash withdrawal from Visa ATMs as well as for purchases at identified point of sale machines at merchant establishments. Vide these Forex Card, the traveller is not required to encash this card with any moneychanger abroad for purchases and can directly pay for purchases to the vendor. In case the traveller runs out of balance, he can get the card reloaded while he is still out of India, subject to regulatory limits.

### ***Travel Insurance***

Travel insurance has gained significant importance in recent times. Having realized the potential we also offer travel insurance which covers various products like medical, baggage, lost documentation (passport, etc.), trip cancellation, etc. Travel insurance is an important part of any tour undertaken by a client as medical insurance has been made a pre requisite for entering into their territories by many countries. Thus any outbound client has to take the insurance for travelling abroad. Travel insurance product is sold by all the divisions of the company. We sell this insurance directly to the client as a part of our tour. We also sell it to individuals who require it for travelling abroad independently. Such individuals would generally include students going abroad for further studies, people going for business purposes, etc

### **TECHNOLOGY INITIATIVES**

We deploy one of the most efficient information technology platform in the Indian Travel Industry. We have developed totally integrated front, mid and back end solutions. We have developed and implemented a comprehensive central reservation engine for Travel Products & Services. It is a Web Enabled Centralized dynamic packaging system, covering all travel related services – Air tickets, Hotel reservations, Car rentals, Cruises, Rail bookings, Insurance, Package Tours & Holidays that enables individuals, companies and agents / franchisees to book all areas of the business to include all products & services on a real time basis.

Our Business partners and clients can make reservations of flights, excursions, transfers, hotels and other services online. This solution is accessible worldwide. This application can be used as a B2B & B2C solution and can provide a backbone to the Global Distribution System (GDS) System as they evolve into package providers. All B2B Clients can also enter their negotiated fares into the 'Fare Engine' constructed specifically to suit the needs of our franchisees, agents & corporate clients.

Using the best data-management software such as Oracle ERP, we have integrated our existing computer reservation systems (CRS) with our mid and back office. The above applications are deployed over a dedicated and secure WAN environment with servers located at Internet Data Center. All the servers are secure with Firewalls installed at the Internet Data Centre as well at all the offices. We have also Disaster Management and Recovery solutions and scheduled backups to protect data in case of exigencies and ensure continuity of Business of the company.

The open technology adopted is flexible enough to Interface into any of the other applications used by corporates, franchisees or suppliers to offer end to end integration solutions.

The system is a modular one and can be used by an agency in its entirety or agencies can pick and choose components that are related to their business segments thereby utilizing only the relevant components of the system.

## **Business of the operating subsidiaries of the Company**

### **ETN Services Limited**

ETN is one of the fastest growing inbound travel wholesalers in Europe. ETN services inbound travel for destinations across Europe and its clients are mainly sourced from India, Taiwan, Germany and South Korea. It provides ground handling services for inbound tours in the Europe.

The key services offered by ETN across Europe includes hotels, transportation, tour escorts and specialist guides, restaurants and tickets for special events, monuments etc.

### **Cox & Kings Travel Limited UK**

Cox & Kings Travel Limited UK is an outbound specialist tour operator and caters to only the leisure travel market. It concentrates on the up-market end of the business. It is considered a specialist tour operator which also operates tours around the world like India, Far East, Latin America, Africa, Middle East etc. Although the business was started as a one-country product (India), the rapid growth over the past three years has been fueled by its increasing portfolio of specialist programmes. The tours are sold via brochures and such brochures are generally of two types: Destination led packages; and Interest led packages. The John Lewis Partnership is one of the UK's top ten retail businesses with 25 John Lewis department stores and 183 Waitrose supermarkets. It has launched a new direct services company named Greenbee, providing home and travel insurance, theatre tickets and travel services. Greenbee is targeting to become the destination shop for travellers in 2008. Greenbee has signed up with Cox & Kings, to provide an exclusive range of planned group tours and bespoke travel itineraries

### **Cox & Kings Japan**

Cox & Kings Japan has a tour operator class license from the Government of Japan. This license enables it to sell travel products to the public, but more importantly to the wholesalers in Japan who control the market. It has official relationships with JTB Corporation, Japan Airlines, All Nippon Airways Company Limited, Hokkai Snow Limited, Nova Tourist Bureau Company Limited etc which enables these companies to use their services as a B2B relationship. There are very few companies who have this trading relationship and this is a major barrier to enter the Japanese market. Cox & Kings Japan, generates revenues principally from packaging holidays for the public, the major wholesaler and societies. It controls its quality and margins by having its own offices in Maldives and New Caledonia and through the ground handling activities of the Company for its Indian clients. This gives it a major advantage in contracting and service delivery.

### **Cox & Kings Tours LLC, Dubai**

Cox & Kings Tours LLC, Dubai's objective is to tap UAE's outbound leisure travel market. Cox & Kings Tours LLC, Dubai serves Expatriates and UAE Nationals for leisure travel across the world. Another focus is in providing exclusive group tours which will cater to the needs of the Indian Expatriates in the region.

In the first 6 months of its operation in Dubai, Cox & Kings Tours LLC, Dubai has already launched many innovative tour programs for the travellers from UAE. Cox & Kings Tours LLC, Dubai has plans to start its inbound tours services to Dubai. It's main focus will remain to be the leader in leisure travel segments both outbound and inbound. Another focus area would be to target the corporate incentive travel, which is growing at a fast pace.

### **Distribution Channel for our Products**

Currently we use the following distribution channels for better visibility and sale of our products. We have our own branch offices in India. We have marketing representative offices in 5 locations across the globe. We also have a strong agency network of GSA/ PSAs within India and world wide, which sells its products either exclusively or with other travel products. It sells through advertising with TV and through print media and dedicated readers offer. We were amongst the first travel Company in India to start a unique marketing initiative called Travel Club. This was done to create awareness of new destinations. Travel Club was a co-branded travel section appearing in major newspapers in India.

#### **1. Our Branch Offices**



Currently we have offices in 12 locations within India and two offices outside India. These branch offices operate as our Travel Shop as well as back office for transactions taking place in that part. These offices give us a pan India presence. As a part of our growth strategy, we plan to open more dedicated shops and pursue the franchisee route to gain depth of reach within India. We believe that these shops are very important for our overall growth as this is an interface between the customers and the company which ensures timely service and prompt grievance redressal.

## 2. Franchisee

We have developed a franchisee model wherein the franchisee is labeled as a “Cox & Kings” shop and is a “One Stop Travel Shop”. The franchisee provides and sells all travel related products and services like leisure holidays, ticketing, foreign exchange and insurance, hotel booking, car rentals, third party products like cruises, eurail, etc. and visa and documentation. We provide the staff of the franchisee with assistance and training to sell our branded products. We also provide the franchisee with guidance relating to the management, finance, promotion and methods of operation to be employed in connection with the system. We will support the franchisee with advertising, promotions and other programs with a view to develop the business.

## 3. Agents

We have a network of GSA/PSA spread all over India. We also have extensive network of representatives and GSA/PSA across the world. This network of agents and representatives allows us to cater to demand in travel markets where we don't have our own offices. Our representatives have in depth knowledge of the local market they operate in and we periodically update them in regards to our services and product offerings. Our PSA / GSA network within India sources business for us for our outbound tours and Domestic tours. Through our PSA / GSA and Representatives outside India, we cater primarily to the Inbound travellers coming through them including NRI's and PIO.

A revenue sharing model along with incentives is in place for these GSA/PSA representatives.

## 4. Internet Sales

We have recently launched websites [www.coxandkingsinbound.com](http://www.coxandkingsinbound.com) and [www.coxandkingsnri.com](http://www.coxandkingsnri.com) in addition to our existing website [www.coxandkings.com](http://www.coxandkings.com). These user friendly web sites offer our products on real time basis. We believe that with the number of internet users increasing, the web platform will help the company to capture additional market of those travellers who prefer to do their travel purchase online. The website will be a complete travel solution offering a user the choice to purchase any item from an airline ticket to a complete tour package. The website will also offer a user the choice to purchase any combination of product. We believe that application of such state of the art web technology will allow us to capture a whole new client base.

## Human Resource

Our management team includes some of the most experienced managers in the travel and leisure industry. Most of our senior management have substantial experience in their respective domain areas and have been instrumental in the growth of our organization. We believe that our management team is well placed to provide strategic leadership and direction to explore new emerging opportunity in these sectors as well as constantly improve our current operations. We have witnessed low attrition of key management personnel and have also recruited several professionals with a combination of domain expertise in critical areas and innovative thinking for all areas and services to our organisation. We believe that these attributes of our staff provides us with a significant competitive edge.

The brief details of the permanent employees of the Company as on January 15, 2008 are as follows:

Country	No of Staff	Distribution
India	929	84.69
U. K.	106	9.66
Japan	54	4.92
Dubai	8	0.73
<b>Total</b>	<b>1097</b>	<b>100.00</b>

## **Competition**

Unlike mature markets of the world which are organized with deeper penetration the Indian travel market is highly fragmented and there is a potential for major penetration in retail market. Our competitors may / may not offer all services and products that we do and their product portfolio may not be directly comparable but we may face competition.

## **Past Awards and Recognition**

1. Government of India's National Tourism Award for Conferences, for seven years. 1995-96, 1998-99, 1999-2000, 2000-01, 2001-02, 2002-03 and 2003-04
2. National Tourism Award for the best Domestic Operator since the three years. 2003-04, 2004-05 and 2005-06.
3. Best Outbound Tour Operator in 2002 - 03 at the Galileo Express Awards.
4. Best Domestic Tour Operator award, for three years in a row at the Galileo Express Awards for the years 2003-04, 2004-05 and 2005-06.
5. In 2005-06 it also won the award for the Best Technology Programme in the travel industry at the Galileo Express Awards.
6. CNBC Awaaz Travel Award for Most Preferred Tour Operator in 2007.
7. Best Domestic Tour Operator at Abacus-TAFI Awards Nite in 2007
8. Best Outbound Tour Operator Award at Abacus-TAFI Awards Nite in 2007

## **Properties**

We have taken a plot of land on lease at Greater NOIDA from the Greater New Okhla Industrial Development Authority. The Greater New Okhla Industrial Development Authority has issued a notice terminating the lease. We are contesting the termination in the Allahabad High Court. For details on this litigation see "Outstanding Litigation and Material Developments" on page 262 of the Draft Red Herring Prospectus.

We are in possession of tenanted premises at Carnac Bunder, Mumbai. The owners of the premise have issued us a notice to us asking for vacating the premises and have filed a suit with the Small Causes Court at Mumbai. For more details on this litigation see "Outstanding Litigation and Material Developments" on page 262 of the Draft Red Herring Prospectus.

Our registered office at Mumbai and all the branch offices within and outside India are either taken on lease or on leave and license basis. We are required to regularly renew the lease or lease and license arrangement with the owners to peacefully enjoy the property.

We also own residential flats at Mumbai and Bangalore. These flats are primarily used for staff accommodation.

## **Insurance**

We have taken an indemnification policy as per the requirement of IATA.

We have taken a group accidental policy covering 10,000 passengers covering accidental death and permanent total disablement. We have also taken professional liability policy towards inbound tourists. We also have in place a professional liability insurance for loss or damage due to any error, neglect actual or alleged in conducting tour services with overseas tour operators.

We have a comprehensive office package policy for any loss suffered by us in our business that we do due to the dishonesty / fraud committed by our employees. We also have a office protector policy to protect our offices form natural disasters, fire, burglary, machinery breakdown etc. We also have money policy for loss of money including forex in transit, form lockers of the Company and personal money, personal effect of employees lost or damaged in the course of the business

hours. We have a group mediclaim policy for our employees as and their dependents. We also have a personal accident policy for our employees.

### **Details of Intellectual Property**

We currently own 40 trademarks of our branded products and offerings that we offer under brand name. These trademarks are registered for a period of 10 years from the date of application. For certain marks we have acquired multiple trademarks under different classes.

In addition to this we have made application for registration of 20 trademarks with the Registrar of Trademark, Mumbai, under various combinations and classes, which are currently pending registration. For more details on these trademarks kindly see the section “Government and Other Approvals” beginning on page 315 of the Draft Red Herring Prospectus.

## REGULATIONS AND POLICIES

The legal framework governing the travel and tourism industry and the provision of related services and products are detailed below:

### **FOREIGN EXCHANGE MANAGEMENT ACT, 1999 (“FEMA”)**

The Company is an Authorized Dealer- Category II (“Authorized Dealer”) under Section 10 of the Foreign Exchange Management Act, 1999. All transactions for sale / purchase of Exchange need to be undertaken within limits prescribed by RBI for each transaction as well as annual limits defined for each individual. The client has to produce certain documents / declarations which vary according to purpose for which exchange is availed. RBI also prescribes different registers carrying details of various transactions undertaken to be maintained by company and also the monthly/annual returns to be filed, concurrent audit systems.

Contravention of the RBI directives or a failure to furnish the prescribed returns can result in the imposition of fine under Section 11(3) of the Act. Any person who was in the charge of, or was responsible to the Company for the conduct of its business is liable to be punished except if it is proven that the contravention took place without his knowledge and provided that he had exercised due diligence.

**The following are various rules, regulations and policies under the FEMA issued by the Central Government that are applicable to the Company:**

#### **Foreign Exchange Management (Possession and Retention of Foreign Currency) Regulations, 2000**

This regulation follows on the regulation on realization and repatriation of foreign exchange under Sections 9 ((a) to (e)) of the Foreign Exchange Management Act, 1999. Under Regulation 3(i) of this regulation, an authorized person may possess foreign currency and coins without any limit within the scope of their authority.

#### **Master Circular for Remittance Facilities for Non- Resident Indians/Persons of Indian Origin/Foreign nationals (Master Circular No./04/2007-08, dated July 2, 2007) issued by Foreign Exchange Department, RBI.**

This Master Circular was issued with a sunset clause and would stand withdrawn on 1 July, 2008 and be replaced by an updated Master Circular on the subject

An Authorized Dealer- Category II, among other activities, is permitted to make arrangements for education abroad. This Master Circular provides for certain facilities for students. Students going abroad for education are treated as Non-Resident Indians (“NRIs”) and are eligible for all the facilities available to NRIs under the Foreign Exchange Management Act, 1999. As NRIs, such students can receive remittance from India (i) up to US\$ 100,000 from close relatives in India on self declaration towards maintenance, which would include remittance towards their education also and (ii) up to USD 1 million out of sale proceeds of assets / balances in their account maintained with an Authorized Dealer Bank in India. Educational and other loans availed by the students going abroad as residents in India will continue to be available as per Foreign Exchange Management Act, 1999.

#### **Master Circular – Miscellaneous Remittances From India – Facilities for Residents (Master Circular NO./05/2007-08, dated July 2, 2007) issued By Foreign Exchange Department, RBI**

This Master Circular was issued with a sunset clause and would stand withdrawn on July 1, 2008 and be replaced by an updated Master Circular on the subject. The Master Circular states that the “drawal” of foreign exchange includes the use of International Credit Cards, ATM Cards and International Debit Cards etc.

The Master Circular provides that the RBI shall grant licenses to certain entities as Authorized Dealers- Category II to undertake non trade current account transactions in addition to what Full Fledged Money Changers (“FFMCs”) were permitted. The circular also specifically provides for the non-trade current accounts transactions for which Authorized Dealers- Category II are authorized to release / remit foreign exchange. The circular provides that foreign exchange may be sold within the period of validity stated in the approval and the details of the sale shall be endorsed where the approvals are granted by the RBI/ Government of India. Authorized dealers may release foreign exchange for travel and private purposes

on the basis of a declaration given by the traveller regarding the amount of foreign exchange availed during a calendar year. The traveller should sign cheques in the presence of an authorized official in case of issue of traveller's cheques and the purchaser's acknowledgement for receipt of the travellers' cheques should be held on record. This circular also specifies the limit up to which the foreign exchange, sold to a traveller, should be in the form of foreign currency notes and coins. The authorized dealers should retain documents relating to the sale of foreign exchange for a period of one year. When remittance is allowed on the basis of self-declaration, the responsibility of furnishing the correct details in the application shall remain with the applicant who has certified the details for the purpose of such remittance.

An authorized dealer may release foreign exchange up to US\$ 100,000 on the basis of self declaration of the applicant to enable residents to avail of foreign exchange for medical treatment abroad. An estimate from the doctor in India/abroad or hospital abroad is to be submitted with authorized dealers for amount exceeding this limit.

An authorized dealer can release foreign exchange for private visits to a person for travel outside India for any purposes upto the specified limit. The unspent foreign exchange brought back to India should be surrendered within 180 days from the date of receipt / realisation / purchase / acquisition /date of return of the traveller, as the case may be. Authorized Dealers may remit foreign exchange at the request of a agent towards the hotel accommodation or tour arrangements of a traveller but the remittance should be out of the foreign exchange purchased by the traveller from an authorized person. Authorized dealers may open foreign currency accounts in the name of agents in India who have arrangements with hotels/ agents abroad. An authorized dealer may allow tour operators to remit cost of rail / road / water transportation without the prior approval of Reserve Bank of India. In case of consolidated tours of foreign tourists to the neighbouring countries, a part of the foreign exchange may be remitted for expenses to these neighbouring countries but the remittance should not be more than what originally came to India and the beneficiary country should not be Pakistan. Authorized Dealers may accept payment in cash up to Rs. 50,000 against sale of foreign exchange. Any amount exceeding that should be received only by crossed cheques / Demand Draft / Pay Order. The Reserve Bank of India will not specify the document which should be verified by the authorized dealer. An authorised person shall require any person wanting to transact in foreign exchange to make such a declaration and to give such information as will reasonably satisfy him that the transaction will not involve and is not designed for the purpose of any contravention or evasion of the provisions of the FEMA or any rule, regulation, notification, direction or order issued thereunder.

An authorized dealer may release foreign exchange up to US\$ 100,000 on the basis of self declaration for education, medical treatment, employment etc.

This circular also details the documents required for examination and regulations regarding the issuance of International Credit/ Debit cards, details of income tax clearances etc.

## **AMC – MEMORANDUM OF INSTRUCTIONS TO AUTHORISED MONEY CHANGERS (“AMCs”)**

### **AP (DIR SERIES) (2002-2003) Circular No. 43 dated 12 November, 2002**

This memorandum of instructions by the RBI is in relation to the procedure to be followed by all authorized money changers. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 applicable to Authorized Money Changer licensed by the Reserve Bank of India under Section 10 of the Foreign Exchange Management Act, 1999.

AMCs / franchisees may freely purchase foreign currency notes, coins and travellers cheques. The Currency Declaration Form should be produced where foreign currency was brought by such declaration.

AMCs can sell Indian Rupees to foreign tourists against International Credit Cards and shall promptly reimburse the same. AMCs should issue certificate of encashment when demanded and maintain proper records. The customers should be notified, where it is not provided, that unspent local currency held by non-residents will only be converted on the production of valid encashment certificate. AMCs can purchase foreign currency from other AMCs but the payment should be by crossed cheques / demand draft. AMCs may sell foreign exchange to resident Indian citizens for taking private visits abroad but on the basis of the declaration given by the traveller. AMCs may sell foreign exchange to travellers for business travel, conference etc. The sale of foreign exchange should only be made on personal application and identification of traveller. Any payment in excess of Rs. 50,000 should be received only by crossed cheques/demand drafts. AMCs should display the rates of exchange at a prominent place. AMCs can obtain their normal business requirement of foreign currency from other AMCs. If required, AMCs should seek the RBI's permission to import foreign exchange into India. AMCs may export excess foreign currency to an overseas bank or private money changer through an authorized dealer. In the event that the foreign currency obtained are fake or forged ones, the AMC may write off up to US\$ 2000 p.a. after the approval of their

top management and after exhausting all other available options for recovery of the amount and with the approval of the regional branch of the RBI. Full Fledged Money Changers (“FFMCs”) should submit to the RBI consolidated statement in Form FLM 8 and the same should be done by Restricted Money Changers (“RMCs”) in Form RLM 3. AMC’s should submit to the RBI details of transactions above USD 10,000 within the tenth calendar day of each month. Under Section 12(1) of the Foreign Exchange Management Act, 1999, any officer of the RBI may inspect books of account and other documents of AMC’s. AMC’s should have a Concurrent Audit of the transactions undertaken by them. AMC’s should apply for the renewal of license at least 3 months in advance of expiry of the license. If the AMC’s want to provide money changing facility at some location other than one given in the license, special permission of the RBI is required. RBI may revoke the license granted if it is in public interest or if the terms of the license have not been fulfilled.

**SCHEME FOR AUTHORISED DEALERS AND FFMCs APPOINTING AGENTS/FRANCHISEES FOR UNDERTAKING RESTRICTED MONEY CHANGING UNDER FEMA, 1999**

The Scheme is for provision of easier conversion facilities for travellers and tourists, including NRIs by enlarging the network of money changing facilities in the country. Under this scheme, RBI permits ADs and FFMCs to enter into agency/franchisee agreements with entities for the purpose of carrying on Restricted Money Changing business i.e. conversion of foreign currency notes, coins or travellers’ cheques into rupees.

The franchisor would need to apply to the RBI in Form FMC-F. The application should be accompanied by a declaration of due diligence on the franchisee. Approval will be granted by the RBI on a one time basis and thereafter new franchisee agreements will be reported on a post facto basis. The tenor of the arrangement is left to the franchisor and the display of exchange rates by the franchisee, the surrender of collection to franchisor within 7 days, maintenance of proper records and on- site inspection by franchisor should be observed.

**Service Tax applicable to the travel and tourism industry**

Our Company is primarily engaged in the business of organized tours & travels and foreign exchange transactions. The principle services offered by the Company are destination management, inbound and outbound tourism & travel, business travel and arrangements, domestic holidays, foreign exchange, insurance etc. Section 65 of the Finance Act, 1994 provides a list of services to be taxed under Clause 105. The Company is liable to pay service tax on certain services listed below:

<b>Description of Service</b>	<b>Relevant clause of section 65 of the finance act, 1994.</b>
Air Travel Agent	L
Tour Operator	N
Rail Travel Agent	ZZ
Business Auxiliary	ZZB
Travel Agent (other than air & rail)	ZZX

**Section 65 Clause (L)**

AIR TRAVEL AGENT services taxable effective from 1 July, 2003

Service Provider: Any Person

Service Recipient: Customer

Rate of Service tax:

Domestic Sale: 0.618%

International Sale: 1.236%

Scope of Taxable Service:

Any service provided in relation to booking of passage for air journey. Service tax is chargeable on payment of commission made by the Airlines to Air Travel Agents.

Value of taxable service:

The gross amount charged by the service provider for such service rendered by him and includes the commission received by the air travel agent from the airline but does not include, the airfare collected by air travel agent in respect of service provided by him. However for ease of calculation the travel agents have been given an option to calculate service tax at above rates on the basic fare charged for the air travel.

**Section 65 clause (N)**

TOUR OPERATOR services taxable effective from 1 April, 2000

Service Provider : Person

Service Recipient : Person

Rate of Service Tax:

3.09% (after claiming 75% abatement)

4.94% (after claiming 60% abatement)

1.24% (after claiming 90% abatement in case of hotel booking only)

Scope of taxable service:

Services provided to any person by a tour operator in relation to a tour (a journey from one place to another irrespective of distance between these places) by road, rail or sea, i.e. any mode of transport. Tour operator is defined as a person engaged in the business of planning, scheduling, organizing, or arranging tours (including arrangements for accommodation, sight seeing or other similar services by any mode of transport) and also include any person engaged in the business of operating tours in a tourist vehicle covered by the permit granted under the Motor Vehicles Act, 1988. The services are not restricted to tour or travel plans only but includes other incidental arrangements like sight seeing, boating, or joy rides, etc. and package tours comprising of transportation facilities, accommodation, food, etc. as well as non-package tours.

However, service tax is not applicable to out bound tours vide Trade Notice No. 1/2000 dated 27 April, 2000 wherein the department has clarified that Service Tax on services rendered by tour operators is only on services rendered in India in relation to a tour within the Indian territory. Services rendered by tour operators in relation to outbound tourism i.e., for tours abroad, do not attract service tax. In case of composite tours which combines tours within India and outside India, service tax can be levied only on services rendered for tours within India provided separate billing has been done by the tour operators for services provided in respect of tours within India.

Value of Taxable services:

The gross amount charged by the service provider for such service rendered by him. Tour operators (other than service in relation to a package tour) are exempted from the amount of service tax that can be levied on such operator that is in excess of the amount of service tax calculated on forty per cent of the gross amount charged from any person by such operator (for the services provided in relation to a tour) and the bill issued for this purpose indicates that the amount charged in the bill is the gross amount charged for such a tour. (Notification No. 39/97 ST).

**Section 65 Clause (ZZ)**

Rail Travel Agent services taxable effective from 16 August, 2002

Service Provider: Person

Service Recipient : Customer

Rate of Service: 12.36%

Scope of Taxable Service:

Travel agents, whether authorized or registered by railways or not, providing services for booking of ticket for passage for travel by rail. Charges for cancellation of tickets. (F No. BII/1/2002)

Value of Taxable services:

The commission/fee charged by travel agent from the customer.

**Section 65 Clause (ZZB)**

Business auxiliary services taxable effective from 1 July, 2003

Service Provider : commercial Concern

Service Recipient : Client

Rate of Service: 12.36%

Scope of Taxable Service :

All services specified in sub-clause (i) to (vi) of Section 65(19) like promotion, marketing, procurement, production, processing of goods or services; customer care service, provision of services on behalf of client; a service incidental or auxiliary to any activity specified in sub clauses (i) to (vi), such as billing, issue or collection or recovery of cheques,

payments, maintenance of accounts & remittance, inventory management, evaluation or development of prospective customer or vendor, public relation services, management or supervision and includes service as commission agent but does not include any information technology service and any activity that amounts to manufacture within the meaning of clause (f) of section 2 of the Central Excise Act, 1944.

Value of taxable service:

The value of taxable services in relation to business auxiliary services provided by a commercial concern to a client shall be the gross amount charged from the client in relation to the business auxiliary service (section 67)

Section 65 Clause (ZZX)

Travel agent services (other than air & rail) taxable effective from 10 September, 2004

Service Provider: Travel Agent

Service Recipient: Customer

Rate of Service: 12.36%

Scope of taxable service:

Any service provided to a customer by a travel agent in relation to booking of passage or travel.

Value of taxable service:

The commission/fee charged by travel agent from the customer.

## **ANTI MONEY LAUNDERING**

### **Prevention of Money Laundering Act, 2002**

All persons who directly or indirectly indulge in or knowingly assists or is a party or is involved in any process or activity related to the proceeds of crime and projecting it as untainted property shall be guilty of the offence of money laundering. Such persons shall be liable for imprisonment and their property liable for attachment. All financial institution shall maintain records of transactions, the nature and value, note whether they are a single transaction or a series of them, furnish such information to the authorities as and when required and verify and maintain the identity of all clients, in the prescribed manner. The authorities are empowered to enter and examine all relevant documents of a company, seize any record or property found as a result of such search and retain such property or records for the purposes of the adjudication of the matter for a period of three months subject to any order to the contrary by the adjudicating authority constituted under the Act.

### **Anti Money Laundering Guidelines**

The Anti- Money Laundering Guidelines issued by the RBI on 2 December 2005, (RBI/2005-06/224) (A.P. (DIR Series) Circular No.18) (A.P. (FL series) Circular No.1) are applicable to the Company. According to the guidelines, the Company shall keep the prescribed identification records of its customer for the prescribed periods. The guidelines also detail norms on recognition, handling and disclosure of the specified documents. The Company shall appoint a Money Laundering Reporting Officer and report the suspicious transactions to the appropriate authority, train their staff, maintain appropriate records and make timely audits and obtain and keep in its records a certificate from the auditor that all provisions have been complied with. Further, there are also procedures set out on the purchase of foreign exchange and the establishment of business relationship with a company. Any non- compliance with the provisions would attract penal provisions of Section 11 (3) of the FEMA. The guidelines were amended vide circular A.P.(DIR Series) Circular No. 39 dated 26 June, 2006 on account of difficulties faced by the AMCs regarding the identification of and maintaining records of travellers.

## **REGULATORS**

### **Ministry of Tourism**

The main regulator for the travel and tours activity of the Company is the Ministry of Tourism and the Departments under it. A Department of Tourism license is a prerequisite for any organization operating in the tours & travels business. Some of the guidelines issued by the Ministry are detailed below:

### **Guidelines for recognition as approved travel agent (effective from 27 November, 2003)**



The guidelines for recognition encourage quality standard and services by travel agents to promote tourism in India. Some of the important conditions that are to be fulfilled by the travel agency for grant of recognition by the Ministry are that the application for recognition should be made and submitted in the prescribed format, the travel agency should have a minimum paid up capital of Rs.300,000 and should have been operational for a minimum period of one year before the application and the travel agency must be approved by the IATA or should be GSA/PSA of an IATA member airlines. The recognition is given for a period of 3 years and subsequent renewals for 5 year periods and the travel agent, upon award of such recognition, shall be entitled to all concessions and incentives granted by the Government to travel agents.

#### **Guidelines for recognition as approved tour operator (effective from 27 November, 2003)**

The guidelines for recognition encourage quality standard and services by travel agents to promote tourism in India. Some of the important conditions that are to be fulfilled by the travel agency for grant of recognition by the Ministry are that the application should be made and submitted in the prescribed format and the tour operator must have a minimum paid up capital of Rs. 300,000 and the turnover in foreign exchange by the tour operator must be a minimum of Rs. 1 million and the tour operator should have been operational for a minimum period of one year before the application.

The recognition is given for a period of 3 years with subsequent renewal for 5 year periods and the tour operator, upon award of such recognition, shall be entitled to all concessions and incentives granted by the Government to tour operators.

#### **Guidelines for recognition as approved adventure tour operator (effective from December 6, 2004)**

The guidelines for recognition to adventure tour operators and the benefits granted are similar to those prescribed for tour operators. There are additional safety guidelines for all adventure sports like water sports, aero sports and trekking.

#### **Guidelines for recognition as approved domestic tour operator (effective from August, 2005)**

The guidelines for recognition encourage quality standard and services by travel agents to promote tourism in India. Some of the important conditions that are to be fulfilled by the travel agency for grant of recognition by the Ministry are that the application should be made and submitted in the prescribed format and the tour operator must have a minimum paid up capital of Rs. 500,000, the turnover in foreign exchange by the tour operator in tour operation business only must be a minimum of Rs. 2 million and the tour operator should have been in operation for a minimum period of one year before the application. The benefits and conditions for recognition by the Ministry are similar to those for other tour operators but the domestic tour operator shall employ tour guides trained and licensed by the Department of Tourism or approved by the state governments.

#### **Reserve Bank of India**

The Reserve Bank of India is the body authorized under the Foreign Exchange Management Act, 1999 to issue licenses to Authorised Dealers to deal in foreign exchange. - Authorised Dealers – category II are required to submit a monthly consolidated statement for all its offices in form FLM8 (Summary statement of purchases and sales of foreign currency notes during the month), also a statement indicating details of individual purchase transactions of USD 10,000 or its equivalent or above. All AMCs (Multibranch Dealer having turnover of more than USD 100,000 or equivalent p.m.) have to institute a system of Monthly audit. Under AML guidelines, any suspicious transaction are to be reported to the MLRO and such transaction may be undertaken with prior approval of MLRO. The MLRO is required to make a report to the appropriate authority viz. the FIU of any suspicious transactions. - A certificate from the Statutory Auditor on the compliance with AML guidelines should be obtained at the time of preparation of the Annual Report and kept on record. The license may be revoked at any time for reasons of public interest or for non-compliance with the regulations.

#### **International Air Transport Association**

International Air Transport Association (“IATA”) develops global commercial standards of the travel and tourism industry. It represents 800 member companies and some 250 airlines in 80 countries as a regulatory body that provides guidelines and monitors the operations of its members. An accreditation of IATA is necessary to operate as a travel service provider. The purpose of accreditation is to formally recognize travel agents that are authorized to sell and issue international airline tickets. It is essential that customers and airlines can rely on these agents for ticketing and the payment procedure according to required standards. IATA has stringent criteria that are required to be met for accreditation. Membership with IATA brings several benefits that facilitates operations for travel agents such as the Billing and Settlement Plan.

**Other associations**

There are other associations such as the International Congress & Convention Association, the Pacific Asia Travel Association, the Travel Agents Association of India, the United Federation of Travel Agents Associations and the Passenger Agency Conference for which membership or accreditation is not mandatory.

## HISTORY AND CERTAIN CORPORATE MATTERS

The Company was incorporated as an “Eastern Carrying Company Ltd” on June 7, 1939 under the India Companies Act, VII of 1913. The name of the Company was changed to “Cox & Kings (India) Limited” on February 23, 1950 after the introduction of the Companies Act 1956, as amended (“**Companies Act**”). The fresh certificate of incorporation consequent upon the change of name was granted on February 23, 1950 by the Registrar of Companies, Maharashtra, located at Mumbai (the “**RoC**”). Subsequently, after the amendment of section 43A the word “private” was added to the name of the Company on October 12, 2001. Pursuant to a special resolution of the shareholders of the Company at an extraordinary general meeting held on January 29, 2007 the Company became a public limited company and the word “private” was deleted from its name. The certificate of incorporation to reflect the new name was issued on March 28, 2007 by the RoC.

The Registered Office of the Company was changed from the Standard Chartered Grindlays Bank Building, 270/272, Dr. D.N.Road Fort, Mumbai 400 001 to 1st Floor, Turner Morrison Building, 16 Bank Street, Mumbai- 400001 with effect from August 6, 2005 by a Board Resolution dated August 4, 2005.

### Major Events

<u>Year</u>	<u>Key Events, Milestones and achievements</u>
1980	Acquisition of Indian business of Cox & Kings (Agents) Ltd.
1996	Our foray into Foreign Exchange business
1999	Launch of brands, “ <i>Duniya Dekho</i> ” and “ <i>Bharat Dekho</i> ”.
2001	Launch of brand, “ <i>Flexihol</i> ”.
2002	Takeover of foreign exchange business of Tulip Star Hotels Limited
	Major awards won by the company.
2006	Acquiring 100% stakes in Clearmine Limited, a U. K. based Company which in turn has 100% holding of ETN Services Limited on March 29, 2006.
	Establishment of overseas branch offices at Russia and New York.
	Incorporation of our overseas subsidiary in Singapore.
	Enhancement of Full Fledged Money Changer License to Authorized Dealer Category-II
2007	Acquired controlling stake in Cox & Kings Limited U.K. and Cox & Kings Japan pursuant to FIPB approval dated August 6, 2007.
	Incorporation of our overseas subsidiary in Dubai.

### Main Objects

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

- (1) To carry on the business of travel agents and tour operators for travel in India or elsewhere and providing assistance in booking travel tickets including e-ticketing and internet ticketing and reservations for accommodation in hotels, inns, restaurants, shows, concerts, plays, theatres, games, guest houses, and all other types of lodging with bed and breakfast or mere lodgings, visit to safari parks, national parks, museums, bird sanctuaries, reservations including on line reservations for conducting tours by buses, airlines, ships, boats, hovercrafts, whether by way of excursion or otherwise whether package tours or otherwise, sleeping cars, guides, safe deposits,

lockers, libraries, reading rooms, rest rooms, recreation room, baggage transport, baggage clearing and forwarding, inquiry bureaus, to act as agents of foreign airlines, ships, ship-owners and other charters and other operators, caterers, storekeepers, interpreters, and instructors of foreign language and guides, members of all club and boards set up by any country or body or promoting tourism hotels and tourist agencies, or cab owners or owners of other transport, agents for advertising and promoting any tours in India and abroad and to provide services relating to international/domestic cargo, arranging crew accommodation, crew transport, worldwide obtaining over flight permissions, landing permission for the flight operating for commercial purpose, arranging of in flight services including catering, aircraft clearing and promoting other products and services provided by third party for travelling convenience etc. and generally to do everything which would facilitate travelling of persons in groups or otherwise and for tourists and operating tours and for that purpose to set up such establishment, office, equipment, transport system and all and other facilities that may be requisite to the carrying on the business of travel agents and tours operators.

- (2) Subject to the provisions of Foreign Exchange Management Act 1999, the directions of RBI and other applicable laws in force, to carry on in India or elsewhere, the business of full-fledged and /or restricted money changer and Authorised Dealers of all foreign currencies and to buy, sell and deal in foreign currencies of all kinds and types whether in the forms of Coins, Banks Notes or Travellers' Cheques, to conduct transaction of all type and description in foreign currencies and to convert foreign currencies into Indian Rupees and vice versa. The Company shall not however, do Banking Business as defined in the Banking Act, 1949.
- (3) To carry on the business of carriers of mails, passengers and goods by land, sea or air.
- (4) To establish, maintain, manage and work transport services of all kinds, by air, sea, river, canal, railway, underground railway, overhead railway, aerial ropeways, road, or otherwise and to enter into contracts with any Government, person, Firm or company as to joint working, interchange of traffic running powers or otherwise, and to carry on the business of a transport company, a railway company, railway contractors, a tramway company, a port company, a harbour development company, shippers, ship-builders, shipowners, ship charterers, ship brokers, managers of shipping property, omnibus, taxi-cab, and hackney carriage proprietors, tourist agents, common carriers, general carrier, forwarding agents, ligherinen, wharfingers, warehousemen and stores of goods, wares and merchandise of every kind and description.
- (5) To acquire, provide, build, lay out, prepare, organize, equip, promote, establish, maintain, control, superintend, work and carry on aerodromes, air stations, flying grounds, flying schools, wireless telegraph stations, railway and tramway stations, ports, docks, piers, quays, harbours petrol pumps and stations, wharves, ferries, bridges, race-courses, exhibition grounds, grand and other Stands, hangars, garages, sheds, and other accommodation or erections for or in relation to aerial and other conveyances of all kinds, and to promote, arrange for, conduct and organise exhibitions, demonstrations, regattas, race meetings, competition and trial tests for aviation aeronauts, balloonists, parachutists, motorists, cyclists and drivers of motor boats and air, river and sea craft of all kinds, with or without the offer and distribution of prizes in connection therewith, and to give instruction in the arts of flying, gliding, aeroplaning, hydroplaning, ballooning, parachuting, motoring, and navigating dirigible balloons, airships and air, river and sea craft of all kinds, and to carry on the business of restaurant and hotel keepers and caterers and to build or otherwise provide and conduct refreshment rooms, newspaper rooms, reading and writing rooms, safe deposits, dressing rooms, cloak rooms, lavatories, ambulance stations, hospitals, telephones, telegraphs, and other conveniences, and to provide dwellings and other accommodation for pilots, drivers, signalmen, workmen and others and to construct and maintain buildings, works and conveniences of all kinds.
- (6) To repair, alter, clean, warehouse, prepare, hire, let on hire (with or without drivers or pilots) ply for hire with, buy, sell, and deal in automobiles motor cars, cycles, lorries, ships, vessels engines and machines, aeroplanes, seaplanes, flying boats, hydroplanes, airships, balloons, dirigible balloons, parachutes, kites, flying machines, aircraft of all descriptions, conveyances of all kinds, whether by air, sea, river, canal, railway, road or otherwise, and all component parts and fittings thereof and accessories thereto, and all kinds of machinery, apparatus, implements, tools, utensils, appliances, lubricants, cements, solutions, enamels, fuels, materials, substances, articles, and things capable of being used in connection therewith or likely to be required by the customers of any such business.
- (7) To carry on all kinds of agency business, and to take part in the management, supervision or control of the business or operations of any other company, association, firm or person (and to act as the Managing Agents, Agents,

Secretaries or other officers of any such company, association, firm or person) and in connection therewith to appoint and remunerate any Directors, Accountants and other experts or agents.

- (8) To carry on as a subsidiary the business of banking in all its branches and departments, including the borrowing, raising or taking up money, the lending or advancing money on securities and property, discounting, buying, selling and dealing in bills of exchange, promissory notes, coupons, drafts, bills of lading, warrants, debentures, certificates, script and other instruments and securities, whether transferable or negotiable or not, the granting and issuing of letters of credit and circular notes, the buying selling and dealing with stocks, funds, shares, debentures, debenture stocks, bonds, obligations and other securities.
- (9) To lend money, either with or without security, and generally to such persons and upon such terms and conditions as the Company may think fit.
- (10) To carry on the business of general manufacturers and to manufacture, buy sell and deal in apparatus, machinery, materials and articles of all kinds.
- (11) To acquire by purchase, lease, exchange or otherwise, lands, buildings and hereditaments of any tenure or description, and any estate or interest therein, and any rights over or connected with land, and either to retain the same for the purpose of the Company's business or to turn the same to account as may seem expedient.
- (12) To sink wells and shafts, lay down pipes, construct, maintain and improve any tramways, telegraph lines, canals, reservoirs, water-courses, warehouses, sheds, and other buildings and works calculated, directly or indirectly, to advance the interest of the Company, and to pay or contribute to the expense of constructing, maintaining, and improving any such works.
- (13) To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with any of the above or calculated, directly or indirectly, to enhance the value of or render profitable any of the company's property or rights.
- (14) To construct, carry out, maintain, improve, manage, work, control and superintend any hats, markets, reservoirs, water-works, tanks, bridges and works in connection therewith, hydraulic works, electrical works and factories, coolie lines and houses, and bustees, villages and other works and conveniences, which may seem, directly or indirectly, conducive to any of the objects of the Company, and to contribute to, subsidies or otherwise aid or take part in any such operations.
- (15) To acquire and undertake all or any part of the business, property and liabilities of any person or company carrying on any business which this Company is authorised to carry on or possessed of property suitable for the purposes of the Company.
- (16) To apply for, purchase or otherwise acquire any patents, brevets d'invention, licenses, concessions and the like conferring any exclusive or non-exclusive or limited right to us, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated, directly or indirectly, to benefit the Company, and to use, exercise develop or grant licenses in respect of or otherwise turn to account the property, rights or information so acquired.
- (17) To enter into partnership or into any arrangement for sharing profits into any union of interests, joint-adventure, reciprocal concession or co-operation with any person or persons or company or companies carrying on, or engaged in, or about to carry on or engage in, or being authorised to carry on or engage in, any business or transaction which this Company is authorised to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company.
- (18) To take or otherwise acquired and hold shares in any other company.
- (19) To promote any company or companies for the purpose of acquiring all or any of the property, rights and liabilities of this Company or for any other purpose which may seem, directly or indirectly, calculated to benefit this company.

- (20) To invest and deal with the moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined.
- (21) To guarantee the payment of money unsecured or secured by or payable under or in respect of promissory notes, bonds, debentures, debenture-stock, contracts, mortgages, charges, obligations, instruments, and securities of any company or of any authority, supreme, municipal, local or otherwise or of any persons whomsoever, whether incorporated or not incorporated, and generally to guarantee or become sureties for the performance of any contracts or obligations.
- (22) To enter into any arrangement with any Government or authority, supreme, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them and to obtain from any such Government or authority all rights, concessions and privileges which the Company may think it desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (23) To establish and support, or aid in the establishment and support of associations, institutions funds, trusts and conveniences calculated to benefit employees or ex-employees of the Company or its predecessors in business or the dependents or connections of such persons and to grant pensions and allowances and to make payments towards insurance and to subscribe or guarantee money for charitable or benevolent objects or for any exhibition for any public, general or useful objects.
- (24) To borrow or raise or secure the payment of money in such manner as the Company shall think fit and in particular by the issue of debentures or debenture-stock perpetual or otherwise, charged upon all or any of the Company's property (both present and future), including its uncalled capital and to purchase, redeem and pay off any such securities.
- (25) To remunerate any persons or company for services rendered, or to be rendered, in placing or assisting to place, or guaranteeing the placing of, any shares in the Company's capital or any debentures, debenture-stock or other securities of the Company or in or about the formation or promotion of the Company or the acquisition of property by the Company or the conduct of its business.
- (26) To draw, make, accept, discount, execute and issue bills of exchange. Government of India and other promissory notes, bills of lading, warrants, debentures and other negotiable or transferable instruments or securities.
- (27) To undertake and execute any trust, the undertaking of which may seem to the Company desirable, and either gratuitously, or otherwise.
- (28) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other company.
- (29) To adopt such means of making known the products of the Company as may seem expedient and in particular by advertising in the press by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations.
- (30) To aid, pecuniarily or otherwise, any association, body or movement having for an object the solution, settlement, or surmounting of industrial or labour problems or troubles or the promotion of industry or trade.
- (31) To sell, improve, manage, develop, exchange, lease, mortgage, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Company.
- (32) To distribute all or any of the property of the Company amongst the members in specie or kind.
- (33) To do all or any of the above things, either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees, or otherwise and either alone or in conjunction with others and to do all such things as are incidental or conducive to the attainment of the above objects.

- (34) To act as brokers, agents, representatives, surveyors, sub-insurance agents, franchisers, consultants, advisors, collaborators, in life and general insurance.
- (35) To engage in all activities which are incidental and allied or related to insurance business and for this purpose to apply, approach acquire, hold and procure such rights, titles entitlements, licences and permission from Government, Semi-Government, local authorities, public bodies, undertaking and from such other authorities as may be necessary and expedient.
- (36) To arrange insurance cover and or purchase or sell endowments and annuities either for lives or for years, or on survivorships and either immediate, deferred, determinable, contingent or reversionary and to purchase invest in, sell, life, reversionary and other estates, interests and securities, whether in real or personal property and generally to undertake and transact all matters and business which may be any way connected with or depend on contingencies.

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

Since the incorporation of the Company, the following changes have been made to its Memorandum of Association:

<b>Date</b>	<b>Nature of Amendment</b>
December 29, 1949	Alteration of Clause 2 by deleting the words “The Eastern Carrying Co. Ltd.” & substituting the words “Cox and Kings (India) Ltd.”
October 17, 1958	Alteration of Clause 2, the word “State of Bombay” shall be substituted for the words “Province of Bengal”.
June 03, 1980	Increase in the authorised share capital to Rs.0.1 million consisting of 100,000 equity shares of Rs.10/- each.
July 19, 1982	Increase in the authorised share capital to Rs. 0.5 million consisting of 500,000 equity shares of Rs.10/- each.
February 28, 1995	Increase in the authorised share capital of Rs. 0.8 million consisting of 800,000 equity shares of Rs.10/- each.
December 22, 1998	Increase in the authorised share capital of Rs. 25 million consisting of 13,00,000 equity shares of Rs.10/- each, 100,000 Cumulative Redeemable Preference Shares of Rs.100/- each and 200,000 Unclassified shares of Rs.10/- each.
May 2, 2005	Increase in the authorised share capital of Rs. 100 million consisting of 1,000,000 equity shares of Rs. 10/- each.
March 28, 2007	Alteration of the Main Object Clause of the Company.
March 28, 2007	Alteration of Name Clause of the Company by deleting the word “Private” from the name of the company.
June 25, 2007	Alteration of the Articles of Association by deleting sub clause (i) of 31 and substituting clause 32 by a new clause.
September 19, 2007	Increase in authorized share capital from Rs. 100 Million to Rs. 400 Million.

## **Subsidiaries**

The Company has the following Subsidiaries. The financial information of the Subsidiaries presented below is based on the audited financial information of such companies included in this Draft Red Herring Prospectus.

1. Clearmine Limited U.K
2. ETN Services Limited. U.K.
3. Cox & Kings Tours LLC, Dubai
4. CNK Internet Pte. Limited., Singapore
5. Cox & King Limited.U.K.
6. Cox & Kings (Japan) Ltd.
7. Cox & Kings Travel Limited, U.K
8. Cox & Kings (Shipping) Limited.
9. Cox & Kings Holdings Limited.
10. Cox & Kings Enterprises Limited.
11. C & K Investments Limited.
12. Cox & Kings Special Interest Holidays Limited.
13. Grand Tours Limited.
14. Cox & Kings Tours Limited.
15. Cox & Kings Investments Limited.
16. Cox & Kings (Agents) Limited
17. Cox & Kings Finance Limited.
18. Cox & Kings Finance (Mauritius) Ltd.

## **Joint Ventures**

The Company does not have any joint ventures.

## **Subsidiaries**

### **Clearmine Limited U.K**

Clearmine Limited U.K Limited was incorporated on March 5, 2004 under the Companies Acts 1985 to carry on the business as a general commercial company; and any other trade or business which may seem to the company and its directors to be advantageous and to directly or indirectly enhance. The registered office is situated at Raffingers Stuart, 19-20 Bourne Court, Southend Road, Wood Fort Green, Essex, IG8 8HD.

### **Shareholding Pattern**

The shareholding pattern of Clearmine Limited U.K Limited as of January 18, 2008 was as follows:

<b>Name of Shareholder</b>	<b>No. of shares</b>	<b>% of Issued Capital</b>
Cox and Kings (India) Limited	1500	100
<b>Total</b>	<b>1500</b>	<b>100</b>

### **Board of Directors**

The board of directors of Clearmine Limited U.K Limited comprises the following:

Mr. Ajay Ajit Peter Kerkar  
Ms. Urrshila Kerkar  
Mr. Pesi Patel

### **Financial Performance**



The following table sets forth the summary financial data of Clearmine Limited U.K Limited in accordance with Indian GAAP.

*Rs. in million (except share data)*

	<b>For the period ended March 31,</b>		
	<b>May 2004 to Jan 2005</b>	<b>Feb 2005 to March 2006</b>	<b>2007</b>
Income/Sales	13.26	3.14	-
Profit (Loss) after Tax	13.26	3.14	-
Equity share capital	1000	1500	1500
Reserves and surplus (excluding revaluation reserves)	11.37	10.69	11.74
Earnings per share	13,259.23	2,094.46	-
Net asset value or book value per share	114,48.3	7,204.06	7,912.13

### **ETN Services Limited**

ETN Services Limited was incorporated on July 14, 1997 the Companies Acts 1985 to 1989 as a Private Company limited by Shares to carry on the business of Tour operator. The registered office is situated at Suite 7.02, Exchange Tower, Harbour Exchange Square, London E14 9GE.

### **Shareholding Pattern**

The shareholding pattern of ETN Services Limited as of January 18, 2008 was as follows

Name of Shareholder	No. of shares	% of Issued Capital
Clearmine Limited U.K.	2	100
<b>Total</b>	<b>2</b>	<b>100</b>

The board of directors of ETN Services Limited comprises the following

Mr. Ajay Ajit Peter Kerkar  
Ms. Urrshila Kerkar  
Mr. Pesi Patel

### **Financial Performance**

The following table sets forth the summary financial data of ETN Services Limited in accordance with Indian GAAP.

*Rs. in million (except share data)*

	<b>For the period ended March 31,</b>		
	<b>May 2004 to Jan 2005</b>	<b>Feb 2005 to March 2006</b>	<b>2007</b>
Income/Sales	76.19	101.51	77.75
Profit (Loss) after Tax	24.11	39.86	(1.27)
Equity share capital	2	2	2
Reserves and surplus (excluding revaluation reserves)	24.32	59.59	64.18
Earnings per share	12,055,338.43	19,928,746.64	-
Net asset value or book value per share	12,159,008.67	29,793,151.92	32,088,368.34

### **Cox & Kings Tours LLC, Dubai**

Cox & Kings Tours LLC, Dubai was incorporated on February 7, 2007 under the provisions of Federal Law No. 8 of 1984 as a limited liability company to carry on the business of tour services. The registered office is situated at PO Box No-13094, Dubai, United Arab Emirates.

### **Shareholding Pattern**

The shareholding pattern of Cox and Kings Tours LLC, Dubai as of January 18, 2008 was as follows

<b>Name of Shareholder</b>	<b>No. of shares</b>	<b>% of Issued Capital</b>
Mr. Ghanim Mubarak Ghanim Ghansham	153	51
Cox and Kings (India) Limited	147	49
<b>Total</b>	<b>300</b>	<b>100</b>

Although Cox and Kings (India) Limited holds 49% of equity shares in Cox & Kings Tours LLC, Dubai it has a 100% beneficiary interest in Cox & Kings Tours LLC, Dubai pursuant to a management agreement dated February 7, 2007 between Cox and Kings (India) Limited and Mr. Ghanim Mubarak Ghanim Ghansham. Hence Cox & Kings Tours LLC, Dubai is a subsidiary of Cox and Kings (India) Limited.

As of date there are no directors of Cox & Kings Tours LLC, Dubai

### **Financial Performance**

The following table sets forth the summary financial data of Cox and Kings Tours LLC, Dubai in accordance with Indian GAAP.

*Rs. in million (except share data)*

	<b>For the period ended March 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Income/Sales	-	-	-
Profit (Loss) after Tax	-	-	(1.48)
Equity share capital	-	-	300,000
Reserves and surplus (excluding revaluation reserves)	-	-	(1.48)
Earnings per share	-	-	-
Net asset value or book value per share	-	-	15,823.45

### **CNK Internet Pte. Limited., Singapore**

CNK Internet Pte. Limited., Singapore was incorporated on May 15, 2006 under the Companies Act (Cap 50) as the Private Company Limited by Shares to carry on the business of tourism including online travel booking of air tickets, land tours and hotel rooms' reservations. Also to carry on the same business in all its branches and to act as travelling agents and to provide or promote for tourists and travellers conveniences of all kinds including conducted tours, chartered flights, sleeping berths, hotel and lodging accommodations, guides, inquiry bureaus, baggage transport and any other business auxiliary and incidental to the foregoing or connected therewith. The registered office is situated at 8 Temasek Boulevard, #22-03 Suntec Tower, 3 Singapore-038988

### **Shareholding Pattern**

The shareholding pattern of CNK Internet Pte. Ltd., Singapore as of January 18, 2008 was as follows

<b>Name of Shareholder</b>	<b>No. of shares</b>	<b>% of Issued Capital</b>
Cox and Kings (India) Limited	100,000	100
<b>Total</b>	<b>100,000</b>	<b>100</b>

The board of directors of CNK Internet Pte. Limited., Singapore comprises the following

Ms. Anjali S. Iyer  
Ms. Urrshila Kerkar

### **Financial Performance**

The following table sets forth the summary financial data of CNK Internet Pte. Ltd. in accordance with Indian GAAP.

*Rs. in million (except share data)*

	<b>For the period ended March 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Income/Sales	-	-	-
Profit (Loss) after Tax	-	-	(1.13)
Equity share capital	-	-	100,000
Reserves and surplus (excluding revaluation reserves) (accumulated Loss)	-	-	1.13
Earnings per share	-	-	-
Net asset value or book value per share	-	-	17.36

### **Cox & Kings Limited U.K.**

Cox & King Limited U.K. was incorporated on July 20, 1936 and now governed by the Companies Acts 1985 to 2006 as a Private Company limited by Shares to carry on the business of as an investment holding company and in particular to co-ordinate the administration of any companies which shall from time to time be subsidiaries of the company and generally to act as bankers for customers and others. The registered office is situated at 4<sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London SW1P 1PH.

### **Shareholding Pattern**

The shareholding pattern of Cox & King Ltd U.K as of January 18, 2008 was as follows:

<b>Name of Shareholder</b>	<b>No. of shares</b>	<b>% of Issued Capital</b>
Cox and Kings (India) Limited	1,427,875	100
<b>Total</b>	<b>1,427,875</b>	<b>100</b>

The board of directors of Cox & King U.K comprises the following

Mr. A.B.M.Good  
 Mr. Ajit Baburao Kerkar  
 Mr. Ajay Ajit Peter Kerkar.

### **Financial Performance**

The following table sets forth the summary financial data of Cox & Kings U.K in accordance with Indian GAAP.

*Rs. in million (except share data)*

	<b>For the period ended March 31,</b>		
	<b>15 Months period to 31<sup>st</sup> March 2005</b>	<b>2006</b>	<b>2007</b>
Income/Sales	9.68	25.06	10.96
Profit (Loss) after Tax	5.76	7.3	4.42
Equity share capital	1,427,875	1,427,875	1,427,875
Reserves and surplus (excluding revaluation reserves)	8.22	15.06	20.95
Earnings per share	3.29	4.66	2.56
Net asset value or book value per share	88.04	87.72	99.75

### **Cox & Kings Japan**

Cox & Kings Japan was incorporated on September 1, 2000 under the laws of Japan to carry on the business of tours and travels, its registered office was situated at Tokyoto, Chiyodaku, Maruno Uchi, Ni Chome 6-3.

### Shareholding Pattern

The shareholding pattern of Cox and King Japan as of January 18, 2008 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Cox & Kings Travel Ltd.	353	58.83
Cox and Kings (India) Limited	247	41.17
<b>Total</b>	<b>600</b>	<b>100</b>

The board of directors of Cox and King Japan comprises the following:

Mr. A.B.M.Good  
Mr. Ajay Ajit Peter Kerkar  
Mr. Matsui Yoshizumi  
Ms. Urrshila Kerkar  
Mr. Takasaki Yuji  
Mr. Takigawa Masa  
Mr. Arup Sen  
Mr. Khalid M Malik  
Mr. Matsui Chieko  
Mr. Matsui Takazumi

### Financial Performance

The following table sets forth the summary financial data of Cox & Kings Japan in accordance with Indian GAAP.

*Rs. in million (except share data)*

	For the period ended March 31,		
	From 1 <sup>st</sup> Jan 05 to 31 <sup>st</sup> Dec 2005	12 Month period to 31 <sup>st</sup> Mar 2006	2007
Sales/Income	94.72	137.86	134.34
Profit (Loss) after Tax	3.40	50.39	(0.45)
Equity share capital	30,000,000	30,000,000	30,000,000
Reserves and surplus (excluding revaluation reserves)	32.24	43.02	41.31
Earnings per share	5,674.62	83,979.79	-
Net asset value or book value per share	740,966.03	90,673.18	87,270.92

### Cox & Kings Travel Limited

Cox & Kings Travel Limited, U.K. was incorporated on May 23, 1916 and now governed by the Companies Acts 1985 to 2006 as a Private Company limited by Shares to carry on the business of the shipping agency and forwarding agency in all its branches and in all parts of the world, and to act as agents for merchants and shippers and also as agents for carriers by land, sea, air and water. Also to carry on the business of the Insurance in all its branches & the business as travellers 'and tourists' agents with all kinds of transit business and the business of assurance of any of the classes mentioned in Section 1 of the Assurance Companies Act, 1909. The registered office is situated at 4<sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London SW1P 1PH

### Shareholding Pattern

The shareholding pattern of Cox & Kings Travel Limited, U.K as of January 18, 2008 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
---------------------	---------------	---------------------

Cox & Kings Limited. U.K.	639,000	100
<b>Total</b>	<b>639,000</b>	<b>100</b>

The board of directors of Cox & Kings Travel Limited, U.K comprises the following:

Mr. A.B.M.Good  
Mr. Ajay Ajit Peter Kerkar  
Mr. Ajit Baburao Kerkar

#### **Financial Performance**

The following table sets forth the summary financial data of Cox & Kings Travel Limited, in accordance with Indian GAAP.

*Rs. in million (except share data)*

	For the period ended March 31,		
	15 Months period to 31 <sup>st</sup> March 2005	2006	2007
Sales/ Income THESE AMOUNTS ARE OPERATING INCOME AND NOT SALES INCOME (GOP)	89.05	48.37	134.22
Profit (Loss) after Tax	47.34	31.97	81.94
Equity share capital	639,000	639,000	639,000
Reserves and surplus (excluding revaluation reserves)	68.67	81.23	171.16
Earnings per share	74.05	49.68	127.89
Net asset value or book value per share	220.51	261.61	416.07

#### **Cox & Kings (Shipping) Limited.**

Cox & Kings (Shipping) Limited was incorporated on June 14, 1965 and now governed by the Companies Acts 1985 to 2006 as a Company limited by Shares to carry on the business of export and import. The registered office is situated at 4<sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London SW1P 1PH.

#### **Shareholding Pattern**

The shareholding pattern of Cox & Kings (Shipping) Limited as of January 18, 2008 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Cox & Kings Limited. U.K.	1,999	99
A.B.M.Good	1	1
<b>Total</b>	<b>2,000</b>	<b>100</b>

The board of directors of Cox & Kings (Shipping) Limited comprises of the following:

Mr. A.B.M.Good  
Mr. Ajay Ajit Peter Kerkar

#### **Financial Performance\***

The following table sets forth the summary financial data of Cox & Kings (Shipping) Limited. in accordance with Indian GAAP.

*Rs. in million (except share data)*

	For the period ended March 31,		
	2005	2006	2007
Income/Sales	--	--	--
Profit (Loss) after Tax	--	--	--
Equity share capital	2,000	2,000	2,000
Reserves and surplus (excluding revaluation reserves)	(0.55)	(0.52)	(0.57)
Earnings per share	--	--	--
Net asset value or book value per share	(192.54)	(181.65)	(199.51)

*\*Under section 249 AA (1), Companies Act, 1985 of United Kingdom, dormant companies are exempted from having annual audited accounts.*

### **Cox & Kings Holdings Limited.**

Cox & Kings Holdings Limited. was incorporated on November 29, 1993 and now governed by the Companies Acts 1985 to 2006 as a Private Company limited by Shares to carry on the business as a general commercial company. The registered office is situated at 4<sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London SW1P1PH.

### **Shareholding Pattern**

The shareholding pattern of Cox & Kings Holdings Limited as of January 18, 2008 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Cox & Kings Limited. U.K.	2	100
<b>Total</b>	<b>2</b>	<b>100</b>

The board of directors of Cox and King Holdings comprises the following:

Mr. A.B.M.Good  
Mr. Ajay Ajit Peter Kerkar

### **Financial Performance\***

The following table sets forth the summary financial data of Cox & Kings Holdings Limited. in accordance with Indian GAAP.

*Rs. in million (except share data)*

	For the period ended March 31,		
	2005	2006	2007
Income/Sales	--	--	--
Profit (Loss) after Tax	--	--	--
Equity share capital	2	2	2
Reserves and surplus (excluding revaluation reserves)	--	--	--
Earnings per share	--	--	--
Net asset value or book value per share	82.28	77.63	85.26

*\*Under section 249 AA (1), Companies Act, 1985 of United Kingdom, dormant companies are exempted from having annual audited accounts.*

### **Cox & Kings Enterprises Limited.**

Cox & Kings Enterprises Limited was incorporated on April 7, 1992 and now governed by the Companies Acts 1985 to 2006 as a Company limited by Shares to carry on the business as a general commercial company. The registered office is situated at 4<sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London SW1P1PH.

### Shareholding Pattern

The shareholding pattern of Cox & Kings Enterprises Limited as of January 18, 2008 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Cox & Kings Ltd. U.K.	99	99
Ajay Ajit Peter Kerkar	1	1
<b>Total</b>	<b>100</b>	<b>100</b>

The board of directors of Cox & Kings Enterprises comprises the following:

Mr. A.B.M.Good  
Mr. Ajay Ajit Peter Kerkar

### Financial Performance\*

The following table sets forth the summary financial data of Cox & Kings Enterprises Limited. in accordance with Indian GAAP.

<i>Rs. in million (except share data)</i>	<i>Rs. in million (except share data)</i>		
	For the period ended March 31,		
	2005	2006	2007
Income/Sales	--	--	--
Profit (Loss) after Tax	--	--	--
Equity share capital	100	100	100
Reserves and surplus (excluding revaluation reserves)	--	--	--
Earnings per share	--	--	--
Net asset value or book value per share	1	1	1

*\*Under section 249 AA (1), Companies Act, 1985 of United Kingdom, dormant companies are exempted from having annual audited accounts.*

### C & K Investments Ltd.

C & K Investments Ltd. was incorporated on August 1, 1994 and now governed by the Companies Acts 1985 to 2006 as a Private Company limited by Shares to carry on the business as a general commercial company. The registered office is situated at 4<sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London SW1P1PH.

### Shareholding Pattern

The shareholding pattern of C & K Investments Limited as of January 18, 2008 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Cox & Kings Limited U.K.	2	100
<b>Total</b>	<b>2</b>	<b>100</b>

The board of directors of C & K Investments Limited comprises the following:

Mr. A.B.M.Good  
Mr. Ajay Ajit Peter Kerkar

### Financial Performance\*

The following table sets forth the summary financial data of C & K Investments Limited. in accordance with Indian GAAP.

*Rs. in million (except share data)*

	<b>For the period ended March 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Income/Sales	--	--	--
Profit (Loss) after Tax	--	--	--
Equity share capital	2	2	2
Reserves and surplus (excluding revaluation reserves)	--	--	--
Earnings per share	--	--	--
Net asset value or book value per share	82.28	77.63	85.26

*\*Under section 249 AA (1), Companies Act, 1985 of United Kingdom, dormant companies are exempted from having annual audited accounts.*

### **Cox & Kings Special Interest Holidays Limited.**

Cox & Kings Special Interest Holidays Limited. was incorporated on August 18, 1982 and now governed by the Companies Acts 1985 to 2006 as a Company limited by Shares to carry on the business of travel agents and to organise, arrange and facilitate travelling. The registered office is situated at 4<sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London SW1P1PH.

### **Shareholding Pattern**

The shareholding pattern of Cox & Kings Special Interest Holidays Limited as of January 18, 2008 was as follows:

<b>Name of Shareholder</b>	<b>No. of shares</b>	<b>% of Issued Capital</b>
Cox & Kings Limited. U.K.	1,999	99
A.B.M.Good	1	1
<b>Total</b>	<b>2,000</b>	<b>100</b>

The board of directors of the Cox & Kings Special Interest Holidays Limited comprises the following:

Mr. A.B.M.Good  
Mr. Ajay Ajit Peter Kerkar

### **Financial Performance\***

The following table sets forth the summary financial data of Cox & Kings Special Interest Holidays Limited in accordance with Indian GAAP.

*Rs. in million (except share data)*

	<b>For the period ended March 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Income/Sales	--	--	--
Profit (Loss) after Tax	--	--	--
Equity share capital	2,000	2,000	2,000
Reserves and surplus (excluding revaluation reserves)	(3.20)	(3.02)	(3.31)
Earnings per share	--	--	--
Net asset value or book value per share	(1,597.88)	(1,507.57)	(166,122.29)

*\*Under section 249 AA (1), Companies Act, 1985 of United Kingdom, dormant companies are exempted from having annual audited accounts.*



### Grand Tours Limited.

Grand Tours Limited was incorporated on October 7, 1975 and now governed by the Companies Acts 1985 to 2006 as a Company limited by Shares to carry on the business of art appreciation in all its forms including tours, lectures and various other means to encourage appreciation of all kinds of art. The registered office is situated at 4<sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London SW1P1PH.

#### Shareholding Pattern

The shareholding pattern of Grand Tours Limited as of January 18, 2008 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Cox & Kings Travel Limited.	510	100
<b>Total</b>	<b>510</b>	<b>100</b>

The board of directors of Grand Tours Limited comprises the following:

Mr. A.B.M.Good  
Mr. Ajay Ajit Peter Kerkar

#### Financial Performance\*

The following table sets forth the summary financial data of Grand Tours Limited in accordance with Indian GAAP.

