LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as an equity shareholder of Advani Hotels & Resorts (India) Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer / Registrar to the Offer. In case you have recently sold your Shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum acknowledgement [which includes Form of Withdrawal] and transfer deed to the purchaser of Shares or the member of the stock exchange through whom the said sale was effected.

CASH OFFER

BY

Delta Hospitality Private Limited [“DHPL” / the “Acquirer”]

(formerly known as Fasttrack Impex Private Limited)

Regd. Office : 16 A, Alli Chambers, Nagindas Master Road, Fort, Mumbai 400001
Tel: 91 022 4079 4794; Fax: 91 022 4079 4777

&

Arrow Webtex Limited [“Arrow” / “Person Acting in Concert”/ “PAC”]

Regd. Office : Ground Floor, G 4, Clover Classic, North Main Road, Koregaon Park, Pune 411 001
Corporate Office : 16 A, Alli Chambers, Nagindas Master Road, Fort, Mumbai 400001
Tel: 91 22 2267 1655; Fax: 91 22 2267 9246

to acquire

upto 92,43,850 fully paid up equity shares of the face value of Rs. 2/- (Rupees Two only) each, representing 20.00% of the voting paid up equity share capital, at a price of Rs. 103/- (Rupees Hundred and Three only) per fully paid up equity share **(“Offer Price”)** payable in cash of

ADVANI HOTELS & RESORTS (INDIA) LIMITED

[“the Company” / “AHRL” / the “Target Company”]

Regd. Office: 1009/1010, Dalamal Tower, 211, Nariman Point, Mumbai, 400021
Tel: 91 022 2285 0101; Fax: 91 022 2204 0744

Notes:

1. This Offer is being made pursuant to and in compliance with among others Regulation 10 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto [the “**SEBI Takeover Regulations**”] for the purpose of substantial acquisition of Shares and voting rights of the Company without any change in control and management.
2. The equity shares that are tendered in the Offer may be those held by Non-Resident Indians or persons resident outside India who are not Non-Resident Indians, including Overseas Corporate Bodies, if any, holding shares in the Company who may be persons not covered by specific provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. The Offer is therefore subject to the receipt of the approval, if any, of the Reserve Bank of India (‘**RBI**’) under the Foreign Exchange Management Act, 1999 and the rules and regulations made there under **(“FEMA”)** for the acquisition of equity shares by the Acquirer from the aforesaid category of shareholders under the Offer and other related matters. Manager to the Offer, by way of their letter dated April 10, 2008 filed an application with RBI for approval to the Acquirer to acquire equity shares of AHRL through open offer from the eligible non resident shareholders.
3. The Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA/ Letter of Offer can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. up to Tuesday – June 10, 2008.
4. The Acquirer is permitted to revise the Offer Price upwards any time up to seven working days prior to the date of closure of the Offer i.e. up to Wednesday - June 4, 2008. If there is an upward revision of the Offer Price in terms of Regulation 26 of SEBI Takeover Regulations, the same would be informed by way of a PA in the same newspapers where the original PA and the Corrigendum to the PA dated March 13, 2008, has appeared as mentioned in para no. 2.2.13 of this Letter of Offer. Such revised Offer Price would be payable by the Acquirer for all the Shares tendered anytime during the Offer.
5. This Offer is not conditional upon any minimum level of acceptances.
6. **There has been no competitive bid.**
7. **As the Offer Price cannot be revised during seven working days prior to the closing date of the Offer, it would be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.**
8. The Form of Acceptance cum Acknowledgement together with the Form of Withdrawal is enclosed with this Letter of Offer.
9. A copy of the PA, the Corrigendum to the PA and this Letter of Offer (including Form of Acceptance-cum-Acknowledgement which includes Form of Withdrawal) are also available on SEBI’s website at www.sebi.gov.in from the date of opening of the Offer i.e., Monday – May 26, 2008.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
YES BANK EXPERIENCE OUR EXPERTISE **YES BANK Limited** 12th Floor, Discovery of India Building Nehru Centre, Dr. Annie Besant Road Worli, Mumbai 400018 Tel No: 91 022 6669 9000 Fax No: 91 022 2497 4158 Email ID: merchantbanking@yesbank.in SEBI Reg No: MB / INM 0000 10874 Contact : Dhanraj Uchil / Ajay Shete	MCPE **Mondkar Computers Pvt Limited** 21, Shakil Niwas, Opp: Satya Saibaba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093 Tel: 91 022 2825 7641 / 2836 6620 Fax: 91 022 2820 7207 Email: info@mondkarcomputers.com SEBI Registration No: INR 000000 114 Contact: Ravi Utekar

Offer Opens : Monday - May 26, 2008	**Offer Closes :** Saturday - June 14, 2008

Activities	Schedule as per PA	Revised Schedule
Public Announcement	Friday – February 29, 2008	Friday – February 29, 2008
Corrigendum to the Public Announcement	Thursday – March 13, 2008	Thursday – March 13, 2008
Specified Date *	Friday – March 7, 2008	Friday – March 7, 2008
Last date for Competitive Bid	Friday – March 21, 2008	Friday – March 21, 2008
Date by which letter of offer to reach the shareholders	Monday – April 14, 2008	Friday – May 16, 2008
Date of opening of the Offer	Thursday – April 24, 2008	Monday – May 26, 2008
Last date for revising the Offer Price / number of equity shares	Sunday – May 4, 2008	Wednesday – June 4, 2008
Last date up to which shareholders may withdraw	Thursday – May 8, 2008	Tuesday – June 10, 2008
Date of Closure of the Offer	Tuesday – May 13, 2008	Saturday – June 14, 2008
Date for communicating acceptance/ rejection under the Offer and payment of consideration for applications accepted.	Wednesday – May 28, 2008	Saturday – June 28, 2008

* Specified Date is only for the purpose of determining the names of the shareholders of AHRL as on such date to whom the letter of offer would be sent.

Risk factors (a) relating to the transaction, (b) relating to the Offer and (c) involved in associating with the Acquirer and the likely adverse effect of these risk factors on the Shareholders

1. The equity shares that are tendered in the Offer may be those held by Non-Resident Indians or persons resident outside India who are not Non-Resident Indians, including Overseas Corporate Bodies, if any, holding shares in the Company who may be persons not covered by specific provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. The Offer is therefore subject to the receipt of the approval, if any, of the RBI under the FEMA for the acquisition of equity shares by the Acquirer from the aforesaid category of shareholders under the Offer and other related matters. Manager to the Offer, by way of their letter dated April 10, 2008 filed an application with RBI for granting approval to the Acquirer to acquire equity shares of AHRL through the Offer from the eligible non resident shareholders.

2. In the event that either (a) there is any litigation leading to a stay on the Offer or (b) SEBI instructing the Acquirer / PAC not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the Shareholders of AHRL whose Shares are accepted under this Offer as well as the return of Shares not accepted under this Offer by the Acquirer / PAC may get delayed. In case of delay due to non-receipt of statutory approval(s), as per Regulation 22(12) of the SEBI Takeover Regulations, SEBI may, if satisfied, that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirer / PAC, grant an extension for the purpose of completion of the Offer subject to the Acquirer / PAC agreeing to pay interest to the eligible Shareholders.

3. Further, the Shareholders should note that after the last date of withdrawal i.e. Tuesday – June 10, 2008, the Shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered Shares and documents would be held by the Registrar to the Offer, till such time the process of acceptance of tenders, the payment of consideration and other Offer obligations are completed.

4. The Shares tendered in the Offer will be held in trust for the Acquirer, by the Registrar to the Offer till the completion of the Offer formalities and the Shareholders will not be able to trade in such Shares. During such period there may be fluctuations in the market price of the Shares. The Acquirer / PAC makes no assurance with respect to the market price of the Shares that would prevail both during the Offer period and after completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

5. In the event that the shares tendered in the Offer by the Shareholders of AHRL are more than the Shares to be acquired under the Offer, the acquisition of Equity Shares from each Shareholder will be as per the provisions of Regulation 21(6) of the SEBI Takeover Regulations i.e. on a proportionate basis, to be decided in a fair and equitable manner, in consultation with the Manager to the Offer, irrespective of whether the Shares are held in physical or dematerialized form.

6. The Acquirer/PAC makes no assurance with respect to the future financial performance of AHRL.

The indicative risk factors set forth above are in relation to the Offer and not in relation to the present or future business or operations of AHRL or any other related matters and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a Shareholder in the Offer or in associating with the Acquirer/ PAC. The Shareholders of AHRL are advised to consult their stock broker or investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

DEFINITIONS

The Acquirer / DHPL	Delta Hospitality Private Limited (formerly known as Fasttrack Impex Private Limited)
Arrow	Arrow Webtex Limited
Board / Board of Directors / Directors	Board of Directors of AHRL
BSE	The Bombay Stock Exchange Limited
CDSL	Central Depository Services India Limited
Corrigendum to the PA	Corrigendum to the PA dated March 13, 2008
DP	Depository Participant
Depositories	NSDL and CDSL
DSE	Delhi Stock Exchange Association Limited
EPS	Earnings Per Share
Escrow Agent	YES Bank Limited, 9th Floor, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018
FDI	Foreign Direct Investment
FIIs	Foreign Institutional Investors
GOI	Government of India
LOF	Letter of Offer
Manager to the Offer/ YES Bank/ YBL	YES Bank Limited, 12th Floor, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
Offer	Offer to acquire upto 92,43,850 Shares representing 20.00% of the present voting paid up equity share capital of AHRL
Offer Price	Rs. 103/- (Rupee Hundred and Three only) per fully paid up equity share
PAC / Person Acting in Concert	Arrow
PAT	Profit After Tax
Persons eligible to participate in the Offer	All owners (registered and unregistered) of Shares of AHRL except (a) the Acquirer and (b) the PAC
Promoters	Promoters of AHRL
Public Announcement/ PA	PA for the Offer released on behalf of the Acquirer and the PAC on February 29, 2008
Registrar / Registrar to the Offer	Mondkar Computers Private Limited, 21, Shakil Niwas Opp: Satya Saibaba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093
Regulations/ Takeover Regulations/ SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
RONW	Return on Net Worth
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI DIP Guidelines	Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended
Shares	Fully paid up equity shares of Rs. 2/- (Rupees Two only) each of AHRL
Shareholders / Equity Shareholders	All owners (registered or un registered) of Shares
Target Company/ The Company/ AHRL	Advani Hotels & Resorts (India) Limited

1 DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF AHRL TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PAC OR THE COMPANY WHOSE

SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER AND PAC ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER AND PAC DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, YES BANK LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 14, 2008 TO SEBI IN ACCORDANCE WITH THE SEBI TAKEOVER REGULATIONS. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER."

ACQUIRER HAS MADE THIS VOLUNTARY OFFER UNDER THE TAKEOVER REGULATIONS AND THEREFORE PUBLICLY AVAILABLE INFORMATION RELATING TO AHRL HAS BEEN RELIED UPON FOR THE PURPOSE OF DISCLOSURE IN THIS LETTER OF OFFER. THEREFORE, THE ACQUIRER, THE PAC AND THE DIRECTORS OF THE ACQUIRER AND THE PAC HAVE NOT INDEPENDENTLY VERIFIED THE ACCURACY OF DETAILS OF AHRL.