	<i>Rs. in million (except share data) Rs. in million (except share data)</i>		
	<b>For the period ended March 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Income/Sales	--	--	--
Profit (Loss) after Tax	--	--	--
Equity share capital	510	510	510
Reserves and surplus (excluding revaluation reserves)	(0.04)	(0.04)	(0.04)
Earnings per share	--	--	--
Net asset value or book value per share	--	--	--

*\*Under section 249 AA (1), Companies Act, 1985 of United Kingdom, dormant companies are exempted from having annual audited accounts.*

### Cox & Kings Tours Limited.

Cox & Kings Tours Limited was incorporated on November 29, 1993 and now governed by the Companies Acts 1985 to 2006 as a Private company limited by Shares to carry on the business as a general commercial company. The registered office is situated at 4<sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London SW1P1PH.

#### Shareholding Pattern

The shareholding pattern of the Cox & Kings Tour Limited as of January 18, 2008 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Cox & Kings Holdings Limited.	2	100
<b>Total</b>	<b>2</b>	<b>100</b>

The board of directors of Cox & Kings Tour Limited comprises the following:

Mr. A.B.M.Good

Mr. Ajay Ajit Peter Kerkar

**Financial Performance**

The following table sets forth the summary financial data of Cox & Kings Tour Limited in accordance with Indian GAAP.

*Rs. in million (except share data)*

	For the period ended March 31,		
	2005	2006	2007
Income/Sales	--	--	--
Profit (Loss) after Tax	--	--	--
Equity share capital	2	2	2
Reserves and surplus (excluding revaluation reserves)	--	--	--
Earnings per share	--	--	--
Net asset value or book value per share	82.28	77.63	85.26

*\*Under section 249 AA (1), Companies Act, 1985 of United Kingdom, dormant companies are exempted from having annual audited accounts.*

**Cox & Kings Investment Limited.**

Cox & Kings Investment Limited was incorporated on November 21, 2006 and now governed by the Companies Acts 1985 to 2006 as a Private Company limited by Shares to carry on the business as a general commercial company. The registered office is situated at 4<sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London SW1P1PH.

**Shareholding Pattern**

The shareholding pattern of Cox & Kings Investment Limited as of January 18, 2008 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Cox & Kings Limited	1	100
<b>Total</b>	<b>1</b>	<b>100</b>

The board of directors of Cox & King Investment Limited comprises the following:

Mr. A.B.M.Good  
 Mr. Ajay Ajit Peter Kerkar  
 Mr. Ajit Baburao Kerkar

**Financial Performance\***

The following table sets forth the summary financial data of Cox & Kings Investment Limited in accordance with Indian GAAP.

*Rs. in million (except share data)*

	For the period ended March 31,		
	2005	2006	2007
Income/Sales	--	--	--
Profit (Loss) after Tax	--	--	--
Equity share capital	-	-	1
Reserves and surplus (excluding revaluation reserves)	--	--	--
Earnings per share	--	--	--
Net asset value or book value per share	-	-	85.26

*\*Under section 249 AA (1), Companies Act, 1985 of United Kingdom, dormant companies are exempted from having annual audited accounts.*

### **Cox & Kings (Agents) Limited**

Longwood Travel Ltd. was incorporated on November 21, 2006 and now governed by the Companies Acts 1985 to 2006 as a Private Company limited by Shares to carry on the business as a general commercial company. The registered office is situated at 4<sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London SW1P1PH.

#### **Shareholding Pattern**

The shareholding pattern of Cox & Kings (Agents) Ltd. as of January 18, 2008 was as follows:

<b>Name of Shareholder</b>	<b>No. of shares</b>	<b>% of Issued Capital</b>
Cox & Kings Ltd.	1	100
<b>Total</b>	<b>1</b>	<b>100</b>

The board of directors of Cox & Kings (Agents) Limited comprises the following:

Mr. A.B.M.Good  
 Mr. Ajay Ajit Peter Kerkar  
 Mr. Ajit Baburao Kerkar

#### **Financial Performance\***

The following table sets forth the summary financial data of Cox & Kings (Agents) Limited in accordance with Indian GAAP.

*Rs. in million (except share data)*

	<b>For the period ended March 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Income/Sales	--	--	--
Profit (Loss) after Tax	--	--	--
Equity share capital	--	--	1
Reserves and surplus (excluding revaluation reserves)	--	--	--
Earnings per share	--	--	--
Net asset value or book value per share	--	--	85.26

*\*Under section 249 AA (1), Companies Act, 1985 of United Kingdom, dormant companies are exempted from having annual audited accounts.*

### **Cox & Kings Finance Limited**

Cox & Kings Finance Ltd. was incorporated on November 21, 2006 and now governed by the Companies Acts 1985 to 2006 as a Private Company limited by Shares to carry on the business as a general commercial company. The registered office is situated at 4<sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London SW1P1PH.

#### **Shareholding Pattern**

The shareholding pattern of Cox & Kings Finance Ltd. as of January 18, 2008 was as follows:

<b>Name of Shareholder</b>	<b>No. of shares</b>	<b>% of Issued Capital</b>
Cox & Kings Ltd.	1	100
<b>Total</b>	<b>1</b>	<b>100</b>

The board of directors of Cox & Kings Finance Limited comprises the following:

Mr. A.B.M.Good  
 Mr. Ajay Ajit Peter Kerkar  
 Mr. Ajit Baburao Kerkar

**Financial Performance\***

The following table sets forth the summary financial data of Cox & Kings Finance Limited in accordance with Indian GAAP.

*Rs. in million (except share data)*

	For the period ended March 31,		
	2005	2006	2007
Income/Sales	--	--	--
Profit (Loss) after Tax	--	--	--
Equity share capital	--	--	1
Reserves and surplus (excluding revaluation reserves)	--	--	--
Earnings per share	--	--	--
Net asset value or book value per share	--	--	85.26

*\*Under section 249 AA (1), Companies Act, 1985 of United Kingdom, dormant companies are exempted from having annual audited accounts.*

**Cox & Kings Finance (Mauritius) Ltd.**

Cox & Kings Finance (Mauritius) Ltd. was incorporated on March 31, 1997 under the Companies Acts 1998 to carry on the business as a general commercial company; and any other trade or business which may seem to the company and its directors to be advantageous and to directly or indirectly enhance. The registered office is situated at Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius.

**Shareholding Pattern**

The shareholding pattern of Cox & Kings Finance (Mauritius) Ltd. as of January 18, 2008 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Cox and Kings Limited U.K.	12000	100
<b>Total</b>	<b>12000</b>	<b>100</b>

**Board of Directors**

The board of directors of Cox & Kings Finance (Mauritius) Ltd. comprises the following:

Mr. Ajay Ajit Peter Kerkar  
 Mr. Khalid Mailk  
 Mr. Johnny Yan Man Shing  
 Mr. Danica Matabadul

**Financial Performance**

The following table sets forth the summary financial data of Cox & Kings Finance (Mauritius) Ltd. in accordance with Indian GAAP.

*Rs. in millions (except share data)*

	<b>For the period ended</b>		
	<b>Mar 2005</b>	<b>Mar 2006</b>	<b>Mar 2007</b>
Income/Sales	--	--	--
Profit (Loss) after Tax	--	--	--
Equity share capital	12000	12000	12000
Reserves and surplus (excluding revaluation reserves)	(1.50)	(1.53)	(1.49)
Earnings per share	-	-	-
Net asset value or book value per share	(81.39)	(82.99)	(80.87)

**Shareholder and other agreements:**

There are no shareholders and other agreements or agreements with subsidiaries entered into by the Issuer.

## OUR MANAGEMENT

### Board of Directors

As per the Articles of Association, the Issuer must have a minimum of 3 (three) and a maximum of 12 (twelve) Directors. As on the date of this Draft Red Herring Prospectus, the Issuer has 8 (eight) directors on its Board.

The following table sets forth the current details of the Board of Directors

Name Designation, Father's name, Address and Occupation	Date of Appointment and Term	Qualifications	Age (years)	Other Directorships
<p><i>Mr. A.B.M.Good</i> Executive Director cum Chairman</p> <p>S/o Mr. Meyrick George Bruton Good</p> <p>Clench Lodge Wootton Rivers Marlborough Wiltshire Gloustershire SN8 4NT</p> <p>Occupation - Business</p>	Director since 1976	Mr. Good is a follow member of FID (Fellow of the Institute of Directors) and FCIPR (Fellow of the Chartered Institute of Public Relations).	75	<p>Tulip Star Hotels Ltd. Good Relations (India) Ltd. Cox &amp; Kings Limited Cox &amp; Kings Japan Limited Cox &amp; Kings Travel Limited The Bolshoi Express Ltd Cox &amp; Kings (Shipping) Ltd Cox &amp; Kings Holdings Ltd Cox &amp; Kings Enterprises C &amp; K Investments Ltd Cox &amp; Kings Special Interest Holidays Ltd Grand Tours Ltd Cox &amp; Kings Tours Limited Cox &amp; Kings Investment Limited Cox &amp; Kings (Agents) Limited Cox &amp; Kings Finance Limited</p>
<p><i>Mr. Ajay Ajit Peter Kerker</i> Executive Director</p> <p>S/o Mr. Ajit Baburao Kerker</p> <p>No.9, Southlands, 4<sup>th</sup> Floor, Shahid Bhagat Singh Road, Colaba, Mumbai-400039.</p> <p>Occupation - Business</p>	Director since November 30, 1993	B.A. with distinction in Economics and Anthropology from Stanford University, USA.	44	<p>Sneh Sadan Graphics Services Pvt. Ltd. Tulip Star Hotels Ltd. Kubber Investments (Mauritius) Private Limited Clearmine Limited, U.K. ETN Services Limited, U.K. Cox &amp; Kings Limited Cox &amp; Kings Japan Limited Cox &amp; Kings Travel Limited The Bolshoi Express Ltd Cox &amp; Kings (Shipping) Ltd Cox &amp; Kings Holdings Ltd Cox &amp; Kings Enterprises C &amp; K Investments Ltd Cox &amp; Kings Special Interest Holidays Ltd Grand Tours Ltd Cox &amp; Kings Tours Limited Cox &amp; Kings Investment Limited Cox &amp; Kings (Agents) Limited Cox &amp; Kings Finance Limited Cox &amp; Kings Finance (Mauritius) Ltd.</p>
<p><i>Mr. Pesi Patel</i> Independent Director</p>	Director since February 5, 1998	Bachelor degree in Commerce from Sydenham College, Bombay University.	55	<p>Full Moon Creative Services Pvt. Ltd. Ezeego One Travels and Tours Pvt. Ltd. Sneh Sadan Graphics Services Pvt. Ltd. Liz Investment Pvt. Ltd.</p>

Name Designation, Father's name, Address and Occupation	Date of Appointment and Term	Qualifications	Age (years)	Other Directorships
S/o Mr. Savak Pestonji Patel  Lyndewode House, Bomanji Petit Road, Cumbala Hill, Mumbai-400026  Occupation - Business				Tulip Star Hotels Ltd. Patel Brothers Services & Engineering Private Limited Patex Export Services Pvt. Ltd. Patel Microdata Pvt. Ltd. CIM Granites Pvt. Ltd. Apex Auto Limited Clearmine Limited, U.K ETN Services Limited U.K.
Ms. Urrshila Kerker  Executive Director  D/o Mr. Ajit B. Kerker  11, Nowroji Mansion, 31, Woodhouse Road, Colaba, Mumbai – 400 039  Occupation – Business	Director since December 1, 2004	BA with distinction in Economics (Bombay University) and Design Associate degrees from Pratt University, New York.	49	Ezeego One Travels and Tours Pvt. Ltd. Far Pavilions Tours & Travels Private Limited Forever Travel Distribution Private Limited Clearmine Limited U.K ETN Services Limited UK. Cox & Kings (Japan) Limited
Mr. Arup Sen  Executive Director  S/o Mr. Arupabha Sen  Flat No 78, Block No V 7 <sup>th</sup> Floor, Jaldarshan, 51, Nepeansea Road, Mumbai 400 036  Occupation – Business	Director since December 1, 2004	B.A. in Economics (University of Pune) and M.A. in Economics from University of Delhi.	50	Ezeego One Travels and Tours Pvt. Ltd. Far Pavilions Tours & Travels Private Limited Forever Travel Distribution Private Limited Cox & Kings Japan Limited
Mr. M. Narayanan-  Independent Director  S/o Mr. Kuppus	Director since 13 June, 2007	Postgraduate in Commerce, Degree in Law (LLB) Diploma in Business Management (DBM) and Certified	62	Magnum Ventures Limited Pride Hotels Limited Gujarat Hotels Limited

Name Designation, Father's name, Address and Occupation	Date of Appointment and Term	Qualifications	Age (years)	Other Directorships
Mahalinga Iyer  B-3/54 Safdarjung Enclave New Delhi- 110029  Occupation - Business		Association of Indian Institute of Bankers (CAIIB)		
Mr. Sam Tully-  Independent Director  S/o Sir Mark Tully  280 Hills Road, Cambridge, CB2 2QE Cambridge  Occupation - Business	Director since June 13, 2007	MA Honours Cantab, ACA(ICAEW)	42	NIL
Mr. Subhash Chandra Bhargava  Independent Director  S/o Late Jyoti Swarup Bhargava  Flat no.1305, B Wing, Dosti Asters, Dosti Acres, Off S. M. Road, Wadala (East) Mumbai - 400 037  Occupation - Business	Director since October 1, 2007	B. Com.(Honours) (Delhi University) Chartered Accountant and F. C.A.(Fellow of the Institute of Chartered Accountants of India) Membership No. 8848	62	UTI AMC Pvt. Ltd. Aditya Birla Nuvo Ltd. DCM Shriram Consolidated Ltd. Escorts Ltd. Swaraj Engine Ltd. Jaiprakash Associates Ltd. Jaiprakash Enterprises Ltd. Jaiprakash Power Ventures Ltd. Jaypee Cement Ltd. Mudra Lifestyles Ltd. IL & FS Academy for Insurance & Finance Ltd. A. K. Capital Services Ltd. IL & FS Insurance & Risk Management Services Ltd. OTC Exchange of India OTC Securities Ltd.

### Brief Profile of the Directors

#### *A.B.M.Good*

After a period as management trainee with Distillers Group, a spell in journalism and five years with the then largest independent airline group, Mr. Goods started as Public Relations Officer and was in due course elevated to a Group marketing role. In 1971, he was appointed on the Board of Cox & Kings Ltd. U.K. and became the Chairman in 1975. He was also a Director of Grindlays Commercial Holdings Ltd during the period that Cox & Kings remained a wholly owned



subsidiary of the bank. He was appointed on the Board of Cox and Kings (India) Ltd. the first time on January 12, 1976. In the year 1987 he was again appointed as the director on October 28, 1987 and since then he continues to be on the Board. He is currently the Chairman of the Company, its U.K. subsidiaries and promoter group entity, Good Relations (India) Ltd.

#### ***Ajay Ajit Peter Kerkar***

Ajay Ajit Peter Kerkar is based in UK and is in charge of our Company's overseas operations. Under his leadership, the Company is now positioned as the premier travel company in India as well as a brand leader in the premium market segment in UK, USA and Japan. He was a founder member and director of the World Tourism Council for the Indian sub-continent. He is also a founder member and Director of the Asian Music Circuit and Arts Council - funded music promoter in UK and Europe. Mr Kerkar holds a BA with distinction in Economics and Anthropology from Stanford University, California.

#### ***Urrshila Kerkar***

Urrshila Kerkar is responsible for the day-to-day management of our Company and for all the marketing and design initiatives for the Group. Prior to joining our Company in 1990, Ms. Kerkar was running her own enterprise, a graphic design and production house which won over 20 international awards for design. Ms. Kerkar holds a BA with distinction in Economics (Bombay University) and Design Associate degrees from Pratt University, New York.

#### ***Arup Sen***

Arup Sen is the Head of Operations for the Company and his responsibilities cover all areas of the business. He joined Cox and Kings in 1990. Prior to his current position, he held the position of Vice President in the company and Head of Conference Department for SITA Travels. Mr. Sen holds Bachelors in Economics, University of Pune and Masters in Economics from University of Delhi.

#### **Independent Directors**

##### ***Pesi Patel***

Pesi Patel is the director in charge of business development of the Company. He has held this position since 1999 and is a key member in determining the future strategies of the company. He is a non-executive director in Cox and Kings. He holds a degree in Bachelors of Commerce from University of Mumbai.

##### ***M. Narayanan***

M. Narayanan has vast experience and knowledge in the field of Banking and Finance. He is the former Chairman and Managing Director, Tourism Finance Corporation of India Ltd. He has also worked as General Manager Industrial Finance Corporation of India and held senior management positions in IFCI and Bank of Baroda. The Institute of Economic Studies, New Delhi, for excellence in performance, conferred him with UDYOG Rattan Award in the year 2005. Besides other qualifications, Mr. Narayanan is postgraduate in Commerce and holds a Degree in Law.

##### ***Sam Tully***

Sam Tully has vast experience and knowledge in the field of Banking and Finance. He has worked with Price Water House, London, as Tax specialist. In 1993, he joined Robert Fleming limited, London as Manager, Indian Institutional Sales. In 1996 he joined Jardine Fleming/Chase/ JP Morgan Mumbai as Director and Head of sales. In the year 2000, he joined JP Morgan, London as Director, Indian Equity Sales He has worked with UBS AG, London as Director Wealth Management and with CAZENOVE Limited, London as Head of Indian Institutional Sales. He is presently working as director, Insinger de Beaufort, London. He holds a Master in Arts (Honours) Degree from Cantab and ACA (ICAEW).

##### ***Subhash Chandra Bhargava***

Subhash Chandra Bhargava has vast experience in the field of Banking and Finance. He recently retired as Executive Director (Investment) with the Life Insurance Corporation of India, where he was working previously. He was responsible

for looking after investment functions like debt, equity, monitoring corporate sector, investment in infrastructure as well as social sector which involved dealing with State Government bodies and Central Government Undertakings etc. He holds a Bachelor in Commerce Degree from Delhi University and is a Fellow of the Institute of Chartered Accountants of India.

### **Borrowing powers of the Board**

Pursuant to a resolution passed by the shareholders of the Issuer on June 25, 2007 in accordance with provisions of the Companies Act, the Board is authorised to borrow monies upon such terms and conditions, with or without security, as the Board may think fit, provided that the monies to be borrowed together with the monies already borrowed by the Issuer (apart from the temporary loans obtained from its bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 1500 million.

Pursuant to a resolution passed at the Extra-ordinary General Meeting of the Company held on June 25, 2007, the Board is authorized to borrow monies, from time to time, for the purpose of the Company's business in excess of the aggregate of the paid up capital of the Company and its free reserve (not being reserves set apart for any specific purpose) provided that the total amount of such borrowing together with the amount already borrowed and outstanding shall not exceed Rs. 1,500 million.

### **Terms and Conditions of Employment of the Directors**

<b>Name of Director</b>	<b>Contract/ Appointment Letter/Resolution</b>	<b>Details of Remuneration</b>	<b>Term</b>
Mr. A.B.M.Good*	-	-	Liabile to retire by rotation
Mr. Ajay Ajit Peter Kerkar**	-	-	Liabile to retire by rotation.
Ms. Urrshila Kerkar	Resolution dated November 30, 2004	Rs. 3.6 million per annum, which was further increased to Rs. 10.32 through resolution dated September 19, 2007.	Not liable to retire by rotation.
Mr. Arup Sen	Resolution dated November 30, 2004	Rs. 0.96 million per annum, which was further increased to Rs. 6.87 million per annum through resolution dated September 19, 2007.	Not liable to retire by rotation.
Mr. Pesi Patel	Resolution dated February 5, 1998	A sitting fees of Rs. 0.02 million for every meeting of the Board and every meeting of the Committee attended by him.	Liabile to retire by rotation.
Mr. M. Narayanan	Resolution dated June 13, 2007	A sitting fees of Rs. 0.02 million for every meeting of the Board and every meeting of the Committee attended by him.	Liabile to retire by rotation
Mr. Sam Tully	Resolution dated June 13, 2007	A sitting fees of Rs. 0.02 million for every meeting of the Board and every meeting of the Committee attended by him.	Liabile to retire by rotation
Mr. Subhash Chandra Bhargava	Resolution dated October 1, 2007	A sitting fees of Rs. 0.02 million for every meeting of the Board and every meeting of the Committee attended by him.	Liabile to retire by rotation

\*Our Company does not have records of any contract/appointment letter/resolution appointing Mr. A.B.M. Good. However as per the RoC search report dated September 24, 2007, Mr. ABM Good was appointed in the year 1976.

\*\*Our Company does not have records of any contract/appointment letter/ resolution appointing Mr. Ajay Ajit Peter Kerkar to the Board of Directors. However, as per the form 32 filed with the RoC, his appointment is as on November 30, 1993.

## Corporate Governance

We have complied with all requirements of corporate governance under the listing agreement of the Stock Exchanges, particularly those relating to composition of Board of Directors, constitution of committees, etc.

The provisions of the listing agreements to be entered into with the Stock Exchanges with respect to corporate governance become applicable to the Company at the time of seeking in-principle approval of the Stock Exchanges. The Company has taken steps to comply with such provisions, including with respect to the appointment of independent Directors to the Board and the constitution of the following committees of the Board namely the Audit Committee and the Shareholders/Investors Grievance Committee. The Company undertakes to take all necessary steps to comply with all the requirements of the guidelines on corporate governance and adopt the corporate governance code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges.

The Board has eight Directors and the Chairman of the Board is an executive Director. In compliance with the requirements of Clause 49 of the listing agreement, at least 50% of the Board comprises independent Directors.

### Committees of the Board

The Board functions through the following committees:

#### *Audit Committee*

The Audit Committee was constituted on July 27, 2007. The scope and functions of the Audit Committee are as per Section 292A of the Companies Act and clause 49 of the listing agreement.

The members of the Audit Committee are:

<b>Name of Director</b>	<b>Designation</b>	<b>Executive/Non Executive</b>
Mr. Sam Tully	Chairman	Independent Director
Mr. A.B.M.Good	Member	Executive Director
Mr. M. Narayanan	Member	Non Executive & Independent Director
Mr. Pesi Patel	Member	Non Executive & Independent Director

Functions of the Audit Committee, *inter alia*, include:

- Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board the appointment, re-appointment, replacement/ removal of the statutory auditor and fixing audit fees;
- Reviewing with the management, the annual and quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, performance of the statutory and internal auditors and adequacy of the internal control systems;
- Discussion with the internal and statutory auditors on significant findings and reviewing findings of internal investigations by internal auditors, like matters of fraud or irregularity or failure of internal control systems, if any;
- Looking into reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders and creditors;
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the officials, reporting structure coverage and frequency of the internal audit; and

- Carrying out any other function that is mentioned in the terms of reference of the Audit Committee.

#### ***Share Transfer and Shareholders/ Investors Grievance Committee***

The Shareholders/Investors Grievance Committee was constituted on July 27, 2007. The committee shall function in accordance with Clause 49 of the listing agreement.

The members of the Shareholders/Investors Grievance Committee are:

<b>Name of Director</b>	<b>Designation</b>	<b>Executive/Non Executive</b>
Mr. Pesi Patel	Chairman	Non Executive & Independent Director
Mr. A.B.M.Good	Member	Executive Director
Mr. M. Narayanan	Member	Non Executive & Independent Director
Mr. Sam Tully	Member	Non Executive & Independent Director

The Shareholders/Investors Grievance Committee has been set up for the following purposes:

- Redressing complaints from shareholders such as non-receipt of dividend, annual report, transfer of Equity Shares and issue of duplicate share certificates; and
- Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by the Issuer.

#### ***Remuneration/Compensation Committee***

The Compensation Committee of the Issuer was constituted on July 27, 2007. The committee shall function in accordance with Clause 49 of the Listing Agreement.

The members of the Remuneration/ Compensation Committee are:

<b>Name of Director</b>	<b>Designation</b>	<b>Executive/Non Executive</b>
Mr. Pesi Patel	Chairman	Non Executive & Independent Director
Mr. M. Narayanan	Member	Non Executive & Independent Director
Mr. Sam Tully	Member	Non Executive & Independent Director
Mr. A.B.M.Good	Member	Executive Director
Mr. Ajay Ajit Peter Kerkar	Member	Executive Director

#### ***IPO Committee***

The IPO Committee was constituted on August 27, 2007. The Board has appointed this committee to oversee and administer the activities to be undertaken for this Issue.

The members of the IPO Committee are:

<b>Name of Director</b>	<b>Designation</b>	<b>Executive/Non Executive</b>
Mr. Ajay Ajit Peter Kerkar	Chairman	Executive Director
Ms Urrshila Kerkar	Member	Executive Director
Mr. Arup Sen	Member	Executive Director

#### **Board Procedure**

The Issuer has held Board meetings as per the provisions of the Companies Act, 1956 and has maintained minutes of the meetings thereof.

#### **Shareholding of Directors in the Issuer**

The details of the shareholding of Directors in the Issuer are as under.

<b>Sr. No.</b>	<b>Name of the Directors</b>	<b>Number of Equity Shares</b>
1.	A.B.M.Good	3,019,916
2.	Urrshila Kerkar	2,279,800
3.	Ajay Ajit Peter Kerkar	1,372,336
4.	Mr Pesi Patel	84,000
5.	Mr. Arup Sen	Nil
6.	Mr. Sam Tully	Nil
7.	Mr. M. Narayanan	Nil
8.	Mr. Subhash Bhargava	Nil

The Articles of Association do not require the Directors to hold any qualification shares.

#### **Interest of Directors:**

The Issuer has been promoted by Mr A.B.M.Good, Mr Ajay Ajit Peter Kerkar, Ms. Urrshila Kerkar, Liz Investments Private Limited and Kubber Investments (Mauritius) Private Limited. The Promoters may be deemed to be interested in the promotion of the Issuer to the extent of shares held by them and their relatives. The Promoters may also benefit from holding directorship in the Issuer.

All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board and of committees thereof, reimbursement of expenses as well as to the extent of other remuneration, if any, payable to them under the Articles of Association. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to anybody corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees.

All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them and/or by their friends and relatives in the Issuer or allotted to them in the present Issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions 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.

The Articles of Association provide that the Directors and officers shall be indemnified by the Issuer against loss, if any, in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his  favour or is acquitted in such proceeding.

The Directors have no interest in any property acquired by the company within two years of the date of filing of this RHP.

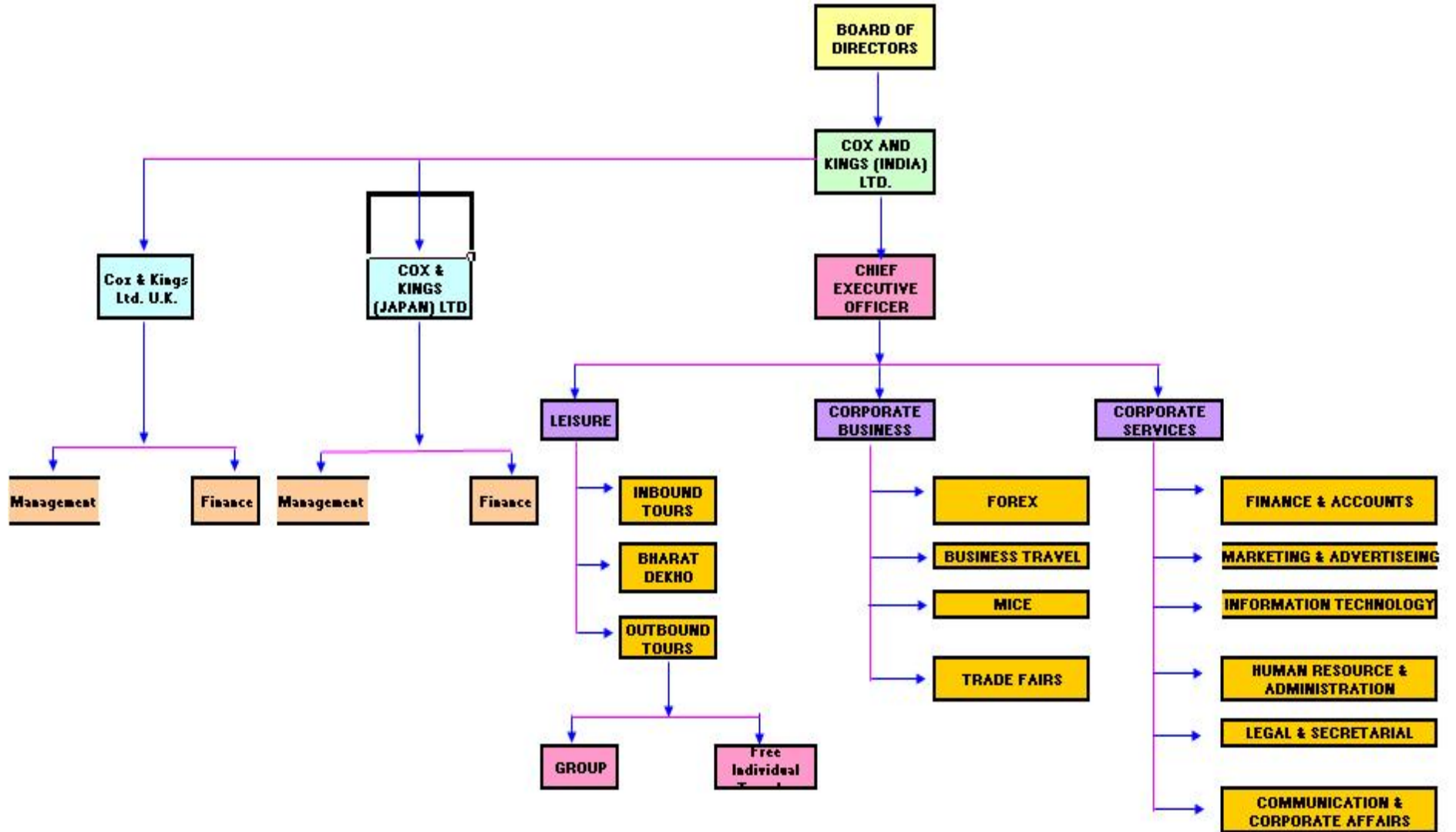
#### **Changes in the Board of Directors during the last 3 (three) years**

The following changes have occurred in the Board of Directors of the Issuer during the last 3 (three) years:

<b>Name of Director</b>	<b>Date of Appointment</b>	<b>Reason for appointment</b>	<b>Date of Resignation</b>	<b>Reason for change/Resigned</b>
Arup Sen	1 December, 2004	Appointed as Whole-time Director	N.A.	N.A.

Urrshila Kerkar	1 December, 2004	Appointed as Whole-time Director	N.A.	N.A.
Sam Tully	16 June, 2007	Appointed as Additional Director	N.A.	N.A.
M. Narayanan	16 June, 2007	Appointed as Additional Director	N.A.	N.A.
Subhash Chandra Bhargava	October 1, 2007	Appointed as Additional Director	N.A.	N.A.

Management Organization Structure of the Company



## **Key Managerial Personnel**

The details of key managerial personnel of the Issuer are as follows:

### *Anil Khandelwal- Chief Financial Officer*

Mr. Anil Khandelwal, born on February 18, 1972, is a Chartered Accountant by Profession. He joined Cox and Kings (India) Limited as Chief Financial Officer with effect from January 1, 2008. He is a graduate of the Science discipline from Mumbai University and also is a Fellow Member of the Institute of Chartered Accountants of India. He is a member of the Institute of Chartered Accountants of India since 1999. Mr. Anil Khandelwal was a Partner in Iyer Jain Khandelwal & Co., Chartered Accountants, and a firm specializing in Systems Study & Internal Audits. His experience encompasses broad range of Industries including Tours & Travels, Hospitality, Textiles, Media & Entertainment, Construction, Shipping, Financial Services, Technology, Pharmaceuticals and Consumer Durables. He has extensive experience in matters relating to Finance & Accounts including dealing with Banks, Financial Institutions and Private Equity Funds. . His current remuneration is Rs. 6,500,000 p.a.

### *Ravi Menon- Foreign Exchange Head*

Ravi Menon, 46, is working with Cox and Kings (India) Ltd. as General Manager, leading the Foreign Exchange division. He is responsible to diversify the Foreign Exchange business to all branches of Cox & Kings in India. Ravi started his career in the year 1980 in the Indian Air Force and subsequently joined Thomas Cook in 1983 for a three year stint. He had thereafter taken up assignment with Bank of Credit and Commerce International from 1986 to 1994. Ravi has also worked overseas in Dubai with the Al-Futtaim group before joining Cox and Kings (India) Ltd. Ravi has done his Post Graduate Diploma in Business Management in Sales and Marketing as well as Human Resource Division from Wellingkars Institute. His current remuneration is Rs. 1,912,226 p.a.

### *G.B.Patkar- Vice President Legal*

G.B. Patkar, 51, is a legal professional with 24 years experience. He started his career as Advocate of the High Court of Mumbai in 1983. He joined Cox and Kings in 1998 and is responsible to protect the legal interest of the Company, the litigation for and against the Company and the documentation concerning the organisation and its business. Mr. Patkar holds a Degree in Science and Law from the University of Mumbai. His current remuneration is Rs. 2,548,940 p.a.

### *Karthik Venkataraman- Head Systems and IT Business development*

Karthik Venkataraman, 32, started his career with Tangerine Informatique Limited. He joined Cox and Kings (India) Ltd in 1999 and is responsible for implementation and management of the IT infrastructure for all Cox & Kings offices and group companies. He heads the three key function areas of IT - EDP, Web Development & Data Management Functions of Information Technology and is also responsible for providing a stable backbone for conducting day to day business for all business units. He holds a degree in B.E. (Electronics) , HDISM (Honours Diploma in Software Management) & MFM (Masters in Financial Management) from the University of Mumbai. His current remuneration is Rs. 2,306,827.

### *Cyrus Sarkari, Head Contracting- Outbound Business Tour*

Cyrus Sarkari, 43, joined our Company in the year 1996 as an Assistant Manager for product development. He has a diverse experience covering various industries like banking and finance, stock market operations and portfolio management and travel and trade. He is currently involved in overseeing the product development, contracting, costing and operations of the Outbound Group Division, being its Senior General Manager, and was also one of the key persons, instrumental in conceiving and launching the Outbound Group travel concept. He has done is Bachelors in Commerce from University of Bombay. His current remuneration is Rs. 3,348,568.

### *Ajay Seth- Head Bharat Dekho*

Ajay Seth, 47, joined our Company on January 1, 1995. Prior to joining our Company, he has worked with TCI, New Delhi and Travel House, New Delhi. He has been primarily responsible for contracting, marketing, planning, brochure designing, sales, operations and financial management and is currently working in the department of Conferences, Outbound Travel, Domestic – Free Individual Travellers’ & Meeting Incentives Conferences and Exhibition, International Cruises,



Destination Management/Inbound Travel. He has done is Bachelors in Commerce from University of Bombay. His current remuneration is Rs. 2,635,409 p.a.

*John Joseph Nair - Head Business Travel Sales*

John Joseph Nair, 38, is working with Cox and Kings (India) Ltd. as Head Business Travel Sales. He is responsible for Sales of Business Travel All India and smooth functioning of the Business travel Operations Cox & Kings in India apart from this his responsibility is to do airlines Contracting and get the best deals for all the other departments of Cox & Kings for Air tickets. John started his career in the year 1990 with Treasure Tours & Travels Pvt. Ltd. John is currently also doing his Post Graduate Diploma in Business Management in Sales and Marketing from Wellingskars Institute. His current remuneration is Rs. 2,006,549.

*T.B. Billimoria – Human Resources and Administrative Head*

Mr. Billimoria, 53, joined the company in the year 1988 as Marketing Manager. He was entrusted the responsibility of Human Resource and Administrative Department in the year 1993 and since then he has been acting as the pillar in this field. He has the vast experience of 34 years in field of Human Resource and Administrative activities. Mr. Billimoria passed his Senior Secondary Certificate Exam in the year 1970. His current remuneration is Rs. 1,716,964 p.a.

*Rashmi Jain – Company Secretary and Compliance Officer*

Ms. Rashmi Jain, Company Secretary, aged 33 years, joined our company on May 15, 2006. She holds a bachelor’s degree in commerce from Delhi University and is a member of the Institute of Company Secretaries of India. She has an experience of more than four years and was working with a reputed practicing company secretaries firm prior to joining us. Her responsibilities include ensuring compliance with all legal and regulatory requirements for the smooth functioning of the business. Her current remuneration is Rs.423,377 p.a.

**Shareholding of Key Managerial Personnel**

The Key Managerial Personnel hold no shares in the Company.

**Bonus and/or profit sharing plan for the Key Managerial Personnel**

The Key Managerial Personnel do not benefit from any profit sharing plan or bonus awarded by the Company.

**Changes in Key Managerial Personnel**

During the last three years, the following changes have occurred in the Key Managerial Personnel of the Issuer:

<b>Name of Director</b>	<b>Date of Appointment</b>	<b>Reason for Appointment</b>	<b>Date of Resignation</b>	<b>Reason for change/Resigned</b>
Ravi Menon (Head of the Foreign Exchange Division)	August 19, 2004	Appointed	Not applicable	Not applicable
Mrs. Rashmi Jain	May 15, 2006	Appointed	Not applicable	Not applicable
Mr. Anil Khandelwal	January 1, 2008	Appointment	Not applicable	Not applicable

**Interest of Directors and Key Managerial Personnel**

Except as mentioned in the section titled “Related Party Transactions” beginning on page 170, in the section titled “Our Management” beginning on pages 139, no amount or benefit has been paid or given since incorporation or is intended to be paid or given to any of the Directors or Key Managerial Personnel or officers of the Issuer except the normal remuneration for services rendered as Directors, officers or employees.

**Payment or Benefit to Officers of the Issuer (non-salary related)**

There are no non-salary related payments or benefits made to the Officers of the Issuer.

**Sales or Purchase between companies in the Promoter Group**

There have been no sales or purchases between the Group companies except as stated in the section titled “Related Party Transactions” beginning on page 170 of this Draft Red Herring Prospectus.

## OUR PROMOTERS AND PROMOTER GROUP COMPANIES

### **Our Promoters**

*Our individual Promoters are:*

Mr. A.B.M.Good  
Mr. Ajay Ajit Peter Kerkar  
Ms. Urrshila Kerkar

*Our corporate Promoters are:*

Liz Investments Private Limited  
Kubber Investments (Mauritius) Private Limited

### **Our Promoter Group**

*The individuals who are part of the Promoter Group, apart from the individual Promoters mentioned above, are as follows:*

Ajit Baburao Kerkar  
Mrs. Elizabeth A. Kerkar  
Emma Kerkar  
Jessica Kerkar  
Nayantara kerkar  
Mark Tully  
Margaret Tully  
Patrick Tully  
Sam Tully  
Sarah Tully  
Antonia Good  
Kathryn Good

*The companies that are part of the Promoter Group are as follows:*

Good Relations (India) Private Limited  
Sneh Sadan Graphic Services Private. Ltd  
Ezeego One Travels and Tours Pvt. Ltd.  
Far Pavilions Tours and Travel Pvt. Ltd.  
Forever Travel Distribution Pvt. Ltd.  
Tulip Star Hotels Limited  
V Hotels Limited  
Tulip Hotels Private Limited  
ABK Enterprises Pvt. Ltd  
Tulip Star Leisure & Health Resorts Ltd.

The details of the individual Promoters are as follows:

**Mr. A.B.M.Good**



Identification	Details
PAN	Not Available
Passport No.	099007656
Driving Licence Number	GOOD9304183AB9NB
Bank Account Number	00014400

**Mr. Ajay Ajit Peter Kerkar**



Identification	Details
PAN	AADPK3298H
Passport No.	Z1591389
Driving Licence Number	8136918
Bank Account Number	001614100025997 (NRO)- Bank of India

**Ms. Urrshila Kerkar**



Identification	Details
PAN	AGAPK5487B
Passport No.	761097076
Driving Licence Number	77  C 25024
Bank Account Number	10473843992- State Bank of India 001610100025996 – saving bank – Bank of India

## Liz Investments Private Limited ("Liz Investments")

Liz Investments was incorporated on September 1, 1988 as a Private Limited Company under the Companies Act, 1956. The registered office of Liz Investments is at 1st Floor, Cecil Court, Lansdowne Road, Colaba, Mumbai 400 039. The Promoter of Liz Investments is Mr. Ajit Baburao Kerkar and Liz Investments is involved in the investment business. Liz Investments is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985, and is not in the process of any winding up. Further, Liz Investments has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

The main objects as contained in its memorandum of association are:

*To carry on the business as an Investment Company and to buy, underwrite, invest in, acquire in any manner, hold, sell or dispose of shares, stocks, debentures, debenture-stock, bonds, obligations and securities issued or guaranteed by any company constituted or carry on business in India or elsewhere and debentures, debenturestock, bonds, obligations and securities issued or guaranteed by any Government, state, dominions, sovereign, ruler, commissioners, public body or authority, supreme, municipal, local or otherwise, firm or person whether in India or elsewhere, and to deal with and turn to account the same, provided always that no investment imposing unlimited liability on the Company shall be made.*

## Shareholding Pattern

The shareholding pattern of Liz Investments as on January 18, 2008 is as follows:

Shareholder	No. Of Shares Held	Shareholding (%)
Urrshila Kerkar	227,600	47.4
Elizabeth Kerkar	2600	0.54
Ajay Ajit Peter Kerkar	250,000	52.06
<b>Total</b>	<b>480,200</b>	<b>100</b>

## Board of Directors

The Board of Directors of Liz Investments comprises of Mr. Ajit Baburao Kerkar, Mrs. Elizabeth Kerkar and Mr. Pesi Patel.

## Financial Performance

The financial results of Liz Investments for the years ended March 31, 2004, 2005 and 2006 are as set forth below:

**Rs. In Millions**

	For the period ended March 31,		
	2005	2006	2007
Income/Sales	65.23	0.15	1.10
Profit (Loss) after Tax	(59.95)	(1.61)	(6.03)
Equity share capital	2.70	2.70	2.70
Reserves and surplus (excluding revaluation reserves)	59.56	55.98	45.34
Earnings per share/(Loss) per share	(222)	(5.97)	(22.29)
Net asset value or book value per share	230	217	178

## Other details pertaining to Liz Investments

Identification	Details
PAN	AAACL0565E
Passport No.	N.A
Driving Licence Number	N.A
Bank Account Number	10473842478- State Bank of India

### **Kubber Investments (Mauritius) Private Limited (“Kubber”)**

Kubber was incorporated on March 16, 2007 as a Private Company limited by Shares under the Companies Act, 2001. The registered office of Kubber is at Les Cascades, Edith, Cavell Street, Port Louis, Republic of Mauritius. The Promoter of Kubber is Mr. Ajay Ajit Peter Kerkar and Kubber is involved in the business of investments. Kubber is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985, and is not in the process of any winding up. Further, Kubber has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

The main objects as contained in its memorandum of association are:

*To engage in any business or businesses whatsoever, which are not prohibited under the laws of Mauritius.*

### **Shareholding Pattern**

The shareholding of Kubber as on January 18, 2008 is as set forth below:

<b>Shareholder</b>	<b>No. Of Shares Held</b>	<b>Shareholding (%)</b>
Ajay Ajit Peter Kerkar	760	76%
Urrshila Kerkar	240	24%
<b>Total</b>	<b>1000</b>	<b>100</b>

### **Board of Directors**

The Board of Directors of Kubber comprises of Mr. Ajay Ajit Peter Kerkar, Mr. Ashraf Ramtoola and Ms. Sandra Hew Khee.

### **Financial Performance**

Since Kubber was incorporated in March this year, there are no financial performance pertaining to the same,

### **Other details pertaining to Kubber**

<b>Identification</b>	<b>Details</b>
PAN	AADCK1285B
Passport No.	N.A
Driving Licence Number	N.A
Bank Account Number	01 400 460033 01

### **Shareholding Pattern**

The pre-Issue and post-Issue shareholding of the Promoters, the Promoters Group and the other shareholders is as follows:

*Equity Shares of face value of Rs. 10 each*

<b>Name of Shareholders</b>	<b>Pre-Issue</b>		<b>Post-Issue</b>	
	<b>No. of Equity Shares</b>	<b>%</b>	<b>No. of Equity Shares</b>	<b>%</b>
<b>Promoters</b>				
A.B.M.Good	3,019,916	10.8	3,019,916	8.2
Urrshila Kerkar	2,279,800	8.2	2,279,800	6.2

Name of Shareholders	Pre-Issue		Post-Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
Ajay Ajit Peter Kerkar	1,372,336	4.9	1,372,336	3.7
Liz Investments Private Limited	6,881,664	24.6	6,881,664	18.8
Kubber Investment (Mauritius) Pvt. Ltd.	9,173,280	32.8	9,173,280	25
<b>Sub Total</b>	<b>22,726,996</b>	<b>81.3</b>	<b>22,726,996</b>	<b>61.9</b>
<b>Promoter Group</b>				
Elizabeth Kerkar	637,200	2.3	[●]	[●]
Sneh Sadan Graphic Services	49,500	0.18	[●]	[●]
<b>Sub Total</b>	<b>686,700</b>	<b>2.48</b>	[●]	[●]
<b>Non-Promoters</b>				
<b>Directors and employees</b>				
Pesi Patel	84,000	0.3	[●]	[●]
<b>Sub Total</b>	<b>84,000</b>	<b>0.3</b>	[●]	[●]
<b>Others</b>				
Vanaja Rajan	97,000	0.3	[●]	[●]
Matsui Yoshizumi	24,952	0.1	[●]	[●]
Matsui Chieko	180,472	0.6	[●]	[●]
Fullmoon Creative Services Private Limited	80,000	0.3	[●]	[●]
Girdhar Morari Agro Research Private Limited	108,500	0.39	[●]	[●]
Aparajita Mercantile Private Limited	50,000	0.18	[●]	[●]
Lehman Brothers Opportunity Limited	1,086,640	3.87	[●]	[●]
Deutsche Securities Mauritius Limited	1,080,000	3.9	[●]	[●]
Merrill Lynch Capital Markets Espana, S.A.S.V., Madrid Spain	880,000	3.2	[●]	[●]
Goldman Sachs Investments (Mauritius) I Ltd.	840,000	3.0	[●]	[●]
<b>Sub Total</b>	<b>4,427,564</b>	<b>15.12</b>	[●]	[●]
<b>Total</b>	<b>27,925,260</b>	<b>100</b>	<b>36,625,260</b>	<b>100</b>

### Declaration

We confirm that the PAN, bank account details, driving license number and passport number of Mr. Ajay Ajit Peter Kerkar and Ms. Urrshila Kerkar will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with such Stock Exchanges. We confirm that the bank account details, driving license number and passport number of Mr. A.B.M.Good will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with such Stock Exchanges. Since Mr. A.B.M.Good is not an Indian national, he does not have a PAN.

Further, our Promoters and Promoter Group entities, including relatives of the Promoters, have confirmed that they have not been detained as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or currently pending against them. None of our Promoters or persons in control of bodies corporate forming part of our Promoter Group has been restricted from accessing the capital markets.

**Common Pursuits**

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, if at all and as and when they may arise. For, further details on the related party transactions, to the extent of which the Issuer is involved, see the section titled “Related Party Transactions” beginning on page 170. Save as disclosed in the Draft Red Herring Prospectus, the Promoters do not have an interest in any venture that is involved in any activities similar to those conducted by the Company or any member of the Promoter Group.

**Interest of Individual Promoters**

The Issuer has been promoted by Mr. A.B.M.Good, Mr. Ajay Ajit Peter Kerkar, Ms. Urrshila Kerkar, Liz Investments Private Limited and Kubber Investments (Mauritius) Private Limited. The Promoters may be deemed to be interested in the promotion of the Issuer to the extent of shares held by them and their relatives. The Promoters may also benefit from holding directorship in the Issuer.

There are no other interests of Individual Promoters save their interest as directors disclosed in ‘Interest of Directors’ in the section titled “Our Management” beginning on page 139.

**Related Party Transactions**

Save as disclosed in the section titled “Related Party Transactions” beginning on page 170 and the section titled “Our Management” beginning on page 139 of this Draft Red Herring Prospectus, there has been no payment of benefits to our Promoters during the last two years prior to the date of filing of this Draft Red Herring Prospectus.

**Promoter Group Entities under Clause 6.8.3.2(k) and (l) of the SEBI DIP Guidelines**

(a) **The natural persons who are part of our Promoter Group (due to the relationship with our promoters), other than the Promoters named above are as follows:**

<b>Relationship</b>	<b>Mr. Ajay Ajit Peter Kerkar</b>	<b>Ms. Urrshila Kerkar</b>	<b>Mr. A.B.M.Good</b>
Father	Mr. Ajit Baburao Kerkar	Mr. Ajit Baburao Kerkar	-
Mother	Mrs. Elizabeth Kerkar	Mrs. Elizabeth Kerkar	-
Brother		Ajay Ajit Peter Kerkar	
Sister	Urrshila Kerkar	-	
Spouse	Emma Kerkar	-	
Children	Jessica Kerkar Nayantara Kerkar	-	Antonia Good Kathryn Good
Spouse’s Father	Mark Tully	-	-
Spouse’s Mother	Margaret Tully	-	-
Spouse’s Brother	Patrick Tully Sam Tully	-	-



Relationship	Mr. Ajay Ajit Peter Kerkar	Ms. Urrshila Kerkar	Mr. A.B.M.Good
Spouse's Sister	Sarah Tully	-	-

**(b) Companies, firms and HUFs which form part of our Promoter Group are as follows:**

Save as disclosed below, none of the Promoters or any of their immediate relatives hold 10% or more of the share capital of any company or entity specified under Clause 6.8.3.2 (k) and (l) of the SEBI Guidelines.

	Relationship	Mr. Ajay Ajit Peter Kerkar	Ms. Urrshila Kerkar	Mr. A.B.M.Good
1.	Any company in which 10% or more of the share capital is held by the Promoter or an immediate relative of the Promoter or a firm or HUF in which the Promoter or any one or more of his immediate relatives is a member	<p>Sneh Sadan Graphic Services Private Limited</p> <p>Liz Investments Private Limited</p> <p>Kubber Investments (Mauritius) Private Limited</p> <p>ABK Enterprises Private Limited</p> <p><b>Relatives:</b> <i>Urrshila Kerkar-</i></p> <p>Ezeego One Travel and Tours Private Limited</p> <p>Far Pavilions Tours and Travel Private Limited</p> <p>Liz Investments Private Limited</p> <p>Kubber Investments (Mauritius) Private Limited</p> <p>ABK Enterprises Private Limited</p> <p><i>Ajit Baburao Kerkar-</i></p> <p>Tulip Hotels Private Limited</p> <p>ABK Enterprises Private Limited</p>	<p>Ezeego One Travel and Tours Private Limited</p> <p>Far Pavilions Tours and Travel Private Limited</p> <p>Liz Investments Private Limited</p> <p>Kubber Investments (Mauritius) Private Limited</p> <p>ABK Enterprises Private Limited</p> <p><b>Relatives:</b> <i>Ajay Ajit Peter Kerkar-</i></p> <p>Sneh Sadan Graphic Services Private Limited</p> <p>Liz Investments Private Limited</p> <p>Kubber Investments (Mauritius) Private Limited</p> <p>ABK Enterprises Private Limited</p> <p><i>Ajit Baburao Kerkar-</i></p> <p>Tulip Hotels Private Limited</p> <p>ABK Enterprises Private Limited</p>	Good Relations (India) Private Limited

	<b>Relationship</b>	<b>Mr. Ajay Ajit Peter Kerkar</b>	<b>Ms. Urrshila Kerkar</b>	<b>Mr. A.B.M.Good</b>
2.	Any company in which a company mentioned in (1) above, holds 10% of the total	Tulip Star Hotels Limited  Forever Travel Distribution Private Limited  Far Pavillions Tours and Travels Private Limited  V Hotels Limited	Forever Travel Distribution Private Limited  V Hotels Limited	Not Applicable
3.	Any HUF or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total	Not applicable	Not Applicable	Not Applicable
<b>When the Promoter is a Company</b>				
	<b>Relationship</b>	<b>Liz Investments Private Limited</b>	<b>Kubber Investments (Mauritius) Private Limited</b>	
1.	A subsidiary or holding company of that company	Not Applicable	Not Applicable	
2.	Any company in which the Promoter holds 10% or more of the equity capital, or which holds 10% or more of the equity capital of the Promoter	Far Pavilions Tours and Travel Private Limited  Cox and Kings (India) Limited  Tulip Star Hotels Limited	Cox and Kings (India) Limited	
3.	Any company in which a group of individuals or companies or combinations thereof who hold 20% or more of the equity capital in that company, also hold 20% or more of the equity capital of the issuer company	Not Applicable	Not Applicable	

#### **Other ventures of Promoters have business interests/other interests in the Company**

There are no other ventures of Promoters in which they have business interests/other interests in the Company.

#### **Promoter Group**

The details of the companies that form part of the Promoter Group are as follows:

#### **Good Relations (India) Limited**

Good Relations (India) Limited was incorporated on January 11, 1988. The registered office address of Good Relations (India) Limited is 201, Parvati Industrial Premises, New Sun Mill Compound, Lower Parel, Mumbai-400 013. The principal

activity of Good Relations (India) Limited is to facilitate public relations.

#### Shareholding Pattern

The shareholding pattern of Good Relations (India) Limited as on January 18, 2008 is detailed below:

Name of Shareholder	No. of Shares	% of Issued Capital
A.B.M.Good	1,600,760	89.603
Vinay P. Karve	780	0.044
Meenakshi S Varma	10	0.001
Kuldip Nayyar	10	0.001
Lalit R. Shah	6,240	0.349
Gulam Noon	178,700	10.003
<b>Total</b>	<b>1,786,500</b>	<b>100</b>

#### Board of Directors

The board of directors of Good Relations (India) Limited comprises of the following:

1. Mr. A.B.M.Good
2. Sir Gulam Noon
3. Mrs. Meenakshi Sachdev Varma
4. Mr. Sam Sargood

#### Financial Performance

*Rs. in million (except share data)*

	For the period ended March 31,		
	2005	2006	2007
Income/Sales	30.49	23.44	30.17
Profit (Loss) after Tax	(1.18)	(5.69)	2.13
Equity share capital	16,078,000	16,078,000	16,078,000
Reserves and surplus (excluding revaluation reserves)	(2.12)	(7.81)	(5.68)
Earnings per share	(1.06)	(3.54)	1.33
Net asset value or book value per share	8.68	5.14	6.46

(1) Net of miscellaneous expenditure not written off.

(2) The face value of each equity share is Rs. 10 each

Good Relations (India) Limited is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA, does not have any winding up proceedings initiated against it and does not have a negative net worth.

#### Sneh Sadan Graphic Services Private Limited

Sneh Sadan Graphic Services Private Limited was incorporated on May 24, 1980. The registered office of Sneh Sadan Graphic Services Private Limited is 1st Floor, Cecil Court, Manakaji Bhushan Marg, Colaba, Mumbai 400 039. The principal activity of Sneh Sadan Graphic Services Private Limited is designing of graphics.

#### Shareholding Pattern

The shareholding pattern of Sneh Sadan Graphic Services Private Limited as on January 18, 2008 is detailed below:

Name of Shareholder	No. of Shares	% of Issued Capital
Urrshila Kerkar	6001	70.57
Liz Investment Private Limited	3	0.04
Ajay Ajit Peter Kerkar	2500	29.40
<b>Total</b>	<b>8,504</b>	<b>100</b>

#### Board of Directors

The board of directors of Sneh Sadan Graphic Services Private Limited comprises of the following:

1. Mr. Ajay Ajit Peter Kerkar
2. Mr. Pesi Patel
3. Ms. Elizabeth Kerkar

#### Financial Performance

*Rs. in million (except share data)*

	For the period ended March 31,		
	2005	2006	2007
	Rs.	Rs.	Rs.
Income/Sales	0.14	0.05	0.06
Profit/(Loss) after Tax	(0.32)	(0.37)	(0.51)
Equity Share Capital	0.85	0.85	0.85
Reserves and surplus (excluding revaluation reserves) <sup>(1)</sup>	3.96	3.59	3.08
Earnings/(Loss) per share <sup>(2)</sup>	(37.49)	(43.97)	(59.82)
Book Value per share <sup>(2)</sup>	566	522	462

<sup>(1)</sup> Net of miscellaneous expenditure not written off.

<sup>(2)</sup> The face value of each equity share is Rs. 10 each

Sneh Sadan Graphic Services Private Limited is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA, does not have any winding up proceedings initiated against it and does not have a negative net worth.

#### Ezeego One Travels and Tours Private Limited

Ezeego One Travels and Tours Private Limited was incorporated on February 6, 2006. The registered office address of Ezeego One Travels and Tours Private Limited is 1st Floor, Cecil Court, Lansdowne Road, Colaba, Mumbai 400 039. The principal activity of Ezeego One Travels and Tours Private Limited is online ticketing.

#### Shareholding Pattern

The shareholding pattern of Ezeego One Travels and Tours Private Limited as on January 18, 2008 is detailed below:

Name of Shareholder	No. of Shares	% of Issued Capital
Urrshila Kerkar	46667	78.43
Ajay Ajit Peter Kerkar	3333	5.60
Neelu Singh	500	0.84
Cox and Kings (India) Limited	9000	15.13
<b>Total</b>	<b>59,500</b>	<b>100</b>

#### Board of Directors

The board of directors of Ezeego One Travels and Tours Private Limited comprises of the following:

1. Ms. Urrshila Kerkar
2. Mr. Arup Sen
3. Mr. Pesi Patel

*Financial Performance*

*Rs. in million (except share data)*

	<b>For the period ended March 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Income/Sales	-	0.00	0.00
Profit (Loss) after Tax	-	(0.07)	(0.55)
Equity share capital	-	10,000	59,500
Reserves and surplus (excluding revaluation reserves)	-	(0.07)	99.29
Earnings per share	-	(7.02)	(9.20)
Net asset value or book value per share	-	10	1689.16

(1) Net of miscellaneous expenditure not written off.

(2) The face value of each equity share is Rs. 10 each

Ezeego One Travels and Tours Private Limited is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA, does not have any winding up proceedings initiated against it and does not have a negative net worth.

**Forever Travel Distribution Private Limited**

Forever Travel Distribution Private Limited was incorporated on June 13, 2004. The registered office of Forever Travels Distribution Private Limited is at A- 505, Zarna Enclave, Adjoining Saidham Temple, Western Express Highway, Kandivali (E) Mumbai- 400 101. The principal activity of Forever Travels Distribution Private Limited is online ticketing.

*Shareholding Pattern*

The shareholding pattern of Forever Travel Distribution Private Limited as on January 18, 2008 is detailed below:

<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>% of Issued Capital</b>
Asha Rathi	100	0.2
Yogesh Rathi	23,900	47.8
Ezeego One Travels and Tours Private Limited	26,000	52
<b>Total</b>	<b>50,000</b>	<b>100</b>

*Board of Directors*

The board of directors of Forever Travel Distribution Private Ltd. comprises of the following:

1. Mrs. Asha Rathi
2. Mr. Yogesh Rathi
3. Ms. Urrshila Kerkar
4. Mr. Arup Sen
5. Mr. Pesi Patel

### Financial Performance

Rs. in million (except share data)

	For the period ended March 31,		
	2005	2006	2007
	Rs.	Rs.	Rs.
Income/Sales	6.13	29.51	26.71
Profit/(Loss) after Tax	0.005	(0.08)	(5.74)
Equity Share Capital	100,000	100,000	100,000
Reserves and surplus (excluding revaluation reserves) <sup>(1)</sup>	(0.001)	(0.085)	(5.83)
Earnings/(Loss) per share <sup>(2)</sup>	0.58	(8.49)	(574.80)
Book Value per share <sup>(2)</sup>	9.88	1.47	(573.26)

<sup>(1)</sup> Net of miscellaneous expenditure not written off.

<sup>(2)</sup> The face value of each equity share is Rs. 10 each

Forever Travel Distribution Private Limited is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA and does not have any winding up proceedings initiated against it.

### Far Pavilions Tours and Travel Private Limited

Far Pavilions Tours and Travel Private Ltd. was incorporated on January 27, 1999. The registered office of Far Pavilions Tours and Travel Private Ltd. is at 40/100, Ground Floor, Chitranjan Park, New Delhi, 110019. The principal activity of Far Pavilions Tours and Travel Private Limited is charter business.

### Shareholding Pattern

The shareholding pattern of Far Pavilions Tours and Travel Private Limited as on January 18, 2008 is detailed below:

Name of Shareholder	No. of Shares	% of Issued Capital
Urrshila Kerkar	15,000	50
Liz Investments Private Limited	15,000	50
<b>Total</b>		<b>100</b>

### Board of Directors

The board of directors of Far Pavilions Tours and Travel Private Limited comprises of the following:

1. Mr. S.N.Gupta
2. Mr. Arup Sen
3. Mr. Prabhu Dev
4. Ms. Urrshila Kerkar

### Financial Performance

Rs. in million (except share data)

	For the period ended March 31,		
	2005	2006	2007
	Rs.	Rs.	Rs.
Income/Sales	56.88	0.04	0.806
Profit/(Loss) after Tax	18.44	(52.62)	(8.89)
Equity Share Capital	30,000	30,000	30,000
Reserves and surplus (excluding revaluation	18.44	(34.38)	(43.28)

	For the period ended March 31,		
	2005	2006	2007
	Rs.	Rs.	Rs.
reserves) <sup>(1)</sup>			
Earnings/(Loss) per share <sup>(2)</sup>	614.56	(1753.94)	(296.60)
Book Value per share <sup>(2)</sup>	614.49	(1146.28)	(1442.88)

<sup>(1)</sup> Net of miscellaneous expenditure not written off.

<sup>(2)</sup> The face value of each equity share is Rs. 10 each

Far Pavilions Tours and Travel Private Limited is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA and does not have any winding up proceedings initiated against it.

### **Tulip Star Hotels Limited**

Tulip Star Hotels Limited was incorporated on September 10, 1987. The registered office of Tulip Star Hotels Ltd. is at Indra Palace, H-Block, Connaught Circus, New Delhi-110 001. The principal activity of Tulip Star Hotels Limited is hospitality.

#### *Shareholding Pattern*

The shareholding pattern of Tulip Star Hotels Limited as on January 18, 2008 is detailed below:

Name of Shareholder	No. of Shares	% of Issued Capital
Corporate Bodies	2,352,430	51.03
Other Corporate Bodies	1,051,879	22.81
Clearing Members	9,705	0.21
Directors	181,390	3.93
Non Nationalised Banks	12,400	0.27
Non Resident Indians	2,962	0.07
Overseas Corporate Bodies	20,000	0.44
Public	979,234	21.24
<b>Total</b>	<b>4,610,000</b>	<b>100</b>

#### *Board of Directors*

The board of directors of Tulip Star Hotels Limited comprises of the following:

1. Mr. A.B.M.Good
2. Mr. Ajit Baburao Kerkar
3. Mr. Mahendra Lodha
4. Mr. Ajay Ajit Peter Kerkar
5. Mr. Arvind Herwadkar
6. Mr. Pesi Patel
7. Shailesh Mody

#### *Financial Performance*

*Rs. in million (except share data)*

	For the period ended March 31,		
	2005	2006	2007
	Income/Sales	13.78	13.70
Profit (Loss) after Tax	27.50	1.50	292.35
Equity share capital	46,099,500	46,100,000	46,100,000
Reserves and surplus (excluding	110.99	111.31	398.27

	For the period ended March 31,		
	2005	2006	2007
revaluation reserves)			
Earnings per share	5.97	0.33	63.42
Net asset value or book value per share	34.07	34.14	96.39

(1) Net of miscellaneous expenditure not written off.

(2) The face value of each equity share is Rs. 10 each

Tulip Star Hotels Limited is a listed company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA, does not have any winding up proceedings initiated against it and does not have a negative net worth. The equity shares of Tulip Star Hotels Limited are listed on Bombay Stock Exchange.

### Promise vs. Performance

Tulip Star Hotels Limited (erstwhile called as Cox and Kings Travel and Finance Limited) had come out with a public issue of 9,100,000 equity shares of Rs.10 each for cash at a premium of Rs.100 per share aggregating to Rs.100.10 million in the year 1995. The objects of the issue were:

- To consolidate its capital base, enhance its network, augment long term resources, for expanding its existing financial services division.
- To finance its diversification for setting up Money Changing Bureaus and Travel and Tourism business with emphasis on inbound special Tour & Conference.
- To obtain enlistment of the company's shares on stock exchange and to meet the expense of this issue.

Comparative Statement												(Rs.in Millions)
	March 31, 1995			March 31, 1996			March 31, 1997			March 31, 1998		
	Actual	Projected	Variance	Actual	Projected	Variance	Actual	Projected	Variance	Actual	Projected	Variance
Total Income	21.35	21.52	(0.18)	76.38	80.83	(4.46)	63.58	122.73	(59.16)	40.75	181.72	(140.97)
Profit Before Tax	11.81	12.12	(0.31)	46.85	38.28	8.57	39.33	56.99	(17.66)	(4.07)	79.45	(83.51)
Profit After Tax	9.61	10.62	(1.01)	33.85	38.28	(4.43)	23.03	54.01	(30.98)	(4.33)	67.41	(71.74)

### Information about the Share Price

Highest price in last 6 months:

BSE : Rs. 119.19 on January 8, 2008

Lowest Price in last 6 months:

BSE : Rs. 48.60 on August 2, 2007

Closing Price on January 18, 2008:

BSE : Rs. 94.00

### Mechanism for Redressal of Investors' grievance(s)

The company has appointed Intime Spectrum Registry Limited as its Registrar and Share Transfer Agents for redressing investors' grievances. The complaints received, if any are normally attended to and replied to within 10 days of receipt. There are no investor complaints pending against the company as on December 31, 2007.

### V Hotels Limited (erstwhile Tulip Hospitality Limited)

V Hotels Limited was incorporated on September 5, 2000. The registered office of V Hotels Limited is at Chander Mukhi Bldg (Basement), Behind The Oberoi, Nariman Point, Mumbai-400021. The principal activity of V Hotels Limited is hospitality.



### Shareholding Pattern

The shareholding pattern of V Hotels Ltd. as on January 18, 2008 is detailed below:

Name of Shareholder	No. of Shares	% of Issued Capital
Tulip Star Hotels Ltd.	2,199,920	49.99
Tulip Hotels Pvt. Ltd.	2,200,000	50
V.R. Agnihotri	30	0.0006
Shaunak Paigankar	10	0.0002
V Rajan	10	0.0002
Shailesh Katvi	10	0.0002
Ravi Mohite	10	0.0002
Girish Nadkarni	10	0.0002
<b>Total</b>	<b>4,400,000</b>	<b>100</b>

### Board of Directors

The board of directors of V Hotels Limited comprises of the following:

1. Mr. Ajit Baburao Kerkar
2. Mr. Shailesh Mody
3. Mr. Om Navani
4. Mr. Arvind Herwadkar

### Financial Performance

Rs. in million (except share data)

	For the period ended March 31,		
	2005	2006	2007
Income/Sales	127.89	5.60	8.71
Profit (Loss) after Tax	(620.42)	(333.58)	(443.47)
Equity share capital	44,500,000	44,500,000	44,000,000
Reserves and surplus (excluding revaluation reserves)	395.98	395.98	395.98
Earnings per share	(141)	(76)	(101)
Net asset value or book value per share	(216)	(291)	(391)

(1) Net of miscellaneous expenditure not written off.

(2) The face value of each equity share is Rs. 10 each

V Hotels Limited is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA and does not have any winding up proceedings initiated against it.

### Tulip Hotels Private Limited

Tulip Hotels Private Limited was incorporated on September 19, 1997. The registered office of Tulip Hotels Private Limited is at Chander Mukhi Building (Basement), behind the Oberoi, Nariman Point, Mumbai-400021. The principal activity of Tulip Hotels Private Limited is owning and managing hotels

### Shareholding Pattern

The shareholding pattern of Tulip Hotels Private Limited as on January 18, 2008 is detailed below:

Name of Shareholder	No. of Shares	% of Issued Capital
Ajit Kerkar	49,700	99.4

Name of Shareholder	No. of Shares	% of Issued Capital
Ajay Ajit Peter Kerkar	100	0.2
Urrshila Kerkar	100	0.2
Om Navani	10	0.02
V Rajan	90	0.18
<b>Total</b>	<b>50,000</b>	<b>100</b>

#### Board of Directors

The board of directors of Tulip Hotels Private Limited comprises of the following:

1. Mr. Ajit Baburao Kerkar
2. Mr. Shailesh Mody
3. Mr. Shankar Menon
4. Mr. Amarsinh Pratap Patil
5. Mr. Arvind Khanna

#### Financial Performance

*Rs. in million (except share data)*

	For the period ended March 31,		
	2005	2006	2007
	Rs.	Rs.	Rs.
Income/Sales	3.67	2.76	2.13
Profit/(Loss) after Tax	(11.48)	(41.19)	(45.14)
Equity Share Capital	5,00,000	5,00,000	5,00,000
Reserves and surplus (excluding revaluation reserves) <sup>(1)</sup>	-	-	-
Earnings/(Loss) per share <sup>(2)</sup>	(229.54)	(823.90)	(902.72)
Book Value per share <sup>(2)</sup>	10	10	10

<sup>(1)</sup> Net of miscellaneous expenditure not written off.

<sup>(2)</sup> The face value of each equity share is Rs. 10 each

Tulip Hotels Private Limited is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA, does not have any winding up proceedings initiated against it and does not have a negative net worth.

#### ABK Enterprise Private Limited

ABK Enterprise Private Limited was incorporated on February 25, 1998. The registered office of ABK Enterprise Private Limited is at Chander Mukhi Building (Basement), behind the Oberoi, Nariman Point, Mumbai-400021. The principal activity of ABK Enterprise Private Limited is [business of consultants, advisors, experts, technical collaborators in the matters pertaining to setting up of tourist destinations and leisure activities including real estates, malls, entertainment complex, city and towns.

#### Shareholding Pattern

The shareholding pattern of ABK Enterprise Private Ltd. as on January 18, 2008 is detailed below:

Name of Shareholder	No. of Shares	% of Issued Capital
Ajit Baburao Kerkar	500	33.33
Peter A. Kerkar	500	33.33
Urrshila Kerkar	500	33.34
<b>Total</b>	<b>1,500</b>	<b>100</b>

### Board of Directors

The board of directors of ABK Enterprise Private Ltd. comprises of the following:

1. Mr. Ajit Baburao Kerkar
2. Amarsinh Pratap Hill

### Financial Performance

*Rs. in million (except share data)*

	For the period ended March 31,		
	2005	2006	2007
	Rs.	Rs.	Rs.
Income/Sales	-	-	-
Profit/(Loss) after Tax	0.01	0.01	0.03
Equity Share Capital	15,000	15,000	15,000
Reserves and surplus (excluding revaluation reserves) <sup>(1)</sup>	-	-	-
Earnings/(Loss) per share <sup>(2)</sup>	(7.46)	(8.69)	(18.02)
Book Value per share <sup>(2)</sup>	10	10	10

(1) Net of miscellaneous expenditure not written off.

(2) The face value of each equity share is Rs. 10 each

ABK Enterprise Private Ltd. is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA, does not have any winding up proceedings initiated against it and does not have a negative net worth.

### Tulip Star Leisure & Health Resorts Ltd.

Tulip Star Leisure & Health Resorts Ltd. was incorporated on June 24, 2002. The registered office of Tulip Star Leisure & Health Resorts Ltd. is at Chander Mukhi (Basement), Nariman Point, Mumbai-400021. The principal activity of Tulip Star Leisure & Health Resorts Ltd. is marketing of Time Share products.

### Shareholding Pattern

The shareholding pattern of Tulip Star Leisure & Health Resorts Ltd. as on January 18, 2008 is detailed below:

Name of Shareholder	No. of Shares	% of Issued Capital
Tulip Star Hotels Limited	20,000	40
Tulip Hotels (P) Limited	20,000	40
Sneh Sadan Graphics Services (P) Limited	7,000	14
Ajit Baburao Kerkar	500	1
Kanwaljit Singh Sindhu	500	1
Vasant R. Agnihotri	500	1
Shaunak A. Paigankar	500	1
Anil Wad	500	1
Vanaja Rajan	500	1
<b>Total</b>	<b>50,000</b>	<b>100</b>

### Board of Directors

The board of directors of Tulip Star Leisure & Health Resorts Ltd. comprises of the following:

1. Mr. Ajit Baburao Kerkar
2. Mr. Shailesh S. Mody
3. Mr. A.S. Anantharaman

*Financial Performance*

*Rs. in million (except share data)*

	<b>For the period ended March 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Income	1.87	2.01	1.57
Profit/(Loss) after Tax	(4.82)	(2.54)	(0.03)
Equity Share Capital (Incl. Share Application Money of Rs. 13.40)	13.90	13.90	13.90
Reserves and surplus (excluding revaluation reserves)(1)	(32.53)	(35.07)	(35.39)
Earnings/(Loss) per share(2)	(9.64)	(5.08)	(0.06)
Book Value per share (2)	(65.06)	(70.14)	(70.78)

- (1) Net of miscellaneous expenditure not written off.
- (2) The face value of each equity share is Rs. 10 each

Tulip Star Leisure & Health Resorts Ltd., is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA and does not have any winding up proceedings initiated against it.

**Defunct Promoter Group Companies**

None

**Companies, firms and other entities from which the Promoters have disassociated themselves**

None of the Promoters have disassociated themselves from any of the companies, firms or other entities during preceding three years preceding the date of filing of the Draft Red Herring Prospectus.

## **RELATED PARTY TRANSACTIONS**

For details on the Company's related party transactions, see Annexure VII to the Company's restated unconsolidated financial statements beginning on page 189 of this Draft Red Herring Prospectus.

## DIVIDEND POLICY

The declaration and payments of dividend on our equity shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend upon a number of factors, including but not limited to our profits, capital requirements an overall financial conditions. The dividend and dividend tax paid by our Company during the last five financial years is presented below:

### SCHEDULE OF RATES OF DIVIDEND

The detail of dividends declared by the company is as under:

*Rs./Millions*

CLASS OF SHARES	FOR THE FINANCIAL YEAR ENDED				
	31 <sup>st</sup> Mar 2003	31 <sup>st</sup> Mar 2004	31 <sup>st</sup> Mar 2005	31 <sup>st</sup> Mar 2006	31 <sup>st</sup> Mar 2007
<b>Face Value of Equity Shares (Rs. per share)</b>	10	10	10	10	10
<b>Dividend Paid</b>	588,000*	630,000	630,000	3,808,000	3,808,000
<b>Dividend Rate</b>	7%	7%	7%	7%	7%
<b>Dividend Tax</b>	75,338	80,719	82,333	534,072	534,072

\* Dividend paid for a period of 15 (fifteen) months.

The amount paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

## SECTION V: FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

January 15, 2008

To,  
Board of Directors,  
Cox and Kings (India) Limited,  
Turner Morrison Building,  
1st Floor, 16 Bank Street, Fort,  
Mumbai- 400 001

Dear Sirs,

We have examined the financial information of Cox and Kings (India) Limited (the “**Company**”), as attached to this report and initialled by us for identification.

The said financial information has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the “**Act**”) and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (the “**Guidelines**”) and the related clarifications issued by the Securities and Exchange Board of India (“**SEBI**”) as amended to date, and in terms of our engagement letter dated September 5, 2007, in connection with the Offer Document being issued by the Company in connection with the proposed Initial Public Offer of equity shares. The financial information has been prepared by the Company and approved by the Board of Directors of the Company.

#### **A. Financial information as per audited financial statements**

We have examined:

- a) the attached “Statement of Profits and Losses, as restated” of the Company for the fifteen months ended March 31, 2003, year ended March 31, 2004, March 31, 2005, March 31, 2006, March 31, 2007 and six months ended September 30, 2007 enclosed in Annexure I;
- b) the attached “Statement of Assets and liabilities, as restated” as at the said dates enclosed as Annexure II; and
- c) the attached ‘Statement of Cash Flows’ in respect of fifteen months ended March 31, 2003, year ended March 31, 2004, March 31, 2005, March 31, 2006, March 31, 2007 and six months ended September 30, 2007 enclosed in Annexure III to this report together referred to as ‘Summary Statements’.

The Summary Statements for the fifteen months period ended March 31, 2003, year ended March 31, 2004, March 31, 2005 and March 31, 2006, have been extracted from the financial statements of the respective periods audited and reported by M/s. RSM & Co., Chartered Accountants and have been accepted by us in so far as it relates to the amounts included in Summary Statements. The Summary Statements for the financial year ended 31<sup>st</sup> March, 2007 and six months ended September 30, 2007 have been extracted from the financial statements of the respective periods audited by us. The financials statements for the fifteen months period ended March 31, 2003, year ended March, 31, 2004, March, 31, 2005, March 31, 2006, March, 31, 2007 have been approved by Board of Directors and adopted by the members. Financial statements for six months period ended September 30, 2007 has been approved by the Board of Directors in the meeting held on December 21, 2007. The Statement of cashflow for the fifteen months ended March 31, 2003 and year ended March 31, 2004 has been extracted by the Management from the audited accounts for the respective years and reviewed by us.

Based on our examination of these summary statements, we state:

- The restated profits have been arrived at after making such adjustments and regrouping as set out in Annexure V which in our opinion are appropriate in the years to which they relate.
- The qualifications in the Auditor’s Report that are quantifiable and that require any adjustment to the summary statements has been appropriately adjusted as set out in Annexure V.

- The extra-ordinary items that need to be disclosed separately in the summary statements has been appropriately disclosed.

## **B. Other Financial Information**

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:

- a) Statement of Accounting Ratios, as restated, as given in Annexure VI to this report.
- b) Statement of related party transactions given in Annexure VII to this report.
- c) Statement of Segmental information given in Annexure VIII to this report.
- d) Details of Dividend paid by the Company given in Annexure IX to this report.
- e) Statement of tax shelter as given in Annexure X to this report.
- f) Capitalisation statement of the Company as at September 30, 2007 as given in Annexure XI to this report.
- g) Statement of Debtors as given in Annexure XII to this report.
- h) Statement of Loans and Advances as given in Annexure XIII to this report.
- i) Statement of Contingent liabilities as given in Annexure XIV to this report.
- j) Statement of Other Income given in Annexure XV to this report.
- k) Statement of Secured Loans and Unsecured Loans as given in Annexure XVI and XVII to this report.
- l) Statement of Investments as given in Annexure XVIII to this report.

In our opinion the restated financial information of the Company, attached to this report as mentioned in Paragraphs A and B above, read with respective significant accounting policies and notes as given in Annexure IV and Annexure V to this report, and after making adjustments and regrouping as considered appropriate, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

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

**For Chaturvedi & Shah**  
Chartered Accountants

**Rajesh D. Chaturvedi**  
Partner  
Membership No. 45882



STATEMENT OF PROFIT & LOSS, AS RESTATED						
	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 months ended March 31, 2003
	(Rs. in Millions)					
<b>Income</b>						
Commission and Operating Income	626.10	891.43	631.71	420.49	281.89	264.76
Other Income	24.36	23.71	25.74	34.69	5.62	6.47
<b>Total</b>	<b>650.46</b>	<b>915.13</b>	<b>657.45</b>	<b>455.18</b>	<b>287.51</b>	<b>271.23</b>
<b>Expenditure</b>						
Personnel Expenses	127.43	168.38	150.83	80.96	60.99	61.62
Other Expenses	279.79	321.01	277.60	159.46	148.16	185.23
Interest and finance charges	20.95	50.15	30.75	66.36	35.57	42.49
Depreciation	17.70	29.95	18.04	14.22	12.60	19.09
<b>Total</b>	<b>445.87</b>	<b>569.48</b>	<b>477.23</b>	<b>320.99</b>	<b>257.32</b>	<b>308.42</b>
<b>Net Profit/(Loss) before Tax and extra ordinary items</b>	<b>204.58</b>	<b>345.65</b>	<b>180.22</b>	<b>134.19</b>	<b>30.19</b>	<b>(37.19)</b>
<b>Taxation</b>						
Current Tax	62.12	124.17	74.84	21.14	2.40	-
Deferred Tax	1.29	0.63	(8.73)	15.76	8.20	(4.72)
Fringe Benefit Tax	3.25	5.20	6.22	-	-	-
<b>Net Profit/(Loss) after Tax before extraordinary items</b>	<b>137.92</b>	<b>215.65</b>	<b>107.90</b>	<b>97.29</b>	<b>19.59</b>	<b>(32.46)</b>
Extra-ordinary items (net of tax) (Receipt on relinquishment of Tenancy Rights)	-	-	65.72	-	-	-
<b>Net Profit after Tax and Extra-ordinary items</b>	<b>137.92</b>	<b>215.65</b>	<b>173.61</b>	<b>97.29</b>	<b>19.59</b>	<b>(32.46)</b>
<b>Balance brought forward</b>	<b>454.93</b>	<b>243.63</b>	<b>74.36</b>	<b>(22.22)</b>	<b>(41.10)</b>	<b>(7.98)</b>
Less: Additional charge on adoption of AS-15(R)	2.31	-	-	-	-	-
Proposed Dividend	-	3.81	3.81	0.63	0.18	0.59
Tax on dividend	-	0.53	0.53	0.08	0.08	0.08
Interim Dividend	-	-	-	-	0.45	-
<b>Balance carried to Balance Sheet</b>	<b>592.85</b>	<b>454.93</b>	<b>243.63</b>	<b>74.36</b>	<b>(22.22)</b>	<b>(41.10)</b>

The above statement should be read with the significant accounting policies and notes appearing in Annexure IV and V.

## Annexure II

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED						
	As at	As at	As at	As at	As at	As at
	Sept. 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
	(Rs. in Millions)					
<b>A. Fixed Assets</b>						
Gross Block	280.91	258.34	181.29	157.64	139.39	160.88
Less: Depreciation	141.32	126.06	96.23	94.70	90.36	96.22
Net Block	139.59	132.29	85.07	62.95	49.03	64.66
Add: Capital Work in Progress/Capital Advances	7.48	5.68	45.70	24.83	23.45	14.10
	<b>147.07</b>	<b>137.96</b>	<b>130.77</b>	<b>87.78</b>	<b>72.48</b>	<b>78.76</b>
<b>B. Deferred Tax Asset</b>	<b>12.16</b>	<b>12.28</b>	<b>12.91</b>	<b>4.18</b>	<b>19.95</b>	<b>28.15</b>
<b>C. Investment</b>	<b>977.58</b>	<b>617.07</b>	<b>358.70</b>	<b>194.84</b>	<b>16.75</b>	<b>16.75</b>
<b>D. Current Assets, Loans and Advances</b>						
Inventories	27.04	18.95	11.44	12.41	6.52	7.56
Sundry Debtors	816.81	740.76	445.46	478.36	317.48	306.53
Cash and Bank	172.72	154.16	265.99	261.31	100.39	58.62
Loans and Advances	1,075.47	944.03	889.33	609.17	505.57	460.86
	<b>2,092.04</b>	<b>1,857.89</b>	<b>1,612.22</b>	<b>1,361.25</b>	<b>929.95</b>	<b>833.57</b>
<b>Total Assets</b>	<b>3,228.85</b>	<b>2,625.20</b>	<b>2,114.60</b>	<b>1,648.05</b>	<b>1,039.12</b>	<b>957.23</b>
<b>E. Liabilities and Provisions</b>						
Secured Loans	494.92	272.07	457.46	323.42	234.13	169.68
Unsecured Loans	350.60	300.00	185.90	287.23	221.55	358.02
Current Liabilities	735.43	1,025.60	781.55	853.36	525.32	391.29
Provisions	351.17	276.94	150.40	41.03	11.69	10.68
	<b>1,932.12</b>	<b>1,874.61</b>	<b>1,575.32</b>	<b>1,505.03</b>	<b>992.69</b>	<b>929.67</b>
<b>F. Net worth</b>	<b>1,296.73</b>	<b>750.59</b>	<b>539.29</b>	<b>143.02</b>	<b>46.44</b>	<b>27.56</b>
<b>Represented by</b>						

1. Share Capital (Equity paid-up capital)	64.81	54.40	54.40	9.00	9.00	8.40
2. Share Capital Suspense	-	-	-	-	-	12.00
3. Reserves and Surplus	1,231.92	696.19	484.89	134.02	37.44	7.16
3.1. Capital Reserve	1.75	1.75	1.75	1.75	1.75	1.75
3.2. Security premium account	611.11	211.00	211.00	29.40	29.40	18.00
3.3. General Reserve	22.89	22.89	22.89	22.89	22.89	22.89
3.4. Foreign Currency Earnings Reserve	5.62	5.62	5.62	5.62	5.62	5.62
3.5. Profit & Loss account balance	590.55	454.93	243.63	74.36	(22.22)	(41.10)
The above statement should be read with the significant accounting policies and notes appearing in Annexure IV and V.						

## Annexure III

CASH FLOW STATEMENT, AS RESTATED						
	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 Months ended March 31, 2003
	(Rs. in Millions)					
<b>Cash flow from operating activities:</b>						
<b>Net Profit before taxation and extra-ordinary item</b>	<b>204.58</b>	<b>345.65</b>	<b>180.22</b>	<b>134.19</b>	<b>30.19</b>	<b>(37.19)</b>
Add: Extra-Ordinary items	-	-	84.85	-	-	-
	204.58	345.65	265.07	134.19	30.19	(37.19)
Adjustments for:						
- Depreciation	17.70	29.95	18.04	14.22	12.60	19.09
- Dividend Income	-	-	(0.01)	(0.40)	(0.80)	(0.81)
- Interest Expense	20.95	50.15	28.84	39.85	26.60	42.49
- Interest income	(16.38)	(21.38)	(20.20)	(1.76)	(3.48)	(3.22)
- (Profit)/Loss on sale of investments (net)	(1.10)	-	(2.53)	(26.49)	(0.00)	(0.09)
- (Profit)/Loss on sale of fixed assets (net)	(0.04)	0.17	4.23	1.53	0.69	0.03
- Bad debts written off/provision for bad and doubtful debts	-	-	5.32	27.12	10.49	6.14
Operating Profit before working capital change	225.71	404.53	298.77	188.26	76.29	26.44
(Increase) / Decrease in Trade Receivables	(76.05)	(295.30)	27.58	(187.99)	(21.44)	14.73
(Increase) / Decrease in Loans and advances	(86.06)	85.45	(215.89)	(79.32)	(51.93)	(354.57)
(Increase) / Decrease in Inventories	(8.10)	(7.50)	0.97	(5.89)	1.04	(4.87)
Increase / (Decrease) in Current liabilities	(233.08)	171.86	(47.98)	331.61	95.24	26.38
<b>Cash generated from / (used in) from operations</b>	<b>(177.57)</b>	<b>359.04</b>	<b>63.44</b>	<b>246.66</b>	<b>99.20</b>	<b>(291.89)</b>
Income tax / Fringe Benefit tax paid	(32.69)	(123.57)	(48.79)	(23.21)	4.89	11.18
<b>Net Cash generated from / (used in) operating activities</b>	<b>(210.26)</b>	<b>235.46</b>	<b>14.65</b>	<b>223.45</b>	<b>104.09</b>	<b>(280.71)</b>
<b>Cash flow from investing activities:</b>						
Payment towards Purchase of Fixed Assets and Capital Work in Progress	(27.22)	(37.42)	(65.99)	(31.79)	(13.06)	(22.83)
Proceeds from Sale of Fixed Assets	0.46	0.12	0.72	0.74	6.05	0.96
Interest Received	3.70	4.80	4.84	0.70	2.41	3.22
Purchase of Investments	(160.00)	(258.36)	(164.07)	(180.10)	-	(0.61)
Dividend Received	-	-	0.01	0.40	0.80	0.81

<b>CASH FLOW STATEMENT, AS RESTATED</b>						
	<b>Six months ended September 30, 2007</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>	<b>15 Months ended March 31, 2003</b>
	<b>(Rs. in Millions)</b>					
Proceeds from Sale of Investments	211.11	-	2.73	28.50	0.01	0.16
<b>Net Cash generated from / (used in) investing activities</b>	<b>28.04</b>	<b>(290.87)</b>	<b>(221.75)</b>	<b>(181.56)</b>	<b>(3.79)</b>	<b>(18.30)</b>
<b>Cash flow from financing activities:</b>						
Increase/(decrease) in borrowings (Net)	273.45	(71.30)	32.71	154.97	(72.02)	307.39
Proceeds from issue of share capital	-	-	227.00	-	-	12.00
Dividend Paid	(4.34)	(4.34)	(0.71)	(0.20)	(1.17)	(0.42)
Interest paid	(20.95)	(50.15)	(28.84)	(42.07)	(16.88)	(42.49)
Deferred Revenue expenses incurred	-	-	-	-	-	-
<b>Net Cash generated from / (used in) financing activities</b>	<b>248.16</b>	<b>(125.79)</b>	<b>230.16</b>	<b>112.70</b>	<b>(90.07)</b>	<b>276.48</b>
Net Increase / (Decrease) in cash and cash equivalents	65.94	(181.20)	23.07	154.60	10.23	(22.53)
Cash and cash equivalents at the beginning of the period / year	55.75	236.95	213.88	59.29	49.05	71.59
<b>Cash and cash equivalents at the end of the year</b>	<b>121.70</b>	<b>55.75</b>	<b>236.95</b>	<b>213.88</b>	<b>59.29</b>	<b>49.05</b>
<b>Add : Book Overdraft</b>	<b>50.62</b>	<b>97.99</b>	<b>29.04</b>	<b>47.43</b>	<b>41.10</b>	<b>9.56</b>
<b>Cash and Cash equivalent as per restated accounts</b>	<b>172.31</b>	<b>153.75</b>	<b>265.99</b>	<b>261.31</b>	<b>100.39</b>	<b>58.62</b>
The above statement should be read with the significant accounting policies and notes appearing in Annexure IV and V.						

**NOTES ON ACCOUNTS FOR THE RESTATED SUMMARY****FINANCIAL STATEMENTS**

## 1. Summary of significant accounting policies

## a) Method of Accounting:

The financial statements are prepared as per historical cost convention on accrual basis and comply with the provisions of the Companies Act, 1956, the generally accepted accounting principles in India and the applicable accounting standards issued by the Institute of Chartered Accountants of India.

## b) Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of the assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

## c) Turnover:

In line with generally accepted accounting practices, turnover comprises of net commissions earned on travel management, service agency charges including margins in respect of tour and tour related services and commissions/margins earned on foreign exchange transactions in the normal course of the business as Authorised Dealer. The income arising from the buying and selling of foreign currencies has been included on the basis of margins achieved.

## d) Revenue Recognition:

In accordance with the Company's accounting policy followed consistently, commissions/income arising from tours and related services is accounted after netting off all direct expenditures relating thereto except its revenues from Studio division where the income is accounted at invoice value net of discounts. Income from buying and selling of foreign currencies is accounted on net basis as stated in (b) above. In respect of the pending jobs, the Studio division follows the completed contract method for recognizing revenue. All revenues are accounted when there is reasonable certainty of its ultimate collection.

## e) Expenditure:

All general business expenditure is accounted in the year in which it is incurred. All direct tour related expenses including advertisement expenses for specific tour are accounted in the year in which the tours are undertaken.

## f) Fixed Assets:

Fixed Assets are stated at cost, less accumulated depreciation. Costs include all costs relating to acquisition and installation of fixed assets. Intangible assets represent "customer data base and contacts", stated at the valued amount and Software stated at cost

## g) Depreciation:

Depreciation on fixed assets is provided on the written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956. Intangible assets are amortised over a period of five to ten years, being the expected period of use. The leasehold land and leasehold improvements are depreciated over the lease period.

h) Leases:

Assets acquired under finance leases on or after April 1, 2001 and hire purchase finance taken prior to April 1, 2001 are capitalized as fixed assets at their fair value at the inception of the lease. Depreciation on such assets is provided as per the company's policy stated above. Lease payments are apportioned and the finance charge is recognized in the profit and loss account. In respect of the finance leases, other than hire purchase finance, taken prior to April 1, 2001, lease payments paid are accounted for as lease rentals in the profit and loss account.

i) Investments:

Long-term investments are valued at cost. Provision for diminution in value of investments is made, if the diminution is of a nature other than temporary. Current investments are valued at the lower of cost and market value.

j) Inventory:

Inventory represents stock of foreign currencies, which have been valued at lower of cost and realisable value as at the year-end.

k) Employee Retirement Benefits:

- a. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b. Post employment and other long-term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

l) Foreign Currency Transactions:

Transactions in foreign currency are recorded at spot rates / average rates. Current assets/liabilities including those pertaining to foreign branch are converted at period-end rates. Fixed Assets at the foreign branch are stated at the cost of acquisition. Gains or losses arising out of realisations or translations at the period-end are recognised in the profit & loss account for the period.

m) Accounting for taxes on Income:

Provision for current tax is made, based on the tax payable under the relevant statute.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty of its realisation.

n) Provision, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

## 2. Notes forming part of Accounts as restated

- a) As at September 30, 2007, issued equity shares consist of 11,39,815 (98,500 – for earlier periods) Equity Shares of Rs.10/- each issued pursuant to a contract without payment being received in cash.
- b) For the year 2002-03, provision for tax has been made on taxable profit based on profit & loss account for fifteen months ended March 31, 2003. The tax year of the Company under tax laws ends on 31st March every year. Therefore, the ultimate tax liability for the financial year 2002-03 is determined on the basis of taxable income for the year ended March 31, 2003.
- c) Pursuant to a business transfer agreement with Tulip Star Hotels Limited (“Tulip”), the Company acquired on an ongoing basis foreign exchange business of Tulip at 9 locations with effect from October 1, 2002 for a total consideration of Rs.35 millions. All the legal formalities, including grant of unified licence by Reserve Bank of India for operation of Foreign exchange business were completed on January 1, 2003 upto which date the business was carried on by Tulip on behalf of the Company as its trustees. In terms of the agreement, the certified book value of fixed assets (written down value), current assets and current liabilities as at September 30, 2002 aggregated Rs.1.58 millions, Rs.68.14 millions and Rs.44.26 millions respectively, which were taken over and recorded in the books. Further, as per the understanding reached between the parties, the database of customers and contracts valued at Rs.9.54 millions were also taken over and recorded as intangible assets in the books. The total consideration of Rs.35 millions was to be discharged partly by issue and allotment of 60,000 shares of Rs.10/- each at a premium of Rs.190/- per share aggregating Rs.12 millions, which was done subsequent to the year end. The balance consideration was settled against outstanding receivable from Tulip. Pending allotment of equity shares, the Rs.12 millions has been shown as Share Capital suspense account as at March 31, 2003.
- d) In the opinion of the Board of Directors, the current assets and loans & advances have a value on realisation in ordinary course of business at least equal to the amount at which they are stated.
- e) In the year 2005-06, exceptional receipt represents relinquishment by the Company of its tenancy rights in respect of an immovable property for an agreed amount of Rs 84.85 millions
- f) Unsecured loan to the extent of Rs 25 Crores is secured by personal guarantee of a director
- g) During the six month period ended 30.9.2007, pursuant to the FIPB approval vide letter dated 06.08.2007 and agreement dated 19.09.2007, company has acquired 14,27,875 fully paid up equity shares of GBP 1 each of Cox and Kings Limited, UK and 247 fully paid up equity shares of Yen 50,000 each of Cox and Kings Japan Limited. The Company allotted 10,413,315 shares to the shareholders of Cox and Kings Limited, UK and Cox and Kings Japan Limited as purchase consideration. Pursuant to acquisition Cox and Kings Limited, UK and Cox and Kings Japan Limited have become subsidiary companies.
- h) Although Cox and Kings (India) Limited holds 49% of equity shares in Cox & Kings Tours LLC, Dubai it has a 100% beneficiary interest in Cox & Kings Tours LLC, Dubai pursuant to a management agreement dated February 7, 2007 between Cox and Kings (India) Limited and Mr. Ghanim Mubarak Ghanim Ghansham. Hence Cox & Kings Tours LLC, Dubai is a subsidiary of Cox and Kings (India) Limited.
- i) The Company has adopted Accounting Standard 15 (Revised) “Employee Benefits” issued by Institute of Chartered Accountants of India with effect from 1<sup>st</sup> April 2007.

**Defined Contribution Plan** Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

	(Rs. in Lacs)
Employer’s Contribution to Provident Fund	55.47
Employer’s Contribution to Pension Scheme	23.92



**Defined Benefit Plan**

The Company operates post retirement benefit plans as follows:

**A. Funded**

Gratuity

**B. Unfunded**

Leave Encashment

**I. Reconciliation of opening and closing balances of Defined Benefit obligation**

(Rs. in Lacs)

	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit Obligation at the beginning of the period	116.11	113.69
Current service cost	17.27	19.37
Interest cost	5.34	4.66
Contribution by the plan participants	-	-
Actuarial (gain)/ loss	(5.63)	77.93
Benefits paid	-	(32.95)
Defined Benefit Obligation at the end of the period	144.35	182.70

**II. Reconciliation of fair value of assets and obligations**

(Rs. in Lacs)

	Gratuity (Funded)	Leave Encashment (Unfunded)
Fair Value of Plan assets as on 30 <sup>th</sup> September, 2007	-	-
Present Value of benefit obligation as on 30 <sup>th</sup> September, 2007	-	-
Amount to be recognized in Balance Sheet	-	-

**III. Expenses recognized during the year**

(Rs. in Lacs)

	Gratuity (Funded)	Leave Encashment (Unfunded)
Current Service Cost	17.27	19.37
Interest cost on benefit obligation	5.34	4.66
Auctorial (gain)/ loss recognized in the year	(5.63)	77.93
Past service Cost	-	-
Net benefit expense	16.98	101.96
Actual return on plan asset	-	-

**IV. Actuarial assumptions**

(Rs. in Lacs)

	Gratuity (Funded)	Leave Encashment (Unfunded)
Discount Rate (per annum)	8.00%	8.00%
Expected rate of return on assets (per annum)	8.10%	—

Rate of escalation in salary (per annum)	4.00%	4.00%
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The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. This being the first year of implementation, previous year figures have not been given. The expected rate of return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risks historical results of return on plan assets and the Company's policy for plan asset management.

j) Break up of Deferred Tax liability is as under.

	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 months ended March 31, 2003
Rs. in Millions						
<b>Deferred Tax Asset</b>						
Carried forward losses	-	-	-	-	19.94	33.81
Depreciation	1.04	-	0.28	-	-	-
Provision for Gratuity/leave encashment	11.12	6.57	7.52	6.19	3.07	2.48
Provision for bad debts/advances	-	-	-	-	0.40	-
Disallowances u/s 43B/40(a)	-	7.69	5.11	-	2.45	0.04
<b>Total</b>	<b>12.16</b>	<b>14.25</b>	<b>12.91</b>	<b>6.19</b>	<b>25.85</b>	<b>36.33</b>
<b>Deferred Tax Liabilities</b>						
Depreciation	-	1.97	-	2.00	5.91	8.19
<b>Net Deferred Tax Assets</b>	<b>12.16</b>	<b>12.28</b>	<b>12.91</b>	<b>4.18</b>	<b>19.95</b>	<b>28.15</b>

k) Particulars of earnings per share:

	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 months ended March 31, 2003
Rs. in Millions						
Net Profit/(Loss) after tax before extra-ordinary items	137.92	215.65	107.90	97.29	19.59	(32.46)
Net Profit/(Loss) after tax after extra-ordinary items	137.92	215.65	173.61	97.29	19.59	(32.46)
Weighted average equity shares outstanding during the year	5,613,553	5440000	4,683,333	900000	900000	864000
Face value per share (Rs.)	10	10	10	10	10	10

	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 months ended March 31, 2003
	Rs. in Millions					
Earnings per Share - Basic and Diluted (Rs.)						
Before extra-ordinary income	24.57	39.64	23.04	108.10	21.76	(37.57)
After extra-ordinary income	24.57	39.64	37.07	108.10	21.76	(37.57)

1) The Company operates in only one business segment, namely Tours and Travel.

### 3. Regrouping

Figures in the restated financial statements have been appropriately regrouped to conform to the reclassifications made in the subsequent years. Profit and Loss Account figures for 2002-03 is for fifteen months period, for 2007-08 is for six months period and as such is not comparable with other years, which are for twelve months.

## STATEMENT OF ADJUSTMENTS IN THE RESTATED FINANCIAL STATEMENTS

**1. Restatements****a) Deferred Revenue Expenditure**

The expenditure incurred by the company of Rs.58.76 millions and Rs.22.28 millions in year 2002-03 and 2003-04 respectively on promotion of specific branded products viz. 'Duniya Dekho', 'Bharat Dekho' and 'Flexi Hols' to establish the brands in the markets were written off over a period of five years, being the expected period of commercial benefit to the Company. Pursuant to the applicability of Accounting Standard AS 26 – Intangible Assets issued by the Institute of Chartered Accountants of India, the above amounts has been charged off in the year in which incurred. The balance unamortized amount of Rs.69.32 millions as at 31-12-2001 has been adjusted in opening reserves as at 1-1-2002.

The software license and implementation fees were amortised over the period of three years and accordingly Rs.0.5 millions was charged to Profit and Loss account in year 2002-03. Pursuant to the applicability of Accounting Standard AS 26 – Intangible Assets issued by the Institute of Chartered Accountants of India, the balance unamortized amount of Rs.0.5 million as at 31-12-2001 has been adjusted in opening reserves as at 1-1-2002.

**b) Prior Period Items**

In the financial statements for the years 2002-03, operating expenditure consisting of rent, electricity charges, salary, lease charges and other expenses aggregating to Rs. 1.68 million and in year 2003-04 operating expenditure consisting of travel & legal & professional Fees aggregating to Rs. 3.85 million has been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in respective years.

**c) Unspent liabilities written back**

In the financial statements for the year 2002-03 and 2003-04 certain liabilities consisting of unclaimed balances in client's account and expenses provisions created in earlier years were written back. For the purpose of this statement, the said liabilities, wherever required, have been appropriately adjusted in the respective years in which same were originally created.

**d) Bad debts written off**

Qualification is made in the Auditor's report for the year 2002-03 in respect of debtors/advances aggregating to Rs.23.42 millions which were outstanding as at 31-3-2003 for the period exceeding two years and against which an adhoc provision of Rs. 5 millions. Auditors were unable to ascertain the extent to which these debts are doubtful of recovery for which an additional provision is necessary in the accounts. Adjustments have been made in year 2002-03 to give effect of the amounts written off in subsequent years.

**e) Taxation**

i. Pursuant to the applicability of Accounting Standard AS 22 – Accounting of Taxes on Income, in the year 2003-04, the deferred tax liability of Rs.35.72 million as at 31-3-2003 was adjusted in opening reserves / Profit and Loss account. The adjustments has been made to reverse the above and apply the standard from 1-1-2002 being the first year reported in this statement. Accordingly, deferred tax assets of Rs.23.42 million as at 31-12-2001 has been computed and credited to the Profit and Loss account on 1-1-2002. The deferred tax liability of Rs.6.83 millions for year 2002-03 has been computed and adjusted.

- ii. Excess / shortfall in provision for income tax arising on completion of assessments accounted in the financial statements for the years 2002-03, 2003-04 and 2005-06 have been adjusted in the relevant financial years to which they relate to in the restated financial statements.
- iii. Consequent to above adjustments given in para (a) to (d) above, the tax liabilities for the years from 2002-03 to 2006-07 were recomputed and the current tax provision for the respective years have been restated in the restated financial statements.
- iv. Consequent to above adjustments, deferred tax for the years from 2002-03 to 2006-07 were recomputed and restated in the restated financial statements.

**f) Reconciliation of Profit/(Loss) as per Audited Accounts with Restated Statements**

	<b>Six months ended September 30, 2007</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>	<b>15 months ended March 31, 2003</b>
	<b>(Rs. in Millions)</b>					
<b>Net Profit /(loss) as per audited accounts</b>	<b>137.94</b>	<b>205.40</b>	<b>149.13</b>	<b>84.97</b>	<b>22.43</b>	<b>9.05</b>
Deferred Revenue Expenditure [as per para (a) above]	-	17.64	32.44	32.51	12.06	(24.82)
Prior Period Items [as per para (b) above]	-	-	-	-	1.99	(0.30)
Unspent Liabilities Written Back [ as per para (c ) above]	-	-	-	-	(1.84)	(9.02)
Bad Debts Written Off [as per para (d) above]	-	-	0.35	10.68	-	(11.03)
Taxation [as per para (e) above]	(0.02)	(7.39)	(8.31)	(30.87)	(15.05)	3.65
<b>Net Profit /(loss) as per Restated Statements</b>	<b>137.92</b>	<b>215.65</b>	<b>173.61</b>	<b>97.29</b>	<b>19.59</b>	<b>(32.46)</b>

**2. Statement of Auditors Qualification**

**a) Adjustment relating to Audit Qualification**

- i. Qualification is made in the Auditor's report for the year 2002-03, 2003-04, 2004-05 and 2005-06 for the expenditure incurred by the company on specific branded products being charged off over the period of five years, being the expected period of benefit accruing from the said promotional campaign. Adjustments has been made in the restated financial statements as given in 1(a) above. Adjustments have been made to give effect of the amounts written off in subsequent years in year 2002-03.
- ii. Qualification is made in the Auditor's report for the year 2002-03 in respect of debtors/advances aggregating to Rs.23.42 millions which were outstanding as at 31-3-2003 for the period exceeding two years and against which an adhoc provision of Rs. 5 millions. Auditors were unable to ascertain the extent to which these debts are doubtful of recovery for which an additional provision is necessary in the accounts. Adjustments have been made to give effect in the restated financial statements of the amounts written off in subsequent years in year 2002-03.

**b) Auditor's Qualifications for which adjustments could not be carried out in the adjusted financial statements**

- i. Observations is made in Auditor's report for the year 2002-03 in respect of fixed assets records of Delhi, Jaipur, Gurgaon, Bangalore, Chennai, Hyderabad, Kochi, Calcutta, Goa, Pune, the Forex Divisions and the Studio Plus Division were under updation.
- ii. Observations is made in Auditor's report for the year 2002-03 in respect of the scope and extent of internal audit needs to be enlarged to make it commensurate with the size of the Company and the nature of its business.

3. Pursuant to adoption of the Accounting standard on Employee Benefits (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, additional liability of Rs. 3.47 million upto 31st March 2007 net of Deferred tax of Rs1.17 million has been adjusted against opening balance in Profit & Loss Account. The additional charge on account of the above is Rs.2.31 million for the six month period ended 30th September 2007.

As the working as per revised AS 15 are not ascertainable in respect of earlier periods , the application of the revised accounting standard to all the reporting periods in this statement has not been made.

**Balance of Profit and Loss account, as restated as at 1-1-2002**

		Rs. in millions
<b>Balance in Profit and Loss account as per audited financial statement</b>		<b>28.07</b>
Less:		
Deferred Revenue Expenditure as at 31-12-2001 Charged off	69.83	
Prior period items	1.68	(71.52)
Add:		
Tax adjustment in respect of earlier years	1.19	
Credit balances written back	10.86	
Provision for deferred tax asset as at 31-12-01	23.42	35.47
<b>Restated Balance in Profit and Loss account as at 1-1-2002</b>		<b>(7.98)</b>

## ACCOUNTING RATIOS

	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 Months ended March 31, 2003
Earnings Per Share - Basic (Rs.)	24.57	39.64	37.07	108.10	21.76	-37.57
			(Refer note 1)			(Refer note 2)
Earnings Per Share - Diluted (Rs.)	24.57	39.64	37.07	108.10	21.76	-37.57
Return on Net worth (%)	10.64%	28.73%	20.01%	68.03%	42.18%	-
Net Asset Value per Equity Share (Rs.)	231	138	115	159	52	32

## Notes:

- 1) Earnings per share is stated after considering extra-ordinary income
- 2) Earnings per share is stated after considering share suspense account
- 3) Ratios have been computed as below:

Earning per share - Basic (Rs.) : Net profit as restated attributable to equity shareholders/ Weighted average number of equity shares outstanding during the year

Earning per share - Diluted (Rs.) : Net profit as restated attributable to equity shareholders/ Weighted average number of diluted potential equity shares outstanding during the year

Return on Net worth (%) : Net profit after tax before extra-ordinary item, as restated/ Net worth at the end of year

Net asset value per equity share (Rs.) : Net worth at the end of the year / Number of equity shares outstanding at the end of the year.

## STATEMENT OF RELATED PARTY TRANSACTIONS

**A) Name of Related Parties and nature of relationship where control exists as identified by the Management**

<b>i) Subsidiary Companies</b>	Clearmine Ltd	From 30-03-2006
	ETN Services Ltd.	From 30-03-2006
	CNK Internet PTE Ltd	From 15-05-2006
	Cox & Kings Tours (L.L.C.)	From 07-02-2007
	Cox & Kings Ltd.	From 01-09-2007
	Cox & Kings Travel Ltd.	From 01-09-2007
	Cox & Kings Japan Ltd.	From 01-09-2007
	Cox & Kings Shipping Ltd.	From 01-09-2007
	Cox & Kings Special Interest Holidays Ltd.	From 01-09-2007
	Cox & Kings Tours Ltd.	From 01-09-2007
	Cox & Kings Enterprises Ltd.	From 01-09-2007
	Cox & Kings Holdings Ltd.	From 01-09-2007
	Cox & Kings Investments Ltd.	From 01-09-2007
	Cox & Kings Finance Ltd.	From 01-09-2007
	Cox & Kings (Mauritius) Ltd.	From 01-09-2007
	Grand Tours Ltd.	From 01-09-2007
	The Bolshoi Express Ltd.	From 01-09-2007

**ii) Key Management Personnel**

Mr. A.B.M Good  
 Mr. Peter Kerkar  
 Ms. Urrshila Kerkar  
 Mr. Arup Sen

**iii) Associate Companies**

Tulip Star Hotels Limited  
 Liz Investments Private Limited

**iv) Relatives of Key Managerial Personnel**

Dr. A. B. Kerkar  
 Mrs. Elizabetha Kerkar

**v) Enterprises over which Key Management Personnel and their relatives exercise significant influence**

Far Pavilions Tours and Travels Limited  
 Ezeego One Travels and Tours Pvt. Ltd.  
 Good Relations (India) Limited



<b>B) Nature of Transactions</b>							
Name of the Party	Nature of Transaction	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 Months ended March 31, 2003
		<b>(Rs. in Millions)</b>					
<b>Associates</b>							
Tulip Star Hotels Ltd.	Dividend	-	-	0.29	0.04	0.04	0.04
	Interest Paid	-	8.78	9.85	9.85	9.87	9.85
	Interest Received	2.32	1.65	-	-	-	-
	Loans/Advances Given	4.84	15.95	42.52	2.18	0.72	
	Loans/Advances Taken	-	-	-	-	-	44.17
	Outstanding Balance Debit /(Credit)	31.69	26.85	(78.61)	(121.13)	(123.31)	(124.03)
	Investments	14.03	14.03	14.03	14.03	14.03	14.03
Liz Investments Pvt. Ltd.	Dividend	1.20	-	1.06	0.11	0.11	0.10
	Interest Received	0.56	0.68	-	-	-	-
	Loans/Advances Given	1.09	4.07	1.73	1.45	-	-
	Loans/Advances Taken	-	-	-	67.73	-	-
	Outstanding Balance Debit /(Credit)	8.33	7.25	3.17	(66.29)	-	-
<b>Subsidiaries/Fellow Subsidiary</b>							
Clearmine Ltd	Investment	163.39	163.39	161.59	-	-	-
ETN Services Ltd.	Purchases	174.53	162.79	172.97	131.79	-	-
	Outstanding Balance Debit /(Credit)	(56.32)	(20.61)	-	-	-	-
CNK Internet PTE Ltd	Investment	2.88	2.88	-	-	-	-
	Advances Given	-	0.78	-	-	-	-
	Outstanding Balance Debit /(Credit)	0.80	0.78	-	-	-	-
Cox & Kings Tours (L.L.C.)	Investment	3.67	3.67	-	-	-	-
	Advances Given	15.87	2.77	-	-	-	-
	Outstanding Balance Debit /(Credit)	43.59	2.77				
Cox & Kings Ltd.	Investment	390.27	-	-	-	-	-
	Sales	67.93	-	-	-	-	-
	Outstanding Balance Debit /(Credit)	2.90	-	-	-	-	-
Cox & Kings Japan	Investment						

Ltd.		20.24	-	-	-	-	-
	Sales	27.61	-	-	-	-	-
	Outstanding Balance Debit /(Credit)	3.52	-	-	-	-	-
<b>Key Management Personnel</b>							
Mr. Peter Kerkar	Dividend	0.19	0.65	0.65	Rs.3209	Rs.3209	Rs.3209
	Loans/Advances Taken	-	-	-	20.27	(0.05)	0.45
	Outstanding Balance Debit /(Credit)	-	-	-	(20.67)	(0.40)	(0.45)
Ms. Urrshila Kerkar	Dividend	0.04	0.26	0.26	Rs.6125	Rs.6125	Rs.5717
	Salary	0.45	0.90	0.90	12.00	-	-
	Loans/Advances Taken	-	-	-	17.77	-	0.30
	Outstanding Balance Debit /(Credit)	-	-	-	(18.07)	(0.30)	(0.30)
Mr. A.B.M Good	Purchase of Investments	195.02	-	-	-	-	-
Mr. Arup Sen	Salary	0.01	0.42	0.23	-	-	-
<b>Relatives of Key Management Personnel</b>							
Dr. A. B. Kerkar	Dividend	-	0.07	0.07	Rs.4900	Rs.4900	Rs.4573
	Loans/Advances Taken	-	-	-	46.31	-	-
	Outstanding Balance Debit /(Credit)	-	-	-	(46.31)	-	-
Mrs. Elizabetha Kerkar	Dividend	0.11	0.11	0.11	0.01	0.01	0.01
	Loans/Advances Taken	-	-	-	7.17	-	-
	Outstanding Balance Debit /(Credit)	-	-	-	(7.17)	-	-
<b>Enterprises over which Key Management Personnel and their relatives exercise significant influence</b>							
Far Pavilions Tours and Travels Limited	Interest Received	4.58	7.63	4.14	1.07	1.07	-
	Loans/Advances Given	4.97	9.72	41.22	1.07	5.17	3.00
	Outstanding Balance Debit /(Credit)	65.13	60.16	50.45	9.23	8.17	3.00
Ezeego One Travels and Tours Pvt. Ltd.	Interest Received	13.55	1.33	-	-	-	-
	Purchases	14.32	-	-	-	-	-
	Sales	111.07	-	-	-	-	-
	Investment	200.00	200.00	-	-	-	-
	Loans/Advances Given	72.07	40.76	44.07	-	-	-
	Outstanding Balance Debit /(Credit)	258.00	84.84	44.07	-	-	-

## **Annexure VIII**

The Company operates only one business segment namely, Tours and Travels in India. Accordingly there are no other business / geographical segments to be reported on.

## DETAILS OF DIVIDEND PAID BY THE COMPANY

<b>Particulars</b>	<b>Six months ended September 30, 2007</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>	<b>Year ended March 31, 2004</b>	<b>15 Months ended March 31, 2003</b>
No. of Equity Shares of Rs.10 each	64,81,315	54,40,000	54,40,000	9,00,000	9,00,000	8,40,000
Rate of Dividend	NA	7%	7%	7%	7%	7% *
Amount of Dividend	NA	38,08,000	38,08,000	6,30,000	6,30,000	5,88,000
Dividend Tax	NA	5,34,072	5,34,072	82,333	80,719	75,338
Total Payout	NA	43,42,072	43,42,072	7,12,333	7,10,719	6,63,338
* Not annualized NA - Not applicable						

## TAX SHELTER STATEMENT

		Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 Months ended March 31, 2003
		(Amount in Rupees)					
<b>Profit before tax as restated</b>	A	<b>204.58</b>	<b>345.65</b>	<b>180.22</b>	<b>134.19</b>	<b>30.19</b>	<b>(37.19)</b>
Income Tax rate applicable under Normal Provisions	B	33.99%	33.66%	33.66%	36.59%	35.88%	36.75%
Income Tax rate application under MAT provisions	C	11.33%	11.22%	8.42%	7.84%	7.69%	7.88%
<b>Notional Tax at above rate (A x B)</b>	D	<b>69.54</b>	<b>116.34</b>	<b>60.66</b>	<b>49.10</b>	<b>10.83</b>	<b>(13.67)</b>
<u>Permanent differences</u>							
- Deductions under Chapter VI A of Income Tax Act, 1961(the 'Act')		-	0.13	0.15	0.12	(5.64)	-
- Exempt Income		-	-	(0.01)	(0.40)	(0.80)	-
- Expenses disallowed		0.09	0.17	-	1.53	0.69	0.07
- Income charged at differential rate		-	-	-	(26.49)	-	-
- Others		(0.04)	-	1.70	-	-	(0.02)
<b>Total</b>	E	<b>0.05</b>	<b>0.30</b>	<b>1.84</b>	<b>(25.24)</b>	<b>(5.75)</b>	<b>0.05</b>
<u>Temporary differences</u>							
- Difference between book depreciation and income tax depreciation		0.06	(2.76)	3.79	0.70	10.65	3.05
- Provision for gratuity and leave encashment		-	(2.82)	7.11	7.52	-	-

**TAX SHELTER STATEMENT**

		Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 Months ended March 31, 2003
(Amount in Rupees)							
-		(22.83)	8.42	9.85	(6.61)	-	-
Disallowances under section 40/43B							
- Provision for doubtful debts		-	-	-	-	1.35	-
- Brought forward losses adjusted		-	-	-	(66.60)	(36.44)	-
<b>Total</b>	F	<b>(22.77)</b>	<b>2.84</b>	<b>20.75</b>	<b>(64.98)</b>	<b>(24.44)</b>	<b>3.05</b>
Net Adjustments (E + F)	G	<b>(22.73)</b>	<b>3.14</b>	<b>22.59</b>	<b>(90.22)</b>	<b>(30.19)</b>	<b>3.09</b>
Tax saving thereon (G x B)	H	(7.72)	1.06	7.60	(33.01)	(10.83)	1.14
Tax on Income at Differential Rates	I	-	-	0.52	5.05	-	-
<b>Total Taxation Charge (C + H + I)</b>	J	<b>61.81</b>	<b>117.40</b>	<b>68.79</b>	<b>21.14</b>	<b>0.00</b>	<b>(12.53)</b>
Taxable Income for MAT purpose (as per restated Profit and Loss account)	K	137.92	345.65	179.86	123.12	31.20	(37.19)
<b>Tax payable under MAT provisions (K x C)</b>	L	<b>15.63</b>	<b>38.78</b>	<b>15.14</b>	<b>9.65</b>	<b>2.40</b>	<b>-</b>
Interest	M	0.31	6.76	6.05	-	-	-
<b>Tax provision for the year (Restated) [(Higher of J or L) , + M]</b>	N	<b>62.12</b>	<b>124.17</b>	<b>74.84</b>	<b>21.14</b>	<b>2.40</b>	<b>-</b>
Loss carried forward		-	-	-	-	<b>66.60</b>	<b>103.04</b>

## CAPITALISATION STATEMENT

	Pre issue as at September 30, 2007	As adjusted for issue (Refer Note 2)
	(Rs. in Millions)	
Short Term Debt	668.66	
Long Term Debt	176.86	
Shareholders Funds		
Share Capital	64.81	
Reserves and Surplus	1,231.92	
Total Shareholders Funds	1,296.73	
Short Term Debt / Shareholders Funds	0.52 : 1	
Long Term Debt / Shareholders Funds	0.14 : 1	

## Notes:

- 1) Debts repayable within one year from 30-9-2007 are considered as short term funds
- 2) Shareholders Fund post issue can be calculated only on the conclusion of book building process

## STATEMENT OF SUNDRY DEBTORS, AS RESTATED

	As at	As at	As at	As at	As at	As at
	September 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
(Rs. in Millions)						
a) Debts outstanding for a period exceeding six months						
-Unsecured, Considered Good	42.49	12.61	12.89	24.19	26.44	66.24
-Unsecured, Considered Doubtful	-	-	-	-	-	-
<b>Total</b>	<b>42.49</b>	<b>12.61</b>	<b>12.89</b>	<b>24.19</b>	<b>26.44</b>	<b>66.24</b>
b) Debts outstanding for a period less than six months						
Unsecured, Considered Good						
- Related Parties						
Cox and Kings Travel Ltd #	2.92	-	-	-	-	-
Cox and Kings Japan Ltd #	3.50	-	-	-	-	-
Ezeego One Travels and Tours Pvt. Ltd. §	115.61	-	-	-	-	-
- Others	652.29	728.15	432.57	454.17	297.00	246.03
<b>Total</b>	<b>774.32</b>	<b>728.15</b>	<b>432.57</b>	<b>454.17</b>	<b>297.00</b>	<b>246.03</b>
<b>Total (a) + (b)</b>	<b>816.81</b>	<b>740.76</b>	<b>445.46</b>	<b>478.36</b>	<b>323.44</b>	<b>312.27</b>
Provision for doubtful debts	-	-	-	-	5.96	5.73
<b>Grand Total</b>	<b>816.81</b>	<b>740.76</b>	<b>445.46</b>	<b>478.36</b>	<b>317.48</b>	<b>306.53</b>

§ Enterprises over which Key Management Personnel and their relatives exercise significant influence

# Subsidiary Companies



## Annexure XIII

## STATEMENT OF LOANS AND ADVANCES, AS RESTATED

		As at	As at	As at	As at	As at	As at
		September 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
		(Rupees in million)					
a)	<b>Unsecured and Considered Doubtful:</b> Advances Recoverable in Cash or in kind for value to be received	-	-	-	-	1.11	-
b)	<b>Unsecured and Considered Good:</b> Due from related parties Tulip Star Hotels Ltd.*	31.69	26.85	-	-	-	-
	Liz Investments Private Limited.*	8.34	7.25	3.17	-	-	-
	CNK Internet PTE Ltd #	0.80	0.78	-	-	-	-
	Cox & Kings Tours (L.L.C.) #	4.36	2.77	-	-	-	-
	Far Pavilions Tours and Travels Limited <sup>§</sup>	65.13	60.16	50.45	9.23	8.17	3.00
	Ezeego One Travels and Tours Pvt. Ltd. <sup>§</sup>	156.90	84.84	44.07	-	-	-
	Advances Recoverable in Cash or in kind for value to be received	519.91	656.38	769.04	555.46	477.33	421.64
	Share application money	5.30	5.30	-	-	-	-
	Deposits	47.42	39.68	37.77	23.27	21.01	23.70
	Advance Income Tax including Fringe Benefit Tax and Tax Deducted at Source	235.61	202.93	79.35	30.44	7.23	15.52
c)	<b>Total (a+b)</b>	<b>1,075.47</b>	<b>904.29</b>	<b>886.16</b>	<b>609.17</b>	<b>506.68</b>	<b>460.86</b>
d)	Provision for doubtful advances	-	-	-	-	1.11	-
e)	<b>Grand Total (c-d)</b>	<b>1,075.47</b>	<b>904.29</b>	<b>886.16</b>	<b>609.17</b>	<b>505.57</b>	<b>460.86</b>

\* Associate Companies

<sup>§</sup> Enterprises over which Key Management Personnel and their relatives exercise significant influence

# Subsidiary Companies

## STATEMENT OF CONTINGENT LIABILITIES

		As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
(Rs. in Millions)							
a.	Guarantees by banks on behalf of the Company	9.19	9.11	10.56	4.82	41.52	51.85
b.	Claims against the Company not acknowledged as debts	36.59	35.89	32.09	3.68	3.44	3.80
c.	Disputed Income Tax demands	35.66	35.66	34.94	-	-	-
<p><b>Note :</b> During a 2001, in terms of the specific approval granted to the Company by the Department of Company Affairs under Section 81 of the Companies Act, 1956, the Company issued and allotted 40,000 equity shares to certain employees. One of the shareholder of the Company had filed civil writ petition before the Delhi High Court against the Department of Company Affairs, and made the Company a second respondent, requesting in prayer to review the said approval. The said writ petition is pending before the High Court. The same shareholder had also preferred a Miscellaneous Application before the Hon'ble Delhi High Court challenging the board resolution passed by the Company for allotment of shares by way of rights issue. During the year 2006-07, the said civil writ petition and Miscellaneous Application has been withdrawn and there is no contingent liabilities outstanding as at 31.03.2007</p>							

## STATEMENT OF OTHER INCOME, AS RESTATED

	Six Months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 months ended March 31, 2003
		(Rs. in Millions)				
Recurring in Nature						
Interest on Fixed Deposit with Banks	0.35	0.58	0.40	0.68	0.67	0.79
Profit on Sale of Fixed Assets	0.07	-	0.18	1.08	0.00	0.04
Interest on convertible debentures	16.03	20.80	19.80	-	-	-
Interest on others	-	-	-	-	1.14	-
Dividend on Long Term Investments	-	-	0.01	0.40	0.80	0.81
Miscellaneous Income	6.80	2.32	2.81	1.19	1.34	2.31
Exchange Fluctuation Gain (Net)	-	-	-	4.41	-	-
Non Recurring in Nature						
Sundry Credit Balances Written Back	-	-	-	0.44	-	-
Interest on Income Tax Refund	-	-	-	-	1.67	2.43
Profit on sale of Investments	1.10	-	2.53	26.49	-	0.09
<b>Total</b>	<b>24.36</b>	<b>23.71</b>	<b>25.74</b>	<b>34.69</b>	<b>5.62</b>	<b>6.47</b>

The classification of other income into recurring and non-recurring has been performed by the management of the company based on the current operations and business activities of the company. This classification is accordingly, solely based on the representation of the Company's management

## Annexure XVI

## STATEMENT OF SECURED LOANS, AS RESTATED

		As at Sept mber 30, 2007	As at Marc h 31, 2007	As at Marc h 31, 2006	As at Marc h 31, 2005	As at Marc h 31, 2004	As at Marc h 31, 2003	Interest Rate	Repayment Schedule
		(Rs. in Millions)							
a.	Bank Overdraft	151.63	-	163.31	150.08	169.29	134.02		Repaid
b.	Term Loans from Banks	343.29	272.07	294.15	173.35	64.08	32.93	12% to 14%	Rs.145.75millio ns payable in year from October 2007 to March 2008, Rs.74.59 millions payable in year 2008-09, Rs.74.04 millions payable in year 2009-10, Rs.48.91 millions payable in year 2010-11
c.	Lease Obligations	-	-	-	-	0.76	2.73		Repaid
	<b>Total</b>	<b>494.92</b>	<b>272.07</b>	<b>457.46</b>	<b>323.42</b>	<b>234.13</b>	<b>169.68</b>		

**Note:**

i

Bank Overdraft

a) As at 31-3-2003 to 31-3-2007:

is secured against Hypothecation of Book Debts of the Company of not over 90 days old and all moveable assets excluding Tourist cars.

a) As at 30-9-2007:

is secured against Execution of Demand Promissory Note, Hypothecation Company's movable and immovable assets, Shares of Group Company, Personal Guarantee of a Director

ii

Term Loan from banks:

a) As at 31-3-2003:

To the extent of Rs.29.75 millions, is secured against Execution of Demand Promissory Note, hypothecation of a Company's Flat, Shares of Group Company, Irrevocable Personal Guarantee of a Director and Guarantee of an Associate Company; to the extent of Rs.3.18 millions is secured against credit card receivables.

b) As at 31-3-2004:

To the extent of Rs.29.75 millions, is secured against Execution of Demand Promissory Note, hypothecation of a Company's Flat, Shares of Group Company, Irrevocable Personal Guarantee of a Director and Guarantee of an Associate Company; to the extent of Rs.34.33 millions is secured against present and future credit card receivables.

c) As at 31-3-2005

To the extent of Rs.8.36 millions, is secured against Execution of Demand Promissory Note, hypothecation of a Company's Flat, Shares of Group Company, Irrevocable Personal Guarantee of a Director and Guarantee of an Associate Company; to the extent of Rs.135.27 millions is secured against all present and future receivables and personal guarantee of a Director; to the extent of Rs.21.32 millions is secured against all present and future receivables and hypothecation of Company's Flats/ Land; to the extent of Rs.8.40 millions is secured against vehicles purchased.

d) As at 31-3-2006

To the extent of Rs.170.94 millions, is secured against Execution of Demand Promissory Note, Hypothecation of a Company's Flat, Shares of Group Company, Irrevocable Personal Guarantee of a Director; to the extent of Rs.116.29 millions is secured against credit card receivables and second charge against the current assets of the company, present and future.; to the extent of Rs.6.91 millions is secured against vehicles purchased.

e) As at 31-3-2007

To the extent of Rs.133.99 millions is secured against Execution of Demand Promissory Note, Hypothecation Company's movable and immovable assets, Shares of Group Company, Personal Guarantee of a Director; to the extent of Rs.132.32 millions is secured against credit card receivables, second charge against the current assets of the company, present and future and Personal Guarantee of a Director; to the extent of Rs.5.76 millions is secured against respective vehicles purchased.

f) As at 30-9-2007

To the extent of Rs.118.42 millions is secured against Execution of Demand Promissory Note, Hypothecation Company's movable and immovable assets, Shares of Group Company, Personal Guarantee of a Director; to the extent of Rs.218.50 millions is secured against credit card receivables, second charge against the current assets of the company, present and future and Personal Guarantee of a Director; to the extent of Rs.6.37 millions is secured against respective vehicles purchased.

## STATEMENT OF UNSECURED LOANS, AS RESTATED

	As at	As at	As at	As at	As at	As at	Interest Rate	Repayment Schedule
	September 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003		
	(Rs. in Millions)							
Inter-Corporate Deposits	50.60	50.00	185.90	105.20	115.25	113.75	12% to 16%	Payable from October 2007 to March 2008
Non Convertible Debentures	250.00	250.00	-	-	-	-	9.75%	Payable by December 2007
Short Term Loans from Banks	-	-	-	-	-	243.52		Repaid
Term Loans from Banks	50.00	-	-	20.97	105.60	-	13.00%	Payable in five equal installments from April 08
Short Term Loan from Directors / Shareholders								Repaid
- Promoters	-	-	-	106.47	0.70	-		
- Non Promoters	-	-	-	54.58	-	0.75		
<b>Total</b>	<b>350.60</b>	<b>300.00</b>	<b>185.90</b>	<b>287.23</b>	<b>221.55</b>	<b>358.02</b>		

## STATEMENT OF INVESTMENTS

	As at	As at	As at	As at	As at	As at
	September 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
	(Rs. in Millions)					
<b>Long Term-At Cost, Unless Otherwise Stated</b>						
<b>Trade</b>						
<b>In Government Securities:</b>						
<b>Unquoted :</b>						
National Savings Certificate(Lodged as Security with Customs and Central Telegraph office)	-	-	-	Rs.200	Rs.200	Rs.5,200
Indira Vikas Patra	-	-	-	-	Rs.100	Rs.100
<b>In Subsidiary Companies</b>						
Clearmine Limited 1500 Equity shares of Sterling pound 1/- each fully paid up	163.39	163.39	161.59	-	-	-
CNK Internet Pte Limited 100000 Equity shares of SGD 1/- each fully paid up	2.88	2.88	-	-	-	-
Cox and KingsTours LLC 300Equity shares of AED 1000/- each fully paid up	3.67	3.67	-	-	-	-
Cox and Kings Limited 1,427,875 Equity shares of Sterling pound 1/- each fully paid up	390.28	-	-	-	-	-
Cox and Kings Japan Limited 247 Equity shares of Yen 50,000 each fully paid up	20.25	-	-	-	-	-
<b>In Others</b>						
Piem Hotels Ltd Nil Equity Shares (Earlier years 40,000 Equity Shares ) of Rs 10/- each fully paid up	-	-	-	-	2.01	2.01
Good Relations (India) Limited Nil Equity Shares (Earlier years 780,780) of Rs. 10/- each fully paid up	-	-	-	0.10	0.10	0.10
North Canara Bank Nil Equity Shares (Earlier years 10,002) of Rs 10/-each	-	-	-	0.10	-	-
Radius Global Travel Company 1 Share of USD 12500 each	0.61	0.61	0.61	0.61	0.61	0.61
Greater Bombay Co-Op Bank Limited	0.00 *	0.00 *	0.00 *	0.00 *	0.00 *	0.00 *

40 Equity shares at Rs.25 each						
* Rs. 1000/-						
Ezeego One Travels and Tours Private Limited: 9000 Equity Share of Rs 10/- Each fully paid up	100.00	100.00	-	-	-	-
Ezeego One Travels and Tours Private Limited 100,000 - 12% Fully Convertible Debentures of Rs 1000/- Each fully paid up	100.00	100.00	-	-	-	-
Tulip Hospitality Services Limited 1,800,000 - 11% Convertible Debentures <sup>@</sup> of s 100/- each <sup>@</sup> Zero Coupon for FY 2004-05	180.00	180.00	180.00	180.00	-	-
			-			
<b>Quoted:</b>						
Tulip Star Hotels Limited 1,402,500 Equity Shares of Rs 10/- each fully paid up ( These shares are pledged with Bank)	14.03	14.03	14.03	14.03	14.03	14.03
<b>Non-Trade - Unquoted:</b>				-	-	-
Business India Publication Limited 45000 Equity Shares of Rs 10/- each fully paid up	2.48	2.48	2.48	-	-	-
<b>CURRENT INVESTMENTS</b>						
<b>Others - Unquoted:</b>						
LIC Mutual Fund 4,555,521.83 units of Rs 10 each fully paid up	-	50.01	-	-	-	-
<b>Total</b>	<b>977.58</b>	<b>617.07</b>	<b>358.70</b>	<b>194.84</b>	<b>16.75</b>	<b>16.75</b>



January 15, 2008

To,  
Board of Directors,  
Cox and Kings (India) Limited,  
Turner Morrison Building,  
1st Floor, 16 Bank Street, Fort,  
Mumbai- 400 001

Dear Sirs,

We have examined the consolidated financial information of Cox and Kings (India) Limited (the “**Company**”) and its subsidiaries consisting of Clearmine Ltd., ETN Services Ltd., CNK Internet PTE Ltd., Cox & Kings Tours (L.L.C.), Cox & Kings Ltd., Cox & Kings Travel Ltd., Cox & Kings Japan Ltd., Cox & Kings Shipping Ltd., Cox & Kings Special Interest Holidays Ltd., Cox & Kings Tours Ltd., Cox & Kings Enterprises Ltd., Cox & Kings Holdings Ltd., Cox & Kings Investments Ltd., Cox & Kings Finance Ltd., Cox & Kings (Mauritius) Ltd., Grand Tours Ltd. and The Bolshoi Express Ltd. (collectively referred to as the “**Group**”) as attached to this report and initialed by us for identification.