2 DETAILS OF THE OFFER

2.1 Background of the Offer

2.1.1 This Offer made by the Acquirer is voluntary in nature and is being made pursuant to Regulation 10 of the SEBI Takeover Regulations for the purpose of substantial acquisition of Shares without any change in control and management. The Acquirer does not have any intention to take control over AHRL.

2.1.2 Details of acquisition made by the Acquirer prior to the PA and after the PA:

Date	No. of Shares	Average Price	Nature of transactions
From October 19, 2006 to January 24, 2008 (i.e. prior to the date of the PA)	68,99,077	Rs. 61.61 per equity share	Market purchases on the BSE and the NSE and negotiated deals
Post the date of the PA			
(i) From the date of the PA upto May 9, 2008	17,32,728	Rs. 92.32 per equity share	Market purchases on the BSE and the NSE
(ii) May 9, 2008	30,83,600	Rs. 101.00 per equity share	Bulk Deals (undertaken through the block deal window of the stock exchanges)

As evident from the above, post the PA till May 9, 2008, the Acquirer has made net acquisition of 48,16,328 equity shares at an average acquisition price of Rs. 97.88 per equity share after the date from the open market, through the stock exchange mechanism as well as by way of block deals.

Therefore, as of the date of this letter of offer, the aggregate holding of the Acquirer in the Target Company is 1,17,15,405 equity shares, acquired at an average acquisition price of Rs. 76.52 per equity share from October 19, 2006 till May 9, 2008 from the open market, through negotiated deals, through the stock exchange mechanism as well as by way of bulk deals.

2.1.3 The highest price paid by the Acquirer or the PAC for acquisition of equity shares of AHRL during the twelve months preceding the date of the PA and upto the date of the letter of offer is Rs. 102.15 per equity share. The average price paid by the Acquirer or the PAC for acquisition of equity shares of AHRL during the twelve months preceding the date of the PA is Rs. 72.00 per equity share (the Acquirer has made a net acquisition of 52,40,757 fully paid up equity shares).

2.1.4 Except as per the details given above, the Acquirer and the PAC have not acquired directly or through any person, any equity shares in AHRL during the twelve months preceding the date of the PA.

2.1.5 Except as per the details given above the Acquirer and the PAC have not acquired any Equity Shares during the 26 weeks period prior to the date of the PA by way of (a) allotment in public issue or (b) allotment in rights issue or (c) preferential allotment.

2.1.6 The Acquirer and the PAC do not have any representatives on the board of AHRL as on the date of the PA or this letter of offer.

2.1.7 The Acquirer and the PAC have not been prohibited by SEBI from dealing in securities in terms of directions issued under section 11B of SEBI Act or under any of the regulations made under the SEBI Act. Further, AHRL confirmed that AHRL has not been prohibited by SEBI from dealing in securities under section 11B of SEBI Act or any of the regulations made under the SEBI Act.

2.2 Details of the proposed Offer

2.2.1 The Acquirer made this voluntary open offer, by way of a PA in the specified newspapers on February 29, 2008 in compliance with Regulation 10 of Takeover Regulations, to acquire upto 92,43,850 fully paid up equity shares of Rs. 2/- each, representing 20.00% of the voting rights in AHRL, from the equity shareholders of AHRL, at a price of Rs. 102/- per share ("**Offer Price**") payable in cash subject to the terms and conditions mentioned hereinafter as the Acquirer is desirous of consolidating its holding in AHRL.

2.2.2 By way of a Corrigendum to PA dated March 13, 2008 (in the same newspapers where the PA appeared), pursuant to Regulation 26 of SEBI Takeover Regulations (in terms of which an acquirer is permitted to revise the offer price upwards any time up to seven working days prior to the date of closure of the offer), the Acquirer and the PAC have revised the offer price to Rs. 103/- per share.

2.2.3 This offer is voluntary and has not been triggered by any agreement of the Acquirer with any person for the purpose of the acquisition of shares in AHRL. Equity shares that would be tendered in the valid form in terms of this Offer will be transferred in favour of the Acquirer and the PAC in the ratio to be decided by them upon closure of the offer.

2.2.4 Arrow is a person acting in concert with DHPL only for the purposes of this Offer. No other person / individual / entity is acting in concert with DHPL for the purposes of this Offer.

2.2.5 This is not a competitive bid.

2.2.6 This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of AHRL.

2.2.7 As on March 31, 2007 the paid up equity share capital of AHRL was Rs. 9,24,38,500/- comprising of 92,43,850 equity shares of Rs. 10/- each. The Board of Directors of AHRL, at its meeting held on August 24, 2007 approved the sub division of its equity shares of Rs. 10/- each into 5 equity shares of Rs. 2/- each and the members approved the same in the Annual General Meeting held on September 26, 2007.

2.2.8 Therefore, while determining 20% of the paid up equity share capital for the purpose of minimum public offer, paid up equity share capital of Rs. 9,24,38,500/- comprising of 4,62,19,250 equity shares of Rs. 2/- each was considered in terms of Regulation 21(5) of Takeover Regulations which provides that for the purpose of determining minimum 20% of the voting capital of the Company, voting rights as at the expiration of 15 days after the closure of the proposed public offer shall be reckoned.

2.2.9 There are no outstanding partly paid up equity shares or any other instruments convertible into equity shares at a future date, in the books of AHRL.

2.2.10 The Offer is not conditional upon any minimum level of acceptance and the Acquirer will be obliged to acquire all the equity shares tendered in response to the Offer, upto, subject to 2.2.8 above (i.e. subject to any increase in the paid-up equity share capital of AHRL), to a maximum of 92,43,850 equity shares that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in the PA and this Letter of Offer ("**LOF**").

2.2.11 The Acquirer and/or the PAC may purchase additional shares of AHRL from the open market or through negotiation or otherwise, after the date of the PA in accordance with Regulation 20(7) of Takeover Regulations and the details of such purchases will be disclosed by the Acquirer and/or the PAC to BSE, NSE and DSE where the equity shares of AHRL are listed and to the Manager to the Offer in terms of Regulation 22(17) of Takeover Regulations.

2.2.12 As on the date of the PA and this letter of offer, YBL, the Manager to the Offer, does not hold any equity shares in AHRL.

2.2.13 The PA was published in the newspapers in terms of Regulation 15(1) of the SEBI Takeover Regulations on February 29, 2008 and the details of the same are as follows:

Language	Name of Newspaper	Editions
English	Financial Express	All editions
Hindi	Jansatta	All editions
Marathi	Navshakti	Mumbai*

* Registered office of AHRL is situated in Mumbai and the equity shares of AHRL are most frequently traded on BSE. Therefore, the PA was also published in the Mumbai edition of Marathi newspaper i.e. Navshakti.

The contents of the PA completely cover each and every detail specified in the Format of the disclosure to be made in the PA as required in terms of the SEBI Takeover Regulations. The PA has also been sent not only to every stock exchange where the Shares are listed, but also to AHRL as per the requirements of Regulation 15(2) of SEBI Takeover Regulations.

The Acquirer and the PAC have revised the offer price and published a Corrigendum to PA, on March 13, 2008 in the above mentioned newspapers in terms of Regulation 26 of SEBI Takeover Regulations.

A copy of the PA and the Corrigendum to PA are also available on SEBI web site at www.sebi.gov.in

2.2.14 In case of any upward revision in the Offer Price by the Acquirer at any time up to seven working days prior to the date of closure of the Offer i.e. Wednesday – June 4, 2008, the same would be announced in the above mentioned newspapers and the revised Offer Price would be payable by the Acquirer for all Shares tendered at anytime during the Offer and accepted under the Offer.

2.2.15 The Acquirer held 68,99,077 fully paid up equity shares representing 14.93% of the voting paid up equity share capital of AHRL as on the date of the PA. The PAC did not hold any equity shares in the paid up equity share capital of AHRL as on the date of the PA. The Acquirer made further acquisitions after the date of PA as per the details given in para No. 2.1.2. As stated above, the offer price of Rs. 103.00 per equity share is higher than the highest price paid by the Acquirer or the PAC for acquisition of equity shares of AHRL upto the date of the letter of offer.

2.2.16 The Shares acquired by the Acquirer, pursuant to this Offer, will be free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.

2.2.17 There has been no competitive bid.

2.2.18 As the Offer Price can not be revised during seven working days prior to the date of closure of this Offer, it would, therefore, be in the interest of Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.

2.2.19 This Offer is being made to all Shareholders of AHRL except the Acquirer and the PAC.

2.3 Reasons for the acquisition, rationale/ object of the Offer and future plans

2.3.1 Acquisition of shares and voting rights without change in control and management is the reason and rationale for the acquisition of the above mentioned equity stake in the paid up equity share capital of AHRL by the Acquirer in accordance with Regulation 10 of the Takeover Regulations. The Acquirer is a financial and synergetic investor and does not have any short term intentions with regard to the equity shares held by it in the Target Company (including those acquired under the Offer).

2.3.2 The Acquirer and the PAC are not in control of the management of the Company and therefore, cannot act so as to dispose of or otherwise encumber assets of the Company. Management control continues to vest with the existing promoters of the Company. Therefore, the Acquirer and the PAC have no plans of any nature in relation to disposal of the assets of AHRL in the next two years.

2.3.3 The objects clause(s) of DHPL authorizes it to undertake hospitality business and investment in hospitality sector, which it proposes to undertake in the near future.

3. BACKGROUND OF THE ACQUIRER AND THE PAC

Delta Hospitality Private Limited ("DHPL"), formerly known as Fasttrack Impex Private Limited, is the Acquirer and Arrow Webtex Limited ("**Arrow**") is the Person Acting in Concert ("**PAC**") for the purposes of this Offer. No other person/ individual / entity is acting in concert with DHPL for the purposes of this Offer.

Delta Hospitality Private Limited - Acquirer

3.1 Fasttrack Impex Private Limited ("**FIPL**") was incorporated on January 18, 2006 under the provisions of the Companies Act, 1956 ("**Act**"). The name of the Company was changed to Delta Hospitality Private Limited on March 13, 2008. The registered office, corporate office and principal office of DHPL is situated at 16 A, Alli Chambers, Nagindas Master Road, Fort, Mumbai 400001., Tel: 91 022 4079 4794; Fax: 91 022 4079 4777.

3.2 DHPL was promoted by Mr. Vijay Dargar and Ms. Reena Dargar. Arrow and Peninsula Land Limited ("**Peninsula**"), a company incorporated under the laws of India, now hold 74% and 26% of the paid up equity share capital of DHPL respectively. Since Arrow holds 74% in the paid up equity share capital of DHPL, Arrow is currently the promoter and the person in control of DHPL. PLL holds only 26% in the paid up equity share capital of DHPL. Therefore, PLL is not in control of DHPL and accordingly not listed as the promoter of DHPL.

3.3 At the time of its incorporation, the main objects of DHPL as per its Memorandum of Association are to *inter alia* carry on the business of traders, distributors, dealers, exporters, importers, brokers etc. The objects clauses were subsequently amended to permit DHPL to undertake hospitality business and investment in hospitality sector, which it proposes to undertake in the near future.

3.4 FIPL changed its name to Delta Hospitality Private Ltd, which was approved by the Deputy Registrar of Companies, Maharashtra, Mumbai vide "fresh certificate of incorporation consequent upon change of name" dated March 18, 2008.

3.5 As on the date of the PA, the paid up equity share capital of DHPL was Rs. 1,00,00,000/- comprising of 10,00,000 fully paid up equity shares of Rs. 10/- each. Arrow holds 74% and Peninsula Land Ltd. (hereinafter referred to as "Peninsula") holds the balance 26% of the total equity share capital of DHPL. DHPL belongs to Arrow Group.

3.6 The shares of DHPL are not listed on any Stock Exchange.

As on the date of the PA, DHPL held 68,99,077 fully paid up equity shares representing 14.93% of the voting paid up equity share capital of AHRL.

Details of earlier acquisitions made by DHPL i.e. prior to the date of the PA and the details of further acquisitions made by DHPL after the date of the PA are given in para No. 2.1.2.

3.7 Details of the board of directors of DHPL, as on the date of letter of offer, are as follows:

Name	Designation	Residential Address	Date of Appointment	Qualification	Experience
Mr. Jaydev Mody	Director	West Hill, 1st Floor, 27 Napean Sea Road, Mumbai 400036	23-Jan-06	B.A.	Mr. Jaydev M. Mody has been in business for the past 30 years and is the Chairman of the Arrow Webtex Limited. Besides that Mr. Mody has more than 20 years of experience in the field of real estate development and has been instrumental in building and developing Crossroads, the first shopping mall of international standards in India.
Mr. Rajeev Piramal	Director	61A Piramal House, Pochkhanwala Road, Worli, Mumbai 400025	23-Jan-06	ICSE, BBA	Mr. Rajeev A. Piramal, 32, is the Executive Vice Chairman of Peninsula Land Ltd., a part of the Rs.30 billion Ashok Piramal Group. He is the overall strategist of the company and also overlooks project planning & and execution.
Mr. Darius Khambatta	Director	7 Sai Manzil, 18 Altamount Road, Gowalia Tank, Mumbai – 400026.	08-Aug-06	A.C.A	Mr. Darius Khambatta carries with him an experience of 24 years in the stream of Audit, Business Administration, Accounts and general administration activities.

None of the above directors is on the board of the target company.

3.8 Brief audited financial details of DHPL for the last two financial years and un audited financials for the subsequent 9 months period ended December 31, 2007 as certified by the statutory auditors are as follows :

Profit and Loss Account (Rs in Lakhs)

	Year ended March 31, 2006 *	Year ended March 31, 2007	9 Months ended December 31, 2007
Income from Operations	-	26.59	964.71
Other Income	-	-	107.52
Total Income	-	26.59	1,072.23
Total Expenditure	0.19	13.84	40.57
Profit before Depreciation, Interest and Tax	-0.19	12.75	1,031.66
Depreciation	-	2.18	2.44
Interest	-	0.00	36.72
Profit Before Tax	-0.19	10.57	992.50
Provision for Tax	-	3.00	225.00
Profit after Tax	-0.19	7.57	767.50

***** Incorporated on January 18, 2006

Balance Sheet (Rs In Lakhs)

	As on March 31, 2006	As on March 31, 2007	As on December 31, 2007
Sources of Funds			
Paid up share capital	1.00	100.00	100.00
Reserves & Surplus (excluding revaluation reserve)	-	7.37	774.87
Net Worth	1.00	107.37	874.87
Secured Loans	-	-	-
Unsecured Loans	1,539.17	1,892.47	3,433.34
Total	1,540.17	1,999.84	4,308.21
Uses of Funds			
Net Fixed Assets (including Capital WIP)	-	12.57	10.14
Investments	9.00	647.63	4,151.08
Net Current Assets	1,530.84	1,335.19	142.89
Total Miscellaneous expenditure not w/off	0.14	4.45	4.10
Profit & Loss Account	0.19	-	-
Total	1,540.17	1,999.84	4,308.21

Other Financial Data		**2005-2006**	**2006-2007**
Dividend (%)		NIL	NIL
Earning per Share (Rs)		(1.95)	0.76
Return on Net Worth (%)		(29.10)	7.35
Book value per Equity Share (Rs)		6.70	10.29

For the purpose of determining BV and RONW, ratios used are (a) Net Worth = Share Capital + Reserves and Surplus – Debit balance in Profit & Loss Account – Miscellaneous expenditure not w/off, (b) Book Value = Net Worth as reduced by Preference capital / No. of equity shares and (c) RONW= Profit after Tax / Net Worth.

3.9 Reasons for rise/ fall in total income and PAT:

The Company was incorporated on January 18, 2006. There were only two and a half months in the first financial year ended on March 31 2006 in which no business activities were carried out. For the year ended March 31, 2007, the Company earned the profits of Rs. 26.59 lakhs on sale of shares and registered the PAT of 7.57 lakhs. The main reason for the increase in Operational Income for the period ended December 31, 2007 was the profit on sale of a subsidiary co.'s shares, which was a strategic investment. The main reason of increase in Other Income for the period ended December 31, 2007 was higher interest income on surplus funds invested in Bank Fixed Deposits and the dividend income from shares and also profit on sale of shares.

3.10 Significant accounting policies: Some of the significant Accounting Policies followed by DHPL, are as follows:

Financial statements are prepared under the historical cost convention, in accordance with the Accounting Standards applicable in India. The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.

Fixed Assets: Fixed Assets are stated at cost of acquisition, including incidental expenses attributable to bring the assets to their working conditions.Depreciation is as per Schedule XIV of the Companies Act,1956.

Valuation of Investments: Long term investments are carried at cost, including related expenses, and provision, if being made for decline, other than temporary, in their value.

There are no contingent liabilities in the books of DHPL.

3.11 The Acquirer has duly complied with the requirements of Chapter II of the SEBI Takeover Regulations except for a delay of 1 day in 2006 and 20 days in the year 2007 in complying with Regulation 7(1) and 7(2) of the SEBI Takeover Regulations. SEBI may initiate appropriate action against the Acquirer at a later stage for this delay in compliance.

Arrow Webtex Limited - Person Acting in Concert ["PAC"]

3.12 Arrow Webtex Limited, through its predecessor-in-interest, was a company incorporated on April 11, 1979 as a private limited company under the name and style as N & M Marketing Private Ltd under the Act for manufacture of narrow woven fabrics. Subsequently its name was changed to Arrow Webtex Private Ltd on June 11, 1990. It became a deemed public limited company on July 17, 1991 and changed its name to Arrow Webtex Limited. It became a public limited company on July 28, 1992. The registered office of Arrow is situated at Ground Floor, G 4, Clover Classic, North Main Road, Koregaon Park, Pune 411 001., Tel: 91 022 2267 1655; Fax: 91 022 2267 9246. The Corporate and Principal Office of Arrow is situated at 16 A, Alli Chambers, Nagindas Master Road, Fort, Mumbai 400001. Tel: 91 022 2267 1655; Fax: 91 022 2267 9246.

3.13 Through an IPO in 1992, the Equity Shares of Arrow were listed on The Bombay Stock Exchange Limited ("**BSE**"), Delhi Stock Exchange Association Limited ("**DSE**") and Ahmedabad Stock Exchange Ltd ("**ASE**").

3.14 Pursuant to a Composite Scheme of Arrangement and Amalgamation, it was amalgamated into Creole Holdings Company Limited in November 2006, which, post amalgamation was renamed as Arrow Webtex Limited and a fresh certificate of incorporation dated May 18, 2007 was obtained consequent to change of name. Post amalgamation, the equity shares of Arrow are listed on BSE, DSE and ASE in pursuance of Clause 8.3.5 of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended with effect from May 28 2007, July 11 2007 and June 27, 2007. Subsequently, it was listed on NSE with effect from November 2, 2007. The last traded price is Rs. 54.55 on BSE and Rs. 54.90 on NSE on May 9, 2008.

3.15 Arrow is engaged *inter alia* in the business of manufacture of narrow woven fabrics and real estate consultancy. Arrow is promoted by Mr. Jaydev M. Mody and others as per the details given below. It belongs to the Arrow group.

Following individuals and entities are listed as the "Promoters" / "Promoter Group" of Arrow (based on the details received from Arrow through the records of its depository) and they are presently in control of Arrow.

Sr. No.	Name of the shareholders	No. of shares	Percentage
1	Jaydev Mody	7072100	5.22
2	Usha Mukund Mody	5395250	3.98
3	Ambika G Singhania	11380	0.01
4	Gopika Singhania	323750	0.24
5	Zia Jaydev Mody	60313720	44.50
6	Chand Vishnudatt Arora	1750	0
7	Highland Resorts Private Limited	272120	0.20
8	Piramal Polymers Limited	1820000	1.34
9	Surewin Trading Company Private Limited	123370	0.09
10	Supersoft Mercantile Company Private Limited	123380	0.09
11	Highzone Mercantile Company Private Limited	123370	0.09
	Total	**75580190**	**55.76**

3.16 As on the date of this Letter of Offer, the paid up equity share capital of Arrow is Rs. 13,55,28,130/- comprising of 13,55,28,130 equity shares of Re. 1/- each. Shareholding pattern of Arrow as on the date of this Letter of Offer is as follows:

Particulars	No. of shares	Percentage
Promoters, Directors ,Relatives etc.	75580190	55.76
Banks	7870	0.01
UTI and their schemes	0	0
Insurance Companies	0	0
Mutual Funds	0	0
FII	11000	0.01
Non Resident Indians (NRI)	1430456	1.06
Public	58498614	43.16
Total	**135528130**	**100**

3.17 During the nine months period ended December 31, 2007 the following changes have taken place:

On May 4, 2007 DHPL, erstwhile FIPL, sold its shareholding in Salient Real Estate Developers (I) Pvt Ltd and the latter ceased to be a subsidiary. Aryanish Finance and Investments Pvt Ltd ceased to be a subsidiary of Arrow in June 2007. AAA Real Land Developers Private Ltd., AAA Aviation Private Ltd., Jayem Realty Solutions Private Ltd., Richtime Realty Private Ltd., JM Real Estate Private Ltd. have become the subsidiaries of Arrow in December 2007. Further, Arrow diluted its holdings in Highstreet Cruises & Entertainment Private Ltd in December 2007. Also, in December 2007, Victor Hotels and Motels Ltd. has become a subsidiary of Highstreet Cruises & Entertainment Private Ltd.

3.18 As on the date of the PA, Arrow did not hold any equity shares in the paid up equity share capital of AHRL. Arrow did not acquire any equity shares of AHRL after the date of PA. As on the date of the letter of offer, Arrow do not hold any equity shares in the paid up equity share capital of AHRL.

Group Restructuring Exercise

3.19 The Arrow Group has restructured its group operations as per the details given in clause 3.28 of this Letter of Offer.