The said financial information has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the “**Act**”) and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (the “**Guidelines**”) and the related clarifications issued by the Securities and Exchange Board of India (“**SEBI**”) as amended to date, and in terms of our engagement letter dated September 5, 2007, in connection with the Offer Document being issued by the Company in connection with the proposed Initial Public Offer of equity shares. The financial information has been prepared by the Company and approved by the Board of Directors of the Company.

We have examined:

- a) the attached “Consolidated Statement of Profit and Losses, as Restated” of the Group for the fifteen months ended March 31, 2003, year ended March 31, 2004, March 31, 2005, March 31, 2006, March 31, 2007 and six months period ended September 30, 2007 enclosed in Annexure XIX;
- b) the attached “Consolidated Statement of Assets and Liabilities, as Restated” as on those dates enclosed in Annexure XX; and
- c) the attached ‘Consolidated Cash Flows Statement, as Restated’ in respect fifteen months ended March 31, 2003, year ended March 31, 2004, March 31, 2005, March 31, 2006, March 31, 2007 and September 30, 2007 enclosed in Annexure XXI together referred to as “Consolidated Summary Statements” to this report.

The Consolidated Summary Statements have been extracted by the Management from:

- a) the audited standalone financial statements of the company for the respective years approved by the Board of Directors;
- b) the audited standalone financial statements of its subsidiaries enlisted in the Group for the respective years approved by the Board of Directors;
- c) the cashflow statement of the company for the fifteen months ended March 31, 2003 and year ended March 31, 2004 and cashflow statement of subsidiary companies for the year ended March 31, 2006, year ended March 31, 2007 and six months period ended September 30, 2007 have been extracted by the management from the audited accounts for the respective years and reviewed by us; and
- d) such other information extracted from audited books of accounts and reviewed by us to prepare Consolidated Financial Statements in accordance with the requirements of Accounting Standard (AS-21) - Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

We did not audit the standalone financial statements of the company for the fifteen months period ended March 31, 2003 and year ended March 31, 2004, March 31, 2005 and March 31, 2006. We also did not audit the financial statements of the subsidiary companies for the financial year ended March 31, 2006, March 31, 2007 and six months period ended September 30, 2007. These standalone financial statements approved by Board of Directors of the respective companies are audited and reported by other auditors and have been accepted by us in so far as it relates to the amounts included in the Consolidated Summary Statements.

Based on our examination of these Consolidated Summary Statements, we state:

- The restated profits of the group have been arrived at after making such adjustments and regrouping as set out in Annexure XXIII which in our opinion are appropriate in the years to which they relate.
- The qualifications in the Auditor's Report that are quantifiable and that require any adjustment to the summary statements has been appropriately adjusted as set out in Annexure XXIII.
- The extra-ordinary items that need to be disclosed separately in the summary statements has been appropriately disclosed.

In our opinion the Consolidated Summary Statements of the Group, attached to this report, read with respective significant accounting policies and notes as given in Annexure XXII and Annexure XXIII to this report, and after making adjustments and regrouping as considered appropriate, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

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

**For Chaturvedi & Shah**  
Chartered Accountants

**Rajesh D. Chaturvedi**  
Partner  
Membership No. 45882

## Annexure XIX

## CONSOLIDATED STATEMENT OF PROFIT &amp; LOSS, AS RESTATED

	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 months ended March 31, 2003
	(Rs. in Millions)					
<b>Income</b>						
Commission and Operating Income	800.64	969.51	631.79	420.49	281.89	264.76
Other Income	24.95	24.68	25.74	34.69	5.62	6.47
<b>Total</b>	<b>825.58</b>	<b>994.19</b>	<b>657.53</b>	<b>455.18</b>	<b>287.51</b>	<b>271.23</b>
<b>Expenditure</b>						
Personnel Expenses	180.82	209.15	150.84	80.96	60.99	61.62
Other Expenses	315.80	358.75	277.82	159.46	148.16	185.23
Interest and finance charges	23.57	51.67	30.77	66.36	35.57	42.49
Depreciation	22.01	34.06	18.06	14.22	12.60	19.09
<b>Total</b>	<b>542.19</b>	<b>653.63</b>	<b>477.47</b>	<b>320.99</b>	<b>257.32</b>	<b>308.42</b>
<b>Net Profit/(Loss) before Tax and extra ordinary items</b>	<b>283.39</b>	<b>340.57</b>	<b>180.06</b>	<b>134.19</b>	<b>30.19</b>	<b>(37.19)</b>
<b>Taxation</b>						
Current Tax	83.67	124.17	74.84	21.14	2.40	-
Deferred Tax	2.96	0.68	(8.73)	15.76	8.20	(4.72)
Fringe Benefit Tax	3.25	5.20	6.22	-	-	-
<b>Net Profit/(Loss) after Tax before extraordinary items</b>	<b>193.51</b>	<b>210.52</b>	<b>107.73</b>	<b>97.29</b>	<b>19.59</b>	<b>(32.46)</b>
Extra-ordinary items (net of tax) (Receipt on relinquishment of Tenancy Rights)	-	-	65.72	-	-	-
<b>Net Profit after Tax and Extra-ordinary items</b>	<b>193.51</b>	<b>210.52</b>	<b>173.45</b>	<b>97.29</b>	<b>19.59</b>	<b>(32.46)</b>
Add/(less): Share in Profit/(loss) of associate	(1.86)	87.30	0.46	(5.29)	(5.98)	(7.91)
<b>Net Profit for the year</b>	<b>191.65</b>	<b>297.82</b>	<b>173.90</b>	<b>92.00</b>	<b>13.61</b>	<b>(40.37)</b>

<b>Balance brought forward</b>	<b>533.22</b>	<b>239.74</b>	<b>70.17</b>	<b>(36.25)</b>	<b>(49.15)</b>	<b>(8.11)</b>
Less: Additional charge on adoption of AS-15(R )	2.31	-	-	-	-	-
Proposed Dividend	-	3.81	3.81	0.63	0.18	0.59
Tax on dividend	-	0.53	0.53	0.08	0.08	0.08
Interim Dividend	-	-	-	-	0.45	-
Add: Reduciton in Loss of Associates on dilution	-	-	-	15.13	-	-
<b>Balance carried to Balance Sheet</b>	<b>722.56</b>	<b>533.22</b>	<b>239.74</b>	<b>70.17</b>	<b>(36.25)</b>	<b>(49.15)</b>

The above statement should be read with the significant accounting policies and notes appearing in Annexure XXII and XXIII.

## Annexure XX

## CONSOLIDATED STATEMENT OF ASSETS &amp; LIABILITIES, AS RESTATED

	As at Sept. 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
	(Rs. in Millions)					
<b>A. Fixed Assets</b>						
Gross Block	665.06	288.36	199.49	157.64	139.39	160.88
Less: Depreciation	305.42	143.73	108.58	94.70	90.36	96.22
Net Block	359.65	144.63	90.90	62.95	49.03	64.66
Add: Capital Work in Progress/Capital Advances	7.48	5.68	45.70	24.83	23.45	14.10
	<b>367.13</b>	<b>150.31</b>	<b>136.60</b>	<b>87.78</b>	<b>72.48</b>	<b>78.76</b>
<b>B. Goodwill on consolidation</b>	103.17	96.43	100.50	-	-	-
<b>C. Deferred Tax Asset</b>	<b>12.16</b>	<b>12.28</b>	<b>12.91</b>	<b>4.18</b>	<b>19.95</b>	<b>28.15</b>
<b>D. Investment</b>	<b>593.77</b>	<b>530.70</b>	<b>193.39</b>	<b>190.66</b>	<b>2.72</b>	<b>8.71</b>
<b>E. Current Assets, Loans and Advances</b>						
Inventories	27.04	18.95	11.44	12.41	6.52	7.56
Sundry Debtors	1,101.35	765.29	473.28	478.36	317.48	306.53
Cash and Bank	472.12	192.21	324.61	261.31	100.39	58.62
Loans and Advances	1,486.94	989.14	895.04	609.17	505.57	460.86
	<b>3,087.46</b>	<b>1,965.59</b>	<b>1,704.37</b>	<b>1,361.25</b>	<b>929.95</b>	<b>833.57</b>
<b>Total Assets</b>	<b>4,163.69</b>	<b>2,755.31</b>	<b>2,147.78</b>	<b>1,643.87</b>	<b>1,025.10</b>	<b>949.18</b>
<b>F. Liabilities and Provisions</b>						
Secured Loans	669.09	272.07	457.46	323.42	234.13	169.68
Unsecured Loans	456.56	300.00	185.90	287.23	221.55	358.02
Current Liabilities	1,199.05	1,076.57	804.63	853.36	525.32	391.29
Provisions	385.67	276.94	163.53	41.03	11.69	10.68
	<b>2,710.36</b>	<b>1,925.58</b>	<b>1,611.52</b>	<b>1,505.03</b>	<b>992.69</b>	<b>929.67</b>

	As at Sept. 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
	<b>(Rs. in Millions)</b>					
<b>G. Deferred Tax Liability (Net)</b>	19.23	0.99	0.86	-	-	-
<b>H. Net worth</b>	<b>1,434.10</b>	<b>828.74</b>	<b>535.40</b>	<b>138.83</b>	<b>32.41</b>	<b>19.51</b>
<b>Represented by</b>						
1. Share Capital (Equity paid-up capital)	64.81	54.40	54.40	9.00	9.00	8.40
2. Share Capital Suspense	-	-	-	-	-	12.00
3. Reserves and Surplus	1,369.29	774.34	481.00	129.83	23.41	(0.89)
3.1. Capital Reserve	1.75	1.75	1.75	1.75	1.75	1.75
3.2. Security premium account	611.11	211.00	211.00	29.40	29.40	18.00
3.3. General Reserve	22.89	22.89	22.89	22.89	22.89	22.89
3.4. Foreign Currency Earnings Reserve	5.62	5.62	5.62	5.62	5.62	5.62
3.5. Foreign Exchange Translation Reserve	5.36	(0.14)	-	-	-	-
3.6. Profit & Loss account balance	722.56	533.22	239.74	70.17	(36.25)	(49.15)
The above statement should be read with the significant accounting policies and notes appearing in Annexure XXII and XXIII.						

## Annexure XXI

## CONSOLIDATED CASH FLOW STATEMENT, AS RESTATED

	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 Months ended March 31, 2003
	<b>Rs. in millions</b>					
<b>Cash flow from operating activities:</b>						
Net Profit before taxation and extra-ordinary item	281.53	427.87	180.51	128.90	24.21	(45.09)
Add: Extra-Ordinary items	-	-	84.85	-	-	-
	<b>281.53</b>	<b>427.87</b>	<b>265.36</b>	<b>128.90</b>	<b>24.21</b>	<b>(45.09)</b>
Adjustments for:						
- Depreciation	22.01	34.06	18.06	14.22	12.60	19.09
- Dividend Income	-	-	(0.01)	(0.40)	(0.80)	(0.81)
- Interest Expense	23.57	51.67	28.85	39.85	26.60	42.49
- Interest income	(16.74)	(22.29)	(20.20)	(1.76)	(3.48)	(3.22)
- (Profit)/Loss on sale of investments (net)	(1.10)	-	(2.53)	(26.49)	(0.00)	(0.09)
- (Profit)/Loss on sale of fixed assets (net)	(0.04)	0.17	4.23	1.53	0.69	0.03
- Bad debts written off/provision for bad and doubtful debts	2.30	7.15	5.32	27.12	10.49	6.14
- Share in profit of associates	1.86	(87.30)	(0.46)	5.29	5.98	7.91
- Exchange difference on translation of foreign subsidiaries	0.04	7.23	-	-	-	-
Operating Profit before working capital change	<b>313.43</b>	<b>418.55</b>	<b>298.62</b>	<b>188.26</b>	<b>76.29</b>	<b>26.44</b>
(Increase) / Decrease in Trade Receivables	(75.85)	(318.71)	24.49	(187.99)	(21.44)	14.73
(Increase) / Decrease in Loans and advances	95.86	42.51	(215.89)	(79.32)	(51.93)	(354.57)
(Increase) / Decrease in Inventories	(8.10)	(7.50)	0.97	(5.89)	1.04	(4.87)
Increase / (Decrease) in Current liabilities	(281.53)	226.32	(44.33)	331.61	95.24	26.38
Cash generated from / (used in) from operations	<b>43.82</b>	<b>361.17</b>	<b>63.86</b>	<b>246.66</b>	<b>99.20</b>	<b>(291.89)</b>
Income tax / Fringe Benefit tax paid	(217.18)	(136.70)	(48.79)	(23.21)	4.89	11.18
Net Cash generated from / (used in) operating activities	<b>(173.36)</b>	<b>224.46</b>	<b>15.07</b>	<b>223.45</b>	<b>104.09</b>	<b>(280.71)</b>
<b>Cash flow from investing activities:</b>						
Payment towards Purchase of Fixed Assets and						

Capital Work in Progress	(39.03)	(49.25)	(65.99)	(31.79)	(13.06)	(22.83)
Proceeds from Sale of Fixed Assets	0.46	0.12	0.72	0.74	6.05	0.96
Interest Received	16.74	5.71	4.85	0.70	2.41	3.22
Purchase of Investments	(160.00)	(251.94)	(164.07)	(180.10)	-	(0.61)
Dividend Received	-	-	0.01	0.40	0.80	0.81
Proceeds from Sale of Investments	211.11	-	2.73	28.50	0.01	0.16
Net Cash generated from / (used in) investing activities	<b>29.27</b>	<b>(295.36)</b>	<b>(221.74)</b>	<b>(181.56)</b>	<b>(3.79)</b>	<b>(18.30)</b>
<b>Cash flow from financing activities:</b>						
Increase/(decrease) in borrowings (Net)	257.74	(71.30)	32.71	154.97	(72.02)	307.39
Proceeds from issue of share capital	-	-	227.00	-	-	12.00
Dividend Paid	-	(7.48)	(0.71)	(0.20)	(1.17)	(0.42)
Interest paid	(23.57)	(51.67)	(28.85)	(42.07)	(16.88)	(42.49)
Net Cash generated from / (used in) financing activities	<b>234.17</b>	<b>(130.45)</b>	<b>230.15</b>	<b>112.70</b>	<b>(90.07)</b>	<b>276.48</b>
Net Increase / (Decrease) in cash and cash equivalents	<b>90.09</b>	<b>(201.35)</b>	<b>23.48</b>	<b>154.60</b>	<b>10.23</b>	<b>(22.53)</b>
Cash and cash equivalents at the beginning of the period / year	<b>94.22</b>	<b>295.57</b>	<b>213.88</b>	<b>59.29</b>	<b>49.05</b>	<b>71.59</b>
Add: on addition of subsidiary	<b>237.20</b>	-	<b>58.21</b>	-	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>421.51</b>	<b>94.22</b>	<b>295.57</b>	<b>213.88</b>	<b>59.29</b>	<b>49.05</b>
Add :Book Overdraft	50.62	97.99	29.04	47.43	41.10	9.56
<b>Cash and bank at the end of the year as per Restated Accounts</b>	<b>472.12</b>	<b>192.21</b>	<b>324.61</b>	<b>261.31</b>	<b>100.39</b>	<b>58.62</b>



**NOTES ON ACCOUNTS FOR THE CONSOLIDATED SUMMARY STATEMENTS, AS RESTATED****1. Basis of consolidation**

- a. The Consolidated Statement of Profit and Losses, as restated, Consolidated Statement of Assets and Liabilities, as restated and Consolidated Cashflow Statement, as restated (together referred to as Consolidated Summary Statements) comprises financial statements of Cox and Kings (India) Limited and its subsidiaries, drawn for the years from 2002-03 to September 2007. These Consolidated Summary Statements have been extracted from the audited financial statements of the company and its subsidiaries after making adjustments in accordance with the requirements of Accounting Standard (AS-21) - Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- b. Subsidiary companies considered in these Consolidated Summary Statements are:

<b>Name of the company</b>	<b>Country of incorporation</b>	<b>Effective date of control / acquisition</b>	<b>Ownership Interest %</b>
Clearmine Limited	UK	March 30, 2006	100%
ETN Services Limited (wholly owned subsidiary of Clearmine Limited)	UK	March 30, 2006	100%
CNK Intranet Pte Limited	Singapore	May 15, 2006	100%
Cox & Kings Tours LLC	UAE	February 7, 2007	100%
Cox & Kings Ltd.	UK	September 1, 2007	100%
Cox & Kings Travel Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Japan Ltd. (subsidiary of Cox and Kings Ltd)	Japan	September 1, 2007	100%
Cox & Kings Shipping Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Special Interest Holidays Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Tours Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Enterprises Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Holdings Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Investments Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Finance Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings (Mauritius) Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	Mauritius	September 1, 2007	100%
Grand Tours Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
The Bolshoi Express Ltd. (subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	50%

Results of subsidiaries acquired are included in the restated consolidated financial statements from the effective dates of acquisition.

- c. Associate companies considered in the Consolidated Summary Statements are:

Name of the company	Country of incorporation	Ownership Interest %
Tulip Star Hotel Limited	India	30.42%

d. **Principles of consolidation**

- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the period. All assets and liabilities are converted at rates prevailing at the end of the period. Any exchange difference arising on consolidation is recognised in the foreign exchange translation reserve.
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- In case of associates where the company directly or indirectly through subsidiaries holds more than 20% of equity, Investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - "Accounting for investments in associates in consolidated financial statements" issued by the Institute of Chartered Accountants of India.

The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balance, based on available information.

The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

**2. Other significant accounting policies**

a. Basis of accounting:

The financial statements of the parent company are prepared as per historical cost convention on accrual basis and comply with the provisions of the Indian Companies Act, 1956, the generally accepted accounting principles in India and the applicable accounting standards issued by the Institute of Chartered Accountants of India. The financial statements of the United Kingdom based subsidiaries are prepared in accordance with the UK financial reporting standards, UAE and Singapore based subsidiary company are prepared in accordance with International Financial Reporting Standards.

There is no material adjustments required to be made in the financial statements of overseas subsidiaries to bring them in line with the Indian GAAP.

b. Use of estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of the assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

c. Turnover:

In line with generally accepted accounting practices, turnover comprises of net commissions earned on travel management, service agency charges including margins in respect of tour and tour related services and commissions/margins earned on foreign exchange transactions in the normal course of the business as Authorised Dealer. The income arising from the buying and selling of foreign currencies has been included on the basis of margins achieved.

d. Revenue Recognition:

In accordance with the Group's accounting policy followed consistently, commissions/income arising from tours and related services is accounted after netting off all direct expenditures relating thereto except its revenues from Studio division where the income is accounted at invoice value net of discounts. Income from buying and selling of foreign currencies is accounted on net basis as stated in (c) above. In respect of the pending jobs, the Studio division follows the completed contract method for recognizing revenue. All revenues are accounted when there is reasonable certainty of its ultimate collection.

e. Expenditure:

All general business expenditure is accounted in the year in which it is incurred. All direct tour related expenses including advertisement expenses for specific tour are accounted in the year in which the tours are undertaken.

f. Fixed Assets:

Fixed Assets are stated at cost, less accumulated depreciation. Costs include all costs relating to acquisition and installation of fixed assets. Intangible assets represent "customer data base and contacts", stated at the valued amount and Software stated at cost.

g. Depreciation:

In case of parent company, depreciation on fixed assets is provided on the written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956. Intangible assets are amortised over a period of five to ten years, being the expected period of use. The leasehold land and leasehold improvements are depreciated over the lease period.

In case of ETN Services Limited, the depreciation is provided on following rates on written down value method.

Plant and Machinery - 25%

In case of Cox & Kings Tours LLC, depreciation is provided on plant and machinery using written down value method @ 33.33%

In case of Cox and Kings Limited, the depreciation is provided on following rates on written down value method.

Freehold and short leasehold property	-	15%
Plant and machinery	-	15%
Computer equipment	-	15%
Motor vehicles	-	25%

h. Leases:

Assets acquired under finance leases on or after April 1, 2001 and hire purchase finance taken prior to April 1, 2001 are capitalized as fixed assets at their fair value at the inception of the lease. Depreciation on such assets is provided as per the company's policy stated above. Lease payments are apportioned and the finance charge is recognized in the profit and loss account. In respect of the finance leases, other than hire purchase finance, taken prior to April 1, 2001, lease payments paid are accounted for as lease rentals in the profit and loss account.

i. Investments:

Long-term investments are valued at cost. Provision for diminution in value of investments is made, if the diminution is of a nature other than temporary. Current investments are valued at the lower of cost and market value.

j. Inventory:

Inventory represents stock of foreign currencies, which have been valued at lower of cost and realisable value as at the year-end.

k. Provision for leave encashment and gratuity:

Provisions for leave encashment on retirement/separation and gratuity are accounted for based on the valuation, as at the year-end, done by independent actuaries.

l. Foreign Currency Transactions:

Transactions in foreign currency are recorded at spot rates / average rates. Current assets/liabilities including those pertaining to foreign branch are converted at year-end rates. Fixed Assets at the foreign branch are stated at the cost of acquisition. Gains or losses arising out of realisations or translations at the year-end are recognised in the profit & loss account for the year.

m. Accounting for taxes on Income:

Provision for current tax is made, based on the tax payable under the relevant statute.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty of its realisation.

n. Provision, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

### 3. Notes to Consolidated Summary Statements, as restated

- a. As at September 30, 2007, issued equity shares consist of 11,39,815 (98,500 – for earlier periods) Equity Shares of Rs.10/- each issued pursuant to a contract without payment being received in cash.
- b. For the year 2002-03, provision for tax for the parent company has been made on taxable profit based on profit & loss account for fifteen months ended March 31, 2003. The tax year of the parent company under tax laws ends on 31st March every year. Therefore, the ultimate tax liability for the financial year 2002-03 would be determinable on the basis of taxable income for the year ended March 31, 2003.
- c. Pursuant to a business transfer agreement with Tulip Star Hotels Limited (‘Tulip’), the parent company acquired on an ongoing basis foreign exchange business of Tulip at 9 locations with effect from October 1, 2002 for a total consideration of Rs.35 millions. All the legal formalities, including grant of unified licence by Reserve Bank of India for operation of Foreign exchange business were completed on January 1, 2003 upto which date the business was carried on by Tulip on behalf of the Company as its trustees. In terms of the agreement, the certified book value of fixed assets (written down value), current assets and current liabilities as at September 30, 2002 aggregated Rs.1.58 millions, Rs.68.14 millions and Rs.44.26 millions respectively, which were taken over and recorded in the books. Further, as per the understanding reached between the parties, the data base of customers and contracts valued at Rs.9.54 millions were also taken over and recorded as intangible assets in the books. The total consideration of Rs.35 millions was to be discharged partly by issue and allotment of 60,000 shares of Rs.10/- each at a premium of Rs.190/- per share aggregating Rs.12 millions which was done subsequent to the year end. The balance consideration was settled against outstanding receivable from Tulip. Pending allotment of equity shares, the Rs.12 millions has been shown as Share Capital suspense account as at March 31, 2003.
- d. Although Cox and Kings (India) Limited holds 49% of equity shares in Cox & Kings Tours LLC, Dubai it has a 100% beneficiary interest in Cox & Kings Tours LLC, Dubai pursuant to a management agreement dated February 7, 2007 between Cox and Kings (India) Limited and Mr. Ghanim Mubarak Ghanim Ghansham. Hence Cox & Kings Tours LLC, Dubai is a subsidiary of Cox and Kings (India) Limited.
- e. In the opinion of the Board of Directors, the current assets and loans & advances have a value on realisation in ordinary course of business at least equal to the amount at which they are stated.
- f. In the year 2005-06, exceptional receipt represents relinquishment by the parent company of its tenancy rights in respect of an immovable property for an agreed amount of Rs 84.85 millions
- g. Unsecured loan to the extent of Rs 25 Crores is secured by personal guarantee of a director
- h. Break up of Deferred Tax liability is as under.

	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 months ended March 31, 2003
	Rs. in Millions					
<b>Deferred Tax Asset</b>						
Carried forward losses	-	-	-	-	19.94	33.81

	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 months ended March 31, 2003
	Rs. in Millions					
Depreciation	1.04	-	0.28	-	-	-
Provision for Grauity/leave encashment	11.12	6.57	7.52	6.19	3.07	2.48
Provision for bad debts/advances	-	-	-	-	0.40	-
Disallowances u/s 43B/40(a)	-	7.69	5.11	0.00	2.45	0.04
<b>Total</b>	<b>12.16</b>	<b>14.25</b>	<b>12.91</b>	<b>6.19</b>	<b>25.85</b>	<b>36.33</b>
<b>Deferred Tax Liabilites</b>						
Depreciation	19.23	2.96	0.86	2.00	5.91	8.19
<b>Net Deferred Tax Assets</b>	<b>(7.07)</b>	<b>11.29</b>	<b>12.05</b>	<b>4.18</b>	<b>19.95</b>	<b>28.15</b>

i. Particulars of earnings per share:

	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 months ended March 31, 2003
	Rs. in Millions					
Net Profit/(Loss) after tax before extra-ordinary items	191.65	297.82	108.19	92.00	13.61	(40.37)
Net Profit/(Loss) after tax after extra-ordinary items	191.65	297.82	173.90	92	13.61	(40.37)
Weighted average equity shares outstanding during the year	5613553	5440000	4,683,333	900000	900000	864000
Face value per share (Rs.)	10	10	10	10	10	10
Earnings per Share - Basic and Diluted (Rs.)						
Before extra-ordinary income	34.14	54.75	23.10	102.33	15.12	(46.72)
After extra-ordinary income	34.14	54.75	37.13	102.33	15.12	(46.72)

j. The Company operates in only one business segment, namely Tours and Travel and there are no reportable primary and secondary segments as required in Accounting Standard AS 17 – Segment Reporting issued by the Institute of Chartered Accountants of India..

k. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

**A) Name of Related Parties and nature of relationship where control exists as identified by the Management**

**i) Key Management Personnel**

Mr. A.B.M Good

Mr. Peter Kerkar

Ms. Urrshila Kerkar

Mr. Arup Sen

**ii) Associate Companies**

Tulip Star Hotels Limited

Liz Investments Private Limited

**iii) Relatives of Key Managerial Personnel**

Dr. A. B. Kerkar

Mrs. Elizabetha Kerkar

**iv) Enterprises over which Key Management Personnel and their relatives exercise significant influence**

Far Pavilions Tours and Travels Limited

Ezeego One Travels and Tours Pvt. Ltd.

Good Relations (India) Limited

**B) Nature of Transactions**

Name of the Party	Nature of Transaction	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 Months ended March 31, 2003
<b>(Rs. in Millions)</b>							
<b>Associates</b>							
Tulip Star Hotels Ltd.	Dividend	-	-	0.29	0.04	0.04	0.04
	Interest Paid	-	8.78	9.85	9.85	9.87	9.85
	Interest Received	2.32	1.65	-	-	-	-
	Loans/Advances Given	4.84	15.95	42.52	2.18	0.72	
	Loans/Advances Taken	-	-	-	-	-	44.17
	Outstanding Balance Debit /(Credit)	31.69	26.85	(78.61)	(121.13)	(123.31)	(124.03)
	Investments	14.03	14.03	14.03	14.03	14.03	14.03
Liz Investments Pvt. Ltd.	Dividend	1.20	-	1.06	0.11	0.11	0.10
	Interest Received	0.56	0.68	-	-	-	-
	Loans/Advances Given	1.09	4.07	1.73	1.45	-	-
	Loans/Advances Taken	-	-	-	67.73	-	-
	Outstanding Balance Debit /(Credit)	8.33	7.25	3.17	(66.29)	-	-
<b>Key Management Personnel</b>							

Mr. Peter Kerkar	Dividend	0.19	0.65	0.65	Rs.3209	Rs.3209	Rs.3209
	Loans/Advances Taken	-	-	-	20.27	(0.05)	0.45
	Outstanding Balance Debit /(Credit)	-	-	-	(20.67)	(0.40)	(0.45)
	Rent received	0.29	-	-	-	-	-
Ms. Urrshila Kerkar	Dividend	0.04	0.26	0.26	Rs.6125	Rs.6125	Rs.5717
	Salary	0.45	0.90	0.90	12.00	-	-
	Loans/Advances Taken	-	-	-	17.77	-	0.30
	Outstanding Balance Debit /(Credit)	-	-	-	(18.07)	(0.30)	(0.30)
Mr. A.B.M Good	Purchase of Investments	195.02	-	-	-	-	-
Mr. Arup Sen	Salary	0.01	0.42	0.23	-	-	-
<b>Relatives of Key Management Personnel</b>							
Dr. A. B. Kerkar	Dividend	-	0.07	0.07	Rs.4900	Rs.4900	Rs.4573
	Loans/Advances Taken	-	-	-	46.31	-	-
	Outstanding Balance Debit /(Credit)	-	-	-	(46.31)	-	-
Mrs. Elizabetha Kerkar	Dividend	0.11	0.11	0.11	0.01	0.01	0.01
	Loans/Advances Taken	-	-	-	7.17	-	-
	Outstanding Balance Debit /(Credit)	-	-	-	(7.17)	-	-
<b>Enterprises over which Key Management Personnel and their relatives exercise significant influence</b>							
Far Pavilions Tours and Travels Limited	Interest Received	4.58	7.63	4.14	1.07	1.07	-
	Loans/Advances Given	4.97	9.72	41.22	1.07	5.17	3.00
	Outstanding Balance Debit /(Credit)	65.13	60.16	50.45	9.23	8.17	3.00
Ezeego One	Interest	13.55	1.33	-	-	-	-



Travels and Tours Pvt. Ltd.	Received						
	Purchases	14.32	-	-	-	-	-
	Sales	111.07	-	-	-	-	-
	Investment	200.00	200.00	-	-	-	-
	Loans/Advances Given	72.07	40.76	44.07	-	-	-
	Outstanding Balance Debit/(Credit)	258.00	84.84	44.07	-	-	-

1. Contingent Liabilities as at 30-9-2007:

- Guarantees given by banks Rs 9,190,000/-
- Claims against the Company not acknowledged as debts estimated at Rs. 36,587,044/-
- Disputed income tax demand Rs 35,662,928/-. The Company has made advance payment of Rs 7,661,135/- against the same.

**4. Regrouping**

Figures in the restated financial statements have been appropriately regrouped to conform to the reclassifications made in the subsequent years. Profit and Loss Account figures for 2002-03 is for fifteen months period, for 2007-08 is for six months period and as such is not comparable with other years, which are for twelve months.

**STATEMENT OF ADJUSTMENTS IN THE CONSOLIDATED SUMMARY STATEMENTS, AS  
RESTAED**

**4. Restatements**

**a) Deferred Revenue Expenditure**

The expenditure incurred by the parent company of Rs.58.76 millions and Rs.22.28 millions in year 2002-03 and 2003-04 respectively on promotion of specific branded products viz. 'Duniya Dekho', 'Bharat Dekho' and 'Flexi Hols' to establish the brands in the markets were written off over a period of five years, being the expected period of commercial benefit to the Company. Pursuant to the applicability of Accounting Standard AS 26 – Intangible Assets issued by the Institute of Chartered Accountants of India, the above amounts has been charged off in the year in which incurred. The balance unamortized amount of Rs.69.32 millions as at 31-12-2001 has been adjusted in opening reserves as at 1-1-2002.

The software license and implementation fees were amortised by parent company over the period of three years and accordingly Rs.0.5 millions was charged to Profit and Loss account in year 2002-03. Pursuant to the applicability of Accounting Standard AS 26 – Intangible Assets issued by the Institute of Chartered Accountants of India, the balance unamortized amount of Rs.0.5 million as at 31-12-2001 has been adjusted in opening reserves as at 1-1-2002.

**b) Prior Period Items**

In the financial statements for the years 2002-03, operating expenditure consisting of rent , electricity charges, salary, lease charges and other expenses aggregating to Rs. 1.68 million and in year 2003-04 operating expenditure consisting of travel & legal & professional Fees aggregating to Rs. 3.85 million has been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in respective years.

**c) Unspent liabilities written back**

In the financial statements for the year 2002-03 and 2003-04 certain liabilities consisting of unclaimed balances in client's account and expenses provisions created in earlier years were written back. For the purpose of this statement, the said liabilities, wherever required, have been appropriately adjusted in the respective years in which same were originally created.

**d) Bad debts written off**

Qualification is made in the Auditor's report for the year 2002-03 in respect of debtors/advances aggregating to Rs.23.42 millions which were outstanding as at 31-3-2003 for the period exceeding two years and against which an adhoc provision of Rs. 5 millions. Auditors were unable to ascertain the extent to which these debts are doubtful of recovery for which an additional provision is necessary in the accounts. Adjustments have been made in year 2002-03 to give effect of the amounts written off in subsequent years.

**e) Taxation**

- i. In case of parent company, pursuant to the applicability of Accounting Standard AS 22 – Accounting of Taxes on Income, in the year 2003-04, the deferred tax liability of Rs.35.72 million as at 31-3-2003 was adjusted in opening reserves / Profit and Loss account of the parent company. The adjustments has been made to reverse the above and apply the standard from 1-1-2002. Accordingly, deferred tax assets of Rs.23.42 million as at 31-12-2001 has been computed

and credited to the Profit and Loss account on 1-1-2002. The deferred tax liability of Rs.6.83 millions for year 2002-03 has been computed and adjusted .

- ii. Excess / shortfall in provision for income tax arising on completion of assessments accounted in the financial statements for the years 2002-03, 2003-04 and 2005-06 have been adjusted in the relevant financial years to which they relate to in the restated financial statements.
- iii. Consequent to above adjustments given in para (a) to (d) above, the tax liabilities for the years from 2002-03 to 2006-07 were recomputed and the current tax provision for the respective years have been restated in the restated financial statements.
- iv. Consequent to above adjustments, deferred tax for the years from 2002-03 to 2006-07 were recomputed.

**f) Reconciliation of Profit/(Loss) as per Audited Accounts with Restated Statements**

	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	15 months ended March 31, 2003
<b>(Rs. in Millions)</b>						
<b>Net Profit /(loss)as per accounts</b>	<b>191.63</b>	<b>308.07</b>	<b>198.38</b>	<b>104.33</b>	<b>10.76</b>	<b>(81.89)</b>
Deferred Revenue Expenditure [as per para (a) above]	-	17.64	32.44	32.51	12.06	(24.82)
Prior Period Items [as per para (b) above]	-	-	-	-	1.99	(0.30)
Unspent Liabilities Written Back [ as per para (c ) above]	-	-	-	-	(1.84)	(9.02)
Bad Debts Written Off [as per para (d) above]	-	-	0.35	10.68	-	(11.03)
Taxation [as per para (e) above]	(0.02)	(7.39)	(8.31)	(30.87)	(15.05)	3.65
<b>Net Profit /(loss)as per Restated Statements</b>	<b>191.65</b>	<b>297.82</b>	<b>173.90</b>	<b>92.00</b>	<b>13.61</b>	<b>(40.37)</b>

**5. Statement of Auditors Qualification**

**a) Adjustment relating to Audit Qualification of parent company**

- i. Qualification is made in the Auditor's report for the year 2002-03, 2003-04, 2004-05 and 2005-06 for the expenditure incurred by the company on specific branded products being charged off over the period of five years, being the expected period of benefit accruing from the said promotional campaign. Adjustments has been made in the restated financial statements as given in 1(a) above. Adjustments have been made to give effect of the amounts written off in subsequent years in year 2002-03.
- ii. Qualification is made in the Auditor's report for the year 2002-03 in respect of debtors/advances aggregating to Rs.23.42 millions which were outstanding as at 31-3-2003 for the period exceeding two years and against which an adhoc provision of Rs. 5 millions. Auditors were unable to ascertain the extent to which these debts are doubtful of recovery for which an additional provision is necessary in the accounts. Adjustments have been made to give effect in the restated financial statements of the amounts written off in subsequent years in year 2002-03.

**b) Auditor's Qualifications of parent company for which adjustments could not be carried out in the adjusted financial statements**

- i. Observations is made in Auditor's report for the year 2002-03 in respect of fixed assets records of Delhi, Jaipur, Gurgaon, Bangalore, Chennai, Hyderabad, Kochi, Calcutta, Goa, Pune, the Forex Divisions and the Studio Plus Division were under updation.
- ii. Observations is made in Auditor's report for the year 2002-03 in respect of the scope and extent of internal audit needs to be enlarged to make it commensurate with the size of the Company and the nature of its business.

**c) Auditor's Qualifications of subsidiary company for which adjustments could not be carried out in the adjusted financial statements**

Qualification is made in Auditor's Report of subsidiary company Cox and Kings Tours L.L.C, Dubai for six months period ended September 30, 2007 in respect of capital adequacy as required by the Commercial Companies Act applicable to Limited Liability Companies was not maintained by the company as on balance sheet date.

6. Pursuant to adoption of the Accounting standard on Employee Benefits (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, additional liability of Rs. 3.47 million upto 31st March 2007 net of Deferred tax of Rs1.17 million has been adjusted against opening balance in Profit & Loss Account. The additional charge on account of the above is Rs.2.31 million for the six month period ended 30th September 2007. As the working as per revised AS 15 are not ascertainable in respect of earlier periods , the application of the revised accounting standard to all the reporting periods in this statement has not been made.

**7. Balance of Profit and Loss account, as restated as at 1-1-2002**

		Rs. in millions
<b>Balance in Profit and Loss account as as per audited financial statement</b>		<b>28.07</b>
Less:		
Deferred Revenue Expenditure as at 31-12-2001	69.83	
Charged off		
Prior period items	1.68	(71.52)
Add:		
Tax adjustment in respect of earlier years	1.19	
Credit balances written back	10.86	
Provision for deferred tax asset as at 31-12-01	23.42	35.47
<b>Restated Balance in Profit and Loss account as at 1-1-2002</b>		<b>(7.98)</b>

**LIMITED REVIEW REPORT ON  
PROFORMA COMBINED FINANCIAL STATEMENTS**

**To the Board of Directors of  
COX AND KINGS (INDIA) LIMITED**

1. We have reviewed the accompanying proforma combined financial statements ('proforma financial statements') of **COX AND KINGS (INDIA) LIMITED** ('the Company') for the two years ended March 31, 2007. These proforma financial statements comprise of proforma combined balance sheet as on March 31, 2006 and 2007 and the proforma combined profit and loss account for the two years ended March 31, 2006 and March 31, 2007 and the related notes thereon. The proforma financial statements include effect of consolidation based on an assumption that all the companies in the Group which are in the business of tour and travels are the subsidiaries of the Company from April 1, 2005. The proforma adjustments reflecting the said transactions are described in Note 1 of Annexure 'XXVI'.
2. The proforma adjustments have been applied by the management to the historical amounts in the standalone financial statements, as restated of the Company for two years ended March 31, 2007; audited financial statements of subsidiary companies Cox and Kings Travel Limited and ETN Services Limited for two years ended March 31, 2007; audited financial statements of subsidiary companies CNK Intranet Pte Limited and Cox and Kings Tours LLC for period ended March 31, 2007; and unaudited financial statements of subsidiary company Cox and Kings (Japan) Limited for two year ended March 31, 2007. The financial statements of the subsidiaries are not restated. The proforma adjustments are based on management's assumptions and principles of consolidation as described in Note 1 (e) of Annexure 'XXVI'.
3. The management of the Company is responsible for preparation and presentation of proforma financial statements of the Company. This includes:
  - Identifying components viz. the entities to be consolidated, and including the financial information of the components in the proforma financial statements;
  - Issuing instructions to the management of resulting subsidiaries specifying the Company's requirements relating to financial information of the components to be included in the proforma financial statements;
  - Obtaining accurate and complete financial information from components;
  - Use of appropriate consolidation procedures; and
  - Making appropriate consolidation adjustments.
4. We did not audit the financial statements of the subsidiary company Cox and Kings Travel Limited and ETN Services Limited for the years/period ended March 31, 2006 and March 31, 2007 and CNK Internet Pte Limited and Cox and Kings Tours for the period ended March 31, 2007 whose financial statements were audited by other auditors and we have relied upon these audited financial statements for the purpose of consolidation and performing limited review. These financial statements reflect total assets of Rs. 1003.04 million as at March 31, 2007, Rs.726.38 million as at March 31, 2006, total revenue of Rs.669.95 million for the year ended March 31, 2007, Rs.506.36 million for the year ended March 31, 2006. Further, we did not audit the financial statements of the Company for the year ended March 31, 2006, whose financial statements were audited by other auditors and we have relied upon these audited financial statements for the purpose of consolidation and performing limited review. These financial statements reflect total assets of Rs. 2114.60 million as at March 31, 2006 and total revenue of Rs.657.45 million for the year ended March 31, 2006. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.

We have relied on unaudited financial statements of subsidiary company Cox and Kings (Japan) Limited which are approved by Board of Directors and furnished to us by the management for the purpose of consolidation and performing limited review. These financial statements reflect total assets of Rs.410.13 million as at March 31, 2007, Rs. 454.13 million as at March 31, 2006, total revenue of Rs.143.21 million for year ended March 31, 2007 and total revenue of Rs.150.12 for year ended March 31, 2007.

5. A limited review of proforma financial statements consists principally of applying analytical procedures for financial data and making inquiries of company personnel responsible for financial and accounting matters. It is substantially

less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of opinion on management's assumptions, the proforma adjustments and the application of those adjustments to historical financial information. Accordingly, we do not express such an opinion.

6. The objective of the proforma financial statements is to show what the significant effects on the historical financial statements might have been, had the transaction occurred at an earlier date. However, proforma financial statements are not necessarily indicative of the results of operations or related effects on financial position that would have been attained, had the above mentioned transaction actually occurred earlier.
7. Based on limited review carried out by us of the proforma financial statements, nothing came to our attention that causes us to believe that management's assumptions do not provide a reasonable basis for presenting the significant effects directly attributable to the above-mentioned transaction described in Note 1 to Annexure 'XXVI', and that the related proforma adjustments do not give appropriate effect to those assumptions in the proforma financial statements for the year ended March 31, 2006 and March 31, 2007.
8. This report is intended solely for your information and for inclusion in the offer document in connection with the proposed Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For Chaturvedi & Shah**  
Chartered Accountants

**Rajesh D. Chaturvedi**  
Partner  
Membership No. 45882

Place: Mumbai  
Date: January 15, 2008

## ANNEXURE XXIV

## PROFORMA COMBINED PROFIT AND LOSS ACCOUNT

	Year ended March 31, 2007	Year ended March 31, 2006
	Rs in millions	
<b>Income</b>		
Commission and Operating Income	1,698.83	1,276.53
Other Income	29.47	37.40
<b>Total</b>	<b>1,728.30</b>	<b>1,313.92</b>
<b>Expenditure</b>		
Personnel Expenses	467.34	397.53
Other Expenses	641.39	515.21
Depreciation	74.04	50.09
Interest and finance charges	73.14	44.18
<b>Total</b>	<b>1,255.91</b>	<b>1,007.00</b>
<b>Net Profit before Tax and extra ordinary items</b>	<b>472.39</b>	<b>306.92</b>
<b>Taxation</b>		
Current Tax	149.57	118.07
Deferred Tax	8.56	(7.33)
Fringe Benefit Tax	5.20	6.22
Tax adjustment in respect of earlier years	0.83	-
<b>Net Profit after Tax before extraordinary items</b>	<b>308.23</b>	<b>189.96</b>
Extra Ordinary Gains/(losses)	(14.68)	108.61
<b>Net Profit after Extra-ordinary items</b>	<b>293.55</b>	<b>298.57</b>
<b>Balance brought forward</b>	<b>365.66</b>	<b>74.58</b>
Proposed Dividend	3.81	6.95
Tax on dividend	0.53	0.53
<b>Balance carried to Balance Sheet</b>	<b>654.87</b>	<b>365.66</b>

The above statement should be read with the significant accounting policies and notes appearing in Annexure XXVI

## PROFORMA COMBINED BALANCE SHEET

	As at	As at
	March 31, 2007	March 31, 2006
	Rs in millions	
<b>A. Fixed Assets</b>		
Gross Block	765.37	560.79
Less: Depreciation	287.32	212.69
Net Block	478.06	348.10
Add: Capital Work in Progress/Capital Advances	5.68	45.70
	<b>483.73</b>	<b>393.80</b>
<b>B. Goodwill (on consolidation)</b>	<b>138.27</b>	<b>138.72</b>
<b>C. Investment</b>	<b>513.48</b>	<b>265.45</b>
<b>D. Current Assets, Loans and Advances</b>		
Inventories	18.95	11.44
Sundry Debtors	828.64	575.47
Cash and Bank	455.03	505.04
Loans and Advances	1,418.17	1,281.51
	<b>2,720.78</b>	<b>2,373.46</b>
<b>E. Miscellaneous Expenditure</b>	<b>3.50</b>	<b>4.29</b>
<b>F. Deferred Tax Asset</b>	<b>12.28</b>	<b>12.91</b>
<b>Total Assets</b>	<b>3,872.04</b>	<b>3,188.64</b>
<b>G. Liabilities and Provisions</b>		
Secured Loans	557.83	703.79
Unsecured Loans	423.51	335.54
Current Liabilities	1,471.68	1,159.79
Provisions	298.50	186.62
	<b>2,751.52</b>	<b>2,385.74</b>
<b>H. Deferred Tax Liability</b>	<b>20.10</b>	<b>9.22</b>
<b>I. Networth</b>	<b>1,096.91</b>	<b>789.38</b>
<b>Represented by</b>		
1. Share Capital (Equity paid-up capital)	54.40	54.40



	<b>As at</b>	<b>As at</b>
	<b>March 31, 2007</b>	<b>March 31, 2006</b>
2. Reserves and Surplus	1,042.51	734.98
2.1. Capital Reserve (on consolidation)	147.66	134.86
2.2. Share premium account	211.00	211.00
2.3. General Reserve	22.89	22.89
2.4. Foreign Currency Earning Reserve	5.62	5.62
2.5. Foreign Currency Translation Reserve	1.80	(2.94)
2.6. Profit & Loss account balance	654.87	365.66
2.7. Capital Reserve	1.75	1.75
2.8. Statutory Reserve	0.42	0.43
2.9 Miscellaneous Expenditure	(3.50)	(4.29)

The above statement should be read with the significant accounting policies and notes appearing in Annexure XXVI

**Notes on Proforma Combined Financial Statements****1. Principles and assumptions used for proforma combined financial statements and proforma adjustments**

- a) The Proforma Combined Profit and Loss Account and Proforma Combined Balance Sheet (together referred to in as 'Proforma Financial Statements') comprises of the financial statements of Cox and Kings (India) Limited (the 'Company') and some of the its subsidiaries engaged in the business of tours and travels.
- b) Following are the subsidiary companies, whose accounts have been considered for the proforma financial statements:

	<b>Name of the company</b>	<b>Country of incorporation</b>	<b>Date of acquisition/ incorporation</b>	<b>Ownership Interest %</b>
I	Cox and Kings Travel Limited	England	September 1, 2007	100% @
ii	Cox and Kings (Japan) Limited	Japan	September 1, 2007	100% #
iii	ETN Services Limited	England	March 30, 2006	100% *
iv	CNK Intranet Pte Limited	Singapore	May 15, 2006	100%
v	Cox & Kings Tours LLC	UAE	February 7, 2007	100%

@ Cox and Kings Travel Limited is wholly owned subsidiary of Cox and Kings Limited which has become wholly owned subsidiary of the company from September 1, 2007

# Cox and Kings (Japan) Limited is equally owned by Company and Cox and Kings Travel Limited from September 1, 2007, as a result Cox and Kings (Japan) has become wholly owned subsidiary of the company from September 1, 2007.

\* ETN Services Limited is wholly owned subsidiary of Clearmine Limited which has become wholly owned subsidiary of the company from March 30, 2006.

c) Principles of Proforma Financial Statements:

- i) The objective of the proforma financial statements is to show what the significant effects on the historical financial statements might have been, had the transaction of acquiring subsidiary companies mentioned in Note 1(b)(i) to 1(b)(iii) above occurred on April 1, 2005.
- ii) The Proforma Financial Statements have been prepared by substantially applying the principles laid in the Accounting Standard (AS) - 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India as considered appropriate. except that investments in associates are accounted as per Accounting Standard (AS) 13 – Accounting for Investments issued by Institute of Chartered Accountants of India and disclosures relating to combined cash flow statement have not been made.
- iii) The financial statements of the Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- iv) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign exchange translation reserve.
- v) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- vi) These are summary financial statements and the disclosures as required by the Accounting Standards issued by Institute of Chartered Accountants of India has not been made.

- d) The proforma financial statements is prepared by consolidating in the stand alone financial statements, as restated of the Company, the:
- i) audited financial statements of ETN Services Limited for the fourteen months period ended March 31, 2006 and financial year ended March 31, 2007;
  - ii) audited financial statements of Cox and Kings Travel Limited for the year ended March 31, 2006 and March 31, 2007;
  - iii) audited financial statements of Cox and Kings Pte Limited and Cox and Kings Tours LLC for the period ended March 31, 2007; and
  - iv) unaudited financial statements of Cox and Kings (Japan) Limited for the year ended ended March 31, 2006 and March 31, 2007
- e) Accounting assumptions made for Restated Proforma Financial statements:
- i) It has been assumed that all the companies mentioned in Note 1(b)(i) to 1(b)(iii) above have become subsidiaries as on April 1, 2005.
  - ii) The difference between the cost of investment made by the Company in Clearmine Limited which owns 100% of ETN Services Limited during the March 31, 2006 and the net worth of this company as on April 1, 2005 have been accounted as Goodwill. In respect of other companies where no investments have been made in these companies or their parent companies during the year ended March 31, 2006 and March 31, 2007, the cost of investments has been considered as Nil and accordingly, the difference is accounted as Capital Reserve.
  - iii) The companies mentioned in Note 1(b)(iv) and 1 (b)(v) were formed during the year ended March 31, 2007. In case of these companies, the difference between the cost of investment and the net worth of the company being Nil, no goodwill or capital reserve is recognized.

## **2. Summary of significant accounting policies**

### **a) Basis of accounting:**

The financial statements of the company are prepared as per historical cost convention on accrual basis and comply with the provisions of the Indian Companies Act, 1956, the generally accepted accounting principles in India and the applicable accounting standards issued by the Institute of Chartered Accountants of India. The financial statements of the United Kingdom based subsidiaries are prepared in accordance with the UK financial reporting standards, UAE and Singapore based subsidiary company are prepared in accordance with International Financial Reporting Standards and Japan based subsidiary are prepared in accordance with Japan financial reporting standards.

There is no material adjustments required to be made in the financial statements of overseas subsidiaries to bring them in line with the Indian GAAP.

### **b) Use of estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of the assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

### **c) Turnover:**

In line with generally accepted accounting practices, turnover comprises of net commissions earned on travel management, service agency charges including margins in respect of tour and tour related services and commissions/margins earned on foreign exchange transactions in the normal course of the business as Authorised Dealer. The income arising from the buying and selling of foreign currencies has been included on the basis of margins achieved.

d) Revenue Recognition:

In accordance with the Group's accounting policy followed consistently, commissions/income arising from tours and related services is accounted after netting off all direct expenditures relating thereto. Income from buying and selling of foreign currencies is accounted on net basis as stated in (c) above. All revenues are accounted when there is reasonable certainty of its ultimate collection.

e) Expenditure:

All general business expenditure is accounted in the year in which it is incurred. All direct tour related expenses including advertisement expenses for specific tour are accounted in the year in which the tours are undertaken.

f) Fixed Assets:

Fixed Assets are stated at cost, less accumulated depreciation except in respect of freehold property of Cox and Kings Travel Limited which are accounted at valued amount. Costs include all costs relating to acquisition and installation of fixed assets. Intangible assets represent "customer data base and contacts", stated at the valued amount and Software stated at cost.

g) Depreciation:

In case of parent company, depreciation on fixed assets is provided on the written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956. Intangible assets are amortised over a period of five to ten years, being the expected period of use. The leasehold land and leasehold improvements are depreciated over the lease period.

In case of ETN Services Limited, the depreciation is provided on following rates on written down value method.

Plant and Machinery - 25%

In case of Cox and Kings Travel Limited, the depreciation is provided on straight line method at following rates:

Land and building leasehold	-	straight line over the life of the lease
Plant and machinery	-	15%
Fixtures, fittings and equipments	-	15%
Motor Vehicles	-	25%

Freehold property is valued at open market value and is not depreciated.

In case of Cox & Kings Tours LLC, depreciation is provided using straight line method over the estimated useful life of three years.

h) Leases:

Assets acquired under finance leases on or after April 1, 2001 and hire purchase finance taken prior to April 1, 2001 are capitalized as fixed assets at their fair value at the inception of the lease. Depreciation on such assets is provided as per the company's policy stated above. Lease payments are apportioned and the finance charge is recognized in the profit and loss account. In respect of the finance leases, other than hire purchase finance, taken prior to April 1, 2001, lease payments paid are accounted for as lease rentals in the profit and loss account.

i) Investments:

Long-term investments are valued at cost. Provision for diminution in value of investments is made, if the diminution is of a nature other than temporary. Current investments are valued at the lower of cost and market value.

j) Inventory:

Inventory represents stock of foreign currencies, which have been valued at lower of cost and realisable value as at the year-end.

k) Provision for leave encashment and gratuity:

Provisions for leave encashment on retirement/separation and gratuity are accounted for based on the valuation, as at the year-end, done by independent actuaries.

l) Foreign Currency Transactions:

Transactions in foreign currency are recorded at spot rates / average rates. Current assets/liabilities are converted at year-end rates. Fixed Assets at the foreign branch are stated at the cost of acquisition. Gains or losses arising out of realisations or translations at the year-end are recognised in the profit & loss account for the year.

m) Accounting for taxes on Income:

Provision for current tax is made, based on the tax payable under the relevant statute.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty of its realisation.

n) Provision, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATION

*You should read the following discussion and analysis of our financial condition and results of operations together with our restated financial statements of each of the fiscal years ended March 31, 2004, 2005, 2006, 2007 and for the period ended September 30, 2007, including the schedules, annexure and notes thereto and the reports thereon in the section titled 'Financial Statements' beginning on page 172 of this Draft Red Herring Prospectus. You should also read the section titled 'Risk Factors' beginning on page x of this Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition and result of operations. The following discussion relates to our company on a consolidated basis, and, unless otherwise stated, is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act, 1956 and the SEBI guidelines. Our fiscal year ends on March 31 of each year so all references to a particular fiscal year are to the twelve months ended March 31 of that year.*

*Indian GAAP differs in certain significant respects from United Kingdom Accounting Standards.*

### OVERVIEW OF THE BUSINESS OF OUR COMPANY

We are one of the oldest and most reputed travel organizations in India offering total travel solutions to our customers. We operate as a ONE STOP SHOP for all travel related products. We offer the following services:

- Excursions and Leisure Travel(Overseas Holidays, Domestic Holidays, Air, Land and Cruise Bookings)
- Destination Management
- Incentive and conference Solutions
- Value added NRI services
- Trade fairs
- Car/Coach/Railway bookings
- Foreign Exchange
- Business travel (Air Tickets domestic and International)
- Private Air charter
- Hotel Bookings (Domestic and International)
- Visas/Passport/Medical insurance assistance

Our registered office is situated at Mumbai, India and other branch offices in India are located at New Delhi, Chennai, Nagpur, Bangalore, Kolkata, Ahmedabad, Kochi, Hyderabad, Pune, Goa and Jaipur giving us a pan India presence. We intend to further expand our set up by adding more branches and shops as well as franchise outlets to serve more customers and add to our existing base of valued customers. Further we have an exhaustive network of General Sales Agent (GSA) / Preferred Sales Agent (PSA) all over India. As a member of RADIUS Inc, a global travel company, we are connected with a network of over 4,640 travel companies around the world and service clients originating through them within India.

We also have two international branch offices at Moscow and New York and have operating subsidiaries in UK, Japan, UAE and Singapore. Cox & Kings (Japan) Limited has branches in Maldives and New Caledonia. We also have representative offices in Spain, South Africa, Australia, Sweden and Germany. Our global reach and passion for travel uniquely position us to offer multiple travel choices and value for our products.

We have developed a franchisee model wherein the franchisee is labeled as a "Cox & Kings" shop and is a "One Stop Travel Shop". The franchisee provides and sells all travel related products and services like leisure holidays, ticketing, foreign exchange and insurance, hotel booking, car rentals, third party products like cruises, eurail, etc. and visa and documentation. We will support the franchisee with advertising, promotions and other programs with a view to develop the business.

Our Business is divided into three main verticals of Leisure, Corporate Travel and Forex. Within Leisure we have three segments of Inbound travel, Outbound travel and Domestic travel.

Our Inbound segment focuses on providing destination management services that cover all aspects of the ground tour arrangement for tour operators across the world for the tourist visiting the Indian sub-continent.

Our Outbound and Domestic segment includes package holidays in India and overseas. We also provide services related to conference organizing, meetings, exhibitions, trade fairs for the corporate traveller.

We serve our customers through our products viz. MICE (Meetings, Incentives, Conferences, Events), FITs (Free Individual Traveller), Groups and Trade Fairs.

Our Corporate travel verticals aims at making business trips more convenient and cost effective with our enhanced customer service aimed at faster service delivery and more personalized attention.

We were one of the first travel companies to be granted the license as the Authorized Dealer - category II under the new licensing regime on October 19, 2006. We believe our forex management activities offer tremendous growth.

We believe that our brand is well recognized and respected in the World Tours and Travel Industry. The brand of Cox & Kings has evolved over a period of 250 years. For further details, please refer to the section titled “Business” beginning on page 99 of this Draft Red Herring Prospectus. We believe our brand which we have built over the years, plays an important role in getting people to trust in our ability to serve them well. Various awards have been conferred upon us over the years and this is testimony to the acknowledgement of our services in the Travel Industry. For details on the awards won by us kindly refer to the section titled “Business – Past Awards and Recognitions” beginning on page 111 of this Draft Red Herring Prospectus.

We are lead by an experienced management group that has worked and has been associated with the travel industry for many years and has the required skill, expertise and vision to continue to expand our business in new markets. Our management team includes Mr. Ajay Ajit Peter Kerkar who has been with the company for more than 20 years. He was the founder, director of the World Tourism Council for the India sub continent. Ms. Urrshila Kerkar, is our Head of Operations in India who has been with the company since more than 15 years. Under their direction and guidance the Company has grown at a CAGR of 36.18% for the past 4 years. Mr. Arup Sen, Director - Operations, has extensive experience in travel industry and the same has been applied to the benefit of the operations of our Company.

Our wide choice of product offerings caters to all the travel needs of the Indian and International traveller. We believe that our success in branding our products has created more awareness among travellers and has also helped a traveller in distinguishing and identifying our branded products like “Duniya Dekho”, “Bharat Deko”, “Flexihols”

Our Company has received several awards / accolades. Our company has been ranked in top 10 tour operators in the world by Condé Naste Traveller UK. This award has been given to our subsidiary company, Cox & Kings Limited, UK. It has been awarded the “Best Foreign Tour Operator- South Asia” in Malaysia in the year 2000 & 2001/2002. It has been awarded as the best domestic tour operator from department of tourism, government of India, for excellence in tourism. For details of awards received by us kindly refer to the section titled “Business – Past Awards and Recognitions” beginning on page 111 of the Draft Red Herring Prospectus. In Japan “Diamond weekly” listed the Company among the top 1000 companies to become “Big Business” in the 21<sup>st</sup> Century (This award has been given to the Subsidiary Company, Cox & Kings Limited, Japan). It was awarded “Top 5 Long Haul Operators” by The Telegraph, Independent, Times, Observer and Guardian. (This award has been given to the Subsidiary Company, Cox & Kings Limited, UK).

#### **Material Developments after March 31, 2007**

There have been no material developments after the date of the last balance sheet i.e. March 31, 2007 except the one detailed below:

- Company has acquired 100% stake in the Cox & Kings Ltd., UK and 41.17% stake in Cox & Kings (Japan) Ltd. during the year by swap of shares. The balance stake in Cox & Kings (Japan) Ltd. is held by Cox & Kings Travel Ltd. which is a wholly owned subsidiary of Cox & Kings Ltd., UK. For details, refer to the sections titled “Our History and Certain Corporate Matters” and “Business” on page 120 and 99 respectively of this Draft Red Herring Prospectus. The Financials of Cox & Kings Ltd., UK and Cox & Kings (Japan) Ltd. are given in the section titled “History and Certain Corporate Matters” beginning on page 120 of the Draft Red Herring Prospectus.
- We have increased our paid up share capital from Rs.54.4 million to Rs.279.25. million. For details, refer to the section titled “Capital structure” beginning on page 53 of this Draft Red Herring Prospectus.

Other than as stated herein our Directors hereby state that in their opinion, there is no material development after the date of the last financial statements disclosed in this Draft Red Herring Prospectus which is likely to materially and adversely affect or is likely to affect the trading or profitability of our Company or the value of our assets, or our ability to pay our liabilities within the next twelve months.

### **Transactions with Associate Companies and Related Parties**

We enter into transactions with Companies which are controlled by members of our Promoter Group and other related parties in the ordinary course of our business. As of March 31, 2007, our balances involving transactions with related parties did not include any amounts in guarantees in respect of Promoter related Company. For details regarding our related party transactions, please see section titled “Related Party Transactions” in page 170 of this Draft Red Herring Prospectus.

### **FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our financial condition and results are affected by numerous factors including the following:

#### **General Economic and Business Conditions**

The performance of our Company is dependent upon national and global growth. India’s GDP growth rate of 9.4 % in the fiscal 2006-07 (Source: Central Statistical Organisation; Ministry of Statistics and Program Implementation), one of the highest in the world, has been marked by continuous economic reforms, deregulation of the economy, a healthy capital market, robust industrial and agricultural growth as well as increased foreign investment in the country.

This growth momentum has been very optimistic for the year 2007-08 with the GDP growth rate for first quarter of 2007-08 being 9.3% (Source: Central Statistical Organisation; Ministry of Statistics and Program Implementation). India is one of the fastest developing economy. With the increase in the income levels, the modern Indian metro citizen is adopting the habit of travelling for leisure not just within India but also overseas.

#### **Brand Image**

The recognition and acceptance of our brand has significantly contributed to the success of our business. If we are unable to respond in a timely and appropriate manner to changing consumer demand, our brand name and brand image may be impaired.

#### **Competition**

Our Company is in direct competition with other tour operators. We believe that we can sustain any pressure from our direct competitors, with our experience and our capabilities to retain our customers due to our personalized services and competitive prices, and providing the complete holiday solution under a single roof.

#### **Pricing Pressures**

Since the company is operating in a highly competitive environment and has to compete with national and international level established players of remarkable reputation there is always a pressure to correctly price the services of the Company.

#### **Fluctuations in exchange rates**

Strengthening of rupee may increase the outbound tourists as the foreign tour will become cheaper. However at the same time it may reduce the inbound travel.

#### **Seasonality of operations**

The Company’s main line of business are Outbound tourism, Inbound tourism, Business Travel and Foreign Exchange business. Seasonality of business is specific to each line of business. The Outbound tourism is typically concentrated more in the first half of the year while the Inbound tourism is typically concentrated more in the second half of the year. Business Travel and Foreign Exchange business is not seasonal and is spread throughout the year.



### **Our ability to expand our international operations**

To expand our operations and meet the challenges of competition, the Company has employed innovative ways such as:

- Entering into arrangements beforehand with suppliers & leading tour operators;
- Opening branch offices all over India and expanding the base in major countries of the world;
- Acquisition within industry to provide significant synergies and economies of scale.

The Company has further plans to:

- Expand distribution base in India and abroad;
- Acquisition of strong regional players and overseas ground handlers;
- Increase sales through Product Segmentation;
- Increase internet enabled sales.

### **Rise in personnel cost**

Since the Company is in service industry and requires specialized service skills there is always a demand for such personnel in the industry and in order to retain them there is always a pressure on the costs which have to be borne by the Company.

### **Growth of new customers and increased sales to existing customers**

Our revenues are dependant on growth of new customers and increase in sales to existing customers. We believe that our track record of timely delivery and quality of service has allowed us to establish long and stable relationships with several of our large customers, and we have achieved revenue growth from increased sales to our customers. We seek to leverage our long term relationships with our existing customers to gain new customers. We recently acquired operations in UK and Japan. We also aim to be identified as a strategic vendor for our existing and future customers and accordingly, may have to incur additional costs. We also enter into competitive pricing structures with our new customers in the initial stages of our relationship to establish the rapport and may continue to do so in the future.

### **Adverse Events**

There have been no adverse events affecting the operations of our Company occurring within one year prior to the date of filing of this Draft Red Herring Prospectus with SEBI

### **Information required as per clause 6.10.5.5(a) of the SEBI Guidelines:**

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**

#### **1. Unusual or infrequent events or transactions**

Except for the following transactions, there have been no unusual or infrequent transactions that have taken place during the last three years:

- The Company received an agreed amount of Rs.84.85 million (before tax) on relinquishment of its Tenancy Rights in respect of an immovable property in the financial year 2005-06.
- The Company earned a profit of Rs.26.49 million (before tax) on sale of long term investments in the financial year 2004-05.

#### **2. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Other than as described in the section titled “Risk Factors” beginning on page x and “Management Discussion and Analysis of Financial Conditions and Results of Operations” beginning on page 235 of this Draft Red Herring

Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

### **3. Future changes in relationship between costs and income**

Other than as described in the section titled “Risk Factors” beginning on page x and “Management Discussion and Analysis of Financial Conditions and Results of Operations” beginning on page 235 of this Draft Red Herring Prospectus, to our knowledge there are no future relationship between costs and income that have or had or are expected to have a material adverse impact on our operations and finances.

### **4. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices**

Our increase in net sales are due to increase in volumes and commission.

### **5. Total turnover of each major industry segment in which the Company operates**

We operate only in one segment, namely Tours and Travel. Relevant published data, as available, for the Industry Turnover has been included in the section entitled “Industry Overview” beginning on page 82 of this Draft Red Herring Prospectus.