3.20 Details of the board of directors of Arrow, as on the date of letter of offer, are as follows:

Name	Designation	Residential Address	Date of Appointment	Qualification	Experience
Mr. Jaydev Mody	Chairman	West Hill, Ist Floor, 27, Nepean Sea Road, Mumbai 400 036	15.03.2007	B.A.	Given below
Mr. Aditya Mangaldas	Director	12, Ocean View, 100 Bhulabhai Desai Road, Mumbai - 400 026.	15.03.2007	B.E. Mech	Given below
Mr Aurobind Patel	Director	401, Anand Bhavan, Babulnath 2nd Cross Lane, Mumbai 400 007.	15.03.2007	B.Com, MFA in Design	Given below
Dr. Vrajesh Udani	Director	17, Al Jabreya Court, 69, Marine Drive, Mumbai 400 020.	15.03.2007	M.D	Given below
Mr Mahesh Gupta	Director	402 Ashok House Beach House CHS Gandhigram Road Juhu, Mumbai 400 049	15.03.2007	B.Com, A.C.A. , A.C.S. L.L.B	Given below
Mr. Rajeev Piramal	Director	61A Piramal House Pochkhanwala Road Worli, Mumbai 400 025	28.07.2007	ICSE, BBA	Given below
Mr. Rajesh Jaggi	Director	26 Blue Heaven 2nd Floor, Mount Pleasant Road, Malabar Hill, Mumbai – 400 006.	28.07.2007	M.B.A.	Given below
Ms Ambika Kothari	Director	57 Sea View, Worli, Mumbai - 400 025	28.07.2007	B.A.	Given below
Mr. Chand Arora	Managing Director	Space Twinkle, Off Trimbak Road, Mahatma Nagar, Nasik - 422007	15.03.2007	B.A.	Given below

Experience details of Directors of Arrow are as follows:

(a) Jaydev Mody : Mr. Jaydev M. Mody has been in business for the past 30 years and is the Chairman of the Arrow Webtex Limited. Besides that Mr. Mody has more than 20 years of experience in the field of real estate development and has been instrumental in building and developing Crossroads, the first shopping mall of international standards in India.

(b) Mr. Aditya Mangaldas: Mr. Aditya Mangaldas holds a bachelors degree in Mechanical Engineering from L.D. College, Ahmedabad and holds Master in Business Administration from Badson College, USA. He is on the board of several reputed companies like The Victoria Mills Ltd., A. Mangaldas Apparels Private Ltd., Devadit Mangaldas Investment Company Private Ltd. and Bromelia Trading Private Ltd. He is actively associated with various social welfare and charitable Trusts in Mumbai.

(c) Mr Aurobind Patel: Mr. Aurobind Patel, 54, holds a bachelors degree in commerce from Mumbai University and MFA in Design from Southeastern Massachusetts University. He has worked as a designer in New York and has been a design consultant to India Today and was a design director of The Economist, London. He also served as a design consultant to leading UK Newspapers, The Daily Telegraph and The Times. His expertise lies in Graphic Design and publishing systems.

(d) Dr. Vrajesh Udani: Dr. Vrajesh Udani, 50, is a Pediatric Neurologist. He is a consultant at the P.D. Hinduja National Hospital and Medical Research Centre. He is also an Assistant Professor of Pediatrics at the Grant Medical College and JJ Group of Hospitals Mumbai. He is also a Member of the Indian Academy of Pediatrics and Neurological Society of India.

(e) Mr Mahesh Gupta: Mr. Mahesh Gupta, 51, has over 26 years of professional experience in handling all aspects of the finance function, including treasury, mergers & acquisitions, operational review, strategic planning, direct taxation and Co. Law matters, etc. He is a Chartered Accountant, Company Secretary and holds a degree in law. He has worked with ‘Piramal Group’ for over 17 years including last 9 years as Group CFO. He was on the Board of several Companies in the Piramal Group including Wholetime Director of Nicholas Piramal India Ltd., and also worked with RPG group as Group CFO and Management Board Member and as CEO-Welspun India Ltd.

(f) Mr. Rajeev Piramal: Mr. Rajeev A. Piramal, 32, is the Executive Vice Chairman of Peninsula Land Ltd., a part of the Rs.30 billion Ashok Piramal Group. He is the overall strategist of the company and also overlooks project planning & and execution.

(g) Rajesh Jaggi: Mr. Rajesh S. Jaggi, 36, is Managing Director, Peninsula Land Limited & Peninsula Realty Fund and head of Peninsula Facility Management Services Pvt. Ltd. (PFMS). Mr. Jaggi has over twelve years of involvement and expertise in every sector of the real estate business, from sourcing and construction of ventures to management, facility management, marketing and sales of diverse asset classes. He has been responsible for sales and marketing, conducting transactions and land acquisition across various asset classes, amounting to more than 33 million square feet. Mr. Jaggi has been associated with high profile mega projects in the Indian real estate scenario, ranging from the establishing of ‘Crossroads’ - the first world-class mall in India - as a brand name, to creating various innovative processes of mall management and facility management. He has also been responsible for marketing and successful completion of a commercial development project of 1 million square feet - Peninsula Corporate Park - at Lower Pare!. Mr. Jaggi is a Management professional from Babson Graduate School of Business, Boston.

(h) Ms Ambika Kothari: Ms. Ambika Kothari, 30 is B.A. with Honours through Wellesley College, Wellesley with Economics as a major subject. She has also undergone courses in Financial and Managerial Accounting through MIT Slaon School of Management, Cambridge and in Quantitative Methods in Business and Economics through Harvard University She is experienced in the fields of business administration and management, team building and as an analyst. She has worked with reputed international analyst firms such as Rhone Group LLC, New York, Goldman Sachs & Company, New York and Moody’s Investor Servic, Singapore. She was an active member of the Financial Woemn’s Association, Singapore and a Committee Member of INSEAD Professional Women Forum, Singapore. She is also a member of the IMC Young Entrepreneurs Wing.

(i) Mr. Chand Arora: Mr. Arora has over 22 years of experience in the manufacture and sale of Narrow Woven Fabrics, general management and administration and marketing. He is the Managing Director of the AWL. Mr. Arora looks after the overall operations of our Company.

None of the above directors is on the board of the target company.

3.21 Brief audited financial details of Arrow for the last three financial years and un audited financials for the subsequent 9 months period ended December 31, 2007 as certified by the statutory auditors are as follows:

Profit and Loss Account: (Rs in Lakhs)

	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	9 Months Period ended December 31, 2007
Income from Operations	1,482.80	5,019.22	3,892.12	4,146.12
Other Income	130.60	213.66	104.95	198.93
Total Income	1,613.40	5,232.88	3,997.07	4,345.05
Total Expenditure	1,073.24	4,623.67	1,537.45	1,386.26
Profit before Depreciation, Interest and Tax	540.16	609.21	2,459.62	2,958.79
Depreciation	88.40	69.96	146.09	152.57
Interest	9.49	403.48	403.81	822.54
Profit Before Tax	442.26	135.77	1,909.72	1,983.68
Earlier Year’s Adjustments	-16.46	12.97	534.13	-
Provision for Tax	-113.00	-17.50	-432.01	572.50
Profit after Tax	312.80	131.24	2,011.84	1,411.18

Balance Sheet (Rs in lakhs)

	As on March 31, 2005	As on March 31, 2006	As on March 31, 2007	As on December 31, 2007
Sources of Funds				
Paid up share capital	481.16	2,365.36	2,274.33	2,274.33
Reserves & Surplus (excluding revaluation reserve)	790.91	1,770.05	2,146.66	3,557.84
Net Worth	1,272.07	4,135.40	4,420.99	5,832.17
Secured Loans [Refer Note 2 below]	-	5,317.27	6,280.15	18,282.41
Unsecured Loans	226.74	939.69	208.54	1,852.34
Deferred Tax Liability	-	-	70.00	70.00
Total	**1,498.81**	**1,0392.36**	**1,0979.68**	**2,6036.92**
Uses of Funds				
Net Fixed Assets (including Capital WIP)	356.06	684.79	1,493.65	2,074.16
Investments	120.00	42.44	117.70	6,950.45
Property at Mumbai	-	6,750.72	8,166.43	8,269.39
Net Current Assets	1,014.99	2,911.78	1,183.29	8,724.32
Deferred Tax Asset	7.00	2.00	-	-
Total Miscellaneous expenditure not w/off	0.76	0.63	18.60	18.60
Total	**1,498.81**	**10,392.36**	**10,979.68**	**26,036.92**

Note 1: The figures as appearing hereinabove for the year ended March 31, 2006 represents the results of merged entity (i.e. after the merger of Arrow into Creole) and, therefore strictly not comparable with that for the year ended March 31, 2005 (which are standalone figures of Arrow)

Note 2: Reasons for increase in secured loans as on December 31, 2007 and the relevant details: Arrow has borrowed Rs. 6000 lakhs from YES Bank Ltd by way of term loan at an interest rate of 12.00% pa vide sanction letter dated October 19, 2007 for the purpose of financing expansion plans including textile business and purchase and refurbishment of vessel for development of offshore hospitality and entertainment centre and the loan has a tenure of upto 60 months and repayable in 8 equal half yearly installments after a moratorium of 12 months. Further, Arrow has borrowed Rs. 6500 lakhs from HDFC Ltd for business purposes at an interest rate of 12.50% pa vide Loan Agreement dated November 21, 2007 and the loan has a tenure of not more than 108 months.

Note 3: The funds parked in the Reliance Funds are reflected under the head “Investments” in the balance sheet of Arrow as on March 31, 2008 which includes the following:

Investment in Reliance Fixed Horizon Fund VI Series 2	Rs. 800.00 lakhs
Investment in Reliance FMP(1 Month)	Rs. 2025.76 lakhs
Investment in Reliance Liquid Plus Fund	Rs. 2935.59 lakhs
Reliance Quarterly Interval Fund Series III	Rs. 1506.52 lakhs
Total investment in Reliance Funds	**Rs. 7267.86 lakhs**

Other Financial Data	**2004-2005**	**2005-2006**	**2006-2007**
Dividend (%)	15	100	50
Earning per Share (Rs)	9.82	1.25	18.22
Return on Net Worth (%)	24.60	3.17	45.70
Book value per Equity Share (Rs)	36.33	26.84	30.26

3.22 Reasons for rise/ fall in total income and PAT:

The total income for year ended March 31, 2006 as compared to year ended on March 31, 2005 has risen on account of (a) an increase in consultancy fees earned by AWL; (b) compensation and sales income received from sale of property(ies); (c) commencement of rental income from property(ies). The total income for the year ended March 31, 2007 as compared to year ended March 31, 2006 has decreased on account of the fact that there was no one time income from any property(ies).

The PAT for the year ended March 31, 2006 as compared to the year ended March 31, 2005 has decreased on account of increased cost of sales and higher finance charges. The PAT for the year ended March 31, 2007 as compared to March 31, 2006 has risen on account of increase in consultancy fees and higher rental income received by Arrow.

3.23 Significant accounting policies: Some of the significant Accounting Policies followed by Arrow are as follows:

Basis of preparation of Financial Statements: These Financial Statements are prepared on accrual basis of accounting, under historical cost convention, in accordance with the accounting policies generally accepted in India and generally comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India as applicable, and the relevant provisions of the Companies Act, 1956.

Revenue Recognition: Sale of Products and services are recognized when significant risks and rewards of ownership of products are passed on to customers or when the full/complete services have been provided. Sales are stated at contractual realizable value, net of excise duty but inclusive of sales tax. Services are accounted as income, is inclusive of Service Tax. Full provision is made for any loss in the year in which it is first foreseen. Interest income is generally recognized on a time proportion method. Dividend income is recognized when the right to receive dividend is established. The purchases are shown net of excise duty but inclusive of sales tax. Operating Income includes license fees / service fees. Consultancy Income includes income generated from Real Estate transaction.

Fixed Assets: Fixed Assets are stated at the cost of acquisition, less Cenvat credits and accumulated depreciation. Cost comprises purchase price, duties, levies and any directly attributable cost of bringing the assets to its present location for intended use. Borrowing costs related to the acquisition or construction of the qualifying fixed assets for the period up to the completion are capitalized. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for then intended use before such date are disclosed under Capital work in progress. All costs relating to up-gradation/enhancements and all indirect costs for acquisition of fixed assets are generally charged off as revenue expenditure unless they bring significant additional benefits of lasting nature.

Depreciation / Amortization: Depreciation on assets is provided at the rates and in the manner as prescribed in Schedule XIV of the Companies Act, 1956. Depreciation is provided from the month of acquisition till the month of sale of assets.

Investments: Long-term investments are valued at cost. Investments in Immovable Properties includes purchase price, duties, interest and cost of improvements. The Management has laid out guidelines for the purpose of assessing likely diminutions in Investments and accordingly made provisions for the same wherever required.

Inventories: Cost of inventories have been computed to include all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Inventories are stated at lower of cost or net realizable value (NRV). Provision for obsolence is made wherever it is necessary to do so.

Foreign Currency Transaction: Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account for the year, other than exchange differences related to the liabilities for acquisition of fixed assets that are adjusted to the cost of the related fixed assets. All foreign currency denomination monetary assets and liabilities are translated at the exchange rates prevailing on the balance sheet date. The resultant exchange differences are recognized in the profit and loss account for the year, other than exchange differences related to the liabilities for acquisition of fixed assets that are adjusted to the cost of fixed assets.

Taxation: Provision for Tax for the year comprising Current Tax and Fringe Benefit Tax is included in determining the Net Profit for the year. Provision for Deferred Tax is also made to determine the Net Profit for the year. A provision is made for the Current Tax and Fringe Benefit Tax based on Tax Liability computed in accordance with relevant tax rates and tax laws. A provision is made for deferred tax for all timing differences arising between taxable income and accounting income at substantively enacted tax rates. Deferred tax assets arising from temporary timing differences are recognized to the extent there is reasonable certainty that the assets can be realized in future.

Current Assets: In the opinion of the Management the current assets are realizable at least at the value at which they are stated, in ordinary course of business.

Impairment of Assets (AS 28): In the opinion of the Management, since the net realizable value of all the assets of “Cash Generation Unit” is more than carrying cost, there is no need to make provision of loss for impairment of assets as per AS 28.

3.24 Contingent Liabilities as on date is approx Rs. 5.10 lacs towards Income Tax., Rs. 5000 lakhs towards counter guarantees given to third parties and approx Rs. 50 lakhs towards Property Tax.

3.25 Pending Litigation matters of Arrow as on the date of PA are as follows:

- One worker has filed a claim (not exceeding Rs 1.00 lakh) , against the Company for reinstatement with full back wages. The case is pending before the Nashik Labour Court.
- There are certain tax demands made by the Income Tax department against the Company aggregating to Rs. 5.10 Lakhs.
- Income Tax appeal pending before Appellate Tribunal for the year ended March 31, 2001 - The CIT order u/s 263.

3.26 Amit Desai & Co., Chartered Accountants, the Statutory Auditors of Arrow, vide their Certificate dated June 21 , 2007 have certified that Arrow has complied with the conditions of corporate governance as stipulated in Clause 49 of the listing agreement with the Stock Exchanges. [Source: Audited Annual Report 2006-07].

3.27 The Compliance Officer: Mrs. Madhavi Kotak, 16 A, Alli Chambers, Nagindas Master Road, Fort, Mumbai 400 001. Tel: 91 22 4079 4713 and 91 22 2267 9246; Fax No: 91 22 2267 9246. Email ID: madhavikotak@jmgroup.in

3.28 Details of merger / demerger / spin off during last 3 years involving Arrow :

(a) The Arrow Group has restructured its group operations as per the details given below:

Creole Holdings Company Limited ("**Creole**") was a company incorporated on November 5, 1990 under the Act as a private limited company under the name of Creole Holdings Company Private Limited. It became a deemed public limited company and name was changed to Creole Holdings Company Limited on June 2, 1992. The status was changed to a private limited company and it was named as Creole Holdings Company Private Limited by way of a fresh certificate consequent to change of name dated October 22, 2003. The name was further changed to Creole Holdings Company Limited by way of fresh certificate on change of name dated December 14, 2006. Creole was promoted by Mr. Jayesh Thakur and Ms. Asha Thakur.

Creole, prior to amalgamation, was engaged *inter alia* in the business of real estate consultancy. Post amalgamation, the surviving entity (now Arrow Webtex Limited) is engaged in the business of manufacture of narrow woven fabrics and real estate consultancy.

Arrow and Creole filed a Composite Scheme of Arrangement and Amalgamation with the Hon'ble Bombay High Court in June 2006 ("**Scheme")** and the Scheme provided for re rganization of share capital of Creole under Sections 100 to 103 of the Act and amalgamation of Arrow with Creole under Sections 391 to 394 of the Act. Aforesaid scheme was approved by the Hon'ble High Court of Bombay on November 17, 2006 and became effective from December 7, 2006 ("**Effective Date**") on filing of certified copy of the High Court Order with the Registrar of Companies, Maharashtra by Arrow and Creole. Post amalgamation of Arrow with Creole, it was renamed as Arrow Webtex Limited by a fresh certificate of incorporation dated May 18, 2007 consequent to its change of name.

Upon the Scheme coming into effect, (a) in consideration of the amalgamation, Creole issued and allotted 3.5 fully paid up equity shares of Rs. 10/- each of Creole, credited as fully paid up for every 1 equity share of Rs. 10/- each held in Arrow, to the shareholders whose names appeared in the Register of Members of Arrow, on January 1, 2007, the Record Date, (b) Arrow was dissolved without being wound up without any further act by the parties and with effect from the Effective Date, the name of Arrow was struck off from the records of the Registrar of Companies, Maharashtra, Mumbai, (c) the existing Issued, Subscribed and Paid-up Capital of Creole has been reorganized into preference shares in the ratio of 1 Preference Share of Rs. 10/- each for every 2 equity shares of Rs. 10/- each fully paid up held by equity shareholders of Creole on the Record Date by cancellation of the existing issued and paid-up equity shares of Creole and issuance of Preference Shares, (d) equity shares were re organized into 8% Preference Shares which constituted a reduction of capital in accordance with Sections 100 to 103 of the Act and (e) the name of Creole was changed from "Creole Holdings Company Limited" to "Arrow Webtex Limited" and fresh certificate of incorporation dated May 18, 2007 was obtained consequent to its change of name. Information Memorandum dated May 21, 2007 for listing of 1,05,04,785 equity shares of Rs. 10/- each fully paid up was filed with BSE, DSE and ASE on May 25, 2007 and the equity shares were listed on BSE, DSE and ASE with effect from May 28, 2007 July 11, 2007 and June 27, 2007 respectively. The Equity Shares of the Company were listed on NSE on November 2, 2007.

(b) **Demerger of Textile Division**

Pursuant to the resolutions passed on October 27, 2007 and January 24, 2008, the board of directors of Arrow has approved the demerger of the textile division of Arrow into a new company to be incorporated under the name Arrow Textile Limited. For the purposes the scheme of arrangement (as approved by the board of directors of Arrow) has been filed with the BSE, ASE, DSE and the NSE in terms of Clause 24 of the Listing Agreement. BSE, NSE and ASE have issued their requisite approval letters / no objection letters for the Scheme of Demerger vide their letters dated April 28, 2008 April 11, 2008 and May 8, 2008 respectively and DSE approval is awaited.

3.29 The PAC did not hold any equity shares in the paid up equity share capital of AHRL as on the date of the PA and therefore provisions of Chapter II of SEBI Takeover Regulations, were not applicable as on the date of PA.

3.30 **Relation between the Acquirer and the PAC**

The Acquirer i.e. DHPL and the PAC i.e. Arrow are under the common control of Mr. Jaydev Mody. The Acquirer is a subsidiary of Arrow.

Arrow is a person acting in concert with DHPL only for the purposes of this Offer on account of the fact that Arrow would be funding upto 100% of the consideration required by DHPL for the Offer. Additionally since Arrow is the holding company of DHPL, it is a deemed PAC, unless contrary is established. No other person / individual / entity is acting in concert with DHPL for the purposes of this Offer. No agreement was entered into between the Acquirer and the PAC for the acquisition of equity stake in AHRL including acquisition of shares of AHRL in the open offer. Equity shares that would be tendered in the valid form in terms of this Offer will be transferred in favour of the Acquirer and the PAC in the ratio to be decided by them upon the closure of the Offer.

Disclosure in terms of Regulation 16(ix) of the SEBI Takeover Regulations and future plans/strategies of the Acquirer with regard to AHRL

1. Acquisition of shares and voting rights without change in control and management is the reason and rationale for the acquisition of the equity stake in the paid up equity share capital of AHRL by the Acquirer. The Acquirer is a financial and synergetic investor and does not have any short term intentions with regard to the equity shares held by it in the Target Company (including those acquired under the Offer).
2. The Acquirer and the PAC are not in control of the management of AHRL and therefore, cannot act so as to dispose of or otherwise encumber assets of AHRL. Management control continues to vest with the existing promoters of the Company. Therefore, the Acquirer and the PAC have no plans of any nature in relation to disposal of the assets of AHRL in the next two years.
3. The objects clause(s) of DHPL authorizes it to undertake hospitality business and investment in hospitality sector, which it proposes to undertake in the near future.
4. The shareholders may however note that AHRL has informed the BSE that the board of directors at its meeting held on December 21, 2007 approved the sale of AHRL's flight catering unit. Details are set out in Clause 5.5 hereof.

4. DISCLOSURE WITH REGARD TO CONTINUOUS LISTING

The minimum public shareholding required for continuous listing of the equity shares of AHRL is 25% (twenty five) of the total issued equity share capital. The Acquirer will hold 45.35% in the fully diluted paid up equity share capital of AHRL upon completion of the Open Offer assuming full acceptance to the Offer, as the Acquirer, as on the date of this letter of offer holds 1,17,15,405 equity shares in AHRL aggregating to 25.35% of the paid up equity share capital of AHRL.

Post Open Offer, if the public shareholding falls to a level below the minimum public holding required for continuous listing, the Acquirer has undertaken to take necessary steps to facilitate compliance of AHRL with the relevant provisions thereof in terms of the provisions of Regulation 21(2) of the SEBI Takeover Regulations (i.e. to enable AHRL to raise the level of public shareholding, to the levels specified for continuous listing as specified in the listing agreement with the stock exchanges on which it is listed, within the prescribed period).

Therefore, pursuant to this Offer, there will be no violation of Clause 40A of the listing agreement of AHRL with the stock exchanges on which its equity shares are presently listed and the equity shares of AHRL will continue to be listed.