### **6. Status of any publicly announced new products or business segments**

Other than as described in this Draft Red Herring Prospectus, we do not have any new products or business segments.

### **7. Seasonality of Business**

Historically, our Outbound business shows a decline in the second half of the financial year whereas our Inbound business starts from the second half of the financial year. Business travel and foreign exchange business is spread out throughout the year. As a result of this, our quarter-to-quarter results may not be comparable or provide a meaningful indicator of our future performance.

### **8. Any significant dependence on a single or few suppliers or customers**

We deal with various airlines, Hotels, Transporters and other suppliers and we are not under threat from any excessive dependence on any single supplier.

We do not have any dependence on any customer or a set of customers for our business.

### **9. Competitive Conditions**

Our Company is in direct competition with other tour operators. We believe that we can sustain any pressure from our direct competitors, with our experience and our capabilities to retain our customers due to our personalized services and competitive prices, and providing the complete holiday solution under a single roof.

### **Other Factor**

Our company is in the tourism business, where there is direct interaction with the end user client. Our business requires us to provide personalized services to each individual client. The client’s need depends on various factors such as their age group, the socio-economic condition of their respective country, their religion, their interest, their profession, climate of their country etc. Our management is travelling widely across the world which helps us in regularly updating ourselves on the various socio economic conditions in each region. This helps us in providing quality and satisfactory services to our clients.

### **Our Obligation towards our Principal Agent**

We operate through a network of agents spread across the globe. We arrange for travel, accommodation, sightseeing etc. for the clients booking through these agents. We have a obligation towards our principal agent to safeguard their business interest. Any sub-performance/non-performance on our part could result into high retentions and refunds, which may affect the profitability of our company. Thus proper monitoring of execution of our business obligation, maintenance of backup support in case of any breakdown in the system etc. becomes important.

### **Demand**

The demand for our services depends upon the overall economic growth and government initiative in promoting tourism. The last few years has seen a steady growth in the tourism sector in India. The government has taken initiative in promoting India as a tourist destination.

## **RESULTS OF OPERATIONS**

### **Income**

Our Income consists mainly of commission income from providing tour & travel services to foreign Inbound tourists visiting India, domestic tourists travelling within India, Indian Outbound tourists travelling abroad and providing ticketing and foreign exchange services to our corporate travellers.

### **Other Income**

Other Income includes income from, among other things, interest earned from fully convertible debentures, interest earned from bank deposits, miscellaneous income. Some of these incomes may be recurring in nature.

### **Expenditure**

As per our accounting policy, commissions arising from tours and travel related services are accounted as revenue in the profit and loss account. This commission is the difference between gross sales and direct expenses, which includes hotel expenses, transportation, Air ticketing, Tour Leader/guiding expenses & entrances etc. Expenses such as personnel expenses, interest and financial charges and depreciation in addition to our normal overheads are accounted in our profit and loss account.

### **Hotel Expenses**

The hotel expenses include boarding and lodging facilities for our clients. This is the major expense in our industry and critically affects the margins of the company. We normally get the rates from the hoteliers in advance for a calendar year, on the basis of which we formulate the cost of our itinerary. Thus the chances of fluctuation in the hotel rates are bare minimum.

### **Transportation**

Transportation includes the cost we incur in payment to transporters for the transportation services they provide to our clients. We normally enter into rate agreements for a calendar year with all the transporters on our panel. This minimizes the risk of fluctuation in the transportation rates during any given period.

### **Air Ticketing**

We provide tickets and other ancilliary services to our corporate clients, with whom we have annual contracts.

As a domestic and outbound tour operator we also do the ticketing of our clients for their tours within India as well as abroad. With rates made available by the airlines in advance, we formulate our cost for an itinerary.

As an inbound tour operator, we do the ground handling of our clients from the date of their arrival into India till the date of their departure from India. Thus our itinerary includes air travel within India and its neighboring countries. Normally all the airlines fix their rates in advance for a season. On the basis of those rates we quote our charges for the itinerary.

## Guiding

Other operational cost includes guiding charges, monument entrances fees etc. Guiding is one of the crucial services since Tour Leader/Guide is the person who directly interacts with the client during their tour. Any mistake by the tour leader can result in loss of future business opportunity. Taking into consideration the severity of services, our Company selects the tour leaders very carefully after taking into account their personal appearance, their qualification, their knowledge and most importantly their command over the language and their presentation skills. To enhance their abilities, our Company organize tour escorts training programme from time to time.

As a part of tour cost, our Company also pay monument entrances fees (as applicable) to be paid at the time of entering into a particular monument. Since the entrances fees is also fixed and does not fluctuate very often, our Company is able to cover the cost while formulating the cost of a particular package tour

Our **Total Expenditure** is accounted for under the following heads:

### Personnel Expenses

Our payment to and provision for employees consists of salaries, allowances, bonuses, retrenchment benefits, incentives paid to staff other than contribution to staff provident funds and other staff welfare expenses like gratuity and leave encashment.

### Other Expenses

Other Expenses relates to expenses including, among other things, rent, electricity expenses, insurance, communication and courier expenses, printing & stationery, legal & professional fees, travelling & conveyance, advertisement, publicity and business promotion, computer expenses, security expenses, and other miscellaneous expenses.

### Depreciation

This includes depreciation on computers and printers, electrical installations and fittings, office equipments, furniture and fixtures, leasehold improvements, vehicles, database and software.

In case of parent Company, depreciation on fixed assets has been provided on the written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Intangible assets are amortised over a period of five to ten years being the expected period of use. The leasehold land and leasehold improvements are depreciated over the lease period.

In case of our subsidiary in London, ETN Services Limited, the depreciation on Plant & Machinery is provided at the rate of 25% on written down value method.

In case of our subsidiary in Dubai, Cox & Kings Tours LLC, depreciation is provided using written down value method at the rate of 33.35%.

In case of our subsidiary in U.K., Cox and Kings Limited, the depreciation is provided on following rates on written down value method.

Freehold and short leasehold property	-	15%
Plant and machinery	-	15%
Computer equipment	-	15%
Motor vehicles	-	25%

### Interest

The finance charges incurred by us include interest charges payable by us for short term and long term loans including working capital loans, interest charges on loans and the financial charges like processing fees for loans, bank guarantees.

### Taxation

Provision for current tax is made, based on the tax payable under the relevant statute.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty of its realization.

### **Significant accounting policies**

a. Basis of accounting:

The financial statements of the parent company are prepared as per historical cost convention on accrual basis and comply with the provisions of the Indian Companies Act, 1956, the generally accepted accounting principles in India and the applicable accounting standards issued by the Institute of Chartered Accountants of India. The financial statements of the United Kingdom based subsidiaries are prepared in accordance with the UK financial reporting standards, UAE and Singapore based subsidiary company are prepared in accordance with International Financial Reporting Standards.

There is no material adjustments required to be made in the financial statements of overseas subsidiaries to bring them in line with the Indian GAAP.

b. Use of estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of the assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

c. Turnover:

In line with generally accepted accounting practices, turnover comprises of net commissions earned on travel management, service agency charges including margins in respect of tour and tour related services and commissions/margins earned on foreign exchange transactions in the normal course of the business as Authorised Dealer. The income arising from the buying and selling of foreign currencies has been included on the basis of margins achieved.

d. Revenue Recognition:

In accordance with the Group's accounting policy followed consistently, commissions/income arising from tours and related services is accounted after netting off all direct expenditures relating thereto except its revenues from Studio division where the income is accounted at invoice value net of discounts. Income from buying and selling of foreign currencies is accounted on net basis as stated in (c) above. In respect of the pending jobs, the Studio division follows the completed contract method for recognizing revenue. All revenues are accounted when there is reasonable certainty of its ultimate collection.

e. Expenditure:

All general business expenditure is accounted in the year in which it is incurred. All direct tour related expenses including advertisement expenses for specific tour are accounted in the year in which the tours are undertaken.

f. Fixed Assets:

Fixed Assets are stated at cost, less accumulated depreciation. Costs include all costs relating to acquisition and installation of fixed assets. Intangible assets represent “customer data base and contacts”, stated at the valued amount and Software stated at cost.

g. Depreciation:

In case of parent company, depreciation on fixed assets is provided on the written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956. Intangible assets are amortised over a period of five to ten years, being the expected period of use. The leasehold land and leasehold improvements are depreciated over the lease period.

In case of ETN Services Limited, the depreciation is provided on following rates on written down value method.

Plant and Machinery - 25%

In case of Cox & Kings Tours LLC, depreciation is provided on plant and machinery using written down value method @ 33.33%

In case of Cox and Kings Limited, the depreciation is provided on following rates on written down value method.

Freehold and short leasehold property	-	15%
Plant and machinery	-	15%
Computer equipment	-	15%
Motor vehicles	-	25%

h. Leases:

Assets acquired under finance leases on or after April 1, 2001 and hire purchase finance taken prior to April 1, 2001 are capitalized as fixed assets at their fair value at the inception of the lease. Depreciation on such assets is provided as per the company’s policy stated above. Lease payments are apportioned and the finance charge is recognized in the profit and loss account. In respect of the finance leases, other than hire purchase finance, taken prior to April 1, 2001, lease payments paid are accounted for as lease rentals in the profit and loss account.

i. Investments:

Long-term investments are valued at cost. Provision for diminution in value of investments is made, if the diminution is of a nature other than temporary. Current investments are valued at the lower of cost and market value.

j. Inventory:

Inventory represents stock of foreign currencies, which have been valued at lower of cost and realisable value as at the year-end.

k. Provision for leave encashment and gratuity:

Provisions for leave encashment on retirement/separation and gratuity are accounted for based on the valuation, as at the year-end, done by independent actuaries.

l. Foreign Currency Transactions:

Transactions in foreign currency are recorded at spot rates / average rates. Current assets/liabilities including those pertaining to foreign branch are converted at year-end rates. Fixed Assets at the foreign branch are stated at the cost of acquisition. Gains or losses arising out of realisations or translations at the year-end are recognised in the profit & loss account for the year.

m. Accounting for taxes on Income:

Provision for current tax is made, based on the tax payable under the relevant statute.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty of its realisation.

n. Provision, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

## SUBSIDIARIES

### Basis of consolidations:

The Consolidated Statement of Profit and Losses, as restated, Consolidated Statement of Assets and Liabilities, as restated and Consolidated Cashflow Statement, as restated (together referred to as Consolidated Summary Statements) comprises financial statements of Cox and Kings (India) Limited and its subsidiaries, drawn for the years from 2002-03 to September 2007. These Consolidated Summary Statements have been extracted from the audited financial statements of the company and its subsidiaries after making adjustments in accordance with the requirements of Accounting Standard (AS-21) - Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

Given below is the list of our Subsidiaries which are included in consolidation of our financial statements and our respective holdings in each. Subsidiary companies considered in these Consolidated Summary Statements are:

Name of the company	Country of incorporation	Effective date of control / acquisition	Ownership Interest %
Clearmine Limited	UK	March 30, 2006	100%
ETN Services Limited (wholly owned subsidiary of Clearmine Limited)	UK	March 30, 2006	100%
CNK Internet Pte Limited	Singapore	May 15, 2006	100%
Cox & Kings Tours LLC	UAE	February 7, 2007	100%
Cox & Kings Ltd.	UK	September 1, 2007	100%
Cox & Kings Travel Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Japan Ltd. (subsidiary of Cox and Kings Travels Ltd)	Japan	September 1, 2007	100%
Cox & Kings Shipping Ltd. (wholly owned	UK	September 1, 2007	100%

<b>Name of the company</b>	<b>Country of incorporation</b>	<b>Effective date of control / acquisition</b>	<b>Ownership Interest %</b>
subsidiary of Cox and Kings Ltd.)			
Cox & Kings Special Interest Holidays Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Tours Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Enterprises Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Holdings Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Investments Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings Finance Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
Cox & Kings (Mauritius) Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	Mauritius	September 1, 2007	100%
Grand Tours Ltd. (wholly owned subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	100%
The Bolshoi Express Ltd. (subsidiary of Cox and Kings Ltd.)	UK	September 1, 2007	50%

Results of subsidiaries acquired are included in the restated consolidated financial statements from the effective dates of acquisition.

#### ASSOCIATES:

Associate companies considered in the Consolidated Summary Statements are:

<b>Name of the company</b>	<b>Country of incorporation</b>	<b>Ownership Interest %</b>
Tulip Star Hotels Limited	India	30.42%

#### Principles of consolidation

- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the period. All assets and liabilities are converted at rates prevailing at the end of the period. Any exchange difference arising on consolidation is recognised in the foreign exchange translation reserve.
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- In case of associates where the company directly or indirectly through subsidiaries holds more than 20% of equity, Investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - "Accounting for investments in associates in consolidated financial statements" issued by the Institute of Chartered Accountants of India.



The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balance, based on available information.

The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

## Operating Results

Set forth below is a table showing our major revenues and expenditure items, EBITDA, profit before tax and profit after tax for fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004 and their respective percentage of our total income for the corresponding periods, respectively and our major revenues and expenditure items, EBITDA, profit before tax and profit after tax for the six month period ended September 30, 2007.

<b>CONSOLIDATED STATEMENT OF PROFIT &amp; LOSS, AS RESTATED</b>										
	<b>Six months ended September 30, 2007</b>		<b>Year ended March 31, 2007</b>		<b>Year ended March 31, 2006</b>		<b>Year ended March 31, 2005</b>		<b>Year ended March 31, 2004</b>	
	<b>Amount</b>	<b>%age to Total Income</b>	<b>Amount</b>	<b>%age to Total Income</b>	<b>Amount</b>	<b>%age to Total Income</b>	<b>Amount</b>	<b>%age to Total Income</b>	<b>Amount</b>	<b>%age to Total Income</b>
<b>(Rs. in Millions)</b>										
<b>Income</b>										
Commission and Operating Income	800.64	96.98	969.51	97.52	631.79	96.09	420.49	92.38	281.89	98.04
Other Income	24.95	3.02	24.68	2.48	25.74	3.91	34.69	7.62	5.62	1.96
<b>Total</b>	<b>825.58</b>	<b>100.00</b>	<b>994.19</b>	<b>100.00</b>	<b>657.53</b>	<b>100.00</b>	<b>455.18</b>	<b>100.00</b>	<b>287.51</b>	<b>100.00</b>
<b>Expenditure</b>										
Personnel Expenses	180.82	21.90	209.15	21.04	150.84	22.94	80.96	17.79	60.99	21.21
Other Expenses	315.80	38.25	358.75	36.08	277.82	42.25	159.46	35.03	148.16	51.53
Interest and finance charges	23.57	2.85	51.67	5.20	30.77	4.68	66.36	14.58	35.57	12.37
Depreciation	22.01	2.67	34.06	3.43	18.06	2.75	14.22	3.12	12.60	4.38
<b>Total</b>	<b>542.19</b>	<b>65.67</b>	<b>653.63</b>	<b>65.74</b>	<b>477.47</b>	<b>72.62</b>	<b>320.99</b>	<b>70.52</b>	<b>257.32</b>	<b>89.50</b>
<b>Net Profit/(Loss) before Tax and extra ordinary items</b>	<b>283.39</b>	<b>34.33</b>	<b>340.57</b>	<b>34.26</b>	<b>180.06</b>	<b>27.38</b>	<b>134.19</b>	<b>29.48</b>	<b>30.19</b>	<b>10.50</b>
<b>Taxation</b>										
Current Tax	83.67	10.13	124.17	12.49	74.84	11.38	21.14	4.64	2.40	0.83
Deferred Tax	2.96	0.36	0.68	0.07	(8.73)	-1.33	15.76	3.46	8.20	2.85
Fringe Benefit Tax	3.25	0.39	5.20	0.52	6.22	0.95	-	0.00	-	0.00

<b>CONSOLIDATED STATEMENT OF PROFIT &amp; LOSS, AS RESTATED</b>										
	<b>Six months ended September 30, 2007</b>		<b>Year ended March 31, 2007</b>		<b>Year ended March 31, 2006</b>		<b>Year ended March 31, 2005</b>		<b>Year ended March 31, 2004</b>	
	<b>Amount</b>	<b>%age to Total Income</b>	<b>Amount</b>	<b>%age to Total Income</b>	<b>Amount</b>	<b>%age to Total Income</b>	<b>Amount</b>	<b>%age to Total Income</b>	<b>Amount</b>	<b>%age to Total Income</b>
	<b>(Rs. in Millions)</b>									
<b>Net Profit/(Loss) after Tax before extraordinary items</b>	<b>193.51</b>	23.44	<b>210.52</b>	21.17	<b>107.73</b>	16.38	<b>97.29</b>	21.37	<b>19.59</b>	6.81
Extra-ordinary items (net of tax) (Receipt on relinquishment of Tenancy Rights)	-		-		65.72	10.00	-		-	
<b>Net Profit after Tax and Extra-ordinary items</b>	<b>193.51</b>	23.44%	<b>210.52</b>	21.17	<b>173.45</b>	26.38	<b>97.29</b>	21.37	<b>19.59</b>	6.81
Add/(less): Share in Profit/(loss) of associate	(1.86)	-0.23%	87.30	8.78	0.46	0.07	(5.29)	(1.16)	(5.98)	(2.08)
<b>Net Profit for the year</b>	<b>191.65</b>	23.21%	<b>297.82</b>	29.96	<b>173.90</b>	26.45	<b>92</b>	20.21	<b>(13.61)</b>	(4.73)
<b>Balance brought forward</b>	<b>533.22</b>		<b>239.74</b>		<b>70.17</b>		<b>(36.25)</b>		<b>(49.15)</b>	
Less: Additional charge on adoption of AS-15(R )	2.31	0.28%	-		-		-		-	
Proposed Dividend	-		3.81	0.38	3.81	0.58	0.63	0.14	0.18	0.06
Tax on dividend	-		0.53	0.05	0.53	0.08	0.08	0.02	0.08	0.03
Interim Dividend	-		-		-		-		0.45	0.15
Add Reduction in Loss of Associates on Dilution	-		-		-		15.13	3.32	-	-
<b>Balance carried to Balance Sheet</b>	<b>726.73</b>		<b>445.91</b>		<b>239.28</b>		<b>70.17</b>		<b>(36.25)</b>	

## COMPARISON OF FISCAL YEAR 2007 WITH FISCAL YEAR 2006

### Sales and Service income

Commission and other operating income was Rs. 969.51mn for the year ended 2007 as against Rs. 631.79mn for the year ended 2006. The increase of 53.45% is mainly due to the growth in the Inbound, Outbound and Domestic travel business.

### Share of Profit from associates

Share of profit from associates is share of profit from Tulip Star Hotels Ltd. proportionate to the percentage of shareholding by the Company. The Company holds 30.42% of the outstanding equity share capital of Tulip Star Hotels Ltd. The share of profit from associates was Rs. 87.30mn for the year ended 2007 as against Rs.0.46mn for the year ended 2006.

### Other Income

Other income decreased from Rs. 25.74mn in the year ended 2006 to Rs. 24.68mn for the year ended 2007.

### Personnel Expenses

Our personnel expenses, which includes payment to and provision for employees consists of salaries, allowances, bonuses, retrenchment benefits, incentives paid to staff other than contribution to staff provident funds and other staff welfare expenses like gratuity and leave encashment have increased from Rs. 150.84mn in the year ended 2006 to Rs. 209.15mn in the year ended 2007. The increase of 38.66% in the Personnel Expenses is due to increase in the size of operations, resulting in higher staff strength in the year 2007.

#### Other Expenses

Our other expenses increased from 277.82mn (42.25%) in the year ended 2006 to 358.75mn (36.08%) for the year ended 2007. Hence, the other expenses as a percentage of total expenses has declined in the year 2007 as compared to the year 2006 due to effective utilization of resources and cost cutting measure taken by our Company.

#### Interest & Financial Charges

Our interest and finance charges have increased from 4.68% ( Rs. 30.77mn) in the year ended 2006 to 5.20% (Rs. 51.67 mn) for the year ended 2007. This increase is because of the increase in the working capital required by the Company.

#### Depreciation

Our depreciation increased from 2.75% (Rs. 18.06 mn) in the year ended 2006 to 3.43% (Rs. 34.06mn) for the year ended 2007. The increase was due to 44.5% increase in gross block from Rs.199.49 million in the year 2006 to Rs.288.36 million in the year 2007.

#### Profit before tax

Profit before tax is Rs. 340.57 mn for the year ended 2007 as against Rs. 180.06 mn for the year ended 2006. The net profit margins of our Company have gone up by 89.14% due to increase in higher sales in the leisure segment, which derive higher gross margins.

### **Review of Financial Position**

#### Fixed Assets

Fixed Assets comprising of computers and printers, electrical installations and fittings, office equipments, furniture and fixtures, leasehold improvements, vehicles, database and software, and capital work in progress. The net fixed assets increased by Rs. 53.73mn, i.e. 59.11%, from Rs. 90.90mn for the year ended 2006 to Rs. 144.63mn for the year ended 2007. Capital work in progress has decreased by Rs. 40.02mn.

#### Investments

The investment of our Company increased from Rs. 193.39mn in the fiscal year 2006 to Rs. 530.70mn for the year ended 2007.

#### Current Assets

Current Assets include sundry debtors, inventory, cash & bank balances, security deposits and other loans & advances recoverable in cash or in kind. Current assets have increased in line with the growth of our business activity. During the period under consideration current assets increased by Rs. 261.22mn from Rs. 1,704.37 mn as on 2006 to Rs. 1,965.59mn as on 2007. This increase is primarily due to the increase in sundry debtors.

Sundry Debtors accounted for 38.93% of the total current assets as on March 31, 2007. Debtors increased from Rs. 473.28 mn as on 2006 to Rs. 765.29mn as on 2007. The increase in debtors is pursuant to increase in volume of business, predominantly in business travel and foreign exchange sales.

Cash and Bank balances accounted for 9.78% of the total current assets as on March 31, 2007.

Loans and advances accounted for 50.32% of total current assets as on March 31, 2007. Loans and advances have increased from Rs. 895.04mn as on March 31, 2006 to Rs. 989.14mn as on March 31, 2007.

#### Current Liabilities and Provisions

Current Liabilities include sundry creditors, expenses payable, duties and taxes payable and provision for income tax. During the period under consideration current liabilities increased by Rs. 385.35mn from Rs. 968.16mn as on March 31, 2006 to Rs. 1,353.51 mn as on March 31, 2007. This increase is primarily due to increase in sundry creditors.

#### Non-current liabilities

Non-current liabilities consist of long term secured loans and long term unsecured loans. Non-current liabilities have decreased from Rs. 643.36mn as on March 31, 2006 to Rs. 572.07mn as on March 31, 2007.

#### Net worth

Net worth of our Company has increased by Rs. 293.34mn from Rs. 535.40mn as on March 31, 2006 to Rs. 828.74mn as on March 31, 2007 on account of profit earned during the year ended March 31, 2007.

#### Off-Balance sheet items

	<b>March 31, 2007</b>	<b>March 31, 2006</b>
	<b>(INR in million)</b>	<b>(INR in million)</b>
a. Guarantees by banks on behalf of the Company	9.11	10.56
b. Disputed Income Tax demands	35.66	34.94
c. Capital commitments (Net of advances)	-	0.30
d. Claims against company not acknowledged as debts	35.89	32.09

### **COMPARISON OF FISCAL YEAR 2006 TO FISCAL YEAR 2005**

#### Sales and Service income

Commission and other operating income was Rs.631.79mn for the year ended 2006 as against Rs. 420.49mn for the year ended 2005. The increase of 50.25% is due to the growth in the Inbound, Outbound and Domestic travel business of the Company.

#### Share of Profit from associates

Share of profit from associates is share of profit from Tulip Star Hotels Ltd. proportionate to the percentage of shareholding by the Company. The Company holds 30.42% of the outstanding equity share capital of Tulip Star Hotels Ltd. The share of profit from associates was Rs. 0.46mn for the year ended 2006 as against loss of Rs. 5.29 million for the year ended 2005.

#### Other Income

Other income decreased from Rs. 34.69mn in the year ended 2005 to Rs. 25.74mn for the year ended 2006.

#### Personnel Expenses

Our personnel expenses, which includes payment to and provision for employees consists of salaries, allowances, bonuses, retrenchment benefits, incentives paid to staff other than contribution to staff provident funds and other staff welfare expenses like gratuity and leave encashment, as a percentage of Total Income has increased from 80.96mn (17.79%) in the year ended 2005 to 150.84mn (22.94%) in the year ended 2006. The increase by 86.32% in the Personnel Expenses is due to increase in the size of operations, resulting in a higher staff strength in the year 2006.

#### Other Expenses

Our other expenses have increased from 159.46mn (35.03%) in the year ended 2005 to 277.82mn (42.25%) for the year ended 2006. The increase has been mainly on two counts, firstly due to increase in infrastructure expenses, including rent, electricity and repairs, which is due to expansion in our size of operating offices. Secondly, due to increase in advertisement, publicity and business promotion.

#### Interest & Financial Charges

Our interest and financial charges have decreased from Rs.66.36 mn (14.58%) in the year ended 2005 to Rs. 30.77 mn (4.68%) for the year ended 2006. This decrease is mainly because of infusion of equity capital in the Company by the shareholders, which was utilized for effective management of funds.

#### Depreciation

Our depreciation cost has increased from Rs. 14.22 mn (3.12% ) in the year ended 2005 to Rs.18.06 mn (2.75% )for the year ended 2006.

#### Profit before tax

Profit before tax is Rs.180.06mn for the year ended 2006 as against Rs. 134.19mn for the year ended 2005. The net profit margins of our Company have gone up by 34.18% due to increase in sales in the leisure segment, which derive higher gross margins.

### **Review of Financial Position**

#### Fixed Assets

Fixed Assets comprises of computers and printers, electrical installations and fittings, office equipments, furniture and fixtures, leasehold improvements, vehicles, database and software and capital work in progress. The net fixed assets increased by Rs. 27.95mn i.e. 44.41%, from Rs. 62.95mn for the year ended 2005 to Rs. 90.90mn for the year ended 2006. Capital work in progress has increased by Rs. 20.87mn.

#### Investments

The investment of our Company increased from Rs. 190.66mn in the fiscal year 2005 to Rs. 193.39mn for the year ended 2006.

#### Current Assets

Current Assets include sundry debtors, inventory, Cash & bank Balances, Security Deposits and other Loans & Advances recoverable in Cash or in Kind. Current assets have increased in line with the growth of our business activity.

During the period under consideration current assets increased by Rs. 343.12mn from Rs. 1361.25 mn as on 2005 to Rs. 1704.37mn as on 2006. This increase is primarily due to the increase in Loans and Advances.

Sundry Debtors accounted for 27.76 % of the total current assets as on March 31, 2006. Debtors decreased from Rs. 478.71 mn as on March 31, 2005 to Rs. 478.36 mn as on March 31, 2006.

Cash and Bank Balances accounted for 19.04 % of the total current assets as on March 31, 2006.

Loans and advances accounted for 52.51% of total current assets as on March 31, 2006. Loans and advances have increased from Rs. 609.17mn as on March 31, 2005 to Rs. 895.04mn as on March 31, 2006. This increase is mainly due to increase in lease deposits and advance to suppliers.

#### Current Liabilities and Provisions

Current Liabilities include Sundry Creditors, expenses payable, duties and taxes payable and provision for income tax. During the period under consideration current liabilities increased by Rs. 73.78 mn from Rs. 894.38 mn as on March 31, 2005 to Rs. 968.16 mn as on March 31 2006. This increase is primarily due to increase in sundry creditors.

#### Non current liabilities

Non-current liabilities consist of long term secured loans, long term unsecured loans and deferred tax liabilities. Non-current liabilities have increased from Rs. 610.65mn as on March 31, 2005 to Rs. 643.36mn as on March 31, 2006.

#### Net worth

Net worth of our Company has increased by Rs. 396.57 mn from Rs. 138.83mn as on March 31, 2005 to Rs. 535.40mn as on March 31, 2006 on account of Profit for the year ended March 31, 2006.

#### Off-Balance sheet items

	<b>March 31, 2006</b>	<b>March 31, 2005</b>
	<b>(Rs. in million)</b>	<b>(Rs. in million)</b>
a. Guarantees by banks on behalf of the Company	10.56	4.82
b. Disputed Income Tax demands	-	-
c. Capital commitments (Net of advances)	10.39	10.39
d. Claims against company not acknowledged as debts	3.68	3.56

### **COMPARISON OF FISCAL YEAR 2005 TO FISCAL YEAR 2004**

#### **Sales and Service income**

Receipt on account of Sales and Service income was Rs.420.49mn for the year ended 2005 as against Rs. 281.89mn for the year ended 2004. The increase of 49.16% is due to the growth in the Inbound, Outbound and Domestic travel business.

#### **Share of Profit from associates**

Share of profit from associates is share of profit from Tulip Star Hotels Ltd. proportionate to the percentage of shareholding by the Company. The Company holds 30.42% of the outstanding equity share capital of Tulip Star Hotels Ltd. The Share of loss from associates was Rs. 5.29 mn for the year ended 2005 as against loss of Rs.5.98mn for the year ended 2004.

#### **Other Income**

Other income increased to Rs. 34.69mn in the year ended 2005 from Rs. 5.62mn for the year ended 2004.

#### **Personnel Expenses**

Our personnel expenses, which includes payment to and provision for employees consists of salaries, allowances, bonuses, retrenchment benefits, incentives paid to staff other than contribution to staff provident funds and other staff welfare expenses like gratuity and leave encashment has increased from 60.99mn in the year ended 2004 to 80.96mn in the year ended 2005. The increase by 32.74% in the Personnel Expenses is due to increase in the size of operations, resulting in higher staff strength in the year 2005.

#### **Other Expenses**

Our other expenses have increased from 148.16mn (51.53%) in the year ended 2004 to 159.46mn (35.03%) for the year ended 2005. Hence, the other expenses as a percentage of total expenses has declined in the year 2005 as compared to the year 2004 due to effective utilization of resources and cost cutting measure taken by our Company.

#### **Interest & Financial Charges**

Our interest and financial expenses have increased from Rs. 35.57mn (12.37%) in the year ended 2004 to Rs.66.36mn (14.58%) for the year ended 2005. This increase is because of the increase in the working capital required by the Company.

### **Depreciation**

Our depreciation cost has increased from Rs.12.60 mn (4.38%) in the year ended 2004 to Rs. 14.22 mn (3.12%) for the year ended 2005. The increase was due to 13.1% increase in gross block from Rs.139.39 mn in the year 2004 to Rs.157.64 mn.

### **Net profit before tax**

Net profit before tax is Rs.30.19mn for the year ended 2004. as against Rs. 134.19mn for the year ended 2005. The net profit margins of our Company have gone up by 344.48% due to increase in sales in the leisure segment, which derive higher gross margins

### **Review of Financial Position**

#### **Fixed Assets**

Fixed Assets comprising of computers and printers, electrical installations and fittings, office equipments, furniture and fixtures, leasehold improvements, vehicles, database and software, and capital work in progress. The net fixed assets increased by Rs. 13.92mn, i.e.28.39 %, from Rs. 49.03mn for the year ended 2004 to Rs. 62.95mn for the year ended 2005. Capital work in progress has increased by Rs. 1.38mn.

#### **Investments**

The investment of our company increased from Rs. 2.72 mn in the fiscal year 2004 to Rs. 190.66mn for the year ended 2005.

#### **Current Assets**

Current Assets include sundry debtors, inventory, cash & bank balances, security deposits and other loans & advances recoverable in cash or in kind. Current assets have increased in line with the growth of our business activity. During the period under consideration current assets increased by Rs. 431.30 mn from Rs. 929.95mn as on 2004 to Rs. 1361.25mn as on 2005. This increase is primarily due to the increase in sundry debtors.

Sundry Debtors accounted for 35.14% of the total current assets as on March 31, 2005. Debtors increased from Rs. 317.48mn as on 2004 to Rs. 478.36 mn as on 2005.

Cash and Bank Balances accounted for 19.19 % of the total current assets as on March 31, 2005. It increased from Rs.100.39 mn in 2004 to Rs.261.31 mn in 2005

Loans and advances accounted for 44.75% of total current assets as on March 31, 2005. Loans and advances have increased from Rs. 505.57mn as on March 31, 2005 to Rs. 609.17mn as on March 31, 2005.

#### **Current Liabilities and Provisions**

Current Liabilities include Sundry Creditors, expenses payable, duties and taxes payable and provision for income tax. During the period under consideration current liabilities increased by Rs. 357.37 mn from Rs. 537.01 mn as on March 31, 2004 to Rs. 894.38 mn as on March 31 2005. This increase is primarily due to increase sundry creditors.

#### **Non current liabilities**

Non-current liabilities consist of long term secured loans and long term unsecured loans. Non-current liabilities have increased from Rs. 455.68mn as on March 31, 2004 to Rs. 610.65mn as on March 31, 2005.

Net worth

Net worth of our company has increased by Rs. 106.42 mn from Rs. 32.41 mn as on March 31, 2004 to Rs. 138.83mn as on

March 31, 2005 on account of profit earned during the year ended March 31, 2005.

**Off Balance sheet items**

	<b>March 31, 2005</b> <b>(Rs. in million)</b>	<b>March 31, 2004</b> <b>(Rs. in million )</b>
a. Guarantees by banks on behalf of the company	4.82	41.52
b. Disputed Income Tax Demands	-	-
c. Capital commitments (Net of advances)	10.39	12.67
d. Claims against Company not acknowledged as debts	3.68	3.44

**Analysis of the consolidated financials for the six months ended 30<sup>th</sup> September 2007**

For the six months ended September 30<sup>th</sup> 2007 our total income was Rs. 825.58million. During the same period our income from sales and service charges was Rs. 800.64million which was 96.98% of total income whereas for the year ended March 31, 2007 it was 97.52% of total income. Other income during the period was Rs. 24.95million. This was 3.02% of the total income whereas for the year ended March 31<sup>st</sup> 2007 it was 2.48% of the total income.

For the six months ended September 30<sup>th</sup> 2007 our total expenditure was Rs. 542.19 million. It was 65.67% of the total income whereas for the year ended March 31<sup>st</sup> 2007 it was 65.74% of the total income. During the six month period, our expenditure on Personnel was 180.82million which was 21.90% of the total income whereas for the year ended March 31<sup>st</sup> 2007 it was 21.04% of the total income. Other expenses were 315.80million which was 38.25% of the total income whereas for the year ended March 31<sup>st</sup> 2007 it was 36.08%. The expenditure on interest charges were 23.57 million which was 2.85% of the total income whereas for the year ended March 31<sup>st</sup> 2007 it was 5.20% of the total income. Depreciation charges were Rs.22.01million which was 2.67% of the total income whereas for the year ended March 31<sup>st</sup> 2007 it was 3.43% of total income.

**Liquidity and Cash Flow:**

**Net Consolidated Cash Flows Restated**

	<b>(Rs. in millions)</b>			
	<b>Quarter ended September 30, 2007</b>	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>
Net cash from (used in)operating Activities	-173.36	224.46	15.07	223.45
Net cash from (used in)Investing Activities	29.27	-295.36	-221.74	-181.56
Net cash from (used in)financing Activities	234.17	-130.45	230.15	112.70

**Cash Flows from Operating Activities**

Our cash flow from operations decreased 93 % from Rs. 223.45 million in 2005 to Rs. 15.06 million in 2006 and it increased 1390 % from Rs. 15.06 million in 2006 to Rs. 224.46 million in 2007.

The decrease in Operating Cash flow was primarily due to increase in loan and advances in 2006 and the increase in cash flow in 2007 has been primarily on account of increase in operating profits.

**Cash Flows from Investment Activities**

Our cash flows from investing activities have been negative for the past few years on account of amounts spent for investment in subsidiaries. Our cash flow used in investment activities increased by 22 % to Rs. 221.74 million in Fiscal 2006 from Rs. 181.55 million in Fiscal 2005 primarily due to increase in investment in subsidiaries . Our cash flow used in



investment activities increased by 33 % to Rs. 295.36 million in Fiscal 2007 from Rs. 221.74 million in fiscal 2006 due to investment in shares & debentures of other companies.

### **Cash Flows from Financing Activities**

Our cash flow from or used in our financing activities is determined primarily by the level of our borrowings, the schedule of principal and interest payments on them, the issuance of share capital and receipt of share application money. Our Net debt to book equity ratio stood at 0.69 times as at March 31, 2007.

Our cash flow from financing activities increased by 51% to Rs.230.15 million in fiscal 2006 as compared to Rs. 112.70 million in fiscal 2005, primarily as a result of a net increase in short term and long term borrowings. Our cash flow from financing activities decreased by 156% to Rs. (130.45) million in fiscal 2007 from Rs.230.15 million in fiscal 2006 due to fresh issue of share capital and increase in long term borrowings.

### **SUBSIDIARIES DURING FISCAL 2008**

During the current fiscal year 2008, the Company has acquired additional shares of Cox & Kings Ltd. U.K. and Cox & Kings (Japan) Ltd. By virtue of such acquisition, both of these companies have become subsidiaries of the Company. However, the consolidated restated financials up to fiscal 2007 analysed above does not incorporate the financials of the UK and Japan companies, which have become subsidiary in the current fiscal year 2008. In order to provide a complete overview of the business of the Company along with its existing subsidiaries, we have done analysis of the standalone financials of the UK and Japan subsidiaries for the last two fiscal years.

### **Cox & Kings Limited UK**

<b>CONSOLIDATED STATEMENT OF PROFIT &amp; LOSS, AS RESTATED (Rs. In millions)</b>				
	<b>Year ended March 31, 2007</b>	<b>Percentage to Total Income</b>	<b>Year ended March 31, 2006</b>	<b>Percentage to Total Income</b>
<b>Income</b>				
Sales and Service Income	588.08	99.52	399.09	99.34
Share of Profit from Associates	-		-	
Share of Profit from Joint Ventures	-		-	
Other Income	2.82	0.48	2.65	0.66
	590.89	100.00	401.74	100.00
	-		-	
<b>Expenditure</b>	-	-	-	
Personnel Expenses	178.16	30.15	145.02	36.10
Other Expenses	240.89	40.77	180.06	44.82
Share of Loss from Deemed Disposal	-	-	-	
Depreciation	36.89	6.24	27.18	6.77
Interest	17.45	2.95	8.85	2.20
	473.39	80.12	361.11	89.89
	-	-	-	
<b>Net Profit before Tax and Extra</b>	117.50		40.63	10.11

<b>CONSOLIDATED STATEMENT OF PROFIT &amp; LOSS, AS RESTATED (Rs. In millions)</b>				
	<b>Year ended March 31, 2007</b>	<b>Percentage to Total Income</b>	<b>Year ended March 31, 2006</b>	<b>Percentage to Total Income</b>
<b>Ordinary Items</b>		19.88		
	-		-	
<b>Taxation</b>	-	-	-	
Current Tax	25.25	4.27	6.77	1.68
Deferred Tax	7.88	1.33	1.30	0.32
Fringe Benefit Tax	-	-	-	-
Tax adjustment in respect of earlier years	2.07	0.35	-	-
	-	-	-	
<b>Net Profit after Tax before extraordinary items</b>	82.30	13.93	32.57	8.11
	-		-	
<b>Receipt on Reinquishment of Tenancy Rights</b>	-		-	
Net Profit after Extra-ordinary items	82.30	13.93	32.57	8.11
	-	-	-	-
<b>Balance brought forward</b>	81.83	13.85	49.27	12.26

Commission and other Operating income increased by 47.08% from Rs. 401.74 million in the year 2006 to Rs. 590.89 million in the year 2007. This increase was mainly due to maximum group tours being operated at optimum group size, thereby resulting in better margins.

Personnel expenses increased by 22.85% from Rs.145.02 million in the year 2006 to Rs.178.16 million in the year 2007. This increase was on account of increase in staff strength to support the increased operations and increase in staff training expenses.

Other expenses increased by 33.78% from Rs.180.06 million in the year 2006 to Rs.240.89 million in the year 2007. The other expenses increased due to increase in marketing cost and outsourcing cost of data management. Depreciation increased by 35.68% from Rs.27.18 million in the year 2006 to Rs.36.88 million in the year 2007. The increase in depreciation was due to fixed asset additions at the end of 2006 and new additions in 2007 of Rs. 11.87 mn. Interest expenses increased by 97.17% from Rs.8.85 million in the year 2006 to Rs.17.45 million in the year 2007. The increase in interest expense was mainly due to increase in bank base rates during various periods starting March 2006.

Net Profit before tax was Rs.117.50 million in the year 2007 as compared to Rs.40.63 million in the year 2006.

#### **Cox & Kings (Japan) Limited**

<b>CONSOLIDATED STATEMENT OF PROFIT &amp; LOSS, AS RESTATED (Rs. In millions)</b>				
	<b>Year ended March 31, 2007</b>	<b>Percentage to Total Income</b>	<b>Year ended March 31, 2006</b>	<b>Percentage to Total Income</b>
	<b>Rupees</b>		<b>Rupees</b>	

<b>CONSOLIDATED STATEMENT OF PROFIT &amp; LOSS, AS RESTATED (Rs. In millions)</b>				
	<b>Year ended March 31, 2007</b>	<b>Percentage to Total Income</b>	<b>Year ended March 31, 2006</b>	<b>Percentage to Total Income</b>
	<b>Rupees</b>		<b>Rupees</b>	
<b>Income</b>				
Sales and Service Income	141.24	98.62	142.31	94.80
Share of Profit from Associates	-		-	-
Share of Profit from Joint Ventures	-		-	-
Other Income	1.97	1.38	7.81	9.77
	143.21	100.00	150.12	100.00
	-		-	
<b>Expenditure</b>	-	-	-	-
Personnel Expenses	80.00	55.86	79.97	53.27
Other Expenses	41.74	29.15	33.54	22.34
Share of Loss from Deemed Disposal	-		-	-
Depreciation	3.09	2.16	2.65	1.76
Interest	4.02	2.81	2.90	1.93
	128.86	89.98	119.05	79.30
	-	-	-	-
<b>Net Profit before Tax and Extra Ordinary Items</b>	14.35	10.02	31.07	20.70
	-		-	
<b>Taxation</b>	-		-	
Current Tax	0.15	0.10	21.95	14.62
Deferred Tax	-	-	-	-
Fringe Benefit Tax	-	-	-	-
Tax adjustment in respect of earlier years	-	-	-	-
	-	-	-	-
<b>Net Profit after Tax before extraordinary items</b>	14.20	9.92	9.12	6.07

<b>CONSOLIDATED STATEMENT OF PROFIT &amp; LOSS, AS RESTATED (Rs. In millions)</b>				
	<b>Year ended March 31, 2007</b>	<b>Percentage to Total Income</b>	<b>Year ended March 31, 2006</b>	<b>Percentage to Total Income</b>
	<b>Rupees</b>		<b>Rupees</b>	
	-	-	-	-
Receipt on Reinquishment of Tenancy Rights	-	-	-	-
Other Extra ordinary Gains	(14.68)	(10.25)	42.89	28.57
	-		-	
Net Profit after Extra-ordinary items	(0.47)	(0.33)	52.01	34.65
	-		-	
<b>Balance brought forward</b>	15.75	11.00	(36.26)	(24.16)

Commission in the year 2007 was Rs.141.24 million as compared to Rs.142.31 million in the year 2006. Other income declined from Rs.7.81 million in the year 2006 to Rs.1.97 million in the year 2007.

There was a marginal increase in personnel cost from Rs.79.97 million in the year 2006 to Rs.80.00 million in the year 2007. Other expenses increased by 24.4% from Rs.33.54 million in the year 2006 to Rs.41.74 million in the year 2007. The increase was mainly on account of increase in legal welfare expenses.

Depreciation in the year 2007 was Rs.3.09 million as compared to Rs.2.65 million in the year 2006.

Interest in the year 2007 was Rs.4.02 million as compared to Rs. 2.90 million in the year 2006. The increase in interest expense was mainly due to increase in bank base rates during various periods starting March 2006.

## FINANCIAL INDEBTEDNESS

As on December 31, 2007, the details of the Company's secured and unsecured indebtedness is as follows:

### A. Secured Loans

Sr. No	Agreement with Lender	Nature of Borrowing/ Debt	Amount Sanctioned (Rs. In Millions)	Amount Outstanding (Rs. In Millions)	Repayment	Security
1.	Sanction Letter dated November 25, 2005 with Axis Bank ( <i>erstwhile UTI Bank</i> )	Term loan	50	27.03	20 Quarterly Instalments with first instalment due on June 30, 2005	<u>Primary:</u> Second Charge on the current assets of the Company present and future.  <u>Collateral:</u> Corporate Guarantee of M/s Cox and Kings Ltd, U.K.  Personal Guarantee of Mr. Peter A Kerkar.
2.	Sanction Letter dated March 4, 2004 with Axis Bank ( <i>erstwhile UTI Bank</i> )	Working Capital Term Loan.	22.50	10.33	60 monthly instalment of Rs. 0.375 million each. Interest to be serviced separately every month.	<u>Primary:</u> Extension of the second charge on the current assets of the Company present and future.  <u>Collateral:</u> Extension of the Corporate Guarantee of M/s Cox and Kings Ltd. U.K.  Personal Guarantee of Mr. Ajay Ajit Peter Kerkar.
3.	Initial Sanction letter dated August 23, 2006 which was later modified by Sanction letter dated August 25, 2006 by Axis Bank ( <i>erstwhile UTI Bank</i> )	Term Loan	100	69.64	60 monthly instalments of Rs. 1,666,700 commencing from September 12, 2006 and the last instalment shall be of Rs. 1,664,700	<u>Primary:</u> Escrow of credit card receivables of the Company exclusively with the Axis Bank ( <i>erstwhile UTI Bank</i> ).  <u>Collateral:</u> Second hypothecation charge on the current assets of the company present and future.  Personal Guarantees of Mr. Ajay Ajit Peter Kerkar and Ms. Urrshila Kerkar.  Post dated cheques for instalments.
4.	Sanction Letter dated February 13, 2006 with Bank of Patiala	Term Loan Cash Credit	170.80 150	109.16 145.12	Loan of Rs. 25 million taken over from Punjab National Bank ("PNB") repayable on	Charge created on the following properties of the Company:  a) Plot of land in Noida; b) Two Residential Flats – one at Mumbai and the other in Bangalore; c) Other Fixed Assets, additional furniture and fixtures.

Sr. No	Agreement with Lender	Nature of Borrowing/ Debt	Amount Sanctioned (Rs. In Millions)	Amount Outstanding (Rs. In Millions)	Repayment	Security
					<p>March 31, 2006</p> <p>Loan of Rs. 75 million taken over from PNB payable in 18 quarterly instalments of Rs. 4.2 million each from January 2006 to April 2010.</p> <p>Loan of Rs. 100 million payable in 60 monthly instalments of Rs. 1. 667 million each from April 2006 to March 2011.</p>	<p><u>Primary Security:</u></p> <p>a) An Equitable mortgage of the immovable properties situated at:            (i) Bandra, Bangalore and Gautam Budh Nagar (Uttar Pradesh)            (ii) Office premises at Cecil Court, Mumbai belonging to M/s. Sneh Sadan Graphics Services Pvt. Ltd.            (iii) Flat No. 9 Southerlands Mumbai belonging to M/s. Sneh Sadan Graphics Services Pvt. Ltd.            (iv) Office premises at Cecil Court, Mumbai belonging to Urrshila Kerkar.</p> <p>Charge on all fixed assets, present and future.</p> <p>Guarantees of M/s Sneh Sadan Graphics Services Pvt. Ltd. and Ms. Urrshila Kerkar.</p> <p><u>Other Security:</u></p> <p>Collateral Security of the shares of Tulip Star Hotels Ltd.</p> <p>Personal Guarantee of Mr. Ajay Ajit Peter Kerkar</p> <p>Corporate Guarantee of M/s Cox &amp; Kings Ltd. U.K. and pledge of the entire share holding of the Company held by M/s Cox and Kings Ltd. U.K.</p> <p>Guarantees from the respective owners to the extent of security being offered as equitable mortgage of properties, which do not belong to the Company.</p>
5.	Sanction Letter dated July 5, 2007 with Axis Bank ( <i>erstwhile UTI Bank</i> )	Corporate Loan	100	84.40	12 monthly instalments commencing from November 9, 2007.	<p><u>Primary:</u></p> <p>Escrow of credit card receivables of the Company exclusively with the Bank.</p> <p><u>Collateral:</u></p> <p>Second hypothecation charge on the current assets of the Company present and future and outstanding monies receivable including credit</p>

Sr. No	Agreement with Lender	Nature of Borrowing/ Debt	Amount Sanctioned (Rs. In Millions)	Amount Outstanding (Rs. In Millions)	Repayment	Security
						<p>card receivables, claims and bills which are now due and owing or which may become due during the continuance of the security.</p> <p>Personal Guarantees of Ms. Urrshila Kerkar and Mr. Ajay Ajit Peter Kerkar. Post dated cheques for instalments.</p> <p>Any accretion to the Security and other benefits from time to time accruing in respect of the said Security or any part thereof shall also be pledged/ mortgaged with the Bank by the Borrower.</p>

Details of vehicle loans are as follows:

*Rs. in million*

Total Number of Loans	Sanctioned Amount	Amount Outstanding as on December 31, 2007
Twenty Five (25)	14.16	5.49

#### B. Unsecured Loans of the Company

*Rs. in million*

Unsecured Loan	Amount Sanctioned	Amount Outstanding
Intercorporate Deposits	177.55	177.55
Short-term Corporate Loan from Bank of Rajasthan	50	50
Non-Convertible Debentures	250	250
<b>Total</b>	<b>477.55</b>	<b>477.55</b>

#### Restrictive Covenants under the lenders' agreements:

The financing agreements with our lenders contain restrictive covenants that require us to maintain certain financial ratios and seek the prior permission of these banks/financial institutions for various activities, including, inter alia:

- undertaking or formulating any scheme of any acquisition, merger or reconstruction,
- changing the capital structure,
- undertaking capital expenditure,
- undertaking guarantee obligation on behalf of other entity, extending loans/advancements or make investments, incurring further indebtedness,
- any restructuring, charging / selling/ transferring or disposing assets of the Company in any manner including by way of lien, hypothecation, mortgage, pledge or other encumbrance whatsoever on any of the properties, assets, actionable claims of the Company which constitute securities in favour of other entities, nor create any security ranking pari passu with or subject to the security created,
- declaring or paying any dividends including in excess of profit for the relative year if any instalment(s) on interest on term loans is in arrears.
- changing the ownership or management of the Company,
- charging its title documents or creating any form of additional charge,
- enlarging the scope of activities already undertaken by the Company,
- investing in the deposits, loans or share capital of any other concern or varying the shareholdings of the Directors,

- Principal shareholders and Promoters, the Borrower shall not receive, compound or realize any of the hypothecated goods/debts nor do anything whereby the recovery of the same may be impeded, delayed or prevented.

The lenders also have certain affirmative rights available to them under the loan agreements such as, inter alia:

- the power to appoint /remove two nominee Directors from the Board of Directors (who shall not be liable to retire by rotation or possess any share qualification),
- the right to appoint their nominee as Receiver without resort to a court of law to take possession of the properties of the Company held/ to be held by the lender as security for the obligation,
- the Company shall make alterations in its Memorandum and Articles of Association or its capital structure as required by the lender,
- the lender shall be free to suitably modify the covenants detailed above whenever considered necessary with a notice period of 30 days and shall also be appointed as the Attorney of the Borrower with respect to the security,
- the lender may sell the loan together with the security to any bank or institution unconditionally and any short fall in the repayment shall be met by the promoters and the Company from their own resources or be entitled to recover the outstanding dues from the other assets and properties of the Company if the proceeds arising from the sale/ disposal of the security pledged be insufficient to cover such outstanding amounts,
- the lender will also have indisputable right of attachment of such assets of the Company which may constitute sufficient security, the right to receive any other security in such form and value as may be required by the lender from time to time in amounts and values sufficient at all times in the opinion of the lender to secure the payment of the obligations of the Company.



## SECTION VI: LEGAL AND REGULATORY INFORMATION

### OUTSTANDING LITIGATIONS AND OTHER MATERIAL DEVELOPMENTS

1. Save as described herein:
  - a. neither the Company, any director or promoter of our Company, any subsidiary of our Company, or any person/entity forming part of our promoter group, is party to any ongoing proceedings before any statutory or regulatory authority, nor are any show cause notices pending against any of them;
  - b. neither our Company, nor any director of our Company was party to any past proceedings where any penalty was imposed;
  - c. there have been no defaults to financial institutions/ banks for non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the Promoters of our Company and the companies/ firms promoted by the Promoters of our Company;
  - d. our Company has not failed to pay any statutory dues; and
  - e. no disciplinary action has been taken against the Promoters of our Company by the Securities and Exchange Board of India or any Stock Exchange in India.
  - f. none of the names of the directors of our Company have appeared on the RBI's defaulters list.
  - g. there are no small scale creditors to whom our Company owes a sum exceeding Rupees 0.1 Million which is outstanding for more than thirty days.
  - h. except as disclosed in this Draft Red Herring Prospectus, the Company does not have any contingent liabilities. For further details refer to the section "Financial Statements" at page 172 of this Draft Red Herring Prospectus.

The details of the relevant proceedings have been classified as follows:

- A. Proceedings initiated by the Company
- B. Recovery Suits and Section 138 proceedings initiated by the Company
- C. Proceedings initiated against the Company
- D. Past Civil Proceedings, wherein compensation was provided by the Company, which are either disposed off or currently pending in appeal
- E. Consumer complaints pending against the Company
- F. Oppositions under Intellectual Property Rights
- G. Civil proceedings initiated by/against Individual Promoters
- H. Civil Proceedings by Corporate Promoter, Liz Investments
- I. Proceedings initiated by Far Pavilions Tours and Travel Pvt. Ltd, part of our Promoter Group Company
- J. Proceeding initiated by/against Tulip Group, part of our Promoter Group, comprising of Tulip Star Hotels Limited, V Hotels Limited, Tulip Hotels Private Limited, ABK Enterprises Private Limited, and Tulip Star Leisure & Health Resorts Limited.
- K. Proceedings initiated by/against Mr. A. B Kerkar, part of our Promoter group
- L. Proceedings initiated against Mrs. Elizabeth Kerkar, part of our Promoter Group
- M. Show cause Notices against Promoters and Promoter Group entities.
- N. Past Proceeding wherein a penalty was imposed
- O. Past proceedings under the Debt Recovery Tribunal

#### A. Proceedings by the Company

##### (i) Civil Proceedings

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions approx.)	Current Status
1.	The Monopoly and Restrictive Trade Practices Commission, New Delhi	Shree Raj Travels and Tours Ltd. (" <b>Respondent</b> ")	Our Company has filed the complaint against Respondent alleging that an advertisement published by the	N.A.	Pending hearing and final disposal.

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions approx.)	Current Status
	Complaint No. 31 & 44/2000		<p>Respondent constituted an unfair and restrictive trade practice under Section 36 of the Monopoly and Restrictive Trade Practices Act, 1969.</p> <p>The impugned advertisement stated that the Respondent's tours were cheaper than 'other tour operators'. Our Company stated that the aforementioned term allegedly refers to its operated tours and the respondent's false and misleading claims are detrimental to the Company's business and interest.</p>		
2.	The Monopoly and Restrictive Trade Practices Commission, New Delhi Complaint UTPE 55/ 2007	Shree Raj Travels & Tours Ltd. (" <b>Respondent</b> ")	<p>The complaint has been filed by our Company stating that an advertisement published by the Respondent, comparing their tour costs with our Company's was false and constituted a restrictive and unfair trade practice.</p> <p>The Respondent has shown a tabular representation of the costs of different travel agents including the Company in the advertisement and has presented their costs as lower than other tour operators'.</p>	N.A.	Pending hearing and final disposal.
3.	High Court, Mumbai Suit No. 854 / 2004	Thomas Cook (India) Ltd. (" <b>Respondent</b> ")	<p>Our Company has filed this defamation suit with respect to an advertisement filed by the Respondent in 2001, which allegedly accused the Company of hiding costs for their European tours.</p> <p>Our Company has alleged</p>	750	Pending hearing and final disposal.

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions approx.)	Current Status
			<p>that the advertisement has been published for the purpose of defaming the Company and maligning its reputation.</p> <p>Further, a complaint had been filed by the Company before the Monopoly and Restrictive Trade Practices Commission in 2001, where the commission had opined that a prima facie case of unfair trade practice had been made out against the Respondent.</p> <p>The advertisement mentioned that the Company was deceiving customers covering free holidays offered through hidden costs. The Company has claimed compensation for this advertisement on the ground of libel.</p>		
4.	High Court Of Allahabad  Writ Petition No. 70290/2006	State Of U.P through Principal Secretary And Greater New Okhla Industrial Development Authority. (Greater NOIDA)  (“Respondent”)	Vide a Lease Deed dated 16 <sup>th</sup> February, 1999, (“Deed”) a plot of land was allotted to the company by the Greater Noida Authority for the purpose of construction of dwelling units for the employees of the company. However, due to several employees whose names were forwarded to the Authority as prospective allottee ceased to be in the employment of the Company, the construction of the proposed units was delayed beyond the limit set by the Deed. Subsequently, a show cause notice was issued	NA	Pending final disposal.

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions approx.)	Current Status
			<p>by the Authority seeking explanation as to why the lease should not be cancelled. The Company through several letters and personal hearing pointed out that in light of the fact that the entire lease amount has been duly paid by the Company and the failure to construct was due to factors beyond its control, the Authority vide letter order dated 15<sup>th</sup> November 2006 cancelled the Deed and forfeited 20% of the amount paid thereof. The Company preferred a Writ Petition in the High Court of Judicature at Allahabad being W.P. No 70290 of 2006 challenging the order of the Authority, and the Hon'ble High Court was pleased to admit the writ and stay the operation of the impugned order dated 15<sup>th</sup> November 2006.</p>		
5.	<p>High Court Of Bombay</p> <p>Special Suit No. 3024/2006</p>	<p>Bharat Petroleum Corporation Limited and Thomas Cook India Ltd.</p> <p><b>("Defendants")</b></p>	<p>This proceeding is filed as the Defendants were allegedly using the slogan "DUNIYA DEKHO WITH PETRO CARD" which was in conflict with and infringed upon our Company's brand mark "DUNIYA DEKHO", which was registered in our Company's name.</p> <p>Our Company thereon filed a suit before the single bench for injunction restraining the Defendants from using the aforesaid slogan which was denied vide the order dated October 20, 2006. Our Company thereon filed an appeal</p>	NA	Pending hearing and final disposal.

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions approx.)	Current Status
			<p>against the abovementioned order before the division bench of the High Court, which was also dismissed vide order dated December 4, 2006.</p> <p>Aggrieved by this order, our Company has filed the present suit before the Divisional Bench seeking relief.</p>		

(ii) **Criminal Proceedings**

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions-approx.)	Current Status
1.	<p>III Additional Chief Metropolitan Magistrate, Nampally</p> <p>C.C. No. 1100 of 2005.</p>	<p>1) Tavis International, Hyderabad.</p> <p>2) Mr. D Venkateshwar Hyderabad (“<b>Accused</b>”)</p>	<p>Our Company has filed this complaint under section 420 and 506 of the Indian Penal Code, 1860.</p> <p>Mr. D Venkateshwar Rao, (“<b>Accused 2</b>”) alleging to be the director/partner of the M/s. Tavis International, (“<b>Accused 1</b>”) approached our Company on 15 May, 2005, produced his passport bearing No. 56238173 and requested for purchase of Euros 6000 and 500 UK Pounds, (which were approximately equivalent to Rs. 0.38 Million).</p> <p>Our Company relying on the letter produced by Accused 2 dated 15 May, 2005 and issued by Accused 1, paid the required currencies after completion of all formalities and on receiving the cheque bearing No. 115538 drawn on HDFC Bank,</p>	0.38	Summon issued for the appearance by the Accused.

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions-approx.)	Current Status
			<p>Jubilee Hills Branch dated 16 May, 2005 for an amount of Rs. 0.38 Million, issued by Accused 2.</p> <p>The abovementioned cheque was dishoured due to insufficiency of funds and the same was intimated to our Company on May 24, 2005.</p>		
2.	<p>Metropolitan Magistrate, 23<sup>rd</sup> Court at Esplanade, Mumbai</p> <p>C.C. No. 378/SW/2005</p>	Abdul G Faridi (“ <b>Accused</b> ”)	<p>This complaint has been filed under sections 403 and 406 of the Indian Penal Code wherein our Company has alleged that the Accused, who is a former employee, whilst in the employment of the Company has caused wrongful loss to the Company by acting beyond his scope of authority and the policy of the Company.</p>	NA	<p>Summons issued for the appearance by the Accused.</p> <p>Pending hearing and final order.</p>

(iii) **Income Tax Proceedings**

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. In millions-approx.)	Current Status
1.	<p>Income Tax Appellate Tribunal (“<b>ITAT</b>”)</p> <p>Appeal No 982 M/07</p>	Income Tax Officer (“ <b>Respondent</b> ”)	<p>This appeal is filed against the order passed by the Commissioner of Income Tax (Appeals) dated December 21, 2006</p> <p>The Assessing Officer whiles assessing the income tax return of the Company for the assessment year 2002-03 made a demand for Rs 3.1 Million</p> <p>The Company challenged the said assessment order before Commissioner of Income Tax (Appeals), who partly allowed the</p>	2.37	Pending hearing and final disposal.

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. In millions-approx.)	Current Status
			<p>claim.</p> <p>The Company has challenged the above mentioned order before ITAT.</p>		
2.	<p>Income Tax Appellate Tribunal (“ITAT”)</p> <p>Appeal No 3751 M/07</p>	<p>Income Tax Officer (“Respondent”)</p>	<p>This appeal is filed against the order passed by the Commissioner of Income Tax (Appeals) dated March 30, 2007</p> <p>The Assessing Officer while assessing the income tax return of the Company for the assessment year 2003-04 made a demand for Rs 27.85 Million.</p> <p>The Company challenged the said assessment order before Commissioner of Income Tax (Appeals), who partially allowed the claim.</p> <p>The Company has challenged the above mentioned order before ITAT.</p>	4.82	Pending hearing and final disposal.
3.	<p>Commissioner of Income Tax (Appeals) (“CIT (A)”)</p>	<p>Income Tax Officer (“Respondent”)</p>	<p>This appeal is filed against the assessment order dated December 26, 2006 made by the assessment officer for the assessment year 2004-05.</p> <p>The Assessing Officer (‘AO’), while assessing the income made a demand for Rs 35.66 Million and the same has been challenged by the Company before the CIT (A).</p>	35.62	Pending hearing and final disposal

(iv) **Winding-up Proceedings by the Company**

<b>Sr. No</b>	<b>Forum</b>	<b>Filed Against</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In millions- approx.)</b>	<b>Current Status</b>
1.	High Court, Bombay  Company Petition No. 452/2007  Company Petition No. 461/2007	1) German Ink Product Pvt. Ltd. 2) Vishhudha Rasayanee Pvt. Ltd. <b>(“Respondents”)</b>	<p>Our Company has filed this petition for winding up of German Ink Product Pvt. Ltd and Vishhuddha Rasayanee Pvt. Ltd. Under Sections 433(e) of the Companies Act, 1956 on account of indebtedness to the Company amounting to Rs. 0.58 Million, together with the interest thereon @18% p.a.</p> <p>The Company served statutory notices under Sections 433 and 434 of the Companies Act for recovery of above-mentioned debt, to which the Respondents have not replied.</p> <p>The Company has prayed for the appointment of Official Liquidators which, if not appointed, may cause great loss to the creditors. The Company has also prayed for interim relief in the form of injunction preventing the Respondents from disposing of or selling their property.</p>	0.57	Petition has been admitted by the Hon’ble Bombay High Court
2.	High Court, Bombay  Company Petition No. 480/2003	Plexus Technologies Limited <b>(“Respondent”)</b>	<p>Our Company has filed this winding up petition against Plexus Technologies Limited, under Sections 433 and 434 of the Companies Act, 1956 on account of indebtedness to the Company amounting to Rs. 0.30 Million, inclusive of interest @ 15% p.a.</p> <p>The Company has duly served the statutory</p>	0.30	Pending hearing and final disposal.



Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. In millions-approx.)	Current Status
			<p>notices under Sections. 433 &amp; 434 of the Companies Act and has received no reply so far.</p> <p>The Company has prayed for the winding up of the Respondent and the appointment of an official liquidator to take charge of the assets and properties of the Respondent.</p>		

**B. Recovery Suits and Section 138 proceedings initiated by the Company**

**(i) Recovery Suits by the Company**

There are 7 (seven) recovery suits filed by the Company which are pending. The claims under these suits aggregate to approximately Rs. 12 million.

**(ii) Section 138 proceedings by the Company**

The Company has filed 13 (thirteen) complaints before Metropolitan Magistrates under Section 138 of the Negotiable Instruments Act, 1881, for dishonoured cheques. The claims under these proceedings aggregate to approximately Rs. 4.9 Million.

**C. Proceedings initiated against the Company**

**(i) Civil Proceedings**

Sr. No.	Forum	Filed by	Particulars	Quantum (Rs. In millions)	Current status
1.	High Court of Madras  Civil Suit No. 461 of 2003	M/s Tidel Park Limited  ("Plaintiff")	<p>These proceedings are initiated by the Plaintiff for recovery of outstanding dues allegedly owed to the Plaintiff by our Company.</p> <p>Our company had entered into a lease agreement, ("Agreement"), with the Plaintiff to set up an office in the Tidel Park complex.</p> <p>Our Company, however suffered losses and requested the Plaintiff</p>	1.28	Pending hearing and final disposal.