5. BACKGROUND OF THE TARGET COMPANY – ADVANI HOTELS & RESORTS (INDIA) LIMITED ["AHRL"]

Acquirer has made this voluntary offer under the Takeover Regulations and therefore publicly available information relating to AHRL and the details furnished by AHRL have been relied upon for the purpose of disclosure in the PA and this letter of offer. Therefore, the Acquirer, the PAC and the directors of the Acquirer and the PAC have not independently verified the accuracy of details of AHRL.

5.1 AHRL is a public limited company incorporated on March 13, 1987 under the Act. Name of the Company was changed from Ramada Hotels (India) Limited to Advani Hotels & Resorts (India) Limited with effect from December 17, 1999. Registered Office and the Corporate Office of the Company is situated at 1009/1010, Dalamal Tower, 211, Nariman Point, Mumbai 400021. Tel: 91 022 2285 0101; Fax: 91 022 2204 0744.

5.2 AHRL was promoted by Mr. Sunder G Advani and Mr. Haresh G Advani. AHRL is a technical and financial collaboration with Ramada, UK and is also linked to Ramada's computerised reservation system worldwide. The Company entered the capital market with a public issue in September 1989 for its maiden venture, Ramada Resort, a five star luxury resort at Colva beach, Goa.

5.3 In April, 1996, the Company ventured into flight catering by setting up a flight kitchen next to the airport in Goa. During FY 1999-00, the Company formed a joint venture company, Advani Pleasure Cruise Company Private Limited in collaboration with Casinos Austria for an offshore casino in Goa.

5.4 As on March 31, 2007 the paid up equity share capital of AHRL was Rs. 9,24,38,500/- comprising of 92,43,850 equity shares of Rs. 10/- each. The Board of Directors of AHRL, at its meeting held on August 24, 2007 approved the sub division of its equity shares of Rs. 10/- each into 5 equity shares of Rs. 2/- each and the members approved the same in the Annual General Meeting held on September 26, 2007. Therefore, as on the date of the PA, the paid up equity share capital of AHRL was Rs. 9,24,38,500/- comprising of 4,62,19,250 equity shares of Rs. 2/- each.

5.5 AHRL informed BSE that the Board of Directors, at its meeting held on December 21, 2007 approved the sale of flight catering unit for a price of Rs. 2,030.00 lakhs in terms of Memorandum of Understanding dated December 8, 2007 subject to appropriate approvals including the consent of shareholders. [Source: Corporate Announcement on December 24, 2007 in BSE web site]

5.6 The equity capital structure of AHRL as on the date of the PA was as under:

Shares	No of equity shares /voting rights	% of equity shares / voting rights
Fully paid-up equity shares of Rs. 2/- (Rupees Two only) each	4,62,19,250	100.00
Partly paid-up equity shares	-	-
Total paid up equity shares of Rs. 2/- (Rupees Two only) each	4,62,19,250	100.00
Total voting rights in Target Company	4,62,19,250	100.00

5.7 There are no outstanding partly paid up equity shares or any other instruments convertible into equity shares at a future date, in the books of AHRL.

5.8 Details of share capital history i.e. capital build up of AHRL as on the date of this Letter of Offer, as furnished by AHRL, are as under:

Name of shareholders	Date of Allotment/ Issue / Transaction	No. of shares	Mode of allotment	Identity of allottees
Promoters & Associates	3/13/1987	700	Initial Issue	Promoters & Associates
Promoters	9/30/1987	3,40,000	Further Issue	Promoters
Promoters	10/5/1987	49,300	Further Issue	Promoters
Promoters & Associates	3/11/1988	2,10,000	Further Issue	Promoters & Associates
Promoters & Associates	12/24/1988	3,37,919	Further Issue	Promoters & Associates
Promoters & Associates	6/28/1989	2,90,000	Further Issue	Promoters & Associates
Promoters & Associates	11/18/1989	15,22,081	Further Issue	Promoters & Associates
Public – Public issue	October 1989	19,37,200	Public issue	Public
Rights Issue- Public	6/28/1991	8,40,000	Rights Issue	Public
Rights Issue- Promoters	6/28/1991	7,20,000	Rights Issue	Promoters
Promoters	6/5/1992	9,99,800	Further Issue	Promoters
Promoters & Associates	11/7/1992	19,500	Further Issue	Promoters & Associates
Promoters & Associates	11/7/1992	21,300	Further Issue	Promoters & Associates
Promoters & Associates	11/7/1992	1,15,300	Further Issue	Promoters & Associates
UTI	8/3/1994	3,00,000	Conversion of Preference shares	Financial Institution
Promoters & Associates	5/29/1994	1,50,000	Further Issue	Promoters
Promoters	8/3/1994	6,59,665	Further Issue	Promoters
Others	8/3/1994	7,31,085	Further Issue	Others
Total		**92,43,850**		
Total		**4,62,19,250**	Upon sub division *	

* The Board of Directors of AHRL, at its meeting held on August 24, 2007 approved the sub division of its equity shares of Rs. 10/- each into 5 equity shares of Rs. 2/- each and the members approved the same in the Annual General Meeting held on September 26, 2007.

5.9 Details of change in the shareholding of the promoters of AHRL, as on the date of this Letter of Offer, as furnished by AHRL, are as follows:

Promoter Group	Date of Allotment/ Issue / Transaction	No. of shares	Mode of allotment	Identity of allottees
Promoters & Associates	3/13/1987	700	Initial Issue	Promoters & Associates
Promoters	9/30/1987	3,40,000	Further issue	Promoters
Promoters	10/5/1987	49,300	Further issue	Promoters
Promoters & Associates	3/11/1988	2,10,000	Further issue	Promoters & Associates
Promoters & Associates	12/24/1988	3,37,919	Further issue	Promoters & Associates
Promoters & Associates	6/28/1989	2,90,000	Further issue	Promoters & Associates
Promoters & Associates	11/18/1989	15,22,081	Further issue	Promoters & Associates
Rights Issue - Promoters	6/28/1991	7,20,000	Rights Issue	Promoters
Promoters	6/5/1992	9,99,800	Further issue	Promoters
Promoters & Associates	11/7/1992	19,500	Further issue	Promoters & Associates
Promoters & Associates	11/7/1992	21,300	Further issue	Promoters & Associates
Promoters & Associates	11/7/1992	1,15,300	Further issue	Promoters & Associates
Promoters & Associates	5/29/1994	1,50,000	Further issue	Promoters
Promoters	8/3/1994	6,59,665	Further issue	Promoters
Total		**54,35,565**		
Total		**2,71,77,825**	Upon sub division *	

* The Board of Directors of AHRL, at its meeting held on August 24, 2007 approved the sub division of its equity shares of Rs. 10/- each into 5 equity shares of Rs. 2/- each and the members approved the same in the Annual General Meeting held on September 26, 2007.

5.10 The Company's management is vested with the Board of Directors. The composition of the Board of Directors as on the date of PA was as under:

Names	Addresses	Designation	Date of Appointment	Expertise	Qualification
Mr. Sunder G. Advani	22B Woodlands, 67, Peddar Road, Mumbai 400 026	Chairman & Managing Director	13.03.1987	Hospitality	Refer Note below
Mr. K. Kannan	576 B- Mahesh Jamshed Road, Matunga, Mumbai- 400 019	Director	28.07.2003	Finance, Banking	F.C.A, A.C.W.A
Mr. Prakash V. Mehta	123 A, Maker Towers, Cuffe Parade, Mumbai 400 005	Director	30.06.1989	Law	LL.B. Solicitor
Mr. Anil Harish	13, C.C.I Chambers, Dinshaw Waccha Road, Mumbai 400 026	Director	23.2.1998	Taxation	B.A., L.L.B., LL.M.(U.S.A)
Mr. Haresh G. Advani	101, Prabhu Kutir, Altamount Road, Mumbai 400 026	Executive Director	13.03.1987	Hospitality	B.S.- School of Hotel Administration Cornell University ((USA)
Mrs. Menaka S. Advani	22B, Woodlands, 67 Peddar Road, Mumbai 400 026	Director	30.9.1989	Administration & Human Resource Development	M.A. (Economics) Innkeepers Diploma Holiday Inn University (USA)

Note : Qualification Details of Mr. Sunder G. Advani: Strategic Hospitality Management and Financial Management Courses, Cornell University (USA), Masters in Business Administration from The Wharton Business School (USA), B. S - Business Administration, Temple University (USA), Innkeepers Diploma, Holiday Inn University (USA).

None of the above directors represents the Acquirer / the PAC.

5.11 Brief audited financial details of AHRL for the last 3 years and unaudited financials for the six months ended September 30, 2007 are as follows:

Profit & Loss Account (Rs. In Lakhs)

	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	6 Months period ended September 30, 2007
Income from Operations	3,084.43	3,511.44	3,419.06	1191.78
Other Income	230.43	192.21	360.95	171.85
Total Income	3,314.86	3,703.65	3,780.01	1363.63
Total Expenditure	2143.13	2,555.38	2,596.85	1156
Profit before Depreciation, Interest and Tax	1,171.73	1,148.27	1,183.16	207.63
Depreciation	255.15	220.85	256.70	154.86
Interest	263.00	247.71	300.31	125.47
Profit Before Tax	653.58	679.70	626.15	(72.70)
Provision for Tax	276.13	241.57	183.28	19.43
Profit after tax before adjustments	377.45	438.13	442.87	(92.13)
Prior Period Adjustments	6.95	4.94	18.80	-
Profit after Tax & Adjustments	370.50	433.19	424.06	(92.13)

Balance Sheet (Rs in Lakhs)

	As on March 31, 2005	As on March 31, 2006	As on March 31, 2007
Sources of Funds			
Paid up share capital	924.39	924.39	924.39
Reserves & Surplus (excluding revaluation reserve)	596.04	643.06	961.72
Net Worth	1,520.42	1,567.44	1,886.10
Secured Loans	2,552.67	2,268.85	2,378.43
Unsecured Loans	102.64	77.77	79.70
Deferred Tax Liability	371.93	570.00	596.22
Total	**4,547.66**	**4,484.06**	**4,940.45**
Uses of Funds			
Net Fixed Assets (including Capital WIP)	3,293.95	3,605.73	4,541.62
Investments	440.36	440.36	223.86
Net Current Assets	473.86	437.97	174.98
Total Miscellaneous expenditure not w/off	6.04	–	–
Profit & Loss A/c	333.47	–	–
Total	**4,547.66**	**4,484.06**	**4,940.45**

Other Financial Data	**2004-05**	**2005-06**	**2006-07**
Dividend (%)	–	5	10
Earning Per Share (Basic) [EPS]	4.01	4.69	4.59
Return on Networth [RONW] (%)	31.37	27.64	22.48
Book Value Per Share [BV]	12.78	16.96	20.40

Source: Annual Reports and Web Site of National Stock Exchange.

For the purpose of determining BV and RONW, ratios used are (a) Net Worth = Share Capital + Reserves and Surplus – Debit balance in Profit & Loss Account – Miscellaneous expenditure not w/off, (b) Book Value = Net Worth / No. of equity shares, (c) RONW= Profit after Tax / Net Worth

Reasons for rise / fall in total income and PAT in last 3 years:

AHRL has clarified that the total income has gone up in last 3 years i.e. 2005 onwards due to improved trend in the hospitality industry and accordingly, the PAT has also gone up except in 2007 wherein there was a minor dip in the PAT due to the closure of the hotel for a period of 89 days for major renovation.

5.12 Shareholding pattern before and after the Offer (assuming full acceptances) as on the date of letter of offer :

Shareholders' category	Shareholding & voting rights prior to the agreement/ acquisition and offer.		Shares /voting rights agreed to be acquired which triggered off the Regulations.		Shares/voting rights to be acquired in open offer (Assuming full acceptances)		Share holding / voting rights after the acquisition and offer. i.e.		Share holding /voting rights after the acquisition and offer assuming proportionate acceptance from promoters and public shareholders	
	(A)		(B)		(C)		(A)+(B)+(C)=(D)		(E)	
	No.	%	No.	%	No.	%	No.	%	No.	%
(1) Promoter Group.										
1. Parties to agreement, if any	-	-	-	-	-	-	-	-	-	-
2. Promoters other than (a) above	22,349,435	48.36%	-	-	-	-	22,349,435	48.36%	16,361,847	35.40%
Total 1(a+b)	22349435	48.36%	-	-	-	-	22349435	48.36%	16,361,847	35.40%
(2) Acquirers										
1. Main Acquirer	11,715,405	25.35%	-	-	9243850	20.00%	20,959,255	45.35%	20,959,255	45.35%
2. PACs	-	-	-	-	-	-	-	-	-	-
Total 2(a+b)	11,715,405	25.35%	-	-	9243850	20.00%	20,959,255	45.35%	20,959,255	45.35%
(3) Parties to agreement other than(1) (a) & (2)	-	-	-	-	-	-	-	-	-	-
(4) Public (other than parties to agreement, acquirers & PACs)										
1. FIs/MFs/FIIs/Banks, SFIs (indicate names)			-	-	-	-	-	-	-	
2. Others (Indicate the total number of shareholder in "Public category)			-	-	-	-	-	-	-	
Total (4)(a+b)	12,154,410	26.30%	-	-	(9,243,850)	-20.00%	2,910,560	6.30%	8,898,148	19.25%
GRAND TOTAL (1+2+3+4)	**46,219,250**	**100%**	**-**	**-**	**9,243,850**	**20%**	**46,219,250**	**100%**	**46,219,250**	**100%**

5.13 As on March 7, 2008 i.e. the Specified Date, there were 6,370 Shareholders. All owners (registered or unregistered) of Shares of AHRL, except the Acquirer, and the PAC, anytime before closure of the Offer, are eligible to participate in the Offer.

5.14 J.G. Verma & Co., Chartered Accountants, the Statutory Auditors of AHRL, vide their Certificate dated August 24 , 2007 have certified that AHRL has complied with the conditions of corporate governance as stipulated in Clause 49 of the listing agreement with the Stock Exchanges. [Source: Audited Annual Report 2006-07].

5.15 AHRL has furnished the declaration, in the SEBI prescribed format, with regard to status of compliance, by AHRL, with the provisions of Chapter II of the SEBI Takeover Regulations. There was a delay of 123 days, in compliance, of AHRL, with the Regulation 8(3) of Chapter II of the SEBI Takeover Regulations, in the year 2005 as per the details furnished by AHRL. Further, AHRL has furnished the declarations, in the SEBI prescribed format, with regard to status of compliance, by the promoters and major shareholders of AHRL, with the provisions of Chapter II of the SEBI Takeover Regulations.

5.16 AHRL has confirmed that AHRL has not made any preferential allotment of securities in the past.

5.17 AHRL has confirmed that there are no major litigations pending as on April 22, 2008.

5.18 AHRL has confirmed that Mr. Kumar Iyer [Address: 1009/1010, Dalamal Tower, 211, Nariman Point, Mumbai 400021. Tel: 91 022 2285 0101; Fax: 91 022 2204 0744] is the Compliance Officer of the Company.

5.19 AHRL has confirmed that (a) the equity shares of the company have not been suspended from trading at any stock exchange, (b) there have not been any listing agreement violations by the company in the past, (c) the company has no partly paid up equity shares in its books and (d) all the equity shares, issued, subscribed and allotted, are listed on all the relevant stock exchanges.

5.20 AHRL has confirmed that the company has no listed subsidiary companies.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price

(i) The equity shares of AHRL are presently listed and traded on BSE, NSE and DSE. There are no partly paid up equity shares in the books of AHRL.

(ii) During the six calendar months prior to the month in which the PA was made i.e. August 2007 to January 2008, the Shares were traded on BSE and NSE. Details of trading during this period were as follows:

Stock Exchanges	Total Shares traded	Total No. of listed Shares	Annualized trading turnover as a % of total number of listed Shares
BSE	50,34,533	4,62,19,250	21.79
NSE	14,69,526	4,62,19,250	6.36

Source: Capitaline

(iii) As the annualized trading turnover was more than 5% of the total number of listed shares on BSE and NSE, the equity shares were deemed to be frequently traded on BSE and NSE within the meaning of the Explanation (i) of Regulation 20(5) of the Takeover Regulations. The equity shares were, most frequently traded on BSE.

(iv) Consequently, the minimum Offer Price to be computed for this Offer would be governed by Regulation 20(4) of the SEBI Takeover Regulations as per the applicable parameters as per the details given below:

(a) Negotiated price	N.A.
(b) Highest price paid by the Acquirer or the persons acting in concert with them for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of PA* :	Rs 102.15 per share
(c) Average of weekly high and low of the closing prices of AHRL for the 26 weeks period ended on February 28, 2008 i.e., the date preceding the PA, on the stock exchange, where shares are most frequently traded i.e. BSE:	Rs. 75.35 per share
(d) Average of daily high and low prices of AHRL for the 2 weeks period ended on February 28, 2008 i.e., the date preceding the PA, on the stock exchange, where shares are most frequently traded i.e. BSE:	Rs. 57.81 per share

* **Note**: The highest price paid by the Acquirer for acquisition of equity shares of AHRL during the twelve months preceding the date of the PA is Rs. 102.15 per equity share for 1,84,044 equity shares on December 19, 2007. The average price paid by the Acquirer for acquisition of 1,82,458 equity shares on December 19, 2007 is Rs. 101.90 per equity share. It was this average price of Rs. 101.90 which was inadvertently mentioned in the PA as the highest price for acquisition of 1,82,458 equity shares on December 19, 2007.

(v) Average of the weekly high and low of the closing prices and volume data on BSE, where the Shares are most frequently traded, for the twenty six weeks period ended February 28, 2008 i.e. date preceding the date of the PA:

Wk No	Week Ending (Rs.)	Weekly High (Rs.)	Weekly Low (Rs.)	Weekly Average Traded	Volume
1	28.2.2008	62.65	57.85	60.25	74,650
2	21.2.2008	59.05	51.55	55.30	76,838
3	14.2.2008	51.70	46.10	48.90	33,537
4	7.2.2008	61.60	57.00	59.30	27,787
5	31.1.2008	73.35	64.35	68.85	25,369
6	24.1.2008	78.05	67.75	72.90	4,68,311
7	17.1.2008	85.45	79.10	82.27	53,458
8	10.1.2008	92.40	87.55	89.97	1,37,143
9	3.1.2008	93.40	92.00	92.70	1,21,732
10	27.12.2007	97.95	96.75	97.35	29,081
11	20.12.2007	102.10	97.15	99.62	4,83,338
12	13.12.2007	97.60	90.50	94.05	2,93,378
13	6.12.2007	86.20	80.00	83.10	95,848
14	29.11.2007	83.00	79.00	81.00	19,85,580
15	22.11.2007	81.90	78.10	80.00	2,54,730
16	15.11.2007	79.95	72.50	76.22	39,934
17	8.11.2007	80.05	77.40	78.72	59,659
18	1.11.2007	80.70	80.00	80.35	60,642
19	25.10.2007	79.70	72.79	76.24	1,27,631
20	18.10.2007	75.60	70.50	73.05	69,915
21	11.10.2007	75.80	69.75	72.77	36,510
22	4.10.2007	77.04	72.95	74.99	3,84,375
23	27.9.2007	76.00	73.48	74.74	3,77,100
24	20.9.2007	75.46	71.80	73.63	7,74,935
25	13.9.2007	65.34	52.12	58.73	21,31,050
26	6.9.2007	56.48	51.49	53.98	3,44,020
Twenty six weeks average (Rs.)				**75.35**	

Source: Bloomberg

(vi) Average of daily high and low prices for the two weeks period ended February 28, 2008 i.e. date preceding the date of the PA:

Dates	Daily High (Rs.)	Daily Low (Rs.)	Daily Average (Rs.)	Volume
28.2.2008	62.65	62.65	62.62	9,770
27.2.2008	63.45	59.05	61.25	10,828
26.2.2008	60.70	56.30	58.50	9,529
25.2.2008	61.00	57.55	59.27	7,236
22.2.2008	61.00	56.80	58.90	37,287
21.2.2008	60.90	56.15	58.52	30,668
20.2.2008	59.60	58.00	58.80	28,609
19.2.2008	56.80	56.80	56.80	5,976
18.2.2008	54.10	52.00	53.05	2,200
15.2.2008	51.55	49.15	50.35	9,385
Two weeks Average (Rs.)			**57.81**	

Source: Bloomberg

(vii) Equity shares of the Company are listed on DSE but the shares are deemed to be infrequently traded on DSE within the meaning of the Explanation (i) of Regulation 20(5) of the Takeover Regulations

(viii) Consequently, the minimum offer price to be computed for this Offer would also be governed by Regulation 20(5) of the Takeover Regulations as per the applicable parameters as per the details given below:

(a) Negotiated price	Not Applicable
(b) Highest price paid by the Acquirers or the PACs for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of the PA –	Rs. 102.15 per share
Other parameters based on the audited financial results for the year ended on March 31, 2007	• Book Value per share Rs. 4.51 • Return on Net Worth 69.53% • Earning Per Share Rs. 3.14 • P/E ratio 24.00 • [P/E multiple for the Industry category i.e "Hotels" (Source: Capital Market: December 03, 2007) is 20.07 times] • Offer P/E 32.80 • Fair Value of the share [as per the details given below] Rs.40.54

(ix) As the Equity Shares are deemed to be infrequently traded on DSE as per the details given above, so as to ascertain fair value of the equity shares of AHRL, in terms of the provisions of Regulation 20(5) of Takeover Regulations, the Acquirer has obtained a share valuation certificate dated February 28, 2008 from Mr. Dinesh C Bangar, Partner, (Membership No. 36247), Dinesh Bangar & Co, Chartered Accountants, 201, Rehman House, Nadirshah Sukhia Street, Off: Cawasji Patel Street, Fort, Mumbai 400001, an independent Chartered Accountant, keeping in view the decision of the Hon'able Supreme Court of India in the case of *Hindustan Lever Employee Union* v. *Hindustan Lever Limited*, (1995) 83 Comp Case 30. The said valuation report, prepared on the basis of Net Asset Value [Rs. 3.18 per share], Profit Earning Capacity Value [Rs. 24.40 per share] and Market Value [Rs. 75.35 per share] as per the erstwhile guidelines of the Controller of Capital Issues, indicated that the fair value of the equity share of AHRL based on the financial statements as on September 30, 2007 is **Rs. 40.54** per equity share after taking into consideration sub division of equity shares.