Sr. No.	Forum	Filed by	Particulars	Quantum (Rs. In millions)	Current status
			<p>to set-off the monthly dues against the security deposit amounting to Rs. 783,872, which was given by our Company to the Plaintiff at the time of execution of the Agreement and the possession was returned subject to this. The possession was accepted .</p> <p>The Plaintiff however subsequently did not agree to the set-off and has prayed for filed the suit for the payment of outstanding dues and forfeiture of the security deposit.</p>		
2.	<p>Monopolies Restrictive Trade Practices Commission, New Delhi</p> <p>16/2006</p>	<p>Kuoni Travels (India) Pvt. Ltd.</p> <p>(“<b>Complainant</b>”)</p>	<p>This complaint is filed in by the Complainant in relation to a full page advertisement published by our Company comparing the services offered by the Company on its Europe tour with those offered by the Complainant and Thomas Cook (India) Ltd.</p> <p>The Complainants has alleged that the advertisement is false and misleading and therefore constitutes an unfair and restrictive trade practice under Section 36 A of the Monopolies and Restrictive Trade Practices Act, 1969.</p>	N.A.	<p>Company has filed written statement refuting the allegations.</p> <p>Matter is pending hearing and final disposal.</p>
3.	<p>City Civil Court, Calcutta</p> <p>Suit No. 65/2004</p>	<p>Raghavendra Narayanan</p> <p>(“<b>Plaintiff</b>”)</p>	<p>The suit has been filed by the Plaintiff, who was an executive in our Company, to recover dues allegedly owed to him.</p>	0.10	<p>Written statement has been filed by the Company refuting the claim. Pending hearing and final disposal.</p>

Sr. No.	Forum	Filed by	Particulars	Quantum (Rs. In millions)	Current status
			<p>The Plaintiff had submitted his resignation citing personal reasons on June 14, 2003 and thereafter allegedly submitted a claim citing the amount due to him.</p> <p>Our Company in its written statement has alleged pleaded that the Plaintiff had wrongly computed the dues owed to him and suit be dismissed.</p>		
4.	High Court, Bombay  Suit Lodging No. 1899 of 2007	Om Prakash Navani ('Plaintiff')	<p>The Plaintiff, has filed a Civil Suit against (1) M/s. Ajit Kerkar, (2) Tulip Hotels Pvt. Limited, (3) V Hotels Limited, (4), M/s Tulip Star Hotels Limited , (5) Cox and Kings (India) Limited, (6) Peter Ajit Kerkar, (7) Urrishila Kerkar, (8) Elizabeth Kerkar, (9) Kalpatharu Resorts Pvt. Limited, (10) Trade Wings Limited, (11) Trade Wings Hotels Limited (12) Shailendra Mittal</p> <p>The suit has been filed for specific performance of an alleged contract, alleged to have been entered into by the Plaintiff with Defendant No.1 for himself and representing Defendant Nos.2, 4 and 6 to for transfer of 25% share holding of Defendant no. 1 and 6-8 either held directly or indirectly in Defendant no. 2 – 5 and defendant</p>	1,080	<p>No notice of any application for any interim or ad-interim reliefs has been served on the company till date.</p> <p>The matter is pending hearing and final disposal.</p>

Sr. No.	Forum	Filed by	Particulars	Quantum (Rs. In millions)	Current status
			<p>no. 9.</p> <p>In the alternative, the Plaintiff has sought for an order and decree against the Defendant Nos.1 to 8 to pay to the Plaintiff an amount of Rs.1080 Million with interest at 15% stated to be the difference in the value of the alleged contract and the estimated market value of the shares being the subject matter of the alleged agreement between the Plaintiff and Defendant No.1 for himself and representing Defendant Nos. 2, 4 and 6 to 8. Interim and Ad-interim injunctions have been sought in relation to shares owned and held by Defendant Nos.1, 4, 6, 7 and 8 in, inter alia, Defendant No.5.</p>		
5.	Small Causes Court, Bombay  (T.E. & R. Suit No. 228/259 of 2007)	Purshottam Haridas Udeshi, Kishore Haridas Udeshi, Dharmendra Pravin Udeshi, Kamlesh Ramesh Udeshi, Charnadas Vithaldas Udeshi, Dinesh Vithaldas Udeshi and Randhir Vithaldas Udeshi  ("Plaintiffs")	<p>The Plaintiffs had given a godown situated at Mumbai, ("Godown") for tenancy via an agreement dated November 5, 1976.</p> <p>The Plaintiffs have alleged that they had increased the rent for the Godown which was allegedly disputed by the Company.</p> <p>The Plaintiffs have therefore filed the instant proceedings and have prayed, inter alia for the possession of the Godown and for arrears of rent which amounts to approximately Rs. 6.87 million.</p>	6.82	Pending hearing and final disposal.

Sr. No.	Forum	Filed by	Particulars	Quantum (Rs. In millions)	Current status
6.	High Court of Kerala, Ernakulam  (Company Claim No. 53/2005)	Official Liquidator, High Court of Kerala  (“ <b>Applicant</b> ”)	The Company is alleged to be a debtor of Ramanika Silks Private Limited, which is currently being wound up under the Companies Act, 1956.  By virtue of being an alleged debtor, the Company has been asked to pay an amount of Rs. 0.074 Million or to state if the claim is without substance on the returnable date.	0.074	Pending hearing and final disposal
7.	High Court of Delhi, New Delhi  (RFA No. 76 of 2004)	Union of India  (“ <b>Appellants</b> ”)	The Appellants had filed a civil suit (Suit No. 2278 of 1989), (“ <b>Suit</b> ”) for recovery of an amount of Rs. 0.44 million against the Company, which was decided in favour of the Company via judgement dated May 23, 2003, (“ <b>Judgement</b> ”).  Thereafter the Appellants appealed against the Judgment by way of this instant suit wherein they have prayed that records of the Suit be called and the Judgement be set aside.	0.44	Pending hearing and final disposal.
8.	High Court of Delhi, New Delhi  (Writ Petition No. 6786 of 2003)	S.K. Vaid  (“ <b>Petitioner</b> ”)	The Petitioner had filed an industrial dispute case (I.D. No. 473/1988) in the Labour Court, (“ <b>Dispute</b> ”) alleging that his services were terminated by the Company illegally and without any justification. The Labour Court vide an order dated December 17, 2002 directed the	N.A.	Pending hearing and final disposal

Sr. No.	Forum	Filed by	Particulars	Quantum (Rs. In millions)	Current status
			<p>Company to pay a sum of Rs. 0.02 million to the Petitioner.</p> <p>The Petitioner by way of this writ petition has prayed that a writ be issued by the Court for quashing the order of termination by the Company and to reinstate the Petitioner in service with full back wages.</p>		

**(ii) Criminal Proceedings**

Sr. No.	Forum	Filed by	Brief particulars	Quantum (Rs. In millions-approx.)	Current status
1.	<p>4<sup>th</sup> Additional Chief Metropolitan Magistrate, Bangalore.</p> <p>PCR No. 14824/2006</p>	Purushothama T.	<p>This proceeding is filed under section 200 of the Code of Criminal Procedure to the Additional Chief Metropolitan Magistrate seeking that the police station with jurisdiction be directed to investigate the allegations contained in the complaint.</p> <p>The Complainant has alleged that he had paid an amount of Rs. 0.076 Million, (“Amount”), to one Mr. Harish (Accused No. 3 in the instant complaint) to undertake the European tour organized by our Company. The Complainant was unable to undertake the said tour due to rejection of Visa by the appropriate authorities.</p> <p>The Complainant has further alleged that this amount was not returned to him by our Company and hence the</p>	NA	<p>Written statement to be filed by our Company.</p> <p>Pending hearing and final disposal.</p>

Sr. No.	Forum	Filed by	Brief particulars	Quantum (Rs. In millions-approx.)	Current status
			prayed that the local police station be directed to investigate the matter at hand under Section 153 (3) of the Code of Criminal Procedure.		

**D. Past Civil Proceedings, wherein compensation was paid by the Company, which are either disposed off or are currently pending in appeal:**

- 1) There are six proceedings by third parties that have been disposed off and in which compensation has been paid by the company under the Consumer Protection Act 1986 aggregating to approximately Rs. 0.43 million.
- 2) There are twenty seven proceedings concerning consumer litigation by Cox & Kings appeals with value of claim below Rs 500,000 aggregating to approximately Rs.2.4 million.
- 3) There are seven proceedings concerning consumer litigation by Cox and Kings Appeals with value of claim above Rs 500,000.

Sr. No	Forum	Complainant	Brief Particulars	Quantum (INR)	Current Status
1.	State Consumer Disputes Redressal Commission, Jaipur  1194/2006	Kailash Bagri  ("Complainant")	The Complainant filed this complaint alleging that the tour services were not upto the mark and tour was mismanaged. It was also alleged that documentation formalities for all the passengers were not completed.	1.88	Pending hearing and final disposal.
2.	National Consumer Disputes Redressal Commission New Delhi.  1157/2006	Col. S. P. Putchala & Another  ("Complainant")	The Complainant has filed this complaint against Cox and Kings alleging that the tour was mismanaged and there was deficiency in services offered.. Visas were not properly arranged for and tour schedule was also shortened. The District Forum ruled in <input type="checkbox"/> favour of the Complainant ordering Cox & Kings to pay Rs. 0.08 Million and provide a free holiday for 5 years, whereupon an appeal was filed in the State Commission by Cox & Kings, which while	1.95	Pending hearing and final disposal.

Sr. No	Forum	Complainant	Brief Particulars	Quantum (INR)	Current Status
			<p>preferring the appeal, ordered the appellant to pay a deposit of Rs. 0.025 Million to the District Forum and provide a free holiday to the respondents.</p> <p>Thus another appeal was filed with the National Commission which upheld the State Commission's order but granted a stay with regards to the 5 year free holiday, while ordering the State Commission to rehear the matter.</p> <p>On rehearing the matter the State Commission once again upheld the order passed by the District Forum. Cox &amp; Kings further filed an appeal with the National Commission.</p>		
3.	State Consumer Disputes Redressal Commission, Maharashtra  499/07	Pradeep Khemka  (“Complainant”)	<p>The Complainant alleged deficiency in tour services such as tickets, visas, etc,</p> <p>The District Forum ruled in favour of the Complainant, ordering Cox &amp; Kings to pay Rs.0.07 million, pursuant to which an appeal was filed with the State Commission.</p>	2	Pending hearing and final disposal
4.	State Consumer Disputes Redressal Commission  384/2003	Ethirajulu Sairam  (“Complainant”)	<p>The Complainant has filed this complaint alleging deficiency in services of Cox and Kings, as an extra bed was not provided as per the specifications, flight schedules were changed without prior notice, return tickets were not confirmed and that Complainant lost his valuables, which could not be recovered.</p>	0.56	Pending hearing and final disposal



Sr. No	Forum	Complainant	Brief Particulars	Quantum (INR)	Current Status
			<p>The District Forum ruled in <input type="checkbox"/>favour of the Complainant and ordered Cox &amp; Kings to pay Rs.0.16 Million, pursuant to which an appeal has been filed with the State Commission.</p>		
5.	State Consumer Dispute Redressal Commission, Tamil Nadu	K. Muthuraman (“Complainant”)	<p>The Complainant has filed this complaint alleging that the air ticket issued by our Company for his wife from Chennai to Singapore, was intimated to the Complainant as confirmed. However the Complainant discovered the abovementioned ticket was waitlisted and another ticket had to be purchased by the Complainant on his own for his wife.</p> <p>The District Commission vide order dated August 6, 2007 ruled in favour of the Complainant and ordered compensation to the tune of Rs. 0.12 Million to be paid to the Complainant by our Company.</p> <p>Our Company has hence preferred this appeal before the State Commission.</p>	0.52	Pending hearing and final disposal
6.	State Consumer Dispute Redressal Commission, Mumbai  Complaint No. 41 of 2008	Swapan Bag and Others (“Complainant”)	<p>The Complainant has alleged that during the tour, the vehicle that was transporting the Complainant and other passengers broke down and the passengers were stranded for around eight hours without being provided any necessary amenities. The delay caused thereby resulted in cancelling one of the destinations, which was a</p>	2.0	Pending hearing and final disposal.

Sr. No	Forum	Complainant	Brief Particulars	Quantum (INR)	Current Status
			<p>part of the tour package.</p> <p>The Consumer Dispute Redressal Commission decided the complaint in favour of the Complainant vide order dated June 19, 2007.</p> <p>Our Company has hence preferred this appeal before the State Commission.</p>		

**E. Consumer complaints pending against the Company**

- 1) There are thirty nine (39) consumer proceedings against Cox and Kings with value of claim below Rs. 500,000 aggregating to approximately Rs.6.6 Million.
- 2) There are fourteen (14) consumer proceedings against Cox and Kings with value of claims above Rs.500,000, whose details are as given hereinbelow:

<b>Sr. No</b>	<b>Forum</b>	<b>Filed By</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In Millions approx.)</b>	<b>Current Status</b>
1.	Consumer Disputes Redressal Forum, Delhi CC/146/06	Saurabh Jain. (“ <b>Complainant</b> ”)	The Complainant has alleged that the tour facilities were not up to the mark such as visas, flight arrangements, meal arrangements, etc.	0.55	Pending hearing and final disposal.
2.	District Consumer Disputes Redressal Forum, Yamuna Nagar at Jagadhri.	Raj Kumar (“ <b>Complainant</b> ”)	The Complainant has alleged that the Tour facilities were not up to the mark, as there were improper hotel bookings and transport facilities were not properly arranged.	1.4	Pending hearing and final disposal.
3.	Consumer Disputes Redressal Forum, Delhi CC/141/06	Sushil Jain (“ <b>Complainant</b> ”)	The Complainant has alleged that the tour facilities were not up to the mark such as visas, flight arrangements, meal arrangements, etc.  The Complainant has thus alleged deficiency of service as a result of which this complaint has been filed.	0.55	Pending hearing and final disposal.
4.	District Consumer Disputes Redressal Forum, Anantpur, Bangalore 16/2007	K.V.Nagi Reddy and Others (“ <b>Complainant</b> ”)	The Complainant has alleged that he was charged extra for a show, which was included in the tour, as promised in the brochure. Further, the Complainant has also alleged that the tour services were deficient as a result of which the complaint has been filed.	0.6	Pending hearing and final disposal.

Sr. No	Forum	Filed By	Brief Particulars	Quantum (Rs. In Millions approx.)	Current Status
5.	District Consumer Disputes Redressal Forum, Delhi  CC/145/06	Ajay Jain (“ <b>Complainant</b> ”)	The Complainant has alleged that the tour facilities were not up to the mark such as visas, flight bookings, meals, etc and there was a deficiency in the tour services.	0.55	Pending hearing and final disposal.
6.	District Consumer Disputes Redressal Forum, Rajasthan  224/05	Shyamlal Agarwal & another. (“ <b>Complainant</b> ”)	The Complainant has alleged that the tour undertaken by him was postponed by a week which led to change in flight bookings Furthermore, it was alleged that the tour manager assigned to them was inexperienced, lacked knowledge, and had poor interpersonal and communication skills.	1.14	Written statement and affidavit filed.
7.	District Consumer Disputes Redressal Forum(South) Chennai  O.P. No./297/2003	Mahesh Suryanarayanan (“ <b>Complainant</b> ”)	The Complainant has alleged gross deficiency of service and unfair trade practice.  Cox & Kings allegedly did not make appropriate arrangements during the tour, as specified by the Complainant. Furthermore, the complainant alleged that the hotel bookings and payments were not properly executed as a result of which this complaint has been filed.	0.52	Pending hearing and final disposal.
8.	Calcutta District Consumer Disputes Redressal Forum, Unit No.-I	Tushar Kanti Pal (“ <b>Complainant</b> ”)	The Complainant has alleged that the return ticket reservations, which were made by the Company were deficient due to which the Complainant had to purchase business class	0.99	Pending hearing and final disposal.

Sr. No	Forum	Filed By	Brief Particulars	Quantum (Rs. In Millions approx.)	Current Status
	CDF Unit No.-I Case No. 163 of 2004		tickets on his own.		
9.	South Mumbai District Consumer Disputes Redressal Forum, Mumbai City, Mumbai District.  Complaint No. SMF/MUM/143 of 2005	Preeti Shirodkar Pramila Shirodkar Sharatchandra Shirodkar Ameya Naik Minouti Naik Abhishek Mande  ("Complainants")	The Complainants have alleged that they were booked on a Far East tour conducted by the Company and confirmed air tickets and visas were to be issued upon arrival at the destination.  The Complainants cancelled their tour package and demanded refund of the same, which was allegedly made by the Company but after some deductions thereby causing the complainants to file the complaint.	1.28	Pending hearing and final disposal.
10.	National Consumer Disputes Redressal Commission, New Delhi.  Petition No. 307 of 1999.	Friends Club  ("Complainant")	The Complainant has alleged that the tour package undertaken by the Complainant was not as was specified in the tour brochure.  Further, the Complainant has alleged that there was mismanagement in the tour, meals as specified in the brochure were not provided for and the accommodation provided was also not as was specified in the tour brochure.	2.91	Pending hearing and final order.  Adjourned sine die.
11.	District Consumer Disputes Redressal Forum, Mumbai.  Complaint	Rajendrakumar M Baid  ("Complainant")	The Complainant has alleged that the tour booked by the Complainant was replaced by another tour and there was an alleged deficiency in the tour services such as meals,	0.6	Pending hearing and final disposal.

<b>Sr. No</b>	<b>Forum</b>	<b>Filed By</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In Millions approx.)</b>	<b>Current Status</b>
	No. 196/2006		airlines, tour guide, coach, etc.		
12.	District Consumer Disputes Redressal Forum, Madurai.  Complaint No.	V. Thangavelsamy  (“ <b>Complainant</b> ”)	The Complainant has alleged that the European tour to be undertaken by him was on a twin sharing basis and because of cancellation of another tourist with whom he was to be on a twin sharing basis, he was allegedly informed that he would be charged the amount as of a single supplement. The Complainant thereon cancelled the tour and a sum of Rs. 0.05 Million, was deducted as cancellation charges according to the terms of the European Tour.  The Complainant has filed this complaint for full refund of tour cost paid by him to our Company and interest thereon along with compensation claimed.	0.73	Pending hearing and final disposal

2) There are four (4) proceedings concerning consumer litigation against Cox and Kings with value of claims above Rs.500,000 wherein the Directors have been made parties.

<b>Sr. No</b>	<b>Forum</b>	<b>Filed By</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In Millions approx.)</b>	<b>Current Status</b>
1.	District Consumer Disputes Redressal Forum, New Delhi  CC/1225/06	Paramjeet Singh Bhatia  (“ <b>Complainant</b> ”)	The Complainant has filed this complaint against the Company, through its Managing Director alleging deficiency in services on behalf of the Company during their loss of baggage, which contained their passports and other	0.90	Pending hearing and final disposal.

Sr. No	Forum	Filed By	Brief Particulars	Quantum (Rs. In Millions approx.)	Current Status
			essential documents, due to which the family could not continue the tour..		
2.	District Consumer Disputes Redressal Forum, New Delhi OC/641/04	Vikas Poddar (“ <b>Complainant</b> ”)	The Complainant has filed a complaint against The Director of our Company. The Complainant has alleged that the Complainant and his wife were not provided with various amenities like air conditioning, double beds, meals etc., as was specified in the tour brochure.	0.73	Pending hearing and final disposal.
3.	Consumer Disputes Redressal Forum OC/685/04	Anshul Jain (“ <b>Complainant</b> ”)	The Complainant filed a complaint against Cox and Kings through its Managing Director. The Complainant has alleged that: Cox and Kings did not comply with the specifications of the tour facilities offered by them in their brochure, as a result which this complaint has been filed.	1.2	Pending hearing and final disposal.
4.	District Consumer Disputes Redressal Forum (New Delhi) OC/1429/04	OP Khadaria & Another (“ <b>Complainant</b> ”)	The Complainant has filed this complaint against Cox and Kings through its Chief Executive Officer alleging that Cox & Kings made a change of tour and also made a change in the date of departure without giving prior reasonable notice, no meals were provided though the same were included in the cost of the tour	0.55	Pending hearing and final disposal.

3) There are fifteen proceedings concerning consumer litigation against Cox and Kings with value of claims below Rs.500,000 wherein the Directors have been made parties, which aggregate to approximately Rs. 3.11 Million.

#### F. Oppositions under Intellectual Property Rights

(i) Oppositions filed by our Company to Trademark Registration Applications by third parties.

Serial No.	Trademark	Date of Notice	Served Against	Particulars	Status
1	SHUBH YATRA	October 24, 2005	M Kumerasan	Notice of opposition was served by the Company for alleged misuse of Trademark "SHUBH YATRA" and passing off thereof.	Pending hearing and final disposal
2	YATRY	June 20, 2005	Savla Enterprises	Notice of opposition was served by the Company for alleged misuse of Trademark "YATRY" and passing off thereof.	Pending hearing and final disposal
3	CHRISTOPHER COLUMBUS	May 30, 2005	Kouni Travels (India) Private Limited	Notice of opposition was served by the Company for alleged misuse of Trademark "CHRISTOPHER COLUMBUS" and passing off thereof under class 39.	Pending hearing and final disposal
4	CHRISTOPHER COLUMBUS	May 28, 2005	Kouni Travels (India) Private Limited	Notice of opposition was served by the Company for alleged misuse of Trademark "CHRISTOPHER COLUMBUS" and passing off thereof under class 42.	Pending hearing and final disposal
5	COX AND KINGS	January 7, 2000	Classic collection	Notice of opposition was served by the Company for alleged misuse of Trademark "COX AND KINGS" and passing off thereof	Pending hearing and final disposal
6	COX	February 5, 2000	Crystals Plastics and Metallizing Pvt. Ltd.	Notice of opposition was served by the Company for alleged misuse of Trademark "COX" and passing off thereof.	Pending hearing and final disposal

(ii) Oppositions made by third parties to the Trademark Registration Applications made by our Company



Serial No.	Trademark	Date of Notice	Served By	Particulars	Status
1.	ANAND	July 12, 2004	Anand Hoseris	Notice of opposition was served to our Company for alleged misuse of Trademark "ANAND".	Counter claim filed by our company on March 16, 2005.  Pending hearing and final disposal

**G. Civil Proceedings initiated by/against the Individual Promoters**

(a) Urrshila Kerkar

(i) Proceedings initiated against Urrshila Kerkar

Sr. No	Forum	Filed By	Brief Particulars	Quantum (Rs. in millions-approx.)	Current Status
1.	High Court Of Judicature, Mumbai  Suit No. 3091/2001	Junot Chagas Pereira, Ena Theresa Naylor, Jacqueline Meers, Mark Forbes ( <b>"Plaintiffs"</b> )	Urrshila Kerkar ( <b>"Co - Defendant"</b> ) is in possession of suit property as a tenant located in Colaba, Mumbai, ( <b>"Premises"</b> ) by virtue of paying Rs. 0.015 million per month as rent to Mr Om Prakash Navani and Phool Om Prakash Navani, ( <b>"Lessors"</b> and <b>Defendants</b> ). The Co-defendant has been impleaded as a party in the suit on account of her status as tenant in the Premises. The Plaintiffs in the instant suit contend that the Defendants, being Mr. Om Prakash Navani have no right to the said property and the creations of tenancy rights by the said Defendant was invalid.  The court by way of an interim order appointed a Court Receiver to the Premises.	N.A.	Pending hearing and final disposal.

Sr. No	Forum	Filed By	Brief Particulars	Quantum (Rs. in millions-approx.)	Current Status
2.	High Court, Bombay  Suit Lodging No. 1899 of 2007	Om Prakash Navani  (‘Plaintiff’)	For details therein, please refer to Serial No. 4 of Civil Proceedings initiated against the Company as on page 272 of the Draft Red Herring Prospectus.		

**(ii) Proceedings initiated by Urrshila Kerkar**

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions-approx.)	Current Status
1.	Court of Small Causes at Bombay  R.A.D. Suit No. 1512/04	Om Prakash Navani, Phool Omprakash Navani, Junot Chagas Perira of Mumbai, Ena Theresa Naylor, Jacqueline Angela Meers and Mark Irwing  (‘Defendants’)	Urrshila Kerkar has filed this present suit against the Defendants to declare her as a lawful tenant of property located in Colaba, Mumbai, ‘Premises’, which is under dispute in the Suit No. 3091/2001.  For details therein, please refer to the suit mentioned hereinabove.	NA	Pending hearing and final disposal.

**(b) Proceedings initiated against Ajay Ajit Peter Kerkar**

Sr. No	Forum	Filed By	Brief Particulars	Quantum (Rs. in millions-approx.)	Current Status
3.	High Court, Bombay  Suit Lodging No. 1899 of 2007	Om Prakash Navani  (‘Plaintiff’)	For details therein, please refer to Serial No. 4 of Civil Proceedings initiated against the Company as on page 272 of the Draft Red Herring Prospectus.		

**H. Civil Proceedings by the Corporate Promoter, Liz Investments Private Limited, (“Liz Investments”)**

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions- approx.)	Current Status
1.	Company Law Board, New Delhi (“Board”) Comp. Petition No.44 of 2005	Far Pavilions Pvt. Ltd (“ <b>FPTTPL</b> ”), Urshila Kerkar, Pranab Pal, Amit Kishore, Manish Pratik, Arup Sen, Savio Fernandes, Linette Luis, Sriparna Pal, Across India Pvt. Ltd, Bluestar Hospitality Pvt. Ltd. (“ <b>Defendants</b> ”) (“ <b>Respondents</b> ”)	<p>Liz Investments is a shareholder with 50% holdings in FPTTPL and has filed this petition under Sections 398, 402, 403, 235 &amp; 237 of the Companies Act, 1956 and Ms. Urrshila Kerkar and Mr. Arup Sen are only formal parties in this proceeding.</p> <p>Pranab Pal, one of the Defendants, has allegedly committed criminal breach of trust by utilizing the property of FPTTPL for purposes other than those expressed in the Articles of Association of FPTTPL and misappropriated sums of FPPTTPL disposing the same in Bluestar Hospitality Pvt. Ltd., one of the Defendants, which was incorporated for this purpose by Pranab Pal.</p> <p>The order passed by the Company Law Board was challenged by Mr. Pranab Pal, Across India Pvt. Ltd before the Delhi High Court and M/s Blustar Hospitality before the Bombay High Court, Panaji Bench by way of an appeal.</p> <p>Both the appeals as mentioned hereinabove were dismissed.</p>	28.5	An SLP No. 6597/2006 has been preferred to the Supreme Court by Pranab Pal challenging the interim orders of the High Court and is currently pending, wherein no interim relief was granted by the Supreme Court

**I. Proceedings initiated by Far Pavilions Tour and Travels Pvt. Ltd (“FPTTPL”), part of our Promoter Group**

**(a) Civil Proceedings**

<b>Sr. No</b>	<b>Forum</b>	<b>Filed Against</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. in millions-approx.)</b>	<b>Current Status</b>
1.	Civil Judge Junior Division  Reg. C.S. No. 33/2005/C & Civil Miscellaneous Application. No.106/05/C in Reg. C.S. 33/05/C	TUI Nordic AB, TUI AG, TUI Nordic Holding AB (“ <b>Defendants</b> ”)	The agency agreement dated 6 January, 2005 (“ <b>Agency Agreement</b> ”) and Addendum dated 14 January, 2005 executed by and between FPTTPL and the Defendants in relation to a hotel project in which FPTTPL was to make available rooms for the Defendants. The Agency Agreement had a non compete clause as a precondition. It was alleged by FPTTPL that the Defendants were desirous of discussing new terms of the Agency Agreement. Hence in order to restrain the Defendants from doing so, FPTTPL initiated specific performance of the Agency Agreement. FPTTPL was granted temporary injunction by an order dated April 8, 2005.	N.A.	An application under Order 39 Rule 4 of the CPC was preferred by the Defendant and the order dated April 8, 2005 was vacated by order dated March 4, 2006 of the Civil Judge, Junior Division.  An appeal is filed against the above order before the before City Civil and District Judge, Panaji.
2.	High Court of Bombay at Goa Writ Petition 286 of 2005	1) TUI Nordic Holding AB 2) Across India Tourism (“ <b>Respondents</b> ”)	FPTTPL has filed this Writ petition praying for the court to quash and set-aside the order dated July 19, 2005 of the Court of Civil Judge of Junior Division dismissing the application of FPTTPL for transposition of Respondent No. 2 as Defendant No. 2 in regular civil suit number 33 of 2005, more particularly described hereinabove.  FPTTPL has also	N.A.	Pending hearing and final disposal.

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions-approx.)	Current Status
			prayed to allow its application for transposition, thereby allowing the said application and dismissing the application for transposition dated 29 June 2005 made by Respondent No.2 for transposition of the petitioner in the said suit.		
3.	Civil Judge, Senior Division  Special Civil Suit No. 80 of 2005	TUI Nordic AB, TUI AG, TUI Nordic Holding AB (“ <b>Defendants</b> ”)	These proceedings are initiated by FPTTPL against the Defendants in relation to letter dated July 4, 2005 allegedly sent by the Defendants regarding termination of the Agency Contract dated January 6, 2005, (“ <b>Contract</b> ”) in an attempt to allegedly breach the Contract’s negative covenants and for acts to malign and defame FTTPPL.  FPTTPL has sought declaration that the termination of Contract is illegal and not valid under law and a permanent injunction restraining the Defendants from acting in breach of the contract.	100	Application for temporary injunction made by FPTTPL was dismissed. An appeal has been preferred before the High Court of Bombay (Panjim Bench) from the order rejecting the application for injunction.  The temporary injunction application preferred by TUI Nordic Holding AB was granted restraining FPTTPL from joining TUI Nordic Holding AB in any other court proceeding with TUI Nordic. This order has also been challenged before the Hon’ble High Court of Mumbai, Panjim Bench.  Pending hearing and final disposal.

**(b) Criminal Proceedings**

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions-approx.)	Current Status
1.	Court of the Additional Chief Metropolitan Magistrate,	Amit Kishore, Savio Fernandes and Others  (“ <b>Accused</b> ”)	The Complaint has been filed against the Accused alleging that they have committed criminal breach of trust by	2.3	Pending hearing and final disposal.

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions- approx.)	Current Status
	New Delhi  CC No 1670/1/06		utilizing the property of FPTTPL for purposes other than those expressed in the Articles of Association of FPTTPL.  FPTTPL has also alleged that Amit Kishore had availed large sums for foreign travel without proper documentation, availed loans on behalf of FPTTPL, misappropriated it and purchased personal property using the funds of FPTTPL.		
2.	Court of the Additional Chief Metropolitan Magistrate, New Delhi  CC No 1885/1/06	Manish Pratik, Savio Fernandes and Others  (“ <b>Accused</b> ”)	This complaint was filed against the Accused alleging that they have committed criminal breach of trust by utilizing the property of FPTTPL for purposes other than those expressed in the Articles of Association of FPTTPL.  FPTTPL has also alleged that Manish Pratik availed large sums for foreign travel without proper documentation, availed loans on behalf of FPTTPL and misappropriated it and purchased personal property using the funds of FPTTPL.	1.02	Pending hearing and final disposal.
3.	Court of the Additional Chief metropolitan Magistrate, New Delhi  CC No 1073/1/06	Pranab Pal, Shriparna Pal, Savio Fernandes, Linette Luis and Others  (“ <b>Accused</b> ”)	This complaint was filed against the Accused alleging that they have committed criminal breach of trust by utilizing the property of FPTTPL for purposes other than those expressed in the Articles of Association of	28.5	Pending hearing and final disposal.

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. in millions- approx.)	Current Status
			FPTTPL.  Additionally, the Accused are alleged to have availed loans in the name of FPTTPL as well as misappropriated amounts availed for sales promotion.		

**J. Consumer Proceedings initiated against Ezeego One Travels and Tours Private Limited, (“Ezeego”)**

Sr. No	Forum	Filed By	Brief Particulars	Quantum (Rs. In Millions approx.)	Current Status
1.	II Additional District Consumer Disputes Redressal Forum  (Complaint No. 2291/2007)	Mrs. Bimaljeet Johar  (“Complainant”)	The Complainant has alleged that she had booked three airline tickets via the website of Ezeego, <a href="http://www.ezeego1.co.in">www.ezeego1.co.in</a> , the confirmation of which was sent to her via emails. However, when the Complainant reached the airport, she was informed that due to clerical error, her airline tickets were cancelled.  She has filed a case for fraud and cheating and has claimed that due to the error which resulted in cancellation of her airline tickets, the Complainant and her company suffered immense loss and reputation.	2	Pending hearing and final disposal.

**K. Proceedings initiated by/against the Tulip Group, which comprises of the following:**

1. Tulip Star Hotels Limited
2. V Hotels Limited (formerly known as Tulip Hospitality Services Limited)
3. Tulip Hotels Private Limited
4. ABK Enterprises Private Limited
5. Tulip Star Leisure & Health Resorts Limited

**Since the proceedings involving Tulip Group are all interlinked, they have been grouped according to the matter involving them.**

- Proceedings from Serial No. 1-7 are all interlinked. Tulip Hotels Pvt. Ltd., (“**THPL**”) had originally entered into a Memorandum of Understanding, (“**MOU**”) with Dr. Shailendra Mittal for floating a Joint Venture Company, (“**JVC**”) for managing one of the properties, the Bogmallo Beach Resort, situated at Goa, “**Resort**”, which was owned by Trade Wings Hotels Ltd., (“**TWHL**”). Thereafter, a Shareholder’s Agreement, (“**SHA**”) was entered into between THP, Dr. Ajit B. Kerkar, Trade Wings Ltd. (“**TWL**”) on June 9, 2000, which is valid for 10 years, for the purpose of laying down the terms of purchase of shares in TWHL and for laying down the manner in which the JVC is to be managed. However, the JVC was not incorporated, as THP was substituted to manage the affairs of the Resort by virtue of THP agreeing to purchase 50% shares of TWHL.

Sr. No.	Forum	Parties	Brief Particulars	Quantum	Current Status
1.	Civil Judge Senior Division, Vasco Da Gama  Special Civil Suit 07 of 2007	Trade Wings Ltd., Dr. Shailendra Mittal & Trade Wings Hotels Ltd. (“ <b>Plaintiff</b> ”) V/s Mr. Ajit Baburao Kerkar, Tulip Hotels Pvt. Ltd, Tulip Star Leisure & Health Resorts Ltd., Mr. Boppana Dwarkanath, Mr. V R Agnihotri & Mr. Sudhanshu Purohit (“ <b>Respondents</b> ”)	The Plaintiffs have filed this suit praying for termination of the MOU and to have it stand inoperative with effect from November 1, 2006, directing the Defendants to render a full and complete account of all amounts received by them while managing the Resort on a time sharing basis, and that the Defendants be restrained by way of permanent injunction from holding themselves out to be the owners or part owners of the Resort. The Plaintiffs have also prayed for a number of interim reliefs.	N.A.	Pending final disposal.
2.	High Court of Bombay  Arbitration Petition No. 04 of 2007	Tulip Hotels Pvt. Ltd & Mr. Ajit Baburao Kerkar (“ <b>Petitioners</b> ”) V/s Trade Wings Ltd., Dr. Shailendra Mittal & Trade Wings Hotels Ltd. (“ <b>Respondents</b> ”) (Collectively referred to as “ <b>Parties</b> ”)	These proceedings are filed under section 11 of the Arbitration and Conciliation Act, 1996 for the appointment of Arbitrator to resolve the disputes between the Parties, which arose as a result of the SHA. The SHA specifically provided for resolving of the disputes through arbitration, in the event conciliation proceedings fail, which was the case in the above matter.	N.A.	Pending hearing and final disposal.
3.	Court of Sub-Divisional Magistrate, Murmugao, Vasco  Case No. 17/145/01/07/SDM/4517	Vasco Police Station (“ <b>Complainant</b> ”) V/s Tulip Group Trade Wings Group (“ <b>Accused</b> ”)	These proceedings are initiated by the Vasco Police Station under Section 145 of Code of Criminal Procedure to secure maintenance of peace and tranquillity, the breach of which is threatened on account of dispute regarding actual possession of the Resort.	N.A.	The matter is in abeyance since the civil proceedings governing the same have been initiated between the Parties.
4.	Addl. Chief Metropolitan Magistrate, 47th Court, Esplanade, Mumbai	Trade Wings Hotels Ltd. (“ <b>Complainant</b> ”) V/s Mr. Ajit Baburao Kerkar,	This complaint has been filed under sections 403, 409, 418, 468, 471, 120-B, read with sections 34, 201, 204 and 511 of the Indian Penal Code alleging that the Accused have misappropriated funds amounting to approximately Rs. 331	331	Process issued under Sections 409, 468, 471, 120-B and 34 of Indian Penal Code.



Sr. No.	Forum	Parties	Brief Particulars	Quantum	Current Status
	CC NO 4700080/SW/ 07	A S Anantharaman, B. Dwarkanath, Sudhanshu Purohit, Kanwal Jeet Sindhu & S.A. Paigankar (“ <b>Accused</b> ”)	Million by allegedly allotting rooms on a time sharing basis.		Pending hearing and final disposal.
5.	Metropolitan Magistrate, 23rd Court, Esplande, Mumbai  CC NO 3105/SS/2006	Trade Wings Hotels Ltd. through Mr. Ajay Vageria, its Authorised Representative (“ <b>Complainant</b> ”) V/s ABK Enterprises Pvt. Ltd. and Mr. Ajay Baburao Kerkar (“ <b>Accused</b> ”)	This complaint has been filed under section 138 of Negotiable Instruments Act, 1881 for dishonour of cheque dated November 1, 2006 bearing No. 184252 by the Accused for an amount of Rs. 97.97 Million.	82.9	Process issued for clearing the payment due on December 8, 2006.  Pending hearing and final disposal.
6.	High Court of Bombay  Criminal Writ Petition No. 2182 of 2007	Mr. Ajit Baburao (“ <b>Petitioner</b> ”) Vs. TWHL & Anr.	This writ petition has been filed by the Petitioner to set aside the order dated August 31, 2007, which dismissed the Criminal Revision Application No. 800 of 2007, by issuing a Writ of Certiorari.  The Petitioner has also prayed that Criminal Complaint No. 3105 of 2006 be stayed pending the hearing and final disposal of this writ petition.	N.A.	Pending hearing and final order.
7.	High Court of Bombay  Criminal Writ Petition No. 2162 of 2007	A.B.K. Enterprises Pvt. Ltd. (“ <b>Petitioner</b> ”) Vs. TWHL & Anr.	This writ petition has been filed by the Petitioner to set aside the order dated August 31, 2007, which dismissed the Criminal Revision Application No. 800 of 2007, by issuing a Writ of Certiorari.  The Petitioner has also prayed that Criminal Complaint No. 3105 of 2006 be stayed pending the hearing and final disposal of this writ petition.	N.A.	Pending hearing and final disposal.

2. The following two proceedings are interlinked.

Sr. No	Forum	Parties	Brief Particulars	Quantum (Rs. In Millions Approx.)	Current Status
1.	High Court of Bombay  Company Petition No. 1017 of 2003	Tremac India Pte Ltd.  (“ <b>Petitioners</b> ”)	This winding up petition is filed by the Petitioners under sections 433 and 434 of the Companies Act, 1956 for winding up of Tulip Hospitality Services Ltd., (“ <b>THS</b> ”). The Petitioner allegedly	6.75	Pending hearing and final disposal.

Sr. No	Forum	Parties	Brief Particulars	Quantum (Rs. In Millions Approx.)	Current Status
			raised funds from Canara Bank and Vijay Bank in 2002 for THS, for which the Petitioner was not paid his dues. THS has however has responded by alleging that the funds were raised due to good office of their chairman, Mr. Ajay Baburao Kerkar and not due to the Petitioners.		
2.	Metropolitan Magistrate, 8th Court, Esplanade, Mumbai 3. CC No. 938/17/2004	Tulip Hospitality Services Ltd. through its Director, Mr. Shailesh Modi ( <b>"Complainant"</b> ) Vs. Mr. S. Chandrasekhar, Managing Director, Tremac India Pte. Ltd., and others ( <b>"Accused"</b> )	The Complainant has filed this complaint under sections 420, 467, 468, 471 and 120-B of the Indian Penal Code.  The Complainant has alleged that the Winding Up Petition (Company Petition No. 1017 of 2003) filed by the Accused has been filed along with forged and fabricated documents. The Complainant had initially filed the complaint against the Economic Offences Wing on May 10, 2004 but due to paucity of time, lodged this present complaint before the Magistrate.	N.A.	Joint Commissioner has been ordered to take cognizance and file a First Information Report and start investigation.  Pending hearing and final disposal.

3.

Sr. No	Forum	Parties	Brief Particulars	Quantum (Rs. In Millions Approx.)	Current Status
1.	Sole Arbitrator Hon'ble Justice Mr. S N Variva (Retired Supreme Court Judge)	Tulip Hospitality Services Limited ( <b>"THSL"</b> ), Tulip Hotels Pvt. Ltd., Tulip Star Hotels Ltd. ( <b>"TSHL"</b> ) & Dr. A B Kerkar ( <b>"Claimants"</b> ) V/s. Siddivinayak Realities Pvt. Ltd. ( <b>"Respondent"</b> )	This Arbitration is initiated in accordance with the terms as stipulated in the Master Asset Purchase Agreement, ( <b>"Agreement"</b> ) dated May 31, 2005 entered into between the Claimants and the Respondent. This Agreement had to be performed by June 1, 2005, as provided in the terms of the agreement.  The Respondents, allegedly,	2000	Pending hearing and final order.

Sr. No	Forum	Parties	Brief Particulars	Quantum (Rs. In Millions Approx.)	Current Status
			<p>after paying less than 20% of the total consideration as specified in the Agreement, vide their letter dated July 21, 2005, declared that it would not make further payment until a CBI enquiry gives a clean chit to the disinvestment process by which the subject property for which the Agreement was entered into, was originally acquired by THSL.</p> <p>The claim is for:</p> <p>a) declaring the Claimants are not bound by the Agreement as it was terminated by the alleged breach of the Respondent and damages amounting to Rs. 2000 million; alternatively</p> <p>b) declaration that parties are not bound by the Agreement as it is void under sec 32 – 35 and 56 of the Indian Contract Act and that there will be no refund of amounts; alternatively</p> <p>c) declaration that the Respondent is in default of payment of sale consideration and consequently the Claimant is entitled to exercise his right under clause 15.1 of Agreement, the time period for refund of 90% consideration, free of interest; alternatively</p> <p>d) declaration that since the Respondent was not ready and willing to perform the contract it is not entitled to specific performance of clause 16B or clause 15.3.2. of the Agreement.</p>		
2.	Sole Arbitrator A. V Sawant (Retired Chief Justice of Kerala High Court)	Nirmal Lifestyles Ltd.  (“ <b>Claimant</b> ”)  V/s	This arbitration is initiated in accordance with the agreement dated June 21, 2003, (“ <b>Agreement</b> ”) and Supplementary Agreement dated October 17, 2003, entered into between the	6504.2	Pending hearing and final disposal.

Sr. No	Forum	Parties	Brief Particulars	Quantum (Rs. In Millions Approx.)	Current Status
		<p>Tulip Hospitality Services Limited, Tulip Hotels Pvt. Ltd., Tulip Star Hotels Ltd. (“<b>TSHL</b>”) and Dr. A B Kerkar</p> <p>(“<b>Respondent</b>”)</p>	<p>Claimant and the Respondent, wherein the Claimant had been given the license to develop a shopping mall on the basement, ground floor and the first floor of the Tulip Star Hotel, Juhu, (“<b>Premises</b>”). The Claimant has alleged that the Respondent has failed to fulfil the responsibilities provided in the Agreement and has wrongfully barred the Claimant to enter the Premises. The Claimant has also allegedly paid a huge amount of Rs. 306 Million to the Respondent, outside the terms of the Agreement.</p> <p>Thus the Claimant has prayed for reinstatement of interest in the Premises and damages due to loss occasioned to the Claimant.</p>		
3.	High Court of Bombay	<p>OM Navani</p> <p>(“<b>Plaintiff</b>”)</p> <p>Vs.</p> <p>A B Kerkar, Tulip Hotels Pvt. Ltd., V Hotels Ltd. (formerly, Tulip Hospitality Services Ltd.), Tulip Stars Hotels Ltd., Cox and Kings (India), Peter Ajit Kerkar, Urshila Kerkar, Elizabeth Kerkar &amp; 4 Others</p> <p>(“<b>Defendants</b>”)</p>	Please refer to Serial No. 4 under the civil proceedings against the Company as disclosed on page 272 of this Draft Red Herring Prospectus.		
4.	Company Law Board, Additional Principal Bench at Chennai.	<p>Tulip Hotels (P) Ltd.</p> <p>(“<b>Petitioner</b>”)</p> <p>V/s</p>	This petition is filed by the Petitioner, who holds 30% stake in the shareholding of the Respondent. The Petitioner and the original Promoters of the Respondent	N.A.	Pending hearing and final disposal.

Sr. No	Forum	Parties	Brief Particulars	Quantum (Rs. In Millions Approx.)	Current Status
	Company Petition 44/2006	Kalpatharu Resorts (P) Ltd. & Others  (“ <b>Respondents</b> ”)	Company were to each hold 50% of the total paid up equity share capital. The original Promoters allegedly did not allow the Petitioners to acquire the additional 20% of the equity share capital, and hence this petition.		

**4. The following proceedings are interlinked:**

Sr. No	Forum	Parties	Brief Particulars	Quantum (Rs. in millions- approx.)	Current Status
1.	Industrial Court, Bandra, Mumbai  ULP 338 of 2005	Union of Centaur Tulip Employees & Ors (“ <b>Complainants</b> ”)  V/s  Tulip Star Hotels Ltd., Tulip Hospitality Services Ltd., Mr. Ajay Baburao Kerkar and Ors. (“ <b>Respondents</b> ”)	1) The Respondent floated a Voluntary Retirement Scheme (VRS) and the applications of the Complainants were accepted on January 29, 2004. Under the VRS the employees were entitled to get their dues within 3 months i. e. before April 29, 2004.  2) However, because of financial difficulties there was delay in implementation of VRS.  3) The Complainants due to delay in implementation of the scheme made complaint under the Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act, 1971 for praying for their employment.  4) The Respondents filed an objection stating that this Court Complain was not maintainable.  5) The Industrial Court rejected the objection and held that the complaint was	N.A.	Pending hearing and final disposal.

Sr. No	Forum	Parties	Brief Particulars	Quantum (Rs. in millions- approx.)	Current Status
			<p>maintainable and that as the Company had not paid the VRS dues to the workers as per the time stipulated in the VRS Scheme and acceptance letter, the employees were justified in withdrawing the consent.</p> <p>6) The Respondents filed Writ Petitions (<i>W.P.No.3112 of 2005</i>) before the Bombay High Court challenging the maintainability of the Complaint. The Bombay High Court dismissed the same affirming the view of the Industrial Court.</p> <p>7) The Respondents filed an SLP in the Supreme Court (<i>SLP No.6787 of 2006</i>). The Supreme Court was pleased to remand the matter to the before the Bombay High Court. The matter is presently pending before the Learned Single Judge of this Hon'ble Court.</p> <p>8) On January 13, 2006 the Industrial Court passed interim order in C (ULP) No. 338 / 05 directing Respondent Nos.6 to 8 herein to furnish Bank Guarantee covering the total liabilities of payment of wages, allowances, bonus, gratuity, PF and other remunerations and emoluments of the workmen to their respective dates of retirement and / or disposal of the Complaint, whichever</p>		

Sr. No	Forum	Parties	Brief Particulars	Quantum (Rs. in millions- approx.)	Current Status
			<p>is earlier; and directing said Respondents to pay full wages to the workmen every month till the disposal of complaint. Respondents were restrained from creating third party interests so as to affect the rights and interests of the workmen and until they furnish the aforementioned bank guarantee and made payment as directed, immovable property of the company stood attached.</p> <p>9) Against the above Industrial Court Order dated January 13, 2006 the Respondents filed a Writ Petition before Bombay High Court (<i>W.P. No.796 of 2006</i>) The Bombay High Court directed to deposit monthly wages of the workmen and that the workmen in turn would give an undertaking that in the event of losing the main Complaint, the company would be entitled to adjust the claim amount out of the amount of VRS lying with them. This arrangement would continue till the final disposal of the Complaint or for six months from the date of the High Court Order, i.e. April 4, 2006, whichever is earlier. Complaint was directed to be disposed off on or before August 31, 2006. It was however, clarified that if the Complaint is not</p>		

Sr. No	Forum	Parties	Brief Particulars	Quantum (Rs. in millions- approx.)	Current Status
			<p>disposed off within the said period, then, both the parties would be liberty to take necessary application to this Court for further directions in the matter. Till final disposal of the Complaint, all the immovable properties of the company being building, land, furniture, fixtures stand attached. However, proceedings could not be completed within the time limit and are still pending before the Industrial Court, The Trade Union/ (Petitioners) has taken out Notice of Motion No.614 of 2006 in the Writ Petition, for further wages to be paid. This Motion is pending for hearing before this Hon'ble Court..</p> <p>10) The Trade Union (Petitioner/ Complainants) has filed another (fresh) writ petition (<i>Writ Petition no. 1276 of 2007</i>) against the disinvestment process undertaken in the case of Hotel Corporation of India by the Ministry of Disinvestment. Tulip Star Hotels Limited, V Hotels Limited, Ajit B. Kerkar are respondent no. 6,7 and 8 respectively Centaur at Juhu Beach and Nirmal Lifestyles Limited and Shree SiddhiVinayak Realities Pvt. Limited. are respondents no. 9 and 10 respectively. Respondents have</p>		



Sr. No	Forum	Parties	Brief Particulars	Quantum (Rs. in millions- approx.)	Current Status
			prayed that the Divestment effected by Government should be cancelled as there are alleged irregularities in the disinvestment.		

**5. The following proceedings are debt recovery proceedings.**

Sr. No	Forum	Parties	Brief Particulars	Quantum (Rs. In Millions Approx.)	Current Status
1.	Debt Recovery Tribunal	Vijaya Bank ("Applicant")  V/s  Tulip Hospitality Services Ltd. ("Respondent")	This recovery proceeding is initiated by the Applicant to recover the amount advanced by way of term loan to the Respondent and to stop process of sale, acting on the alleged news that the Respondent was being sold.		Pending hearing and final disposal.
2.	Debt Recovery Tribunal	Indian Bank ("Applicant")  V/s  Tulip Hospitality Services Ltd. ("Respondent")	This recovery proceeding is initiated by the Applicant to recover the amount advanced by way of term loan to the Respondent and to stop process of sale, acting on the alleged news that the Respondent was being sold.	100	One Time Settlement in process.

**6. The following two proceedings are inter- related.**

Sr. No.	Forum	Parties	Brief Particulars	Quantum (Rs. In Millions Approx.)	Current Status
1.	High Court of Bombay  Suit No 3273 of 2003	V.N.Dhoot ("Plaintiff")  V/s  Saraswat Bank and 13 of their Chairmen and directors along with Tulip Star Hotels Limited, Mr. Ajay Baburao	This suit is filed by the Plaintiff to be released as a guarantor to the loan given by Saraswat Bank to Tulip Star Hotels Ltd., which has allegedly been repaid and the security given by Tulip Star Hotels Limited has allegedly been released.	N.A.	Pending hearing and final disposal.

Sr. No.	Forum	Parties	Brief Particulars	Quantum (Rs. In Millions Approx.)	Current Status
		Kerkar Others.  (“ <b>Respondents</b> ”)			
2.	High Court of Bombay  Suit (Lodg) No 489 of 2006	Om Builders Pvt. Ltd.  (“ <b>Plaintiff</b> ”)  V/s  Saraswat Bank and Tulip Star Hotels Ltd.  (“ <b>Respondents</b> ”)	This suit has been filed by the Plaintiff for release of his security, which was provided by way of collateral as well as corporate guarantee on behalf of Tulip Star Hotels Ltd (TSHL) to enable the latter to raise funds from Sarawat Bank, which have allegedly been repaid and the security given by Tulip Star Hotels Limited has also been allegedly released.	N.A.	Pending hearing and final disposal.

#### Tax Proceedings concerning the Tulip Group

##### (a) Tulip Hotels Pvt. Ltd. (“**THPL**”)

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. In millions- approx.)	Current Status
1.	Commissioner of Income Tax (Appeals) Central VI, Mumbai  Appeal No. IT-34	Dy. Commissioner of Income Tax  (“ <b>Respondent</b> ”)	This appeal is filed against the order passed by the Dy. Commissioner of Income Tax dated July 25, 2007.  The Assessing Officer while assessing the income tax return of THPL for the assessment year 2004-05 made a demand for Rs.54.2 Million.  THPL challenged the abovementioned assessment order before Commissioner of Income Tax (Appeals) which is pending.	54.2	Pending hearing and final disposal

##### (b) Tulip Hospitality Services Limited (“**THSL**”)

Income Tax					
Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. In millions- approx.)	Current Status
1.	Commissioner of Income Tax (Appeals)	Dy. Commissioner of Income Tax (Appeals)	This appeal is filed against the order passed by the Dy. Commissioner of Income Tax (Appeals) dated November 14,	Nil	Pending hearing and final disposal.

<b>Income Tax</b>					
<b>Sr. No</b>	<b>Forum</b>	<b>Filed Against</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In millions- approx.)</b>	<b>Current Status</b>
	Appeal No. C/T(A)XXX11/IT/204/06-07	("Respondent")	2006.  The Assessing Officer while assessing the income tax return of THSL for the assessment year 2003- 04 reduced the loss declared by the Company from Rs. 399.36 Million to a loss of Rs. 130.95 Million by disallowing certain expenses claimed by THSL.  THSL has challenged the abovementioned assessment order before Commissioner of Income Tax (Appeals).		
2.	Commissioner of Income Tax (Appeals)	Dy. Commissioner of Income Tax (Appeals)  ("Respondent")	This appeal is filed against the order passed by the Dy. Commissioner of Income Tax (Appeals) dated August 23, 2007.  The Assessing Officer while assessing the income tax return of THSL for the assessment year 2004- 05 reduced the loss declared by THSL from Rs. 370.11 Million to a loss of Rs. 181.95 Million.  THSL has challenged the abovementioned assessment order before Commissioner of Income Tax (Appeals).	Nil	Hearing and final disposal pending.
<b>Professional Tax</b>					
<b>Sr. No</b>	<b>Forum</b>	<b>Filed Against</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In millions- approx.)</b>	<b>Current Status</b>
1.	Dy. Comm. Of Sales Tax (A) P – I  Appeal No. DC/APP-P-1/PT-167/06-07	Dy. Commissioner of Profession Tax ("Respondent")	This appeal is filed against the order passed by the Dy. Commissioner of the Profession Tax Department dated April 13, 2006.  The Assessing Officer	1.27	Pending hearing and final disposal

<b>Professional Tax</b>					
<b>Sr. No</b>	<b>Forum</b>	<b>Filed Against</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In millions-approx.)</b>	<b>Current Status</b>
			<p>whiles assessing the profession tax return of the Company for the period of June 1, 2002 to March 31, 2005 levied interest of Rs.1.27 million under section 9(2) of the Maharashtra Tax on Professions, Trades, Callings and Employments Act, 1975. THSL has challenged the abovementioned order before Dy. Comm. Of Sales Tax (A) P – I.</p>		

Professional Tax					
Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. In millions-approx.)	Current Status
Lease Transfer					
Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. In millions-approx.)	Current Status
1.	Hon'ble Revenue Minister	Order of Collector, Mumbai Suburban District.  ("Respondent")	<p>The Collector, Mumbai Suburban District has ordered the Hotel Corporation of India, vide its order dated June 2006 to pay Rs.44.8 million for failure of obtaining the necessary permission for transfer of the lease rights.</p> <p>The contention of the Collector was that along with the transfer of hotel the lease hold land was also transferred by Hotel Corporation of India, without necessary consent of the Government of Maharashtra. THSL has also been made a party to the proceeding.</p> <p>The order so passed by the Collector has been put up for the review by the Hon'ble Revenue Minister.</p>	44.8	Pending hearing and final disposal.

<b>Entertainment Tax</b>					
<b>Sr. No</b>	<b>Forum</b>	<b>Filed Against</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In millions- approx.)</b>	<b>Current Status</b>
1.	Divisional Commissioner, Konkan Division.  Appeal No 73/2005.	Tulip Hospitality Service Limited	<p>The Additional Collector, Mumbai Suburban District vide his order dated October 24, 2003 ordered THSL to pay Rs.1.29 million as entertainment tax for an event which occurred on December 31, 2000, against which an appeal was filed by THSL on February 11, 2005</p> <p>The Divisional Commissioner, Konkan Division vide an order dated September 20, 2005 dismissed the appeal and ordered the Government of Maharashtra to recover the dues from the Event Organizers and Hotel Corporation of India under whose possession this property was on the date of event.</p> <p>However, in the event of failure to recover the aforesaid amount from the Event Organizers and Hotel Corporation of India, THSL is liable to make the payment.</p>	1.29	Pending hearing and final disposal.

**(ii) Past proceedings wherein a penalty was imposed**

<b>Sr. No</b>	<b>Forum</b>	<b>Filed Against</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In millions- approx.)</b>
1.	Brihanmumbai Mahanagarpalika	Tulip Hospitality Services Ltd.	<p>THSL has received a penalty order from the Joint Mumbai Commissioner (I) for Greater Mumbai under Sec 207A (2) of the BMC Act, 10 (A) of the Maharashtra Education (Cess) Act, 1962.</p> <p>A penalty was levied against THSL for late payment of property tax for the years 2005-06 and 2006-07 to the tune of Rs.2.60 million.</p>	2.60

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. In millions- approx.)
2.	Divisional Commissioner, Konkan Division.  Appeal no 74/2005	Tulip Hospitality Service Ltd	The Additional Collector, Mumbai Suburban District vide his order dated March 24, 2003 ordered THSL to pay Rs. 0.25 million as entertainment tax for an event occurring on December 31, 2002, against which THSL filed an appeal on February 11, 2005.  The Divisional Commissioner, Konkan Division vide an order dated September 20, 2005 dismissed the appeal and ordered the company to pay the aforementioned amount.	0.25

**(iii) Show cause notices served on THSL**

Sr. No	Notices	Served By	Brief Particulars	Quantum (Rs. In millions- approx.)	Current Status
1.	Show Cause Notice No. dated SR.DC(Asst) A-04/N.P.Dn/ Recovery/B 1895 A dated January 5, 2006.	Sales Tax Officer	A show cause notice was served upon the Company for non filing of Sales Tax and Luxury Tax returns for the period 2003-04 and for late filing of returns for the period of 2004-05 to the tune of Rs.11.2 million.  In reply to the notice, the company has requested to adjust the demand from its Stamp duty Refund.	11.2	Sales Tax authorities have intimated the Stamp Authorities for refund and have filed Form 39.

**(c) Tulip Star Hotels Ltd. ("TSHL")**

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. In millions- approx.)	Current Status
1.	Income Tax Appellate Tribunal, New Delhi  Appeal No. 5376/03	Commissioner of Income Tax (Appeals)  ("Respondent")	TSHL filed an appeal against the order passed by the Assistant Commissioner of Income Tax dated March 28, 2003.  The Assessing Officer whiles assessing the income tax return of the Company for the assessment year 2000-01	4.01	Pending hearing and final disposal.

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. In millions-approx.)	Current Status
			<p>made a demand for Rs.4.01 Million, which was challenged by TSHL before Commissioner of Income Tax (Appeals), who vide his order dated September 30, 2003 granted us part-relief .</p> <p>Against the part additions confirmed by the Hon'ble Commissioner of Income Tax (Appeals/), TSHL has filed an appeal before ITAT, New Delhi.</p>		
2.	Income Tax Appellate Tribunal, New Delhi	Commissioner of Income Tax (Appeals)  (“Respondent”)	<p>TSHL has filed an appeal against the order passed by the Assistant Commissioner of Income Tax dated March 15, 2004.</p> <p>The Assessing Officer while assessing the income tax return of TSHL for the assessment year 2001-02 made a demand for Rs.2.35 Million.</p> <p>TSHL challenged the said assessment order before Commissioner of Income Tax (Appeals) who vide his order dated March 20, 2007 granted us part-relief .</p> <p>Against the part additions confirmed by the Hon'ble Commissioner of Income Tax (Appeals), TSHL has filed an appeal before ITAT, New Delhi</p>	2.35	Pending hearing and final disposal.
3.	Income Tax Appellate Tribunal, New Delhi	Commissioner of Income Tax (Appeals)  (“Respondent”)	<p>TSHL filed an appeal against the order passed by the Assistant Commissioner of Income Tax dated March 30, 2005.</p> <p>The Assessing Officer</p>	4.8	Pending hearing and final disposal.



Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. In millions-approx.)	Current Status
			<p>whilst assessing the income tax return of the Company for the assessment year 2002-03 made a demand for Rs.4.89 Million.</p> <p>TSHL challenged the said assessment order before Commissioner of Income Tax (Appeals) who vide his order dated March 20, 2007 granted us part-relief .</p> <p>Against the part additions confirmed by the Hon'ble Commissioner of Income Tax (Appeals), TSHL has filed an appeal before ITAT, New Delhi</p>		
4.	Income Tax Appellate Tribunal, New Delhi	Commissioner of Income Tax (Appeals)  ("Respondent")	<p>TSHL filed an appeal against the order passed by the Assistant Commissioner of Income Tax dated March 06, 2006.</p> <p>The Assessing Officer whiles assessing the income tax return of TSHL for the assessment year 2003-04 made a demand for Rs.13.3 Million.</p> <p>TSHL challenged the said assessment order before Commissioner of Income Tax (Appeals) who vide his order dated July 31, 2006 granted us part-relief .</p> <p>Against the part additions confirmed by the Hon'ble Commissioner of Income Tax (Appeals), TSHL has filed an appeal before ITAT, New Delhi</p>	0.05	Hearing and final disposal pending.

<b>Sr. No</b>	<b>Forum</b>	<b>Filed Against</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In millions-approx.)</b>	<b>Current Status</b>
5.	Income Tax Appellate Tribunal, New Delhi	Commissioner of Income Tax (Appeals)  (“Respondent”)	<p>TSHL filed an appeal against the order passed by the Assistant Commissioner of Income Tax dated November 30, 2006.</p> <p>The Assessing Officer while assessing the income tax return of TSHL for the assessment year 2004-05 made a demand for Rs.9.34 Million.</p> <p>TSHL challenged the said assessment order before Commissioner of Income Tax (Appeals) who vide his order dated March 29, 2007 granted us part-relief .</p> <p>Against the part additions confirmed by the Hon’ble Commissioner of Income Tax (Appeals), TSHL has filed an appeal before ITAT, New Delhi.</p>	0.05	Pending hearing and final disposal.
<b>Trade Tax</b>					
<b>Sr. No</b>	<b>Forum</b>	<b>Filed By</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In millions-approx.)</b>	<b>Current Status</b>
1.	Assistant Commissioner of Trade Tax, Lucknow	Assistant Commissioner	TSHL had paid an amount of Rs. 0.05 million and Rs. 0.13 million being trade tax computed at the rate of 10% on transactions conducted during the assessment years 1990-91 and 1991-92. However the Assistant Commissioner issued fresh notices to TSHL stating that the rate of tax applied by the Assessing Officer should have been 15% instead of 10%.	0.092	Pending hearing and final disposal.

<b>Interest Tax</b>					
<b>Sr. No</b>	<b>Forum</b>	<b>Filed Against</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In millions- approx.)</b>	<b>Current Status</b>
1.	Income Tax Appellate Tribunal, Mumbai	Income Tax Officer	<p>The Assessing Officer had levied interest – tax on interest received on share application money received by TSHL for the year 2000- 2001 vide assessment order dated March 28, 2003.</p> <p>TSHL challenged the said assessment order before Commissioner of Income Tax (Appeals), who dismissed the appeal vide an order dated September 30, 2003.</p> <p>Hence the present appeal is filed.</p>	0.053	Pending hearing and final disposal.

**K. Proceedings initiated by/against Mr. Ajit Baburao Kerkar, part of our Promoter Group**

**(i) Criminal Proceedings initiated against Mr. Ajit Baburao Kerkar**

<b>Sr. No</b>	<b>Forum</b>	<b>Filed By</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In Millions Approx.)</b>	<b>Current Status</b>
1.	<p>Court of the Learned Additional Chief Metropolitan Magistrate, 40<sup>th</sup> Court At Girgaum, Mumbai.</p> <p>CC No. 869/S/1998</p>	<p>Mr. Rajesh Rajkumar Nagpal, Mr. V.S. Namjoshi, Piem Hotels Ltd, on behalf of Taj Holdings Ltd., Taj trade and Investment Ltd., Piem Holdings Ltd., Piem Investment &amp; Finance Ltd., (“<b>Collectively Companies</b>”)and all associated companies of the Indian Hotels Company Ltd.</p> <p>(“<b>Complainants</b>”)</p>	<p>The Complainants have filed this complaint alleging that Mr. Ajit Baburao Kerkar committed criminal breach of trust by diverting the funds of the Companies to Richline Leasing and Finance Private Limited, a brokerage firm, as brokerage for the alleged sale of the shares of Indian Tourism Development Corporation.</p>	3.38	Pending hearing and final disposal

(ii) **Civil proceeding initiated by Mr. Ajit Baburao Kerkar**

<b>Sr. No</b>	<b>Forum</b>	<b>Filed Against</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In Millions Approx.)</b>	<b>Current Status</b>
1.	High Court of Bombay  Writ Petition No.664/1999	State of Maharashtra Mr. Rajesh Rajkumar Nagpal Mr. V.S. Namjoshi Arshad Y. Wahedna	This writ petition has been filed against the order dated May 11, 1999 which dismissed the revision application filed by Mr. Ajit Baburao Kerkar against Complaint No. 869/S/98.  Mr. Ajit Baburao Kerkar has stated in this writ petition that the funds transferred to Richline Leasing and Finance Private Limited by of Taj Holdings Ltd., Taj trade and Investment Ltd., Piem Holdings Ltd., Piem Investment & Finance Ltd. were done in pursuance of resolutions passed to that effect and that Mr. Ajit Baburao Kerkar has not committed any criminal breach of trust, as alleged in Complaint No. 869/S/98.	N.A.	Pending hearing and final disposal.

For further proceedings, please refer to serial numbers 1,3,4 and 6 under the proceedings initiated by/against Tulip Group, part of our Promoter Group as disclosed on pages 293 and 294 of the Draft Red Herring Prospectus.

**L. Proceedings initiated against Mrs. Elizabeth Kerkar, part of our Promoter Group**

<b>Sr. No</b>	<b>Forum</b>	<b>Filed By</b>	<b>Brief Particulars</b>	<b>Quantum (Rs. In Millions Approx.)</b>	<b>Current Status</b>
1.	High Court of Bombay	OM Navani	Please refer to Serial No. 4 under the civil proceedings against the Company as disclosed on page 272 of this Draft Red Herring Prospectus.		

**M. Show Cause Notices Filed Against Promoters & Promoter Group**

A show cause notice was filed under Section 124 of the Customs Act, 1962 numbered DRI/BZU/B/62/97 against Cox and Kings Travel & Finance Ltd (Tulip Star Hotels) among other respondents for imposition of penalty under Sections 112 & 114 of the Customs Act, 1962 and funds amounting to Rs.1,286,250 due to be paid by Tulip Star Hotels was confiscated by

customs authorities. All matters relate to the transactions between Tulip Star Hotels and M/s Tiruchi Enterprises (the main defaulters) and the penalties were sought to be imposed on Tulip Star Hotels for abetting the aforementioned main defaulters. Tulip Star had in its preliminary interim replies refuted the allegations in the show cause notice and contended its sustainability due to lack of evidence. The adjudication order was passed on 31 March, 2000 and the Commissioner of Customs upheld the confiscation of the aforementioned funds on the grounds that it was sales proceed of illegal exports. Tulip Star Hotels had preferred an appeal in CESTAT which was dismissed vide order dated 21 October, 2005.

**N. Past Proceeding Wherein a Penalty Was Imposed**

A Show Cause Notice was filed under Section 50 of the Foreign Exchange Regulation, 1973 (“**FERA**”) numbered T-4/54-B/SDE/AKB/2002(III)/11726 against Tulip Star Hotels Ltd and its Promoter and director Ajay Ajit Peter Kerkar for contravening the provisions of Sections 8(1), 6(4), 6(5) & 7 of the FERA, 1973, Para 3 of FLM issued by the Reserve Bank of India. Tulip Star Hotels, vide replies dated 13 August, 2002 and 24 August, 2002, has refuted all the allegation in the show cause notice as it had taken due precautions in dealing with M/s. Hotel Zam Zam. The adjudication order passed on 28 October, 2004 by the Office of the Special Director of Enforcement imposed penalties on both Mr. Ajay Ajit Peter Kerkar & Tulip Star Hotels Ltd amounting to Rs. 50,000 each. Tulip Star Hotels as well as Mr. Ajay Ajit Peter Kerkar had preferred appeals on 15 December, 2004 before the appellate tribunal for grant of interim relief. However, the Appellate Tribunal vide its order dated 17 March, 2005 dismissed the appeals and upheld the imposition of penalty under the provisions of FERA.

**O. Past proceedings under the Debt Recovery Tribunal**

An application was made by ICICI Bank before the Debt Recovery Tribunal (“DRT”) under section 19 of The Recovery of Debts Due to Bank and Financial Institutions Act, 1993 contending breach of some of the terms and conditions of the agreements entered into with ICICI Bank for availing Cash Credit Facility, Short Term Loan facility and Rupee Term Loan facility. The matter was settled and consent terms were entered into between us and ICICI Bank which was admitted in terms of Order of the Debt Recovery Tribunal dated October 01, 2003. We have since satisfied the consent terms and paid all our dues to ICICI Bank and hence will not have any impact on our finances and operations.

**Material Developments**

There have been no material developments since the last balance sheet dated March 31, 2007, otherwise than as disclosed in Management Discussion and Analysis on page 235 of the Draft Red Herring Prospectus.

## GOVERNMENT AND OTHER APPROVALS

On the basis of the indicative list of approvals provided below, the Company can undertake this Issue and its current business activities and no further major approvals from any Government or regulatory authority, are required to undertake the Issue or continue these activities. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus.

### Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

The Board of Directors has, pursuant to resolution passed at its meeting held on August 27, 2007, authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act and such other authorities as may be necessary.

The shareholders of the Company have, pursuant to a resolution dated September 19, 2007, under Section 81(1A) of the Companies Act, authorised the Issue.

The Company has obtained in-principle listing approvals dated [●] and [●] from the BSE and the NSE, respectively.

The Company has also obtained necessary contractual approvals required for the Issue.

### Approvals for the Business

We require various approvals to carry on our business in India. The approvals that we require include the following:

Sr. No	Type of license, permit approval	Issuing Authority	Date of issue	Valid up to
1.	Authorized Dealer Category II – License	Office of Assistant General Manager,  Reserve Bank of India,  Foreign Exchange Department,  Mumbai Regional Office, C-7 Bandra Kurla Complex,  Bandra (E),  Mumbai-400 051.	19 October, 2006	18 October, 2007  An application for renewal of this license was made on October 15, 2007.
2.	Department of Tourism (DoT) License	Assistant Director, Ministry of tourism, Government of India	5 March, 2003	4 March, 2008
3.	Permanent Account Number (PAN)  AAACC 1921 B	Office of Director of Income Tax,  ARA Centre, Ground Floor  E-2, Jhandewalan Extn.	NA	NA

Sr. No	Type of license, permit approval	Issuing Authority	Date of issue	Valid up to
		New Delhi-110 055.		
5.	IATA Registration Certificate (BR 14-3 40616) issued to Cox and Kings (India) Pvt. Ltd., Bangalore	International Air Transport Association	January, 2008	December, 2008
6.	Registration Certificate of Shop and Establishment (Form-C) issued to M/s Cox and Kings (India) Pvt. Ltd, Bangalore.	Office of the Inspector Karnataka Shops and Commercial Establishment Act, 1961	November 14, 2003	December 31, 2008
7.	Professional Tax Registration Certificate-  Registration No. 20013218 issued to M/s Cox and Kings (India) Pvt. Ltd., High Point- IV No. 4111,45/1 Palace Road, Bangalore under Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976	Assistant Profession Tax Officer, IV Circle  Government Of Karnataka	N.A.	N.A.
8.	Service Tax Registration Certificate (Registration No. AAACC1921BST023) under Section 69 of the Finance Act (32 of 1994) to M/s Cox and Kings (India) Pvt. Ltd. No.22, K.H Road, Bangalore.	Superintendent of Service Tax, Service Tax Commissionerate, Bangalore	N.A.	N.A.
9.	Provisional Trade Registration and License Certificate given to M/s Cox and Kings (India) Pvt. Ltd. to carry on trade operation at premises No. Anam Plaza, 8-2-618, Road No. 11, Banjara Hills, Hyderabad.	Office of Chief Medical Officer Health,  Municipal Corporation of Hyderabad.	2006-2007	2007-2008
10.	IATA Registration Certificate (BR 14-3 50906) issued to Cox and Kings ( India) Pvt. Ltd. Hyderabad	International Air Transport Association	January 2008	December 2008
11.	Shop and Establishment Certificate of Registration for premises located at Anam Plaza, 8-2-618, Road No. 11, Banjara Hills, Hyderabad	Labour Officer Circle-III Hyderabad	April 30, 2007	April 31, 2008

Sr. No	Type of license, permit approval	Issuing Authority	Date of issue	Valid up to
12.	Service Tax Registration Certificate (AAACC1921BST002)	Office of the Superintendent (Service Tax) Customs and Central Excise Hyderabad-II	N.A.	N.A.
13.	IATA registration certificate (BR 14- 3 0041 4) issued to Cox and Kings (India) Pvt. Ltd., Chennai.	International Air Transport Association	January 2008	December 2008
15.	Service Tax Certificate (AAACC1921BST018) under (Section 69 of the Finance Act, 1994 (32 of 1994) issued to M/s Cox and Kings (India) Pvt. Ltd., Rangam Ceebros, 11 Cenopath Road, Teynampet Chennai, Tamil Nadu	Superintendent of Central Excise, Service Tax  (HQRS. TECH) Service Tax Commissionrate	NA	NA
16.	IATA Registration Certificate (BR-14-3 5091 0) issued to Cox and Kings (India) Pvt. Ltd., Pune	International Air Transport Association	January 2008	December 2008
17.	Shop and Establishment Registration Certificate (Registration No. Station/II/3986) under Bombay Shops and Establishment Act, 1948	Office of the Inspector, Bombay Shops and Establishment Act, 1948	August 22, 2006	December 31, 2009
18.	Service Tax Certificate issued under Section 69 of Finance Act, 1994 (32 of 1994) issued to M/s Cox and Kings (India) Pvt. Ltd for premises located at Krishna Chambers Office Mol, 1 <sup>st</sup> floor, 11 galaxy Gardens North Main Road, Koregoan Park Pune-1 AAACC1921BST021	Office of Superintendent Service Tax Cell	September 25, 2006	Validity till the holder carries on the activity for which the certificate has been issued or where surrender of the certificate has accepted by the Central Excise Officer.
19.	Tax Deduction Account No (TAN) (Pune)  PNEC05316D as per the Income Tax Act, 1961	National Securities Depository Limited	May 12, 2004	NA
20.	Travel Agent and Tour Operator Registration Certificate (under Section 69 of the Finance Act, 1994-32 of 1994) issued to M/s Cox and Kings (I) Pvt. Ltd. for the premise 39/6822, Darragh Smail Chambers, Ravipuram, Kochi 682-015	Superintendent of Central Excise Service tax 'C' Range, Central Excise Bhavan, Kathrikadavu, Cochin-682017	May 2, 2003	N.A.



Sr. No	Type of license, permit approval	Issuing Authority	Date of issue	Valid up to
	Registration No. TA/ST-C/60/1998			
21.	Service Tax Registration Certificate (AAACC1921BST001)	Office of the Deputy Commissioner of Central Excise, Tharakandam Centre Banerji Road, Cochin	February 19, 2002	N.A.
22.	ESIC registration (31- 18585-102-EKM)	Regional Office (Kerala) Employees State Insurance Corporation	September 21, 1998	N.A.
23.	Tax Deduction Account No. (CHNC01114B)	Office of Additional Commissioner Of Income Tax- Range-3, Kochi	April 2, 2002	N.A.
24.	Certificate of Registration (under Kerala Shops and Commercial Establishments Act of 1960)	Assistant Labour Officer, Eranakulam, 1 <sup>st</sup> Circle Kochi-30	January 23, 2008	December 31, 2008
25.	Service Tax Registration issued to Cox and Kings(I) Pvt. Ltd., 6 Hathrai, Ajmer Road, Jaipur	Office of Deputy Assistant Commissioner, Central Excise Division II	June 17, 2005	N.A.
26.	Shop and Establishment Registration Certificate under Rajasthan Shops and Establishment Act, 1958	Inspector, Shops and Commercial Establishment, Jaipur	December 31, 1997	N.A.
29.	Certificate of Registration under West Bengal Shops & Commercial Establishment Act, 1963 Cal/Bhow/P-11/33427/98	Supervising Inspector, Shops and Establishment Government of West Bengal	November 9, 2004	Application for renewal made on for January 3, 2008
30.	IATA Registration Certificate issued to Cox and Kings (India) Pvt. Ltd., Kolkata India	International Air Transport Association	January 2008	December 2008
31.	Allotment of Service Tax Code No. (AAACC1921BST014)	Office of the Assistant Commissioner of Central Excise Tiljala Division, Kolkata-  V Commissionerate	27 January, 2004	N.A.
32.	IATA Registration Certificate issued to Cox and Kings (India) Pvt. Ltd., New Delhi	International Air Transport Association	January 2008	December 2008
33.	Service Tax Registration Certificate (under Section 69 of	Office of The Assistant Commissioner (Central	April 27, 2000	N.A.

Sr. No	Type of license, permit approval	Issuing Authority	Date of issue	Valid up to
	the Finance Act 1994 (32 of 1994)) for Tour Operators issued to M/s Cox and Kings (India) Pvt. Ltd. Indra Palace, H- Block, Cannought Circus, New Delhi-110-001  Registration No. DL-I/T.O/344/51/2000	Excise) Service Tax Delhi-I		
34.	Service Tax Registration Certificate  (under Section 69 of the Finance Act 1994 (32 of 1994)) for Air Travel Services issued to M/s Cox and Kings (India) Pvt. Ltd. Indra Palace, H- Block, Cannought Circus, New Delhi-110-001  Registration No. Air Travel/Delhi/112/ Cox and Kings/97	Office of The Assistant Commissioner (Central Excise) Service Tax, New Delhi	September 13, 2002	N.A.
35.	Service Tax Registration Certificate (under Section 69 of the Finance Act 1994 (32 of 1994)) for Rail Travel issued to M/s Cox and Kings (India) Pvt. Ltd. Indra Palace, H- Block, Cannought Circus, New Delhi-110-001 (Registration No. DL1/ST/RTA/61/2002)	Office of the Superintendent (Service Tax) Central Excise, New Delhi-I	September 13, 2002	N.A.
36.	Service Tax Registration Certificate (under Section 69 of the Finance Act 1994 (32 of 1994)) for rent-a-cab issued to M/s Cox and Kings (India) Pvt. Ltd. Indra Palace, H- Block, Cannought Circus, New Delhi-110-001. Registration No. DL-I/ Rent-a-cab/54/ST/2000	Office of Central Excise Officer, New Delhi	April 27, 2000	N.A.
37.	Service Tax Registration Certificate (under Section 69 of the Finance Act 1994 (32 of 1994) for Air Travel Agent issued to M/s Cox and Kings (India) Ltd. 114, D.L.F Qutub Plaza, Phase- I, Gurgoan	Office of The Assistant Commissioner (Central Excise) Service Tax New Delhi	February 19, 1998	N.A.

<b>Sr. No</b>	<b>Type of license, permit approval</b>	<b>Issuing Authority</b>	<b>Date of issue</b>	<b>Valid up to</b>
	Registration No. Air travel\Delhi III\Cox\7\98			
38.	IATA Registration Certificate (HO 14-3 02772) issued to Issued to Cox and Kings ( India) Pvt. Ltd., Mumbai	International Air Transport Association	January 2008	December 2008
39.	Registration Certificate of Establishment (Registration No. A-II/002080) under Bombay Shops and Establishment Act, 1948 issued to M/s Cox and Kings (India) Pvt. Ltd. for the first, second and third floor of the premises located at Turner Morrison Building 16, Bank Street Fort Mumbai	Office of the Inspector, Bombay Shops and Establishment Act, 1948	August 22, 2006	December 2009
40.	Service Tax Registration Certificate (GOA/ST/TOU/195/06-07) (GOA/ST/BAS/544/06-07) issued to M/s Cox and Kings (India) Pvt. Ltd. 502, Kamat Towers, EDC Complex, Patto- Plaza, Panaji, Goa for Tour Operator Service and Business Auxiliary Service.	Office of the Superintendent of Central Excise, Service Tax Range, Panaji Goa	November 28, 2006	N.A.
41.	IATA Registration Certificate (BR 14-3 5949 4) issued to Cox and Kings (India) Pvt. Ltd. Ahmadabad	International Air Transport Association	January 2008	December 2008
42.	Service Tax Certificate (AAACC1921BSTO17)	Office of the Deputy Commissioner of Service Tax, Ahmadabad	November 30, 2006	N.A.

**Licenses and approvals required by international branches, group companies and subsidiaries of Cox and Kings (India) Ltd.**

<b>Sr. No.</b>	<b>Type of license, permit approval</b>	<b>Issuing Authority</b>	<b>Date of issue</b>	<b>Valid up to</b>
1.	Certificate of Incorporation Of Company CNK Internet Pte. Ltd.	Office of Assistant Registrar Accounting And Corporate Regulatory Authority (ACRA), Singapore	May 16, 2006	N.A.
2.	Certificate of Incorporation (under Section 24 of the Companies Act of Mauritius)	Registrar of Companies (Republic of Mauritius)	March 16, 2007	N.A.

Sr. No.	Type of license, permit approval	Issuing Authority	Date of issue	Valid up to
3	Tax Residence Certificate	Mauritius Revenue Authority	March 21, 2007	March 20, 2008
4.	Tourism License	United Arab Emirates Government Of Dubai Department of Tourism and Commerce Marketing	March 5, 2007	March 4, 2008
5.	Trade Name Reservation Certificate	Government of Dubai Department of Economic Development	February 6, 2007	March 6, 2008
6.	New York	Department of New York, State of New York	November 17, 2006	N.A.
7.	Russia	Department of Federation, Russian Federation	November 26, 2006	N.A.
8.	Certificate of Incorporation of Private Limited Company (European Travel Network (ETN) Limited)	Office of the Registrar of Companies for England and Wales	July 14, 1997	N.A.
9.	Certificate of Incorporation on Change of Name (ETN SERVICES LIMITED)	Office of The Registrar of Companies for England And Wales	July 10, 2000	N.A.
10.	Certificate of incorporation of a Private Limited Company (Clearmine Limited)	Office of the Registrar of companies for England and Wales	May 5, 2004	N.A.

### ***Intellectual Property Related Approvals***

#### **Approvals Applied for but not yet Received**

Except as mentioned below, there are no other approvals that have been applied for by us, which are still pending or have not yet been received:

Sr. No	Trademark	Application No.	Date of Application	Class	Trademark Owner
1	THE TRAVEL CLUB	872290	August 19, 1999	16	Cox and Kings (India) Ltd.
2	SHUDH YATRA	1242460	October 15, 2003	39	Cox and Kings (India) Ltd
3	ANAND YATRI	1242458	October 15, 2003	39	Cox and Kings (India) Ltd
4	FLEXI HOLS	1242462	October 10, 2003	39	Cox and Kings (India) Ltd
5	ANANDYATRI	1081868	February 19, 2002	16	Cox and Kings (India) Ltd
6	SHOP TILL YOU DROP INDIA	920093	April 24, 2000	16	Cox and Kings (India) Ltd
7	ANAND YATRA (Trade Mark in Hindi)	1175585	February 17, 2003	25	Cox and Kings (India) Ltd

<b>Sr. No</b>	<b>Trademark</b>	<b>Application No.</b>	<b>Date of Application</b>	<b>Class</b>	<b>Trademark Owner</b>
8	BHARAT DEKHO Cox&Kings	881052	October 9, 1999	16	Cox and Kings (India) Ltd
9	SHOPPE TILL U DROP	920094	April 24, 2000	18	Cox and Kings (India) Ltd
10	Flexi Hols	996062	March 12, 2001	16	Cox and Kings (India) Ltd
11	ANANDYATRA	1088408	March 19, 2002	16	Cox and Kings (India) Ltd
12	Club Columbus	1175574	February 17, 2003	16	Cox and Kings (India) Ltd
13	ANANDYATRI	1081871	February 19, 2002	25	Cox and Kings (India) Ltd
14	ANANDYATRI	1081870	February 19, 2002	18	Cox and Kings (India) Ltd
15	HOTELNET	1081863	February 19, 2002	16	Cox and Kings (India) Ltd
16	Club Columbus	1175575	February 17, 2003	18	Cox and Kings (India) Ltd
17	GAURAV YATRA (Trade Mark in Gujarati)	1175578	February 17, 2003	18	Cox and Kings (India) Ltd
18	GAURAV YATRA (Trade Mark in Gujarati)	1175577	February 17, 2003	16	Cox and Kings (India) Ltd
19	ANANDYATRA (Trade Mark in English and Marathi)	1088410	March 19, 2002	18	Cox and Kings (India) Ltd
20	ANANDYATRA (Trade Mark in English and Marathi)	1088411	March 19, 2002	25	Cox and Kings (India) Ltd

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

#### *The Company*

The Board of Directors has, pursuant to a resolution passed at its meeting held on June 15, 2007, authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act. The Board pursuant to its resolution dated August 27, 2007 has authorised a committee of its Directors referred to as the IPO Committee to take decisions on behalf of the Board in relation to the Issue.

The shareholders of the Company have, pursuant to a resolution dated September 19, 2007, under Section 81(1A) of the Companies Act, authorised the Issue.

### Prohibition by SEBI, RBI or governmental authorities

The Company, the Directors, the Promoters, the Promoter Group, the directors or person(s) in control of the Promoter or the Promoter Group entities, the Subsidiaries and the companies in which the Directors are associated as directors, 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.

None of the Company, the Subsidiaries, the Directors, the directors of the Subsidiaries, the Promoters, the Promoter Group entities and the companies in which the Directors are associated as directors, has been declared as a wilful defaulter by the RBI or any other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them.

### Eligibility for the Issue

The Company is not eligible for the Issue in accordance with Clause 2.2.1 of the SEBI Guidelines.

The Company is eligible to make the Issue in accordance with Clause 2.2.2 of the SEBI Guidelines as explained below:

*“An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of Equity Shares or any other security which may be converted into or exchanged with Equity Shares at a later date, only if it meets both the conditions (a) and (b) given below:*

- (a)(i) *The issue is made through the book-building process, with at least 50% of net offer to public being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.*

**OR**

- (a)(ii) *The “project” has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.*

**AND**

- (b)(i) *The minimum post-issue face value capital of the company shall be Rs. 100 millions.*

**OR**

- (b)(ii) *There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:*

(a) *Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;*

(b) *Market makers undertake to ensure that the bid-ask spread (difference between quotations for*

*sale and purchase) for their quotes shall not at any time exceed 10%;*

(c) *The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.”*

- The Company will comply with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Issue shall be allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event the Company fails to do so, the full subscription monies shall be refunded to the Bidders.
- The Company will comply with the second proviso to Clause 11.3.5(i) of the SEBI Guidelines; accordingly, not less than 10% and 30% of the Issue shall be available for allocation to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received.
- The Company will comply with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-Issue face value capital of the Company shall be Rs. [●] million, which is more than the minimum requirement of Rs. Rs. 100 million.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, the Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted in the Issue shall not be less than 1,000, failing which the entire application monies will be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Accordingly, the Company is eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

#### **Disclaimer Clause**

**AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ENAM SECURITIES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, ENAM SECURITIES PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 25, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:**

1. **“(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**  
**(II) 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, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,**

**WE CONFIRM THAT:**

**(A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

**(B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**

**(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**

**(D) BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID; AND**

**(E) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITER TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

**(F) WE CERTIFY THAT WRITTEN CONSENT FROM THE 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 THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

**(G) WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT PROSPECTUS/LETTER OF OFFER.**

**(H) WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE .WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.**

**(I) WHERE THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER ~~CLAUSE 4.10~~ {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE TO THE ISSUER.**

**(J) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**



**(K) 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 SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS/LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**

**(L)WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.**

**(M) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**

**(N) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS/LETTER OF OFFER:**

- (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND**
- (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.”**

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

#### **Disclaimer from the Company and the BRLM**

The Company, the Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at the Company's instance and anyone placing reliance on any other source of information, including the Company's website [www.coxandkings.com](http://www.coxandkings.com), or the website of any Subsidiary, any Promoter or member of the Promoter Group or of any affiliate or associate of any such entity would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the memorandum of understanding entered into between the BRLM and the Company, and the Underwriting Agreement to be entered into between the Underwriter and the Company.

All information shall be made available by the Company and the BRLM and the other members of the Syndicate to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither the Company nor any member of the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, 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 the Equity Shares in the Issue 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 the Equity Shares. The Company, the Underwriter and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares in the Issue.

### **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 majors, HUFs, companies, corporate bodies and societies registered under 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 the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, and permitted non-residents including FIIs, Eligible NRIs, 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. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of this Issue will be subject to the exclusive jurisdiction of the competent court(s) in Mumbai, Maharashtra, India.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with the SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from 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 under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Further, each Bidder where required agrees that such Bidder 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 BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. The disclaimer clause as intimated by the BSE to the Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

### **Disclaimer clause of the NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by the NSE to the Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

### **Filing**

A copy of this Draft Red Herring Prospectus has been filed with SEBI at the Securities and Exchange Board of India, SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, India.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC.

### **Listing**

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being offered and sold in the Issue. The [●] will be the Designated Stock Exchange with which the basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from applicants in reliance on the Red Herring Prospectus. If such money is not repaid within eight days from the date on which the Company has become liable to repay it (i.e., from the date of refusal or within 10 weeks from the Bid/Issue Closing Date, whichever is earlier), then the Company and every Director of the Company who is an officer in default shall, on and from the expiry of such eight days period, be liable to repay such monies together with interest at the rate of 15% per annum on the application monies, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within seven working days of finalisation of the basis of allotment for the Issue.

### **Consents**

Consents in writing of: (a) the Directors, the Company Secretary, the Compliance Officer, the Auditors, the legal advisors and the Bankers to the Company ; and (b) the BRLM, the Syndicate Members, the Credit Rating Agency, the Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI Guidelines, Chaturvedi & Shah, Chartered Accountants, have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the RoC.

Chaturvedi & Shah, Chartered Accountants, have given their written consent to inclusion of their report relating to the possible tax benefits accruing to the Company and its shareholders in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the RoC.

Credit Analysis and Research Limited, a SEBI registered credit rating agency has given its written consent to the inclusion

of its grading of the Issue in the Red Herring Prospectus.

### Expert Opinion

The Company has obtained a grading of this Issue from Credit Analysis and Research Limited, a credit rating agency registered with the SEBI.

### Issue Related Expenses

The Issue related expenses include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, advertisement expenses, registrar and depository expenses, fees and expenses of the SEBI registered rating agency for the grading Issue and listing fees. The estimated Issue expenses are as follows:

Activity	Expense (Rs. in millions)	As a % of total Issue expenses	As a % of Issue size
Listing fees and fees of SEBI registered rating agency	[●] <sup>(1)</sup>	[●]	[●]
Lead management, underwriting and selling commissions	[●] <sup>(2)</sup>	[●]	[●]
Advertising and marketing expenses	[●] <sup>(1)</sup>	[●]	[●]
Printing and stationery	[●] <sup>(1)</sup>	[●]	[●]
Other (Registrar's fees, legal fees, and other advisory fees)	[●] <sup>(1)</sup>	[●]	[●]
<b>Total estimated Issue expenses</b>	[●]	[●]	[●]

<sup>(1)</sup> Will be completed after finalisation of the Issue Price.

<sup>(2)</sup> Will be completed at the time of filing of the Red Herring Prospectus.

### Fees Payable to the BRLM and the Syndicate Members

The total fees payable to the Book Running Lead Manager and the Syndicate Members (including underwriting commission and selling commission and reimbursement of their out of pocket expenses) will be as per their engagement letter dated February 8, 2007 a copy of which is available for inspection at the Company's Registered Office.

### Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of applications, data entry, printing of CANs/refund orders (or revised CANs, if required), preparation of refund data on magnetic tape and printing of bulk mailing register will be as per the memorandum of understanding among the Company and the Registrar to the Issue dated October 10, 2007, a copy of which is available for inspection at the Company's Registered Office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses, including, cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to make refunds in any of the modes described in this Draft Red Herring Prospectus or send allotment advice by registered post/speed post/under certificate of posting.

### Particulars regarding Public or Rights Issues during the last five years

The Company has not made any previous public issues (including any rights issues to the public) in the five years preceding the date of this Draft Red Herring Prospectus.

### Previous issues of Equity Shares otherwise than for cash

Except as stated in the sections "Capital Structure" and "History and Certain Corporate Matters" beginning on pages 53 and 120, respectively, of this Draft Red Herring Prospectus, the Company has not made any previous issues of shares for consideration other than cash.

### **Underwriting commission, brokerage and selling commission on Previous Issues**

Since this is the initial public offering of the Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the Company's inception.

### **Companies under the Same Management**

No company under the same management within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issue to the public) during the last three years.

### **Promise v/s performance**

There has been no public issue (including any rights issue to the public) by the Company, any of the Promoters or members of the Promoter Group entities or the Subsidiaries.

### **Outstanding Debentures or Bond Issues or Preference Shares**

The Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Draft Red Herring Prospectus.

### **Stock Market Data of the Equity Shares**

This being an initial public offering of the Equity Shares of the Company, the Equity Shares are not listed on any stock exchange.

### **Mechanism for Redressal of Investor Grievances**

The memorandum of understanding among the Registrar to the Issue and the Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of the letters of allotment, or refund orders, demat credit or, where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

### **Disposal of Investor Grievances by the Company**

The Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 10 working days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed Ms. Rashmi Jain as the Compliance Officer to redress complaints, if any, of the investors participating in the Issue. She can be contacted at the following address:

Ms. Rashmi Jain  
Turner Morrison Building,  
1st Floor, 16 Bank Street, Fort,  
Mumbai- 400 001  
Maharashtra,  
India  
Tel No: 91-22-22709100  
Fax No: +91-91-22-22704600  
Email: ipo@coxandkings.com

Website: [www.coxandkings.com](http://www.coxandkings.com)

### **Other Disclosures**

Except as disclosed in this Draft Red Herring Prospectus, the Promoter Group, the directors of the Promoters or any member of the Promoter Group entities or the Directors of the Company and its Subsidiaries have not purchased or sold any securities of the Company during a period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.

### **Disposal of investor grievances by listed companies under the same management as the Company**

There is no listed company under the same management as the Company.

### **Change in Auditors**

There have been no changes in the Company's auditors in the last three years, except as described below:

<b>Name of Auditor</b>	<b>Date of Appointment</b>	<b>Date of resignation</b>	<b>Reasons for change</b>
RSM &Co	1984	March 17, 2007	Resignation
Chaturvedi & Co	June 25, 2007	N.A	Appointment

### **Capitalisation of Reserves or Profits**

The Company has not capitalized its reserves or profits at any time during the last five years.

### **Tax Implications**

Investors that are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchanges. For details, see the section "Statement of Tax Benefits" beginning on page 75 of this Draft Red Herring Prospectus.

### **Revaluation of Assets**

The Company has not revalued its assets in the last five years.

### **Interest of Promoters and Directors**

#### ***Promoters***

The Promoters are interested parties in any dividend that may be declared and any distributions that may be made by the Company and to the extent of their shareholding in the Company.

The Company's Promoters will also be interested in any future contracts that the Company may enter into with any of the members of the Promoter Group or any company in which our Promoters are directors.

For details, see the section "Our Promoters and Promoter Group Companies" beginning on page 152 of this Draft Red Herring Prospectus.

#### ***Directors***

The Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or any committee thereof. The Directors may also be regarded as interested in the Equity Shares or ESOPs, if any, held by or that may be subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees.

For details, see the sections “Related Party Transactions” and “Our Management” beginning on pages 170 and 139 of this Draft Red Herring Prospectus.

**Payment or Benefit to Officers of the Company**

For details, see the section “Our Management” beginning on page 139 of this Draft Red Herring Prospectus.

## SECTION VII: ISSUE INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN, the listing agreements and other terms and conditions as may be incorporated in the Allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the Registrar of Companies, the RBI, the FIPB and/or other authorities, as in force on the date of the Issue and to the extent applicable.

#### Authority for the Issue

##### *From the Company*

The Board of Directors has, pursuant to resolution passed at its meeting held on August 27, 2007, authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary. The Board pursuant to its resolution dated August 27, 2007 has authorised a committee of its Directors referred to as the IPO Committee to take decisions on behalf of the Board in relation to the Issue.

The shareholders of the Company have, pursuant to a resolution dated September 19, 2007, under Section 81(1A) of the Companies Act, authorised the Issue.

The Company has obtained in principle listing approvals dated [●] and [●] from the BSE and NSE, respectively. The Company has also obtained all necessary contractual approvals required for the Issue.

#### Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* with the existing Equity Shares of the Company including rights in respect of dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, see the section “Main Provisions of the Articles of Association” beginning on page 368 of this Draft Red Herring Prospectus.

#### Mode of Payment of Dividend

The Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act.

#### Face Value and Issue Price

The face value of each Equity Share is Rs. 10 each. The Floor Price of the Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares.

#### Compliance with the SEBI Guidelines

The Company shall comply with applicable disclosure specified by SEBI from time to time.

#### Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders of the Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;



- The right to vote on a poll either in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/or consolidation/splitting, see the section “Main Provisions of the Articles of Association” beginning on page 368 of this Draft Red Herring Prospectus.

### **Promoter Group**

The members of the Promoter Group will not be eligible to participate in this Issue.

### **Market Lot and Trading Lot**

Under Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Guidelines, the trading of the Equity Shares shall be in dematerialised form only. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be in electronic form in multiples of [one Equity Share], subject to a minimum Allotment of 25 Equity Shares.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts in Mumbai, Maharashtra, India.

### **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 the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted shall vest. A person, being a nominee entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same benefits to which 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 the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can only be made on the prescribed form available on request at the Registered Office of the Company or with the Registrar and transfer agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant will prevail. If the investors wish to change their nomination, they are requested to inform their respective depository participant.

**Minimum Subscription**

If the Company does not receive a minimum subscription of 90% of the Issue, including devolvement to the Underwriter within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to refund the subscription amount, the Company shall pay interest prescribed under Section 73 of the Companies Act.

**Application by Eligible NRIs, FIIs and FVCIs**

It is to be distinctly understood that there is no reservation for eligible NRIs, FIIs or FVCIs.

**Arrangement for disposal of Odd Lots**

There are no arrangements for disposal of odd lots.

**Restriction on transfer of shares**

There are no restrictions on transfers and transmission of shares or debentures and on their consolidation or splitting except as provided in our Articles. See the section “Main Provisions of the Articles of Association” beginning on page 368 of this Draft Red Herring Prospectus.

**Withdrawal of the Issue**

The Company, in consultation with the BRLM reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason therefore. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Under the SEBI Guidelines, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

## ISSUE STRUCTURE

The present Issue of 8,700,000 Equity Shares comprising of a Net Issue of 8,600,000 Equity Shares and an Employee Reservation Portion of 100,000 Equity Shares, at a price of Rs. [●] for cash aggregating Rs. [●] million is being made through the Book Building Process. The Company is considering a Pre-IPO Placement of certain Equity Shares with some investors. The Pre-IPO Placement is at the discretion of the Company. The Company will complete the issuance, if any, of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed the Issue Size offered to the public will be reduced to the extent of such Pre-IPO Placement, subject to a minimum Net Issue size of 10% of the post Issue capital being offered to the public.

	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>	<b>Employee Reservation Portion</b>
Number of Equity Shares*	At least [●] Equity Shares.	Not less than [●] Equity Shares or the Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than [●] Equity Shares or the Issue size less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.	Up to 100,000 Equity Shares
Percentage of Issue available for allotment/allocation	At least 60% of the Net Issue shall be allotted to QIB Bidders.  However, 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 10% of the Net Issue or the Net Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 30% of the Net Issue or the Net Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.	[●] % of the Issue
Basis of Allocation if respective category is oversubscribed	Proportionate as follows:  (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate.	Proportionate.	Proportionate
Minimum Bid	Such number of Equity Shares so that the Bid Amount	Such number of Equity Shares so	Such number of Equity Shares so that	As per the Employee

	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>	<b>Employee Reservation Portion</b>
	exceeds Rs. 100,000 and in multiples of [●] Equity Share.	that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	the Bid Amount is less than Rs.100,000 and in multiples of [●] Equity Shares thereafter.	Reservation procedure described in section titled "Issue Procedure-Bids by Eligible Employees" beginning on page 353 of this Draft Red Herring Prospectus.
Maximum Bid	Such number of Equity Shares not exceeding the Issue size subject to applicable limits.	Such number of Equity Shares not exceeding the Issue size subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	As per the Employee Reservation procedure described in section titled "Issue Procedure-Bids by Eligible Employees" beginning on page 353 of this Draft Red Herring Prospectus.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, Mutual Funds, multilateral and bilateral development financial institutions, VCFs, FVCIs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250 million and pension funds with a minimum corpus of Rs. 250 million in accordance with applicable law.	Eligible NRIs, Resident Indian individuals, HUF (in the name of the <i>Karta</i> ), companies, corporate bodies, scientific institutions, societies and trusts.	Individuals (including HUF in the name of the <i>karta</i> and Eligible NRIs) applying for Equity Shares such that the Bid Amount per individual Bidder does not exceed Rs. 100,000 in value.	Eligible Employees

	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>	<b>Employee Reservation Portion</b>
Terms of Payment	Margin Amount applicable to QIBs shall be payable at the time of submission of the Bid-cum-Application Form to the Syndicate Members.	Margin Amount applicable to Non-Institutional Bidders shall be payable at the time of submission of the Bid-cum-Application Form to the Syndicate Members.	Margin Amount applicable to Retail Individual Bidders shall be payable at the time of submission of the Bid-cum-Application Form to the Syndicate Members.	Margin Amount applicable to Eligible Employees at the time of submission of Bid cum Application Form.
Margin amount	At least 10% of the Bid Amount.	100% of the Bid Amount.	100% of the Bid Amount.	100% of the Bid Amount.

- \* Subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 100,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in the Non-Institutional and Retail categories, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange. See the section "Issue Procedure" beginning on page 340 of this Draft Red Herring Prospectus.

- \*\* In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid-cum-Application Form.

#### **Withdrawal of the Issue**

The Company, in consultation with the BRLM reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board Meeting for Allotment, without assigning any reason therefore. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

#### **Letters of Allotment or Refund Orders**

The Company shall credit each beneficiary account with its depository participant within 15 days of the Bid/Issue Closing Date. Applicants that are residents of 15 cities where clearing houses are managed by the RBI will receive refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where the applicant is eligible to receive refunds through direct credit and RTGS. In the case of other applicant the Company shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post except for Bidders who have opted to receive funds through the ECS facility. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund, within 15 days of the Bid/Issue Closing Date.

#### **Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders**

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company

undertakes that:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum, if Allotment is not made, refund orders are not dispatched to the applicant or if, in a case where the refund or portion thereof is made in electronic mode/manner, the refund instructions have not been given to clearing members, and/or demat credits are not made to investors within the 15 day time period prescribed above.

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 the Escrow Collection Banks and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

#### **Bid/Issue Program**

<b>BID/ISSUE OPENS ON</b>	<b>[●], 2008</b>
<b>BID/ISSUE CLOSES ON</b>	<b>[●], 2008</b>

Bids and any revision in Bids shall be accepted **only between 10.00 a.m and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m and 1.00 p.m (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date.

Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

The Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap should not be more than 20% of the floor of the Price Band. Subject to immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

**In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the website of the BRLM and the terminals of the other members of the Syndicate.**

## ISSUE PROCEDURE

### Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this is an Issue for less than 25% of the post-Issue Equity Share capital. The Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allotted on a proportionate basis to QIBs, including up to 5% of the QIB Portion, which shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 100,000 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be procured only through the BRLM or their affiliates or Syndicate Members. In case of QIB Bidders, the Company, in consultation with the BRLM may reject Bids at the time of acceptance of the Bid-cum-Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. In the cases of Non-Institutional Bidders and Retail Individual Bidders, the Company will have a right to reject the Bids only on technical grounds.

**Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

### Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid. The Bidders shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis.	White
Eligible NRIs applying on a repatriation basis, FIIs, Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions and other Non-Residents applying on a repatriation basis.	Blue
Eligible Employees.	Pink

### Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines.
2. Indian nationals resident in India who are not minors in single or joint names (not more than three).
3. Hindu Undivided Families or HUFs in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be

considered at par with those from individuals.

4. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue.
5. FIIs.
6. State Industrial Development Corporations.
7. Insurance companies registered with the Insurance Regulatory and Development Authority, India.
8. Provident Funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares.
9. Pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares.
10. Companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in Equity Shares.
11. VCFs.
12. FVCIs.
13. Indian Mutual Funds registered with SEBI.
14. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI Guidelines and regulations, as applicable).
15. Multilateral and bilateral development financial institutions.
16. Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorised under their constitution to hold and invest in Equity Shares.
17. Scientific and/or industrial research organisations in India authorised to invest in Equity Shares.
18. Eligible Employees.

As per existing regulations, OCBs cannot Bid in the Issue.

#### **Participation by associates of the BRLM and Syndicate Members**

The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM, and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

#### **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds on a proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.



In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

**In accordance with current regulations, the following restrictions are applicable for investments by Mutual Funds:**

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry-specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

**Bids by Eligible NRIs**

Bid-cum-Application Forms have been made available for Eligible NRIs at the Registered Office of the Company and with members of the Syndicate.

NRI applicants should note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the Eligible NRI Category. The Eligible NRIs who intend to make payment through the Non-Resident Ordinary (NRO) account shall use the application form meant for Resident Indians (white form).

**Bids by FIIs**

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of the Company (*i.e.*, 10% of [●] Equity Shares). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up capital of the Company or 5% of the total paid-up capital of the Company, in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits applicable to us, the total FII investment cannot exceed 24% of the Company's total paid-up 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, the Company has not obtained board or shareholder approval to increase the FII limit to more than 24%.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Associates and affiliates of the Underwriter, including the BRLM and Syndicate Members that are FIIs or its sub-account may issue offshore derivative instruments against Equity Shares allocated to them in the Issue.

**Bids by the SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors**

The SEBI (Venture Capital Funds) Regulations, 1996, as amended and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended prescribe investment restrictions on VCFs and FVCIs. Accordingly, the holding by any VCF in one venture capital undertaking should not exceed 25% of the corpus of the VCF.

Pursuant to the SEBI Guidelines, the shareholding of VCFs and FVCIs held in a company prior to making an initial public offering is exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft prospectus with SEBI.

**The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company and the BRLM do not accept any responsibility for the completeness**

and accuracy of the information stated hereinabove. The Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

#### Maximum and Minimum Bid Size

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. Where the Bid Amount is over Rs. 100,000 due to a revision in the Bid or a revision in the Price Band or upon exercise of the option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders indicating their agreement to the Bid and to purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and is a multiple of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them under applicable laws.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 to be considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in the Bids or a revision in the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at the Cut-off Price.

- (c) **For Eligible Employees:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. The allotment in the Employee Reservation Portion will be on a proportionate basis.

**Bidders are advised to ensure that any single Bid by them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.**

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described under paragraph “Payment of Refund”.

#### Information for the Bidder:

1. The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Bid-cum-Application Form to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus.
3. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the Registered Office of the Company or from any member of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Members or their authorised agent(s) to register their Bid.
5. The Bid should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the member of the Syndicate. Bid-cum-Application Forms which do not bear the stamp of a member of the Syndicate will be rejected.

## Method and Process of Bidding

1. The Company and the BRLM shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with the RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and one widely circulated Marathi newspaper. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XX-A of the SEBI Guidelines, as amended by the SEBI Circular No. SEBI/CFD/DIL/DIP/17/2005/11/11 dated November 11, 2005. The BRLM and the Syndicate Members shall accept Bids from the Bidders during the Bidding Period in accordance with the terms of the Syndicate Agreement.
2. The Bidding Period shall be for a minimum of three working days and shall not exceed seven working days. Where the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) and one widely circulated Marathi newspaper and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate. The Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding ten working days.
3. During the Bidding Period, eligible investors who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bid.
4. Each Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph “Bids at Different Price Levels”) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
5. The Bidder cannot Bid on another Bid-cum-Application Form after Bid(s) on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point in time before the Allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “Build up of the Book and Revision of Bids”.
6. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (“**TRS**”) for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.
7. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bids. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
8. Along with the Bid-cum-Application Form, all Bidders will make payment into the Escrow Account in the manner described under the paragraph “Terms of Payment”.

## Bids at Different Price Levels

1. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can Bid at any price within the Price Band in multiples of Re.1 (Rupee One).
2. The Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. In case of a revision of the Price Band, the Bidding Period shall be extended for three additional working days,

subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and in one widely circulated Marathi newspaper, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.

4. The Company, in consultation with the BRLM can finalise the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price.

Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding up to Rs. 100,000, may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders or Bidders in the Employee Reservation Portion who's Bid exceeds Rs. 100, 000 and such Bids from QIB, Non-Institutional Bidders or Eligible Employees shall be rejected.

6. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at the Cut-off Price shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Bidders in the Employee Reservation Portion, who Bid at the Cut-off Price, the Retail Individual Bidders and Bidders in the Employee Reservation Portion shall receive the refund of the excess amounts from the Escrow Account in the manner described under the paragraph "Payment of Refund".
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders in the Employee Reservation Portion who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher cap of the revised Price Band (such that the total amount i.e., the original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to Bid at the Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band before revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Bidders in the Employee Reservation Portion who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of [Rs. 5,000 to Rs. 7,000].

### **Escrow Mechanism**

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from

the Bidders.

### **Terms of Payment and Payment into the Escrow Account**

Each Bidder shall pay the applicable Margin Amount, and shall, with the submission of the Bid-cum-Application Form, draw a cheque or demand draft in favour of the Escrow Account of the Escrow Collection Bank(s) see the section “Payment Instructions” beginning on page 355 of this Draft Red Herring Prospectus, and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide their QIB Margin Amount only to a BRLM. Bid-cum-Application Forms accompanied by cash/Stockinvest/money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid-cum-Application Form.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of the Company shall be transferred to the Refund Account on the Designated Date. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment, to the Bidders.

Each category of Bidders, *i.e.*, QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion are required to pay their applicable Margin Amount at the time of submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading “Issue Structure”. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in Date. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

Where the Bidder has been allocated a lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest according to the provisions of the Companies Act for any delay beyond the periods as mentioned above.

### **Electronic Registration of Bids**

1. The members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity facility in each city where a stock exchange is located in India and where Bids are being accepted.
2. The NSE and the BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on electronic facilities of the NSE and the BSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres as well as on the NSE’s website at [www.nseindia.com](http://www.nseindia.com) and on the BSE’s website at [www.bseindia.com](http://www.bseindia.com). A graphical representation of consolidated demand and price will be made available at the bidding centres during the Bidding Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
  - Name of the Bidder(s). Bidders should ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is

submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form;

- Investor category—Individual, Corporate, QIBs, Eligible NRI, FVCI, FII, Mutual Fund, etc.;
  - Numbers of Equity Shares bid for;
  - Bid price;
  - Bid-cum-Application Form number;
  - Margin Amount paid-upon submission of Bid-cum-Application Form; and
  - Depository Participant identification number and client identification number of the demat account of the Bidder.
5. A system-generated TRS will be given to the Bidder as proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
  6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
  7. In case of QIB Bidders, members of the Syndicate also have the right to accept the Bid or reject the Bid. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders and Bidders in the Employee Reservation Portion, Bids would not be rejected except on the technical grounds listed in this Draft Red Herring Prospectus.
  8. The permission given by the NSE and the BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or the BRLM are cleared or approved by the NSE and the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Promoters, the management or any scheme or project of the Company.
  9. It is also to be distinctly understood that the approval given by the NSE and the BSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the NSE or the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and the BSE.

#### **Build Up of the Book and Revision of Bids**

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available from the BRLM on a regular basis.
3. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. The Bidder must complete the details of all the options in the Bid-cum- Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still complete all the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed.
6. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.
7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In the case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.**
9. Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation. In the event of a discrepancy of data between the Bids registered on the online IPO system and the physical Bid-cum-Application Form, the decision of the Company, in consultation with the BRLM and the Designated Stock Exchange, based on the physical records of Bid-cum-Application Forms, shall be final and binding on all concerned.

#### **Price Discovery and Allocation**

1. After the Bid/Issue Closing Date, the BRLM shall analyse the demand generated at various price levels and discuss pricing strategy with the Company.
2. The Company, in consultation with the BRLM, shall finalise the Issue Price and the number of Equity Shares to be allocated in each investor category.
3. The allocation for QIBs, atleast 60% of the Net Issue (including 5% specifically reserved for Mutual Funds) would be on a proportionate basis in consultation with Designated Stock Exchange subject to valid bids being received at or above the Issue Price. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 10% and 30% of the Net Issue, respectively, would be on proportionate basis, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. In case of over-subscription in all categories, at least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be reserved for Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, will be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLM, and the Designated Stock Exchange.

Under-subscription, if any, in the Retail and Non-Institutional categories, would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of the Company, in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the categories of Non-Institutional Bidders and Retail Individual Bidders in equal proportion.

5. The BRLM, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
6. Allotment to Eligible NRIs, FIIs, Mutual Funds or FVCIs will be subject to applicable laws, rules, regulations, guidelines and approvals.
7. The Company reserves the right to cancel the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment without assigning any reasons whatsoever.
8. Under the SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date.
9. The Company, in consultation with the BRLM, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting such Bid shall be provided to such Bidder in writing.
10. The allotment details shall be hosted on the website of the Registrar to the Issue.

#### **Signing of Underwriting Agreement and RoC Filing**

- (a) The Company, the BRLM and the Syndicate Members may enter into an Underwriting Agreement upon finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, the Company will update and file the Red Herring Prospectus with RoC, which will be termed the “Prospectus”. The Prospectus will have details of the Issue Price, Issue size and the underwriting arrangements and will be complete in all material respects.

#### **Filing of the Prospectus with the RoC**

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

#### **Announcement of pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, the Company shall, after receiving final observations, if any, on this Draft Red Herring Prospectus from the SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines, in two widely circulated national newspapers (one each in English and Hindi) and one widely circulated Marathi newspaper.

#### **Advertisement regarding the Price Band and the Red Herring Prospectus**

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that is required to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such advertisement.

#### **Issue of the Confirmation of Allocation Note (“CAN”)**

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Individual Bidders and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the instructions for credit of the Equity Shares to all investors in this Issue shall be given on the same date of Allotment.
- (b) The BRLM or the members of the Syndicate will then send a CAN to the Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the Bid Amount in full into the Escrow Account at the time of bidding shall pay the full amount payable into the Escrow



Account by the Pay-in Date specified in the CAN.

- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account.
- (d) The issue of a CAN is subject to “Notice to QIBs: Allotment Reconciliation and Revised CANs” as set forth below.

#### **Notice to QIBs: Allotment Reconciliation and Revised CANs**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. [this shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received]. Based on the electronic book or the physical book, as the case may be, QIBs will be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled physical book prepared by the Registrar. Subject to the SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in its entirety the earlier CAN.

#### **Designated Date and Allotment of Equity Shares**

- (a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account and the Refund Account on the Designated Date, the Company shall credit the successful Bidder(s) depository account. Allotment of the Equity Shares to the successful Bidders shall be within 15 days from the Bid/Issue Closing Date.
- (b) As per the SEBI Guidelines, Allotment of the Equity Shares will be only in dematerialised form to the allottees.
- (c) Successful Bidders will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them in the Issue.**

#### **GENERAL INSTRUCTIONS**

##### **DOs:**

- (a) Check if you are eligible to apply
- (b) Ensure that your Bid is within the Price Band;
- (c) Read all the instructions carefully and complete the Bid-cum-Application Form;
- (d) Ensure that the details of your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialised form only;
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (f) Ensure that you have collected a TRS for all your Bid options;

- (g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (h) Please ensure that you mention your PAN allotted under the I.T. Act. (See the section “Issue Procedure - PAN Number” beginning on page 357 of this Draft Red Herring Prospectus);
- (i) Ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. Where the Bid-cum- Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum- Application Form; and
- (j) Ensure that the Demographic Details are updated, true and correct in all respects.

**DON'Ts:**

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid or revise the Bid to a price that is less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash, postal order or by Stockinvest;
- (e) Do not send Bid-cum-Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at the Cut-off Price, in the case of a Bid by a QIB Bidder or a Non-Institutional Bidder;
- (g) Do not complete the Bid-cum-Application Form such that the Equity Shares Bid 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 or under the terms of this Draft Red Herring Prospectus;
- (h) Do not bid at Bid Amount exceeding Rs. 100,000, in the case of a Bid by a Retail Individual Bidder and any Eligible Employee in the Employee Reservation Portion;
- (i) Do not submit the Bid without the QIB Margin Amount, in the case of a Bid by a QIB; and
- (j) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

**INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM**

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the members of the Syndicate.

**Bids and Revisions of Bids**

Bids and revisions of Bids must be:

1. Made only on the prescribed Bid-cum-Application Form or Revision Form, as applicable (white, blue or pink).
2. Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, on the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum- Application Forms or Revision Forms are liable to be rejected.

4. Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them does not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
6. For Bidders in the Employee Reservation Portion, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter. The Allotment in the Employee Reservation Portion will be on a proportionate basis. [If the aggregate demand at or above the Issue Price in the Employee Reservation Portion is greater than [●] Equity Shares, allocation shall be made on a proportionate basis and the maximum allotment to an Employee shall be capped at [●] Equity Shares. The maximum Bid Amount from any Bidder in the Employee Reservation Portion shall not exceed Rs. [●].
7. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

#### **Bidder's Depository Account and Bank Account Details**

**Bidders should note that on the basis of the name of the Bidders, Depository Participant's name, Depository Participant identification number and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the Bidders such as their address, bank account details for printing on refund orders or giving credit through ECS or Direct Credit, and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds to the Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility or undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details on the Bid-cum-Application Form.**

**IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN ON THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR ON THE BID-CUM-APPLICATION FORM.**

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/ECS credit for refunds/direct credit of refund/CANs/allocation advice/NEFT or RTGS for refunds and printing of Company particulars on the refund order. The Demographic Details given by Bidders in the Bid-cum-Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid-cum-Application Form, the Bidder will be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advice/CAN would be mailed to the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if such refund orders or documents, once sent to the address obtained from the Depositories, are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum- Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidder's sole risk and neither the Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any

interest for such delay. **In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.**

Where no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidder's (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

See also "Bids under Power of Attorney" given below.

### **Bids by Eligible Employees**

For the purpose of the Employee Reservation Portion, Eligible Employees means all or any of the following:

- a) A permanent employee of the Company July 1, 2007;
- b) A Director of the Company (whether a whole-time Director, part time Director or otherwise); or
- c) An employee as defined in sub-clauses (a) and (b) of a Subsidiary.

An Eligible Employee, as used in the context of the Employee Reservation Portion, means an Indian National who is a person resident in India (as defined under FEMA) and excludes any Promoter or member of the Promoter Group. The Eligible Employee should be on the payroll of the Company or the Subsidiary on the date of filing the Red Herring Prospectus with the RoC.

Bids under the Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink colour form).
- Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid-cum-Application Form.
- The sole/ first Bidder should be Eligible Employee as defined above. In case the Bid-cum-Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.
- Only Eligible Employees are eligible to apply in this Issue under the Employee Reservation Portion.
- Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees can apply at Cut-Off Price if the Bid Amount does not exceed Rs. 100,000.
- Bids by Eligible Employees can also be made in the Net Issue portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Under subscription, if any, in the Employee Reservation Portion will be treated as a part of the Net Issue and added back to the categories of Non-Institutional Bidders and Retail Individual Bidders in equal proportion.  
The maximum Bid Amount may not exceed Rs. [●]. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to maximum allotment to any Eligible Employee of up to [●] Equity Shares.

### **Bids by Non-Residents, Eligible NRIs, FIIs and FVCIs on a repatriation basis.**

Bids and revisions to Bids must be made:

1. On the Bid-cum-Application Form or the Revision Form, as applicable (blue form), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In the names of individuals, or in the names of FIIs or FVCIs and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.
3. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids by Eligible NRIs for a Bid Amount of more than Rs. 100,000 would be considered under the Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which should be furnished in the space provided for this purpose on the Bid-cum-Application Form. The Company will not be responsible for any loss incurred by the Bidder on account of conversion of foreign currency.

It is to be clearly understood that there is no reservation for Non-Residents, Eligible NRIs and FIIs, FVCIs and other non-resident bidders, and all such Bidders will be treated on the same basis as with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

### **Bids under Power of Attorney**

In the case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be submitted along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In the case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid, in whole or in part, in either case, without assigning any reason therefore.

In the case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In the case of Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In the case of Bids made by Mutual Funds, venture capital funds registered with the SEBI and FVCIs registered with the SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions that the Company and the BRLM may deem fit.

The Company, in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid-cum-Application Form instead of those obtained from the Depositories.

## PAYMENT INSTRUCTIONS

The Company shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amount payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

### Payment into Escrow Accounts

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
2. Where the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - (a) In the case of Resident QIB Bidders: “Escrow Account—[●]—Public Issue—QIB-R”
  - (b) In the case of Non-Resident QIB Bidders: “Escrow Account— [●]—Public Issue—QIB-NR”
  - (c) In the case of Resident Bidders: “Escrow Account— [●]—Public Issue—R”
  - (d) In the case of Non-Resident Bidders: “Escrow Account— [●] —NR”
  - (e) In the case of Eligible Employees: “Escrow Account – [●] - EE”
4. In the case of Bids by Eligible NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account or a FCNR Account.
5. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made by Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application, remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or a FCNR or an NRO Account.
6. In case of Bids by FIIs or FVCIs the payment should be made out of funds held in a special rupee account along with documentary evidence in support of the remittance. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a special rupee account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
8. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders until the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts into the Public Issue Account as per the terms of the Escrow Agreement.

10. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
11. **Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/money orders/postal orders will not be accepted.**

#### **Payment by Stockinvest**

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in this Issue.

#### **Submission of Bid-cum-Application Form**

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid-cum-Application Forms or Revision Forms. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

#### **OTHER INSTRUCTIONS**

##### **Joint Bids in case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form. All communications will be addressed to the first Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

##### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one). Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same.

In this regard, the procedures to be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which will serve as a multiple master document.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and non-numeric characters, *i.e.*, commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.
4. The applications will be scanned for similar DP ID and client identity numbers. If applications bear the same numbers, these will be treated as multiple applications.

5. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also father's/husband's names. Upon completion of this exercise, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Bids made by Eligible Employees under both the Employee Reservation Portion and the Net Issue shall not be treated as multiple bids. The Company, in consultation with the BRLM, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

#### **Permanent Account Number (“PAN”)**

Ensure that in all cases where Bids are received, the PAN of the Bidder is quoted in the Bid-cum-Application Form and necessary evidence for verifying the PAN is attached along with such form. A copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form. Applications without this information and document will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

#### **THE COMPANY’S RIGHT TO REJECT BIDS**

In case of QIB Bidders, the Company, in consultation with the BRLM may reject Bids provided that the reason for rejecting the Bid shall be provided to such Bidders in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Bidders under the Employee Reservation Portion, the Company will have a right to reject Bids based on technical grounds only. Consequent refunds shall be made as described in this Draft Red Herring Prospectus and will be sent to the Bidder’s address at the Bidder’s risk.

#### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Bank Account details (for refund) not given;
3. Age of first Bidder not given;
4. 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;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
6. PAN not stated;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders, QIB Bidders and Bidders in the Employee Reservation Portion;
11. Bids for a number of Equity Shares, which are not in multiples of [●];
12. Category not ticked;



13. Multiple Bids;
14. In the case of a Bid under power of attorney or by limited companies, corporates, trusts etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/postal order/cash;
16. Signature of sole and/or joint Bidders missing;
17. Bid-cum-Application Form does not have the stamp of the BRLM or the Syndicate Members;
18. Bid-cum-Application Form does not have the Bidder's depository account details;
19. Bid-cum-Application Form is not delivered by the Bidder within the time prescribed as per the Bid-cum-Application Form and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Form;
20. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids by QIBs not submitted through members of the Syndicate;
23. Bids by OCBs;
24. Bids in the Employee Reservation Portion by persons who are not Eligible Employees;
25. Bids by U.S. residents or U.S. persons excluding "Qualified Institutional Buyers" as defined under Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act; and
26. Bids by persons who are not eligible to acquire Equity Shares of the Company under any applicable law, rule, regulation, guideline or approval, in India or outside India.

#### **Equity Shares in Dematerialised form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form (i.e., not in the form of physical certificates but fungible statements issued in electronic mode).

In this context, two tripartite agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- (a) an agreement dated March 22, 2007 among NSDL, the Company and the Registrar to the Issue; and
- (b) an agreement dated March 21, 2007 among CDSL, the Company and the Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily complete the details (including the beneficiary account number and Depository Participant's identification number) appearing on the Bid-cum-Application Form or Revision Form.

3. Equity Share Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. If incomplete or incorrect details are given under the heading “Bidders Depository Account Details’ in the Bid-cum-Application Form or Bid Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those recorded with his or her Depository Participant.
7. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares will be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.
9. Non-transferable allotment advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

## **COMMUNICATIONS**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid-cum-Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Contact Person/Compliance Officer or the Registrar to the Issue in the 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.

## **PAYMENT OF REFUND**

Bidders should note that on the basis of the name of the Bidders, Depository Participant’s name, Depository Participant identification number and beneficiary account number provided by them in the Bid-cum- Application Form, the Registrar to the Issue will obtain from the Depository the Bidder’s bank account details including a nine digit Magnetic Ink Character Recognition (“MICR”) code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder’s sole risk and neither the Company, the BRLM and the Syndicate Members nor the Escrow Collection Banks nor the BRLM shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS—Payment of refund would be done through ECS for applicants having an account at any of the following 15 centres: Ahmedabad, Bengaluru, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the nine-digit MICR code as appearing on a cheque leaf from the Depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centres named hereinabove, except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit or RTGS.
2. NEFT—Payment of refund may 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 at 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.

3. Direct Credit—Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company.
4. RTGS—Applicants having a bank account at any of the 15 centres detailed above, and whose Bid Amount exceeds Rs. 1.0 million, shall have the option to receive refunds, if any, through RTGS. Such eligible applicants who indicate their preference to receive refunds through RTGS are required to provide the IFSC code in the Bid-cum-Application Form. In the event of failure to provide the IFSC code in the Bid-cum-Application Form, the refund shall be made through the ECS or direct credit, if eligibility is disclosed. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.
5. Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR Code, the refund orders will be dispatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Some refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

#### **Interest on refund of excess Bid Amount**

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date.

#### **DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY AND INTEREST IN CASE OF DELAY**

The Company shall ensure dispatch of allotment advice, transfer advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 15 days of the Bid/Issue Closing Date. The Company shall dispatch refunds above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for allotment and trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of the finalisation of the basis of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares only in dematerialised form shall be made within 15 days of the Bid/Issue Closing Date;
- Dispatch refund orders, except for Bidders who have opted to receive refunds through the ECS facility, shall be made within 15 days of the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if allotment is not made 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 day time period prescribed above as per the Guidelines issued by the Government of India, Ministry of Finance, pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

**The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.**

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Forms or Revision Forms. However, the collection centre of the Syndicate Members will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Save and except refunds effected through the electronic mode, *i.e.*, ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

## **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”.*

## **ALLOTMENT**

### **Basis of Allotment**

#### **A. For Retail Individual Bidders**

- Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Retail Individual Bidders to the extent of their valid Bids.
- If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

#### **B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.
- If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

**C. For QIB Bidders**

- Bids received from QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
    - (i) If bids from Mutual Funds exceed 5% of the QIB Portion, allocation to Mutual Funds shall be made on a proportionate basis for up to 5% of the QIB Portion.
    - (ii) If the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to QIB Bidders as set out in (b) below.
  - (b) In the second instance allocation to all Bidders shall be determined as follows:
    - (i) In the event of an oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - (ii) Mutual Funds who have received allocation as per (a) above, for less than the number of Equity Shares bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

**D. For Eligible Employees**

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 100,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 100,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 100,000 Equity Shares. For the method of proportionate basis of allocation, refer below.
- Only Eligible Employees (as defined above) are eligible to apply under Employee Reservation Portion.

The BRLM, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of Allotment

is finalised in a fair and proper manner in accordance with the SEBI Guidelines. The drawing of lots (where required) to finalise the basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

### **Procedure and Time of Schedule for Allotment and demat Credit of Equity**

The Issue will be conducted through a “100% book building process” pursuant to which the members of the Syndicate will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●], 2008 and expire on [●], 2008. Following the expiration of the Bidding Period, the Company, in consultation with the BRLM, will determine the Issue Price and the basis of allocation and entitlement to Allotment based on the Bids received and subject to confirmation by the BSE/NSE. Successful Bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The SEBI Guidelines require the Company to complete the Allotment to successful Bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and Allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

### **Method of proportionate basis of Allotment**

In the event the Issue is oversubscribed, the basis of Allotment shall be finalised by the Company, in consultation with the BRLM and the Designated Stock Exchange. The executive director or managing director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner. Allotment to Bidders shall be made in marketable lots on a proportionate basis as explained below:

- (a) Bidders will be categorised according to the number of Equity Shares applied for by them.
- (b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the oversubscription ratio.
- (c) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the oversubscription ratio.
- (d) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal will be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.
- (e) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
  - Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and
  - The successful Bidders out of the total Bidders for a portion shall be determined by the drawing of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (c) above; and
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance of Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for the minimum number of Equity Shares.

### **Illustration of Allotment to QIBs and Mutual Funds (“MF”)**

*Issue details*

<b>Particulars</b>	<b>Issue details</b>
Net issue size	20.00 crore equity shares
Allocation to QIB (at least 60% of the net issue)	12.00 crore equity shares
Of which:	
a. Reservation for Mutual Funds (5%)	0.60 crore equity shares
b. Balance for all QIBs including Mutual Funds	11.40 crore equity shares
Number of QIB applicants	10
Number of equity shares applied for	50.00 crore equity shares

*Details of QIB Bids*

<b>S. No.</b>	<b>Type of QIBs</b>	<b>No. of shares bid for (in crore)</b>
1.	A1	5
2.	A2	2
3.	A3	13
4.	A4	5
5.	A5	5
6.	MF1	4
7.	MF2	4
8.	MF3	8
9.	MF4	2
10.	MF5	2
11.	<b>TOTAL</b>	<b>50</b>

\* A1-A5: (QIBs other than Mutual Funds), MF1-MF5 (QIBs which are Mutual Funds)

*Details of Allotment to QIBs Applicants*

<b>Type of QIB</b>	<b>Shares bid for</b>	<b>Allocation of 5% equity shares</b>	<b>Allocation of 95% equity shares</b>	<b>Aggregate allocation to Mutual Funds</b>
<b>(I)</b>	<b>(II)</b>	<b>(III)</b>	<b>(IV)</b>	<b>(V)</b>
	<i>(Number of equity shares in crore)</i>			
A1	5	0	11.52	0
A2	2	0	4.60	0
A3	13	0	29.94	0
A4	5	0	11.52	0
A5	5	0	11.52	0
MF1	4	1.2	8.97	9.68
MF2	4	1.2	8.97	9.68
MF3	8	2.4	17.96	20.36
MF4	2	0.6	4.49	5.09
MF5	2	0.6	4.49	5.09
	<b>50</b>	<b>6</b>	<b>114</b>	<b>49.99</b>

**Notes:**

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section "Issue Structure" beginning on page 336 of this Draft Red Herring Prospectus.
2. Out of 12.00 crore equity shares allocated to QIBs, 0.60 crore (i.e., 5%) will be Allotted on a proportionate basis among five Mutual Fund applicants who applied for 20.00 crore equity shares in the QIB Portion.

3. The balance 11.40 crore equity shares i.e., 120 - 6 (available for Mutual Funds only) will be Allotted on a proportionate basis among 10 QIB Bidders who applied for 50.00 crore equity shares (including 5 Mutual Fund applicants who applied for 20.00 crore equity shares).
4. The figures in the fourth column entitled "Allocation of 95% equity shares in the above illustration are arrived at as explained below:

For QIBs other than Mutual Funds (A1 to A5) = Number of equity shares Bid for  $\times$  114/494

For Mutual Funds (MF1 to MF5) = (No. of shares bid for (i.e., in column II of the table above) less equity shares Allotted (i.e., column III of the table above)  $\times$  114/494

The numerator and denominator for arriving at the allocation of 11.40 crore equity shares to the 10 QIBs are reduced by 0.60 crore shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND REFUND ORDERS**

Our Company shall give credit of Equity Share Allotted to the beneficiary account with Depository Participants within 15 working days of the Bid/Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the RBI will get refunds through ECS (subject to availability of all information for crediting the refund through ECS) except where applicants are otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS.

In case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of the Issue.

Our Company shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or Direct Credit, NEFT, RTGS or ECS, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date, and adequate funds 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.

Our Company shall ensure dispatch of allotment advice, refund orders and shall give credit of Equity Shares allotted, if any to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/ Issue Closing Date;
- Refunds shall be made within 15 days from the Bid/Issue Closing Date at the sole or First Bidder's sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS; and
- Our Company shall pay interest at 15% per annum if allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres



will be payable by the Bidders.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the sole or Bidder's sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

#### **I. Direct Credit**

Applicants applying through the web/internet whose service providers opt to have the refund amounts for such applicants being by way of direct disbursement by the service provider through their internal networks, the refund amounts payable to such applicants will be directly handled by the service providers and credited to bank account particulars as registered by the applicant in the demat account being maintained with the service provider. The service provider, based on the information provided by the Registrar, shall carry out the disbursement of the refund amounts to the applicants.

#### **II. NEFT**

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 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.

#### **III. RTGS**

Applicants having a bank account at any of the abovementioned [●] centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

#### **IV. ECS**

Payment of refund shall be undertaken through ECS for applicants having an account at any of the following [●] centres: [●], [●], [●], [●], [●], [●] and [●]. 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. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned [●] centres.

**Note:** We expect that all payments including where refund amounts exceed Rs. 1,000,000 (Rupees One Million) shall be made through NEFT, however in some exceptional circumstances where refund amounts exceed Rs. 1,000,000 (Rupees One Million), refunds may be made through RTGS.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received.

Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**Please note that applicants having a bank account at any of the 15 centres where the clearing houses for ECS are**

managed by the RBI are eligible to receive refunds through the modes detailed in I, II, III and IV above. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

#### **Undertakings by the Company**

The Company undertakes as follows:

- that complaints received in respect of this Issue shall be dealt with expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- that the Company shall apply in advance for the listing of Equity Shares;
- that the 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 Company;
- that the refund instructions shall be given or allotment advice shall be dispatched within the specified time;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that the refund orders or Allotment advice to the Non-Resident Bidders shall be dispatched within the specified time; and
- that no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus and the Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

#### **Utilisation of Issue proceeds**

The Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in Section 73(3) of the Companies Act;
- details of all monies utilised out of the Issue shall be disclosed under an appropriate heading in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from all the Stock Exchanges have been obtained.

## SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

### SHARE CAPITAL

#### Share Capital

1. The authorized share capital of the Company is Rs. 400,000,000/- (Rupees Four Hundred Million only) divided into 40,000,000 (Four Million) Equity Shares of Rs. 10/- (Rupees Ten only) each with rights.
2. The Company is authorized to issue shares with differential right as to dividend, voting or otherwise in accordance with Companies (Issue of Share Capital with Differential Voting Rights) Rules.

#### *Share Capital under the control of the Directors*

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 (including any shares forming part of any increased Capital of the Company) shall be under the control of the Board who may allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par (Subject to compliance with the provisions of Section 78 of the Act) or at a discount (subject to compliance with the provisions of Section 79 of the Act) and at such times as they may think fit and proper, and with the sanction of the Company in General Meeting to give to any person or persons the option or right to call for any shares 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. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

#### Redeemable Preference Share

Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares carrying a right of redemption or liable to be redeemed at the option of the Company, and the Board may, subject to the provisions of the Act and if these Articles, exercise such power in any manner prescribed by the resolution authorizing the issue of such shares.

#### Cumulative Convertible Preference Shares

The Company may, subject to the provisions to the said Act, issue Cumulative convertible Preference Shares and may convert such Cumulative Convertible Preference Shares into Equity Shares of the Company on such terms and conditions as the Board may deem fit.

#### Increase of Capital

The Company may, by Ordinary Resolution in General Meeting, increase the authorized share capital by the creation of new shares of such amount and to be divided into shares of such respective amounts, as the resolutions shall prescribe. Subject to the provisions of the Act and these Articles, the new shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto, and in particular, with such preferential or qualified right to dividends and in the distribution of assets of the Company, as the resolution shall provide and if no direction is given by such resolution as may be determined by the Board.

#### Further Issue of Share Capital:

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 by the Company to issue any new or additional shares, whether out of unissued share capital or out of increased share capital then:

- (a) Such further shares shall be offered to the Members who, on the date of the offer, are holders of the equity shares

- of the Company, in proportion as nearly as circumstances admit, to the capital paid up on those shares at that date.
- (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, shall be deemed to have not been declined.
  - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub – clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
  - (d) After expiry of the time specified in the aforesaid notice 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 and to such person (s) as they may think, in their sole discretion, fit.

Notwithstanding anything contained in clause (9) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of clause (9) hereof in any manner whatsoever.

- (i) If a special resolution to that effect is passed by the company in General Meeting, or
- (ii) 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 the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person or proxy, exceeds 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.

Nothing in clause (c) of (9) hereof shall be deemed;

- (iii) To extend the time within which the offer should be accepted; or
- (iv) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

- (v) To convert such debentures or loans into shares in the Company; or
- (vi) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

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:

- (i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- (ii) In this 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 General Meeting before the issue of the debentures or raising of the loans.
- (iii) Subject to the provisions of the Act, the Company may issue shares with differential voting rights as to dividend, voting or otherwise.

#### ***New shares to rank equally with existing shares***

Except as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalment, transfer and transmission, forfeiture, surrender, lien, voting and otherwise

### ***Reduction of capital***

The Company may, from time to time and subject to the provisions of Section 78 and Section 100 to 105 (inclusive) of the Act and of these Articles, by Special Resolution, reduce its share capital and any capital and any capital redemption, reserve fund account or share premium account in any manner for the time being authorized by law, and, in particular, the capital may be paid off on the footing that it may be called up again or otherwise, This Article shall not derogate from any power that the Company may otherwise have under the provision of the Act.

### **Subdivision, consolidation and cancellation of shares**

The Company in General Meeting may alter the conditions of its Articles for the following purposes:

- a. To consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- b. To subdivide the existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association and these Articles, subject to the provisions of Act, and
- c. To cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

### **Rights on subdivision of preference shares**

Where any share capital is subdivided, the Company in General Meeting, may subject to the provisions of Section 85, 87 and 106 of the Act, determine that as between the holders of the shares resulting from such subdivision, the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the reduces share from which it was derived.

### **Modification of rights**

If at any time the share capital is divided into different classes, the rights and privileges attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 106 and 107 of the Act, be modified or varied with the consent in writing of the holders of note less than three-fourth in nominal value of the issued shares of that class, or as sanctioned by a resolution passed at a separate meeting of the holders of share of that class and supported by the votes of the holders of not less than three-fourth in nominal value of the issued shares of the class. Mutatis mutandis, to representing proxy at least one-third of the issued equity shares of the class.

## **SHARES AND SHARE CERTIFICATES**

### **Return of allotments**

The Company shall comply with the provision of the Act regarding allotment of its shares.

### **Board may accept surrender of shares**

Subject to the provision of Section 100 to 104 of the Act, the Board may accept from any Member on such terms and conditions as may be agreed, as surrender of all or any of the shares held by the Members.

### **Call on shares to be uniform basis**

Subject to any conditions imposed upon the issue of shares pursuant to these Articles, where any calls for further share capital are made on shares, such calls shall be made on a inform basis on all shares, falling under the same class. For the purpose of these provisions shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class

### **Payment of calls**

If, by the conditions of allotment of any share, the whole or part of the issue price thereof is payable by instalments every

such instalment shall, when due, be paid to the Company by the person who for the time being is the registered holder of the share or his legal representative.

### **Company not to purchase its shares**

Except as permitted by Section 77 of the Act, no funds of the Company shall be employed directly or indirectly for the purchase of any shares of the Company and the Company shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company

The Company may, by special resolution, purchase its own securities or other securities, subject to such limits and on such terms and conditions specified under Section 77 A and other applicable provisions of the Act and rules or regulations framed there under.

### **Trusts not recognized**

The Company shall be entitled to treat the Member registered in respect of any share as the absolute owner thereof and shall not recognize the holding of any share upon trust or any equitable claim or interest in any such share on the part of any other person except as otherwise provided in these Articles or as required by law or when ordered by court of competent jurisdiction.

### **Membership of Company**

An Application for share in the Company, signed by or on behalf of an applicant, followed by an allotment of shares shall constitute an acceptance of shares for purposes of these Articles, and every person who thus or otherwise accepts any shares and whose name appears on the Register of Members shall for the purpose of these Articles be a Member.

### **Liability of Members**

Every Member or his heirs, executors or administrators shall pay to the Company the proportion of the capital represented by his share or shares, which may for the time being remain unpaid thereon in such amount, at all such time or times and in such manner as the Board of Directors shall from time to time determine in accordance with these Articles.

### **Joint Ownership**

Unless otherwise determined by the Board, not more than two persons shall be registered jointly as Members in respect of any shares.

The Share Certificate(s) in respect of Shares jointly owned and any dividend, interest or other monies payable in respect of such shares (including all notices in respect thereof) shall be sent to the first holders of the shares.

### **Sums payable in respect of shares**

The sum which the Board shall require or direct to be paid by way of call or otherwise, in respect of the allotment of any shares shall immediately on the insertion of the name of the allottee in the Register of Members become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by the allottee accordingly.

### **Right to Share Certificates**

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 fees as the Board may from time to 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 month of the receipt of application of registration of transfer, transmission, subdivision, consolidation or renewal of any of its shares as the case may be. Every certificates 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 Board may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be borne to issue more than one certificate and delivery of a

certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

### **Duplicate Share Certificate**

The Certificates of title to shares and duplicates thereof shall be issued under the Seal of the Company and signed by two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney, and the Secretary of the Company or such other person appointed by the Board for the purpose, provided that at least one of the aforesaid two Directors shall be a person other than a managing or whole-time Directors. A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography; but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material.

*\* Substituted by a new Article 32 pursuant to the special resolution passed at the Extra ordinary General Meeting of the company held on 25<sup>th</sup> June 2007*

### **Issue of New Certificate in place of one Defaced, Lost or Destroyed:**

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, an a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificates under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 1/- for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Board shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

### **Endorsement on Certificate**

Every endorsement upon the certificate of any share in favour of any transferee thereof shall be signed by such person for the time being authorised by the Directors in that behalf.

### **Certificates regarding jointly owned shares**

The Company shall not be bound to issue more than one certificate in respect of any share jointly held be several Members and delivery of a share certificate to one of the several joint holders shall be sufficient delivery to all such Members and unless otherwise required, shall be delivered to the Members whose name appears first in the Register.

### **Issue of new certificates on subdivision and consolidation**

If any certificate of any share or shares be surrendered to the Company for subdivision or consolidation or if any certificate be defaced torn, decrepit or worn out, then upon surrender thereof to the Company, and if any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Directors may order such certificate to be cancelled and issue a new certificate in lieu thereof to the registered holder of such shares. For every certificate issued under this Article, there shall be paid to the Company a fee not exceeding such amount as the Board may prescribe from time to time. The Company may also, on any issue of shares or debentures pay such brokerage as may be lawful.

### **DEMATERIALIZATION OF SECURITIES**

- (A) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificate in respect thereof shall be dematerialized, in which event

the rights and obligations of the parties concerned and the matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereof or re-enactment thereof.

- (B) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.
- (C) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository of the details of allotment of the Security and on receipt of the information, the Depository shall enter in its records the name of the allottee as the Beneficial Owner of the security.

- (D) All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 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.
- (E)
  - (i) Notwithstanding anything to the contrary contained in the Depositories Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership on behalf of the beneficial owner.
  - (ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it.
  - (iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.
- (G) Except as ordered by any Court of competent jurisdiction or as required by any law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of the shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound, to recognized any benami trust or 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 thereof in accordance with these Articles on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
- (H) Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such interval and in such manner as may be specified by the bye-laws and the Company in that behalf.
- (I) Upon receipt of certificates of securities on surrender by a person who has entered into an agreement with the Depository through a Participant the Company shall cancel such certificates and shall also inform the Depository accordingly
- (J) 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 fulfilment of such conditions and 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.

- (K) Notwithstanding anything in the Act, or these Articles, to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (L) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.
- (M) Notwithstanding anything in the Act, or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
- (N) The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form except in the manner hereinabove mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
- (O) The Company shall cause to keep a Register and Index of Members and Register and Index of Debenture holders in accordance with Section 151 and 152 of the Act, respectively, and the Depositories Act, with details of shares and debentures held, material and dematerialized forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.
- (P) The Company shall keep a Register of Transfer and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

## **CALLS**

### **Calls**

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the sanction of the members in a general meeting and to the provisions of Section 91 of the Act, make such calls as they think fit upon the Members in respect of any money unpaid on the shares held by them. A call may be made payable by instalment and may be revoked or postponed as the Board may determine.

### **Date of call**

A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed and may be made payable by the Members on a subsequent date to be specified by the Directors.

### **Notice of call**

Not less than 30 days' notice shall be given in respect of any call and the notice shall specify the place and the time of payment, the amount called on the shares and the person to which such sum shall be paid.

### **Extension of time for making the payment of call**

The Board may, from time to time, at discretion, extend the time fixed for the payment of any call, and may extend such

time as to all payments of any call for any of the Member/Debenture holder shall be entitled to such extension save as a matter of grace and favour.

### **Interest payable on call or instalment**

If any Member/Debenture holder fails to pay any call due from him on the date appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest at such rate not exceeding twelve per cent per annum on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall, from time to time be fixed by the Board.

The Board shall be at liberty to waive payment of any such interest wholly or in part.

### **Suit for recovery of calls**

On the trial or hearing of any action or suit brought by the Company against any member or their representative to recover any money due to the Company in respect of their share, it shall be sufficient to show:

- a. That the name of the defendant is, or was, when the claim arose, in the Register as a holder or one of the several holders of the shares in respect of which such claim is made,
- b. That the amount claimed is not entered as paid in the books of the Company, that the resolution making the call is duly recorded in the minute Book, and it shall not be necessary to prove the appointment of the Board who made such call, nor that a quorum was present at the Board Meeting at which any call was made, that the meeting at which any call made was duly convened or constituted, nor any other matter whatsoever, but the proof of matters aforesaid shall be conclusive evidence of the debt.

### **Payment in Anticipation of call may carry interest:**

The Board 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 of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

### **Liability of joint holder**

The Joint holder of a share shall severally, as well as jointly, be liable for the payment of all instalments and calls due in respect thereof.

### **Money due to members from the company may be applied in payment of call or instalment**

Any money due from the company to a member may, without the consent and notwithstanding the objection of such member, be applied by the company in or towards the payment of any money due from him to the Company for calls or otherwise.

### **Sums deemed to be calls**

Any sum which, by the terms of issue of shares becomes payable on allotment or at fixed date whether on account of the

nominal value of the shares or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made and payable on or before the day fixed for the payment of the same. In case of non-payment of any such sum all the relevant provisions of these Articles shall apply as to payment of interest, expenses, forfeiture, or otherwise as if such sum had become payable by virtue of a call duly made and notified.

## **FORFEITURE AND LIEN**

### **Notice for payment of call**

If any Member or their legal representative as the case may be fails to pay any call or instalment of a call or any money due in respect of any shares on or before the day appointed for the payment thereof, the Board may at any time thereafter, while the call, instalment or other money remains unpaid, serve a notice on such Member or their legal representative as the case may be requiring them 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.

### **Form of notice**

The notice shall name a day (not earlier than the expiration of 14 days from the date of notice) and a place on which such call, instalment or money due and interest there on at such rate as the Board may determine from the date on which such call or instalment or money due ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the appointed time and place, the share in respect of which the call was made will be liable to be forfeited.

### **Share to be forfeited in case of default**

If the requirement of any such notice is not complied with, any share in respect of which the notice has been given may at any time thereafter be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares, and not actually paid before the forfeiture.

### **Notice of forfeiture to Member**

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 invalid by any omission or neglect to give such notice or to make such entry as aforesaid.

### **Forfeited share to become property of the Company.**

Any share so forfeited shall thereupon become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board may think fit. Upon any sale, re-allotment or other disposal, the certificates stand cancelled and Directors shall be entitled to issue duplicate certificates in respect of the said shares to the person entitled thereto.

### **Power to annul forfeiture**

Until any shares so forfeited shall be sold, re-allotted or otherwise dealt with as aforesaid, the forfeiture thereof may, at discretion and by a resolution of the Board, be remitted as a matter of grace and favour, and not as of right, on payment of the monies owing thereon to the Company at the time of forfeiture thereof with interest up to the time of actual payment thereof if the Board shall think fit to receive the same, or on any other terms which the Board may deem fit.

### **Member's liability after forfeiture**

Any Member whose shares have been forfeited shall, notwithstanding, be liable to pay the Company all calls, instalments, interest expenses or other monies owing upon or in respect of such shares on the date of forfeiture together with interest thereon from the date of forfeiture until payment, not exceeding twelve per cent as the Board may determine.

**Title of purchaser and allottee for forfeited shares:**

The Company may receive the consideration, if any, given for the share on any sales, re-allotment or other disposition thereof, and the person to whom such share is re-allotted or disposed of may be registered as the holder of the share and shall not be bound to see the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share.

**Effect of forfeiture**

The Forfeiture of a share shall involve the extinction of all interest in, and of all claims and demands against the Company in respect of the forfeited share, and all other right incidental to the share, except only such rights as are expressly provided by these Articles.

**Evidence of forfeiture**

A duly verified declaration in writing that the declarant is a Director or any other person authorised for the purpose by the Board, and that certain share in the Company have been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title too such shares and the purchaser shall not be bound to see to the application of the purchase money, nor shall such purchaser's title to such shares be affected any irregularity in the proceedings in reference to such forfeiture, sale, re-allotment or other disposition of the share

**Company's lien on shares**

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except upon the footing and condition that this Article shall have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Provided that, the Board may at any time, declare any share / debenture to be wholly or in part to be exempt from the provisions of this clause.

**Enforcing lien**

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they may think fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and notice in writing of the intention to sell the shares shall have been served on such Member, or such Member's heirs, executors or administrators, or committee, or other legal representatives, as the case may be, and default shall have been made by them or such Member in the payment of the sum payable in respect of any forfeited shares. For the purpose of such sale, the Board may cause to be issued a duplicate certificate in respect of such shares and may authorize one if their number to execute a transfer thereof on behalf of and in the name of the Member.

The net proceeds of any such sale (after deduction of the cost of such sale) shall be applied towards satisfaction of the amount in respect of which the lien exists and the residue, if any, shall be paid to the person entitled to the shares on the date of the sale.

The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debenture on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims

**Validity of sale**

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 purchaser shall not be bound to see to the regularity of the proceeding or to the application of the purchase money, and after such purchaser's name has been entered in the Register of Members in respect of such shares, the validity of the sale shall be not be impeached by any person, and the remedy of any person aggrieved by the sale shall not be damages only and solely against the Company. Where any shares are sold according to the provisions herein contained and the certificate thereof has not been delivered up to the Company by the former holder of said shares, the Board may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

## **TRANSFER AND TRANSMISSION OF SHARES**

### **Board may refuse to register transfers**

Subject to the provision of Section 111 of the Act and Section 22 A of the Securities Contract (Regulation) Act, 1956, and the Listing Agreement the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

### **Transfer Register**

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

### **Form of Transfer etc**

The instrument of transfer of any share shall be in writing in the prescribed form and all the provisions of Section 108 of the Act shall be duly complied, with in respect of all transfer of shares and registration thereof.

No fee shall be charged for registration of the transfer or transmission, probate, succession certificate and Letter of administration, certificate of Death or Marriage, Power of Attorney or similar other document.

Every instrument of transfer shall be executed both by the transferor and the transferee and attested and 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.

Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the certificate or certificates of the share or shares proposed to be transferred or such evidence as the Board may require to prove the title of the transferor. The transferor's 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.

No share shall under any circumstances be transferred to a minor, insolvent or person of unsound mind.

Where in the case of partly paid share, an application for registration of transfer of shares 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 Transfer:**

Every instrument of transfer duly executed and stamped accompanied by the Share Certificate be delivered to the Company for registration and such other evidence as the Directors may require to prove the title of the Transferor or his right to transfer the shares. The Directors may waive the production of any certificate upon evidence satisfactory to them of its loss or destruction or under such other circumstances as the director in their discretion think fit.

**Closure of transfer books:**

The company may close the Register of Members or the Register of Debenture holders for periods not exceeding in the aggregate forty five days in each year but not exceeding thirty days at any one time.

**Death of joint holder of share**

In case of the death of any one or more of the persons named in the Register of Members as the joint holder of any share, the first holder or survivor shall be the only person recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder held by such joint holder jointly with any other person.

**Title to share of deceased Member**

The executors or administrators or holders of a Succession Certificate or the legal representative in respect of the shares of a deceased Member not being one of two or more joint holder shall be the only person recognized by the Company as having any title to the shares registered in the name of such Member, and the Company shall not be bound to recognize 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 in its absolute discretion thinks fit, the Board may dispense with production of probate or Letter of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and register any person who claims to be absolutely entitled to the shares standing in the name of a deceased Member, as a Member.

**Transmission of Shares**

Any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy, insolvency, dissolution, winding up or liquidation of any Member or by any lawful means other than by a transfer in accordance with these Articles shall be required to transfer his shares in accordance with the provisions of these Articles.

**Right to receive dividends**

Subject to the right of the Board to retain such dividends or money as hereinafter provided, a person entitled to a share by transmission shall be entitled to receive, and may give a discharge for any dividends or other monies payable in respect of the share.

**Notice prohibiting registration of an transfer**

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 same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and the Company shall not be bound or required 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 neglecting to do so although it may have been entered to in any book of the Company.

**Refusal to transmit or Register nominee:**

The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as they would have as if such person or nominee were a transferee named in the ordinary transfer. The directors shall not be bound to register a transmission unless the intimation of such transmission has been delivered to the company under a proper transmission form duly executed by the person entitled by the transmission and specifying the name, address and occupation, if any, of such person along with the relative share certificates or letter of allotment, as the case may be. All the limitations and provisions of these articles relating to the right to transfer and the registration of transfer of shares shall be applicable to any such application for transmission.

**Director may require evidence of transmission:**

Every transmission of a share shall be verified in such manner as the director may require and directors may refuse to register the transmission until the same be so verified or until or unless an indemnity be given to the company with regard to such registration which the director in their discretion shall considered sufficient; provided nevertheless that there shall not be any obligation on the director to accept an indemnity.

**Joint Holders of Shares:**

Where two or more persons are registered as the holders of any shares they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to the provisions contained in these Articles:

- (a) The Company shall be entitled to decline to register more than four persons as the joint holders of any shares.
- (b) The joint holders shall be liable severally as well as jointly for and in respect of all the calls or instalments and other payments which ought to be made in respect of such shares.
- (c) On the death of any one or more of such joint holders the survivor or survivors shall be the only persons or persons recognised by the company as having title to the shares but the directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holders from any liability on shares held by him jointly with any other person.
- (d) Any one of such joint holders may give effectual receipts for any dividends or other moneys payable in respect of such shares.
- (e) Only the persons whose name stands first in the Register of Members as one of the joint holders of any shares shall be entitled to delivery of the certificate relating to such shares or to receive notices from the company and any notice given to such person shall be deemed to be a notice to all the joint holders.

**BORROWING POWERS****Power to borrow**

Subject to the provisions of Section 292 and 293 of the Act and these Articles, the Board may, from time to time, at their discretion, by a resolution passed at a meeting of the Board, accept deposits from Members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of monies for the purposes of the company, not exceeding the aggregate of the paid-up-capital of the Company and its free reserves set apart for any specific purpose, provided however, where the monies to be borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's lender in the ordinary course of business) exceed the aforesaid aggregate, the Board shall not borrow such monies without the consent of the Company by Ordinary Resolution in General Meeting. The payment or repayment of any monies borrowed may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and, in particular, by the issue of bonds or debentures of the Company, or any mortgage, charge, or other security on all or any part of the undertaking or property of the Company (both present and future).

**Conditions for borrowing**

The Board may, by a resolution passes at the meeting of the Board, raise or secure the payment or repayment of any monies borrowed in such manner and upon such terms and conditions in all respects as they think fit and, in particular, by the issue of bonds, or debentures of the company or any mortgage, charge or other security on all or any part of the undertaking or property of the Company (both present and future) including its uncalled capital for the time being.

**Issue of debentures at discount**

Any debenture, 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, and otherwise

debentures with 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.

### **Interest out of Capital:**

Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or buildings or the provisions of any plant which cannot be made possible for a 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 and subject to the conditions and restrictions provided by section 208 of the said Act, and may charge the same to capital as part of the cost of construction of the work of building or the provision of the plant.

## **GENERAL MEETING**

### **Annual General Meetings**

The Company shall, in addition to any other meetings in each year, hold a General Meeting as its Annual General Meeting in accordance with the provisions of Section 166 of the Act, at such time and place as may be determined by the Board, and shall specify the meeting as such in the notice concerning the same. All General Meeting other than the Annual General Meetings shall be called the Extraordinary General Meeting.

### **Extraordinary General Meetings**

The Board may, whenever they think fit, call an Extraordinary General Meeting at such time and at such place as they may determine.

### **Calling of Extraordinary General Meeting**

The Board shall, on the requisition of such number of Members as is specified in sub-section (4) of Section 169 of the Act, forthwith proceed to call an Extraordinary General Meeting of the Company, and the provisions of Section 169 of the Act shall apply to any such requisition or to any meeting called pursuant thereto.

### **Notice of General Meetings**

A General Meeting of the Company may be convened by giving not less than 21 days notice in writing. A General Meeting may be convened by giving shorter notice with the consent in writing of each Shareholder or as permitted by the Act.

Notice of every General Meeting shall be given, in the case of any Member incorporated outside India, by registered post, courier delivery and fax transmission to the address and facsimile number last provided to the Company for such purpose. The notice shall be exclusive of the day on which it is given and the day on which the meeting as aforesaid is held. The provisions of section 53(2) of the Act shall not apply to a Member incorporated outside India. Notices to other Members and to the Auditors for time being of the Company shall be given by post or personal delivery.

Notice may be given to members by advertisement in a newspaper in accordance with the provisions of the Act. If notice is given to the members by advertisement in a newspaper, it will be advertised in at least one leading Mumbai daily newspaper.”

### **Contents of notice**

Every notice of a General Meeting shall specify the place, date and time of the meeting and the proposed form of the resolutions to be passed. Where any business to be transacted at the meeting consists of “special business” as defined hereunder, there shall be annexed to the notice of the meeting an explanatory statement setting out all material facts concerning such items of business as provided in section 173(2) and (3) of the Act.



## **Special business**

All business to be transaction at an Annual General Meeting shall be deemed to be special with the exception of business:

- a. Relating to the consideration of Accounts, Balance Sheet and Profit and Loss Statement, and the Reports of the Board and the Auditors.
- b. declaration of dividend
- c. appointment of Directors in place of those retiring
- d. appointment and fixation of remuneration of Directors

In the case of any other meeting, all business shall be deemed special and there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of special business, including, in particular, the nature of the concern or interest, if any, therein of every Director and the Manager, if any.

## **PROCEEDINGS AT GENERAL MEETINGS**

### **Quorum**

Five members personally present shall be the quorum for a meeting of the company

A body corporate, being a Member, shall be deemed to be personally present if represented in accordance with Section 187 of the Act.

### **Resolutions at Meeting**

All resolutions of Members shall, except as otherwise required by the Act or these Articles and without prejudice to any legal requirement for Board approval of any resolutions to be put to Members, be passed by a simple majority of the votes cast.

### **Chairman**

The Chairman of the Board shall be entitled to take the chair at every General Meeting, or if there be no such Chairman, or if at any meeting the chairman of the Board is not present within 15 minutes after the time appointed for holding such meeting, or is unwilling to take the chair, the Directors present may choose one of their number to be the Chairman and if no Director be present, or if all the Directors present decline to take the chair, then the Members present shall choose one of their number to be the Chairman. No business shall be discussed at any General Meeting except the election of a Chairman while the Chair is vacant.

### **Meeting to be adjourned**

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall stand dissolved but, in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or to such other day, time and place as the Board may determine, and if at such adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting, those Members who are personally present shall constitute a quorum and may transact the business for which the meeting was called.

### **Votes by show of hands**

Every question submitted to a General Meeting shall be decided in the first instance by a show of hands. Members present personally or representative of a Member company or a body corporate appointed under the provisions of these Articles

shall alone be entitled to vote on a show of hands.

#### **Chairman's declaration to be conclusive**

A declaration by the Chairman that on a show of hands a resolution has or has not been, passes either unanimously or by a particular majority, and an entry made to that effect in the Minutes Book of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

#### **Demand for Poll**

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 of the Chairman's own motion, and shall be ordered to be taken by the Chairman on a demand made in that behalf:

- a. at least five members having the right to vote on the resolution and present in person or by proxy, or
- b. by any Member or Members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution, or
- c. by any Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote on a resolution, being shares on which an aggregate sum of Rs. 50,000 or more has been paid up.

#### **Taking of Poll**

If a poll is demanded on a question of adjournment or election of a Chairman, the poll shall be taken forthwith. A poll demanded on any other question shall be taken at such time, not being later than 48 hours from the time when the demand was made, and in such manner and at such place as the Chairman of the meeting may direct.

The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which a poll has been demanded

Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the vote given on the poll and to report thereon to the Chairman of the meeting, at least one of whom shall be a Member (not being an officer or an employee of the Company) present at the meeting, provided that such Member is willing to scrutinize the votes.

#### **Right of member to use votes differently**

On a poll taken at a meeting of the company, a Member entitled to more than one vote or that Member's proxy or other person entitled to vote for him as the case may be, need not, if such Member vote, use or cast all his votes in the same way.

#### **Power to adjourn General Meeting**

The Chairman, with the consent of the Members at any General Meeting, may adjourn the same, from time to time and from place to place in the city in which the Office of the Company is situated. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Except as aforesaid, it shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **Notice of Adjourned Meeting**

If a General Meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in case of an original meeting.

## **Passing of Resolutions**

Any act or resolution, which under these Articles or the Act is permitted or required to be done or passes by the Company in General Meeting, shall be sufficiently done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or the Articles specifically require such act or resolution to be done or passed by Special Resolution as defined in Section 189(2) of the Act.

### **Resolutions passed at adjourned meetings.**

Where a resolution is passed at an adjourned meeting of the Company or by the holders of any class of shares in the Company, the resolution shall, for all purposes, be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

### **Minutes of General Meeting and inspection of Minute Book**

The Company shall cause minutes of proceeding of General Meeting to be entered in a Minute Book, and the minutes shall contain and include the matters specified in Section 193 of the Act. No report of the proceeding of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it contains the matters required by Section 193 of the Act.

The Minutes Book shall be kept at the Office and shall be open to inspection of any Member without charge as provided in Section 196 of the Act and the Members shall be furnished with a copy of any Minutes in accordance with the provisions of that Section.

## **VOTES OF MEMBERS**

### **Votes by Members**

Subject to the provisions of the Act, votes may be given by Members either personally or by proxy or in the case of a Member company or body corporate, by a representative duly appointed under Section 187 of the Act and Articles 97 of these Articles.

### **No right to vote unless calls are paid up**

No Member shall be entitled to vote, either personally or by proxy, at any General Meeting or Meeting of a class of shareholders, either upon a show of hands or upon poll 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, and has exercised, any right of lien.

### **Voting rights**

Save as hereinafter provided, on a show of hands every Member present in person and being a holder of equity shares, shall have one vote on every resolution or question placed before the meeting and on a poll that Member's share of the paid-up equity capital of the Company.

No Member of the Company holding any preference share capital shall be entitled to vote at General Meeting of the Company except as provided by Section 87(2) of the Act.

Where the Company accepts from a Member all or any part of the money due in respect of the shares held by that Member beyond the sums actually called for, the Member shall not be entitled to any voting in respect of the monies so paid.

### **Vote by Member Companies**

Any company or body corporate which is Member of the Company (hereinafter referred to as a Member Company) shall be entitled, through a resolution of its Board of Directors; to authorize such person as it thinks fit to act as its representative at any meeting of the company held in pursuance of the Act. A representative duly appointed and authorized as aforesaid shall be entitled to exercise the same rights and powers, including the right to vote by proxy, which such Member Company

could exercise if it were an individual Member of the Company.

### **Votes in respect of share of deceased Members**

Any person entitled to transfer any shares by virtue of transmission of may vote at a General Meeting in respect thereof in the same manner as if they were the registered holder of such shares, provided that at least 48 hours before the time of holding the meeting at which he proposes to vote, he satisfies the Board or any person authorized by the Board in that behalf of his right to such shares and furnishes such indemnity as the Board may require.

### **Votes by Joint Holders**

Where there are joint registered holders of any given share, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if that person was solely entitled thereto; and if more than one of such joint holders be present at any meeting, personally or by proxy, that one of the said persons so present whose name stands first in the Register in respect of such share shall alone be entitled to vote or speak in respect thereof.

### **Vote by proxy**

On a poll votes may be given either personally or by proxy, or, in the case of a Member Company by a representative duly authorized as aforesaid. Every notice convening a meeting of the Company shall state that a Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the Member and that a proxy need not be a Member of the Company.

### **Instrument appointing a proxy**

Subject to the provisions of the Act, the instrument appointing a proxy shall be in writing under the hand of the appointee or of his Attorney duly authorized in writing or, if such appointer is a corporation, under its common seal or the hand of its officer or an attorney duly authorized by it, a person may be appointed a proxy though he is not a Member of the Company. A proxy appointed, as aforesaid, shall not have any right to speak at any meeting.

The Company will send out proxy forms to members and debenture-holders in all cases, and such proxy forms shall be so worded that each Member or Debenture-holder may vote either for or against each resolution.

### **Instrument to be deposited at the Office**

The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a naturally certified copy of that power of authority shall be deposited at the Office not less than 48 hours before the time of holding the meeting at which the person named in the instrument proposes to vote, and in default, the instrument of proxy shall be treated as invalid, The proxy shall be in the form set out in Schedule IX of the Act.

### **Vote valid though authority revoked**

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the appointer, or revocation of the proxy, or any power or authority under which such proxy is signed or a transfer of the shares 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 at the Office of the Company before the commencement of the meeting at which the proxy is used or vote is given.

### **Inspection of proxies**

Every Member entitled to vote at a meeting of the Company on any resolution to be moved there at, shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged, at any time during the business hours of the Company provided not less than three days' notice in writing of the inspect the proxies given to the Company.

### **Objections regarding validity of votes**

No objection shall be made as to validity of any vote on a show of hands or on a poll except at the meeting at which such vote shall be tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting, shall be deemed valid for all purposes.

### **Determination by Chairman to be conclusive**

The Chairman of a Meeting shall be the sole judge of the validity of every vote tendered on a show of hands or on poll. The Chairman shall forthwith determine the same and such determination made in good faith shall be final and conclusive.

## **BOARD OF DIRECTORS**

### **Number of Directors**

Subject to the provisions of Section 252 of the Act, the Company shall have at least three Directors subject to a maximum of twelve directors. The composition of the Board of Directors shall also be in accordance with the provisions of the Listing Agreement.

### **Election of Directors**

Not less than two-thirds of the total number of Directors shall be elected by the Company in General Meeting and shall, save provided in the Act, be liable to retire by rotation. A retiring Director may be re-appointed.

### **Debenture Director**

If it is provided by any trust deed securing or otherwise in connection with any issue of debentures of the Company that any person or persons shall have power to nominate a Director of the Company then in the case of any and every such issue of debentures, the persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the persons or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be liable to retire by rotation.

### **Special Director**

If at any time the Company obtains any loan from any Financial Institution(s) and/or Bank(s) and/or State Government (hereinafter referred to in this article as the Corporation) or enters into underwriting arrangements with the corporation and it is a term of such loan or of the underwriting arrangements, the corporation shall have the right to appoint one or more Directors then, subject to the terms and conditions of such loans or underwriting arrangements, to appoint one or more Directors of the company and to remove from office any Director, so appointed who resigns or otherwise vacates his office. Any such appointment or removal shall be made in writing and shall be signed by the Corporation or by any person duly authorised by it and shall be served at the office of the company. The director or directors so appointed shall not be liable to retire by rotation of directors in accordance with the provisions of these articles.

### **Casual Vacancies**

Subject to the provisions of section 260 and 264 of the Act the Board of Directors shall have the power to fill in a casual vacancy in the office of any Director. The Director to be appointed in the casual vacancy shall hold office till the date the original Director in whose place he has been appointed would have held office.

### **Share qualification**

A Director shall not be required to hold any shares in the capital of the Company to qualify for office.

**Director's fees etc.**

Subject to the provisions of the Act, each Director other than a whole-time Director shall be entitled to receive out of the funds of the Company for their services, fees as may be determined by the Board, for each meeting of the Board or committee thereof attended by a Director. In addition, the Board may allow to be paid to any Director who is not a resident of the place where the office of the Company is situated or where the meeting of the Board is ordinarily held and shall come to such place for the purpose of attending a meeting of the Board, such sum as the Board may consider reasonable for travelling, boarding and other expenses.

**Directors may act notwithstanding vacancy**

The continuing Directors may at notwithstanding any vacancy in their body, but if the number of Directors falls below the quorum fixed by these Articles, the continuing Directors, may act only for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a General Meeting of the Company, but for no other purpose.

**Place of Profit under the Company**

No Director or other person referred to in Section 314 of the Act shall hold an office or place of profit under the Company except as permitted by that Section.

**Disclosure of Director's interest**

Every Director, who is in any way, whether directly or indirectly, concerned or interested (whether personally or where the Shareholder nominating such director is an interested party) in a contract or arrangement entered into, by or on behalf of the Company, shall disclose the name of their concern or interest at a meeting of the Board as required by Section 299 of the Act.

**Director may become director of other companies**

A Director may become a director of any company promoted by this Company, or in which this Company may be interested as a promoter, shareholder or otherwise; and subject to the provisions of Section 314 of the Act, no such Director shall be accountable for any benefits received as a director or shareholder of such Company.

**Interested Director not to vote**

No Director shall, as a Director, take part in the discussion of, vote of participate on any contract or arrangement in which such Director is in any way, whether directly or indirectly, concerned or interested (whether personally or by the Shareholder nominating such Director being an interested party), nor shall that Director's presence count for the purpose of constituting a quorum except as otherwise provided in Section 300 of the Act.

**Vacation of Office**

The office of a Director shall become vacant if:

- a. that Director is found to be of unsound mind by a court of competent jurisdiction;
- b. that Director applies to be adjudicated as insolvent;
- c. that Director is adjudged an insolvent;
- d. that Director is convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;

- e. that Director fails to pay any call in respect of shares of the Company held by that Director, whether alone or jointly with others, within six months from the last date fixed for payment of the call unless the Central Government has, by notification in the Official Gazette, removed the disqualification incurred by such failure;
- f. that Director is absent 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;
- g. that Director acts in contravention of Section 295 or Section 299;
- h. that Director become disqualified by an order of court under Section 203; or
- i. *\* Deleted pursuant to the special resolution passed at the Extra ordinary General Meeting of the company held on 25<sup>th</sup> June 2007;*
- j. having been appointed as a Director by virtue of holding any office or other employment in the Company, that Director ceases to hold such office or other employment in the Company.

#### **Appointment of Alternate Director**

The Board of the Company may appoint an Alternate Director to act a Director in place of a Director (hereinafter called “the Original Director”) during the Original Director’s absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Such appointee, while holding office of an Alternate Director, shall be entitled to notice of meetings of the Board and to attend and vote thereat. An Alternate Director shall not hold office as such for a period longer than that permissible to the Original Director in whose place such Alternate Director has been appointed and shall automatically vacate office if and when the Original Director returns to the said State, in which the meetings of the Board are ordinarily held. If the term of office of the Original Director expires before the Original Director returns to the said State, any provision in these Articles or the Act for the automatic reappointment of a retiring Director shall apply to the original Director and not to the Alternate Director

#### **Appointment of Additional Directors**

Subject to the provisions of the Act and these Articles, the Board shall have the power, from time to time, to appoint an individual as an Additional Director, but so that the total number of Directors shall not, at any time exceed the maximum strength, is any, fixed for the Board by the Articles, such Additional Director shall hold office up to the date of next Annual General Meeting of the Company, but shall be eligible for election at that meeting as a Director.

#### **Removal of Directors**

The Company may, subject to the provisions of Section 284 of the Act, remove any Director before the expiration of his term of office. The general meeting, at which any such Director is removed, may appoint a person in his stead for the remainder of the term of the Director who has been so removed.

#### **Notice of candidature of Director**

- (a) An individual shall not be eligible for election as a Director unless that individual or some other Member intending to propose that individual gives notice in writing to the Company in accordance with the provisions of the Act.
- (b) The Company shall inform its Members of the candidature of a person for the office of a Director or the intention of a Member to propose such person as a 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 be 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 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.

- (c) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company, a notice under section 257 of the Act signifying his candidature for the office of Directors) proposes as a candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.

## **PROCEEDINGS OF THE BOARD OF DIRECTORS**

### **Meetings of Directors**

The Board shall meet at least once in every three months, and at least four such meetings shall be held in every year. The Board shall further hold meetings as often as may be necessary for the due dispatch of its business and upon the written request of any one Director. The Directors may meet at any place for the dispatch of the business of the Board, adjourn and otherwise regulate their meetings as they deem fit.

Not less than seven days' written notice of every meeting of the Board shall be given to every Director of the Company, including alternate Directors, if any. The notice of meeting shall be accompanied by an agenda, giving sufficient details of the matters to be considered at the meeting.

### **Quorum**

Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being round off as one), or two directors, whichever is higher. Provided that where at any time the number of interested directors exceeds or is equal to two-third of the total strength, the number of the remaining directors, that is to say, the number of directors who are not interested and are present at the meeting not being less than two shall be the quorum during such time.

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 public holiday, till the next succeeding day which is not a holiday, at the same time and place.

### **Chairman**

The Board of Directors shall elect one of its members as the Chairman of the Board Meeting. The Board shall determine the period for which he is to hold office.

### **Board may appoint Committees**

Subject to the restrictions contained in the Act, the Board may delegated any of its powers to Committees or Sub-Committee of the Board consisting of such members of its body as it think fit, and it may, from time to time, revoke and discharge any such Committees or Sub-Committee of the Board, either wholly or in part, and either as to persons or purposes, provided that every Committee or Sub-Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by every such Committee of the Board in conformity with such regulations and in fulfilment of the purpose of their appointment but not otherwise shall have the like force and effect as if done by the Board. The Board may subject to the provisions of the Act from time to time fix their remuneration to be paid to any member or members of their body constituting a Committee appointed by the Board in terms of these Articles and may pay the same.

### **Meetings of Committees**

The meetings and proceeding of any such Committee or Sub-Committee of the Board shall be governed by the provisions herein contained for regulation the meeting and proceedings of the Directors as far as the same are applicable thereto and any additional regulations made by the Directors which are not inconsistent with these Articles.



### **Board's power at meeting**

A meeting of the Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion which by or under the Act or the Articles are, for the time being, vested in or exercisable by the Board.

### **Decisions at Board Meetings**

Each member of the Board of Directors shall be entitled to cast one vote with respect to any matter to be decided by the Board of Directors. A resolution of the Board of Directors shall be adopted by the affirmative vote of the majority of the Directors present at a meeting at which a quorum of the Board of Directors is present. In case of an equality of votes, the Chairman shall have a second or casting vote.

### **Resolution by circulation**

Subject to the applicable provision of the Act, a resolution passed by circulation shall have the same effect as if approved at a meeting of the Board. No resolution shall be deemed to have been duly passed by the Board by circulation unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors and / or alternate Directors and has been approved by a majority of the Directors who are entitled to vote on the resolution. Every such circular resolution so passed shall be noted at the immediately succeeding Board meeting.

### **Acts of Directors valid notwithstanding defective appointment**

All acts done by any meeting of the Board or by a Committee or Sub-Committee of the Board or by any person acting as director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or Committee or 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 was 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 and had not vacated office or their appointment had not been terminated. Provided that nothing contained in this 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.

### **Minutes of Director meeting**

The Board shall cause minutes to be kept of every meeting of the Board or Committee of the Board in accordance with Section 193 of the Act. The minutes shall contain:

- (a) The names of the Director present at such meeting of the Board and of any Committee
- (b) Particulars of all resolution and proceedings of meeting of the Board and Committee of the Board, and
- (c) The name of Directors, if any, dissenting from or not concurring in any resolution passed at a meeting of the Board or Committee of the Board.
- (d) Minutes of any meeting of the Board or Committee thereof, when kept in accordance with the provisions of Section 193 of the Act, shall be evidence of the proceedings recorded in such minutes.

## **POWERS OF BOARD**

### **General power vested in Board**

The control of the Company shall be vested in the Board, which shall be entitled to exercise all such acts and things as the Company is authorized to exercise and do and which are not exercisable by the Company in General Meeting under the Act or under the Memorandum of Association or under these Articles. The Board shall, however, exercise its power subject to the provisions of the Act, the Memorandum of Association of the Company and these Articles and any regulations made by the Company in General Meeting and which are not inconsistent with these Articles. 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. The board of Directors shall have all the powers conferred upon it under the provisions of the Companies Act, including the following:

- (1) To pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company.

- (2) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of sections 76 and 208 of the Act.
- (3) Subject to sections 292 and 297 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.
- (4) 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 shares, bonds, debentures, mortgages, or other 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.
- (5) To secure the fulfilment of any contracts or engagements 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.
- (6) 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.
- (7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company or 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.
- (8) 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.
- (9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- (10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- (11) Subject to the provisions of sections 292, 295, 360, 370 and 372 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 to 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.
- (12) 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 mortgage 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.
- (13) To enter into agreements with foreign companies and other persons for obtaining by grant, licence or on other terms, formulae and other rights and benefits and to obtain financial and/ or technical collaboration, technical information, know-how and expert advice in connection with the activities and business permitted under the Memorandum of Association of the Company;
- (14) To purchase in India or elsewhere any machinery, plant, stores and other articles, and things for all or any of the objects or purposes of the Company;

- (15) To purchase, take on lease or otherwise acquire in India any lands (whether freehold, leasehold or otherwise) and with or without house, buildings, structures or machinery (fixed or loose) and any moveable property, rights or privileges from any person including a Director in furtherance of or for carrying out its objects, at or for such price or consideration and generally on such terms and conditions and with such title thereto as they may think fit or may believe or be advised to be reasonably satisfactory.
- (16) To purchase, or otherwise acquire from any person and to resell, exchange, repurchase any patent for or licence for the use of any invention;
- (17) To sell for cash or on credit or to contract for the sale and future delivery of or to send for sale in any part of India or elsewhere any products or articles produced, manufactured or prepared by the Company as the Directors may deem advisable;
- (18) To erect, construct, and build any factories, warehouses, godowns, engine houses, tanks, wells, or other constructions, adapted to the objects of the Company as may be considered expedient or desirable for the objects or purposes of the Company or any of them;
- (19) From time to time to extend the business and undertaking of the Company by adding to, altering, or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property or in the possessions of the Company, or by erecting new or additional buildings, and to expand such sums of moneys for the purposes aforesaid or any of them, as may be thought necessary or expedient;
- (20) To negotiate for, and subject to the approval of the Company in General Meeting, contract for the sale transfer of all or any part of the property and undertaking of the Company as a going concern, subject or not subject to all or any of the obligations and liabilities of the Company;
- (21) To undertake on behalf of the Company the payment of all rents and the performance of all covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire the freehold or fee simple of all or any of the lands of the Company for the time being held under lease, or for an estates less than a freehold estate;
- (22) To improve, manage, develop, exchange, lease, sell, re-sell, and re-purchase, dispose of, deal with or otherwise turn to account any property (moveable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested;
- (23) To make advances and loans without any security, or on such security as they may think proper, and to take security for already existing debts, and otherwise to invest and deal with any of the moneys of the Company not immediately required for the purposes thereof in Government or Municipal securities, fixed deposits in banks, and in such manner as they may think fit and from time to time to vary or realise such investments, and for the purposes aforesaid to authorise such persons within limits to be fixed from time to time by the Board;
- (24) To insure and keep insured against loss or damage or fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable properties of the Company either separately or jointly, also to ensure 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;
- (25) To attach any shares to be issued as a consideration or part of the consideration for any contract with or property acquired by the Company, or in payment for the services rendered to the Company, such conditions as to the transfer there-off as they think fit;
- (26) The person duly authorised by the Director shall be entitled to make, give, sign and execute all and every warrant to sue or defend on behalf of the Company and all and every legal proceedings and compositions or compromises, agreements and submissions to arbitration and agreements to refer to arbitration as may be requisite, and for the purpose of the aforesaid, the Secretary or such other person may be empowered to sue their or his own name on behalf of the Company, and they or he shall be saved harmless and indemnified out of the funds and property of the Company, from and against all cost and damages which they or he may incur or be liable to by reasons or their

or his name so used as aforesaid.

- (27) 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.
- (28) To distribute by way of bonus amongst the staff of the Company a share or shares in the profit of the Company, and to give to any officer or other persons employed by the Company a commission on the profits of any particular business or transactions and to charge such bonus or commission as part of the working expenses of the Company.
- (29) 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 dependents or connections of such persons, by building or contributing to the building of houses, dwellings or chawls or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating, and from time to time subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance, as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise.
- (30) Before recommending any dividend, to set aside out of the profits of the Company, such sum as they may think proper for depreciation fund or to an insurance fund or as a reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or debenture-stock or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes 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 the several sums so set aside or so much thereof as require 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 part thereof for the benefit of the Company, in such 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 may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the reserve fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a reserve fund or division of a reserve fund to another reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the funds including the depreciation of debentures or debenture-stock 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, not exceeding nine per cent per annum.
- (31) To appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, 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 fit; and the provisions contained in the four next following sub- clauses shall be without prejudice to the general powers conferred by this sub-clause.
- (32) 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.
- (33) 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 persons to be members of such local boards, and to fix their remuneration.
- (34) 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 call or to make loans or borrow moneys, and to authorise the members for the time being of any such local board, or any of them, to fill up any vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so

appointed and may annul or vary any such delegation.

- (35) At any time and from time to time by power of attorney under the seal of the Company, to appoint, any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow money) 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 the members or any of the members of any local board, established as aforesaid or in favour of any company, or the shareholders, directors, nominee, 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 any 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.
- (36) Subject to sections 294, 294-AA, 297 and 300 of the Act, for or 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.
- (37) From time to time to make, vary and repeal by-laws for the regulation of the business of the Company, its officers and servants.

#### **Cheques, promissory notes etc**

All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instrument and all receipt for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person and in such manner as the Board shall, from time to time determine.

#### **Restriction on Power of the Board**

The Board shall not enter into any transaction or take any action or do any other things as referred to in section 293 of the Act, except with the sanction of a resolution 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, the whole or substantially the whole of any such undertaking;
- (b) remit or give time for the repayment of any debt due by a Director;
- (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertakings as is referred to in sub-clause (a) or of any premises or properties used for any such undertakings and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- (d) borrow money 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;

Provided further that the powers specified in section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board; unless the same be delegated to the extent therein stated; or

- (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 twenty-five thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of sections 349 and 350 of the Act during the three financial years immediately preceding whichever is greater.

## **MANAGEMENT OF THE COMPANY**

### **Chief Executive Officer**

The Chief Executive Officer shall be appointed by the Board of Directors.

### **Power of Chief Executive Officer**

Subject to the superintendence, control and directions of the Board, the day-to-day management of the Company shall be in hands of the Chief Executive Officer. The Board may, from time to time entrust to and confer upon the Chief Executive Officer for time being such power as it may think fit to be exercised for such object and purpose and upon such terms and conditions and with such restrictions as it thinks fit.

### **Secretary of the Company**

The Board shall, from time to time, appoint (and may at its discretion remove) an individual who is a member of the Institute of the Company Secretaries of India or who possesses the qualification prescribed under the Act, as Secretary of the Company, who shall perform such functions which by the Act or these Articles are to be performed by the Secretary and shall perform such other ministerial and administrative duties which may be assigned by the Board.

### **Power to pay commission**

Subject to the provisions of Section 76 of the Act, the Company may pay commission to any person in consideration of:

- (a) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company, or
- (b) his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in, or debentures of the company

### **Common Seal**

The Board shall provide a Common Seal for the purposes of the Company, and shall have from time to time, power to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being.

The Company shall also have liberty to have an official seal in accordance with Section 50 of the Act to use in any territory, district or place outside India.

The seal shall not be affixed to any instrument except by the authority of a Resolution of the Board of Directors or a committee of the Board authorized by it in that behalf and except in the presence of at least one Director and of the Secretary or such other person as the Board may appoint for the purpose, and such one Director and Secretary or other person as aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.

Provide further that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the companies (issue of Share Certificates), Rules, 1960, and any statutory modifications thereof, for the time being in force.

### **Annual Returns**

The Company shall make the requisite annual returns in accordance with Section 159 and 161 of the Act.

## **AUDIT**

### **Annual Audit**

- (a) The books of account of the Company shall be examined and the correctness of the Balance Sheet and Profit &

Loss Account determined by the auditor at least once every year.

- (b) Where the Company has a branch office, the accounts of the branch office shall be audited in accordance with Section 228 of the Act.

#### **Copies of Balance Sheet to be filed**

The Company shall comply with the provisions of the Act as to filing copies of the Balance Sheet, Profit & Loss Account and documents required to be annexed or attached there to with the Register of Companies.

#### **Appointment of Auditors**

The Company shall at each Annual General Meeting appoint or re-appoint a reputable firm of Chartered Accountants as the Auditors of the Company, to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting.

#### **Right of Auditors**

Every Auditors of the Company shall have a right of access at all times to the books and vouchers of the Company and shall be entitled to obtain from the Directors and Officers of the Company such information as may be necessary for the performance of the duties of the Auditors.

#### **Auditor's Report**

The Auditor's report shall be read before the Company in General Meeting and shall be open to inspection by any Member of the Company.

#### **Account when conclusive**

Every Balance Sheet and Profit & Loss Account approved by an Annual General Meeting shall be conclusive, except with respect to any error discovered therein within three months after the approval thereof. Where any technical error is discovered within the said period, the account shall forthwith be corrected and thereafter shall be conclusive.

### **DIVIDENDS**

#### **Dividends in proportion to amount paid up**

Subject to the provision of Section 205 of the Act, the proper and prudent management of the business of the Company and tax considerations, all monies reasonably available for distribution to share holder shall be distributed by way of dividend.

The profit of the Company shall, subject to any special right relating thereto created or authorized to be created by these Articles and subject to the provisions of these Articles, be divisible among the members in proportion to the amount of capital paid up or credited as paid up with respect to the shares held by them. Where a dividend has been so declared, the warrant in respect thereof shall be posted within thirty days from the date of declaration to the member entitled thereto.

#### **Dividend to be paid only out of profits**

No dividend shall be declared or paid except out of the profits of the Company determined in accordance with the provisions of Section 205 of the Act or out of monies provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividends shall carry interest as against the Company. The recommendation of Board as to the amount of dividends of the Company shall be conclusive.

#### **Declaration of dividends**

The Company in General Meeting may declare dividends to be paid to Members not exceeding the amount recommended by the Board

### **Interim Dividend**

The Board may, from time to time, pay to the Members interim dividends as appear to the Board to be justified by the profits of the Company.

### **Dividend to be paid in cash**

No dividend shall be payable except in cash provided that nothing contained in this Article shall be deemed to prohibit the capitalization of profit 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 the Members of the Company.

### **Payment of interest out of capital**

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or building or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on such 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.

### **Set off of dividend against call**

Any General Meeting declaring a dividend may, on the recommendation of the board of 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 and the dividend may, if so arranged between the Company and the Members be set off against the call.

### **Capital paid up in advance not to earn dividend**

Where capital is paid in advance of calls the same may carry interest, but such capital while carrying interest shall not confer a right to participate in profits.

### **Retention of dividends**

The Board may hold in abeyance the dividends or other monies payable upon shares in respect of which any person is under these Articles hereof, entitled to become a Member or to transfer the shares, until such person shall become a Member in respect of such shares or shall duly transfer the same.

### **Restrictions payment of dividends**

No Member shall be entitled to receive payment of any interest or dividend respect of his share or shares or otherwise, either alone or jointly with any other person or persons, and the Board may deduct from the dividend payable to any Member all sums of money presently payable to the Company on account of calls or otherwise in relation to the Shares of the Company.

### **No right to dividends**

A transfer of shares shall not confer the right to any dividend declared thereon before the registration of the transfer.

### **Dividend to joint holders**

Any one of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.

### **Dividend warrant**

Any dividend payment in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the holder or in the case of joint holders to the registered address of the holder who is first named in the register and every cheque or warrant shall be made payable to the order of the person to whom it is sent.



## **Unpaid or Unclaimed dividends**

Where the Company has declared a dividends but which has not been paid or the dividend warrant in respect thereof have not been posted within 30 days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall, within 7 days from the date of expiry of the said period of 30 days, transfer the amount of dividend which remains unpaid or in relation to which no dividend warrant have been posted within the said period of 30 days to a special account called the Unpaid Dividend Account to be opened by the Company on its behalf in any Scheduled Bank according to the provisions of Section 205A of the Act.

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 they became due for payment, shall be transferred by the Company to Investor Education and Protection Fund. No claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

The Company will not forfeit unclaimed dividends before the claim becomes barred by law and that such forfeiture, when effected, will be annulled in appropriate cases.

No unclaimed or unpaid dividend shall be forfeited by the Board.

## **CAPITALISATION OF PROFITS**

### **Capitalization of profits**

Any General Meeting may, upon the recommendation of the Board, resolve that any moneys standing to the credit of the Share Premium Account or Capital Redemption Reserve Account or any money, investments or other assets forming part of the undivided profits of the Company (including profits or surplus moneys realised on sale of capital assets of the Company) standing to the credit fund or reserve of the Company or in the hands of the Company and available for dividend be capitalised and distributed:

- (a) By the issue and distribution, among the holders of the shares of the Company or any of them on the footing that they become entitled thereto as capital in accordance with their respective rights and interests and in proportion to the amount paid or credited as paid thereon of paid up shares, bonds or other obligations of the Company; or
- (b) By crediting shares of the Company which may have been issued and are not fully paid up, in proportion to the amounts paid or credited as paid thereon respectively, with the whole or any part of the same remaining unpaid thereon.
- (c) The Board shall give effect to such resolution and apply such portion of the profits or Reserve Fund or any other fund as may be required for the purposes of making payments in full or in part for the shares, of the Company so distributed or (as the case may be) for purpose of paying in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid up provided that no such distribution or payment shall be made unless recommended by the Board and if so recommended, such distribution and payment shall be accepted by such shareholders in full satisfaction of their interests in the paid capitalised sum.

### **Fractional certificates**

- (a) For the purpose of giving effect to any resolution for the capitalization of reserves, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, fix the value for distribution of any specific assets, make cash payments to any Members on the basis of the value so fixed, or provide that fractions of less value than One Rupee may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific asses in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where required, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective and binding on such persons.

- (b) In cases where some of the shares of the Company are fully paid and others are partly paid, only such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid shares with the whole or part of the unpaid liability thereon, but so that as between the holders of the fully paid shares and the and the partly paid share, the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amounts then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

## **NOTICE AND DOCUMENTS**

### **Notice**

A notice or other documents may be given by the Company to any Member by personal delivery or by sending it by registered post or by courier delivery or by facsimile transmission to the address and facsimile number last provided by such Member to the Company.

Any notice, demand or communication shall be deemed to have been duly served:

- a. If delivered personally or by courier, on the day of delivery;
- b. If sent by facsimile, on the day on which the sender receives facsimile confirmation from the recipient that it has received the sender's facsimile transmission (and, in this regard, the recipient shall be obliged to send such facsimile confirmation forthwith upon receipt of the sender's facsimile transmission); and
- c. If sent by registered letter, seven Business Days after posting, and in proving the same it shall be sufficient to show that the envelope containing the notice, demand or communication was correctly addressed, fully stamped and posted;

and, where any notice, demand or communication is given by more than one mode, the earliest date on which it is deemed to have been duly served shall be the applicable date of service.

Any documents or notice to be served or given by the Company may be signed by the Secretary or a Director or some person duly authorized by the Board

Notice to the Company shall be sent to the Registered Office.

### **Notice by Advertisement**

A notice or other document advertised in a newspaper circulating in the place where the registered Office shall be deemed to be duly served on the day on which the advertisement appears, on every Member resident in India who has no registered address in India and who has not supplied to the Company an address for the sending of notices to him. Any Member resident in India who has no registered address in India shall, If so required to do by the Company, supply the Company with an address in India for the sending of notices.

### **Notice to Joint holders**

A notice may be given by the company to the joint holder of a share by giving the notice to the joint holder whose name first appears in the Register in respect of shares.

### **Notices to persons acquiring shares on death of Member**

A notice may be given by the Company to the persons entitled to a share in consequence of the death of Member by sending it through the mail, postage prepaid, addressed to them by name, or by the title of the representative of the deceased to the address, if any in India, supplied for the purpose by the persons claiming to be so entitled, or by giving notice in any manner in which the same might have been given if the death had not occurred.

**Inspection of Registers etc,**

Where under the Act any person, whether a Member of the Company or not, is entitled to inspect any Register, return, Certificate, deed, instrument or document kept or maintained by the company, the person so entitled shall have the right to inspect the same during such business hours as may, subject to the provisions of the Act in that behalf, be determined by the Board or the Company in General Meeting, and the Company shall comply with the provisions of the Act regarding the supply copies of any such Register, return, Certificate, deed, instrument or other document.

**Foreign register of Members or Debenture Holders**

Subject to 157 and Section 158 of the Act, the Company may keep in any State or country outside India a branch register of members or debenture holders resident in that State or country.

**Company to furnish copies of documents**

The Company shall send to every Member at his request and on payment of the prescribed amount, copies of the Memorandum of Association of the Company and other documents referred to in section 39 of the Act within seven days of such request.

**Authentication of documents**

Except as otherwise expressly provided in the Act or these Articles, documents or proceedings requiring authentication by the Company may be signed by a Director, the Manager, the Secretary or other authorized officer of the Company and need not be under its Common Seal.

**WINDING – UP****Distribution of assets**

If the Company be wound up and the assets available for distribution among the Members be insufficient to repay the whole of the paid up capital, such assets shall be distributed in such a way that the losses may be borne as nearly as possible by the Members in proportion to the capital paid up at the commencement of the winding up on the share held by them respectively. If in a winding up the assets available for distribution among the Members be more than sufficient to repay the whole of the paid up capital at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital paid up at the commencement of the winding up. But this Article shall in no way affect the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a Special Resolution and any other sanction required by the Act, divide amongst the contributors, in specie, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. The liquidators may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributors as the liquidators shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

**SECRECY**

Every Director, Managing Director, Auditor, Secretary, Trustee, Officer, Employee, Agent, Accountant or other person employed in or about the business of the Company shall observe strict confidentiality regarding all affairs of the Company, and shall not reveal any of the matters which may come to his knowledge in discharge of his duties except when required so to do by the Board or by a court of law and except so far as may be necessary in order to comply with any of the provision contained in these Articles of the Act.

No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or the require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process of

any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or communicate.

## **INDEMNITY**

Subject to the provisions of Section 201 of the Act, every Director, Manager, Officer, Servant and any person employed by the Company shall be indemnified out of the fund of the Company, and it shall be the duty of the Board to pay out the fund of the Company all costs, losses and expenses which any such Director, Manager, Officer, Servant or employee may incur or become liable to by reason of any contract entered into or in any way in the discharge of their duties, including expenses and in particulars and so as not to limit the generality of the foregoing provisions , against all liabilities incurred by them as such Director, Manager ,Officer, or employee in defending any proceedings, whether civil or criminal, in which judgment is given in that person's favour or he is acquitted or in connection with application under the Section 633 of the Act in which relief is granted by the Court. The amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all other Claims.

Subject to the provisions of Section 201 of the Act, no Director of the Company, Manager, Secretary, Trustee, Auditor and other officer or servant of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or servant, or for joining in any receipts or other act for the sake of conformity merely, or for any loss or expenses happening to the company through the insufficiency or deficiency in point of titles or values of any property acquired by the order of the Directors for or on behalf of the Company, or mortgaged to the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested, or for any loss occasioned by any error of judgment omission, default or over-sight on his part, or for any other loss, damage or misfortune whatever which shall happen in relation to the execution or performance of the duties of his office or in relation thereto, unless the same happen through his own dishonesty.

## **GENERAL**

Wherever in the Companies Act, it has been provided that the Company shall have right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this regulation hereto authorizes and empowers the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act, without there being any specific regulation in that behalf herein provided.

## SECTION IX: 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 the Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies, Maharashtra, located at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company at Turner Morrison Building, 1st Floor, 16 Bank Street, Fort, Mumbai- 400 001, Maharashtra, India, from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/ Issue Closing Date.

#### *Material Contracts*

1. Engagement letter dated February 8, 2007, for appointing Enam Securities Private Limited as the BRLM.
2. Memorandum of Understanding dated January 24, 2008 among the Company and the BRLM.
3. Memorandum of Understanding dated October 10, 2007 among the Company and the Registrar to the Issue.
4. Escrow Agreement dated [●] among the Company, the BRLM, the Escrow Collection Banks and the Registrar to the Issue.
5. Syndicate Agreement dated [●] among the Company, the BRLM and the Syndicate Members.
6. Underwriting Agreement dated [●] among the Company, the BRLM and the Syndicate Members.
7. Appointment letter dated October 11, 2007 appointing Credit Analysis and Research Limited, a credit rating agency for grading the Issue.

#### *Material Documents*

1. The Company's Memorandum of Association and Articles of Association, as amended.
2. The Company's certificate of incorporation.
3. Shareholders' resolutions dated September 19, 2007 authorising the Issue and related matters.
4. Board resolution dated August 27, 2007 authorising the Issue and related matters.
5. Present terms of employment between the Company and the Directors as approved by the Board and the shareholders of the Company.
6. Report of the Auditors, Chaturvedi & Shah, Chartered Accountants, dated January 15, 2008 prepared as per Indian GAAP and the Companies Act and restated as per the SEBI Guidelines.
7. Copies of annual reports of the Company and the Subsidiaries for the years ended 2003, 2004, 2005, 2006 and 2007, as applicable.
8. Consent of the Auditors, Chaturvedi & Shah, Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in the Draft Red Herring Prospectus.
9. Consents of the Auditors, the Bankers to the Company, the BRLM, the Syndicate Members, the Registrar to the Issue, the Banker to the Issue, Legal Advisors to the Company and the Underwriter, the Directors of the Company, the Company Secretary and the Compliance Officer, as referred to, in their respective capacities.
10. Consent of Credit Analysis and Research Limited, a SEBI registered credit rating agency, for inclusion of its grading of the Issue in the Draft Red Herring Prospectus.
11. In-principle listing approvals dated [●] and [●] from the BSE and the NSE, respectively.
12. Tripartite Agreement among NSDL, the Company and the Registrar to the Issue dated March 22, 2007.
13. Tripartite Agreement among CDSL, the Company and the Registrar to the Issue dated March 21, 2007.
14. Due diligence certificate dated January 25, 2008 issued to SEBI by the BRLM.

15. SEBI observation letter No. [●] dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

## **DECLARATION**

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India Act, 1992, each as amended or the rules made thereunder or guidelines issued, as the case may be.

We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY THE DIRECTORS OF THE COMPANY**

Mr. A.B.M. Good	-	Executive Chairman cum Director
Mr. Ajay Ajit Peter Kerkar	-	Director
Ms.Urrshila Kerkar	-	Director
Mr. Arup Sen	-	Director
Mr.Pesi Patel	-	Director
Mr. M. Narayanan	-	Director
Mr. Sam Tully	-	Director
Mr. Subhash Chandra Bhargava	-	Director

### **SIGNED BY THE CHIEF FINANCIAL OFFICER**

Mr. Anil Khandelwal

### **SIGNED BY THE CHIEF EXECUTIVE OFFICER**

Mr. Ajay Ajit Peter Kerkar

Date: January 24, 2008

Place: Mumbai