(x) The average price paid by the Acquirer or the PAC for acquisition of equity shares of AHRL during the twelve months preceding the date of the PA [Acquirer has made a net acquisition of 52,40,757 fully paid up equity shares] is Rs. 72.00 per equity share. The highest price paid by the Acquirer or the PAC for acquisition of equity shares of AHRL during the twelve months preceding the date of the PA is Rs. 102.15 per equity share for 1,84,044 equity shares as per the details given above.

(xi) Therefore, the revised offer price of Rs. 103/- per share is justified in terms of Regulation 20(4) of the Takeover Regulations, applicable for companies whose shares are frequently traded and Regulation 20(5) of the Takeover Regulations, applicable for companies whose shares are infrequently traded, in view of this price being more than the highest of the above parameters.

(xii) The Acquirer is permitted to revise this Offer upward upto seven working days prior to the date of closure of the Offer. In the event of such revision, an announcement will be made in the same newspapers where the PA has appeared and the revised offer price would be paid for all the shares tendered anytime during the Offer.

(xii) Based on the above, (a) the Manager to the Offer and (b) the Acquirer and the PAC are of the opinion that the Offer Price of Rs. 103.00 per equity share is justified.

(xiv) It will be ensured that the Offer Price is higher than the highest price paid by the Acquirer or the PAC for any acquisition of Shares of AHRL, if any, from the date of PA i.e. Friday – February 29, 2008 up to seven working days prior to the closure of the Offer i.e. Wednesday – June 4, 2008.

6.2 **Financial Arrangements**

(i) The maximum purchase consideration payable by the Acquirer in case of full acceptance of this Offer would be Rs. 95,21,16,550/- for acquisition of 92,43,850 equity shares at the revised offer price of Rs. 103/- per share.

(ii) Mr. Amit Desai, FCA [Membership No: 32926], Amit Desai & Co, Chartered Accountants, 4/51, Tardeo Airconditioned Market, 5, Tardeo Road, Mumbai 400034, Telefax No: 91 022 2351 2240, e-mail ID: amit_desai26@hotmail.com ("**Chartered Accountants**") has certified, based on (i) the latest audited balance sheet of FIPL, (ii) Rs. 23,57,18,176/- deposited into cash escrow account by FIPL, (iii) Arrow's management certificate dated February 27, 2008 that Rs. 78,74,58,472/- are lying in Reliance Liquid / FMP Funds in the name of Arrow, (iv) Arrow's Chartered Accountants' certificate dated February 27, 2008 that Rs. 78,74,58,472/-

are lying in Reliance Liquid / FMP Funds in the name of Arrow [The Management of Arrow has confirmed vide letter dated February 27, 2008 that the said funds will be made available to FIPL for the above offer and (v) other relevant details incidental to finance the acquisition of up to 92,43,850 Equity shares of Rs.2/- each of AHRL, by way of his letter dated February 27, 2008 that Acquirer has adequate liquid financial resources to finance the above mentioned acquisition of 92,43,850 equity shares to the extent of their obligations of the Offer. Firm arrangement for financial resources required to implement the offer is already in place. No borrowings from banks / financial institutions / foreign sources is envisaged.

(iii) Pursuant to the resolution passed by the directors in the meeting of the board of directors held on December 13, 2007 and the resolution passed by the shareholders of the company in the Extra ordinary General Meeting held on January 7, 2008 Arrow allotted (a) 1,01,64,610 equity shares of Re. 1/- each to Pacific Corporate Services Limited at a price of Rs. 40.50 per share on February 14, 2008, (b) 20,315,670 equity shares of Re. 1/ - each to India Advantage Fund III at a price of Rs. 40.50 per share on February 20, 2008 and (c) 1,50,00,000 Convertible Warrants to Mr. Jaidev Mody on February 14, 2008. Arrow invested these funds in Reliance Liquid / FMP funds and in turn utilized these funds to finance the investment in the equity shares of AHRL and this open offer.

(iv) The Acquirer has opened an cash escrow account with YES Bank Ltd, in their capacity as the Escrow Banker, having their office at 9th Floor, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400018 under the name and style of " FIPL – AHRL - Open Offer Escrow Account" and bearing No. 000180200000470 and deposited Rs. 23,57,18,176/- being more than 25% of the total purchase consideration payable under the Offer assuming full acceptance at the aforesaid offer price in accordance with Regulation 28 of the Takeover Regulations.

(v) Acquirer has confirmed that the funds lying in the above mentioned cash escrow account will be utilized exclusively for the purpose of the Offer. The Acquirer has authorized the Manager to the Offer to operate the cash escrow account in compliance with Regulation 28 of the Takeover Regulations. The Acquirer and the Escrow Banker have marked a lien on the a/c in favour of the Manager to the Offer.

(vi) Funds lying in the Escrow Account represent more than 25% of the total purchase consideration payable under the Offer assuming full acceptance at the aforesaid Offer Price in accordance with Regulation 28 of the SEBI Takeover Regulations.

(vii) In view of above, the Manager to the Offer is satisfied that firm arrangements for financial resources required to implement the Offer i.e., funds and money for payment through verifiable means are in place to fulfill the obligations of the Acquirer under the Offer and is satisfied that the Acquirer has adequate resources to meet the financial requirements of the Offer and ability to implement the Offer in accordance with the SEBI Takeover Regulations.

(viii) The Acquirer and the PAC have revised the offer price to Rs. 103/- per share by way of a Corrigendum to PA, on March 13, 2008 in the same newspapers where the PA appeared as the Acquirer and the PAC, in terms of Regulation 26 of SEBI Takeover Regulations, are permitted to revise the Offer Price upwards any time up to seven working days prior to the date of closure of the Offer i.e. up to Wednesday – June 4, 2008.

(ix) In view of above, the Acquirer has deposited Rs. 23,10,963/- being the incremental escrow funding requirements into the cash escrow account on March 13, 2008.

(x) Further, in view of above, the Chartered Accountants have certified, based on (i) the latest audited balance sheet of FIPL, (ii) Rs. 23,80,29,138/- deposited into cash escrow account by FIPL, (iii) Arrow's management certificate dated March 12, 2008 that Rs. 72,00,00,000/- are lying in Reliance Liquid / FMP Funds in the name of Arrow, (iv) Arrow's Chartered Accountants' certificate dated March 12, 2008 that Rs. Rs. 72,00,00,000/- are lying in Reliance Liquid / FMP Funds in the name of Arrow [The Management of Arrow has confirmed vide letter March 12, 2008 that the said funds will be made available to FIPL for the above offer and (v) other relevant details incidental to finance the acquisition of up to 92,43,850 Equity shares of Rs.2/- each of AHRL, by way of his letter dated March 12, 2008 that Acquirer has adequate liquid financial resources to finance the above mentioned acquisition of 92,43,850 equity shares to the extent of their obligations of the Offer. Firm arrangement for financial resources required to implement the offer is already in place. No borrowings from banks / financial institutions / foreign sources is envisaged.

(xi) However, in view of the prevailing market conditions and other incidental aspects, the Acquirer and the PAC expressed their desire, subsequently, to change the composition of the financial resources for the balance consideration of Rs. 71,40,87,412/- as (a) the realizable market value of 7,50,000 equity shares of UTV Software Communications Limited ("**UTV Software**") held by the PAC [The equity shares of UTV Software closed at 794.75 on BSE on May 7, 2008 and accordingly value of 7,50,000 equity shares of UTV Software based on the said market price is approximately Rs.5960 lakhs], (b) funds lying in Reliance Liquid / FMP Funds in the name of the PAC as reduced to the extent of Rs. 4000.00 lakhs and (c) the realizable market value of the additional securities to be purchased by the PAC out of the funds withdrawn from the Reliance Liquid / FMP Funds.

(xii) The PAC has issued a letter dated May 8, 2008 addressed to the Manager to the Offer, to the above effect, in the nature of an agreement and accordingly, in terms of the said undertaking cum agreement, the PAC placed the physical certificate relating to UTV Shares in the custody of the Manager to the Offer and withdrawn Rs. 4000.00 lakhs lying in Reliance Liquid / FMP Funds to acquire additional securities as mentioned above and agreed to procure an appropriate freeze / ear marking arrangement over such additional securities, in the form and manner acceptable to the Manager to the Offer until the earlier of (i) consummation of the offer formalities by the Acquirer and the PAC in terms of the SEBI Takeover Regulations and (ii) the PAC and/or the Acquirer procuring or replacing the UTV Shares and/or the additional securities with suitable resources / funding arrangements to meet the financial obligations of the Acquirer in relation to the balance consideration, known as the custody arrangement.

(xiii) Further, UTV share certificates shall be released only under certain specified circumstances i.e. (a) upon receipt of a written request from the PAC for the purpose of dematerialization of the UTV Shares, following which release, the PAC shall procure an appropriate freeze / ear marking arrangement over the dematerialized UTV Shares, in the form and manner acceptable to the Manager to the Offer and (b) upon the Manager to the Offer being satisfied with the alternate resources / funding arrangements proposed to be implemented by the PAC to meet the financial obligations of the Acquirer in relation to the balance consideration to extent reduced by the UTV Shares

(xiv) Further, additional securities shall be released upon receipt of a written request from the PAC to release the additional securities freeze arrangement and upon the Manager to the Offer being satisfied with the alternate resources / funding arrangements proposed to be implemented by the PAC to meet the financial obligations of the Acquirer in relation to the balance consideration to the extent reduced by the additional securities.

(xv) Pursuant to above, the funds lying in the Escrow Account represent more than 25% of the total purchase consideration payable under the Offer assuming full acceptance at the aforesaid revised Offer Price in accordance with Regulation 28 of the SEBI Takeover Regulations.

(xvi) In view of above, the Manager to the Offer is satisfied that firm arrangements for financial resources required to implement the Offer i.e., funds and money for payment through verifiable means are in place to fulfill the obligations of the Acquirer under the Offer and is satisfied that the Acquirer has adequate resources to meet the financial requirements of the Offer and ability to implement the Offer in accordance with the SEBI Takeover Regulations.

7. TERMS AND CONDITIONS OF THE OFFER

7.1 The Offer is being made by the Acquirer and the PAC to (i) all Shareholders of AHRL, whose names appeared in the Register of Members on Friday - March 7, 2008 i.e. Specified Date (ii) beneficial owners of the Shares of AHRL whose names appeared as beneficiaries on the records of the respective Depositories, at the close of business hours on Friday – March 7, 2008 i.e. Specified Date and (iii) to those persons who acquire Shares of AHRL any time prior to the date of the closure of the Offer i.e. Saturday – June 14 , 2008 but who are not the registered Shareholders of AHRL, except the Acquirer and the PAC.

7.2 The Offer is not subject to any minimum level of acceptance and the Acquirer and the PAC will be obliged to acquire up to a maximum of 92,43,850 Shares of AHRL that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in the PA and this Letter of Offer. The Shares of AHRL that would be tendered in the valid form in terms of this Offer will be transferred in favour of the Acquirer upon the closure of the open offer.

7.3 The Offer will open on Monday - May 26, 2008 and close on Saturday – June 14, 2008.

7.4 The Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA / Letter of Offer can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. on or up to Tuesday - June 10 , 2008.

7.5 The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgment constitute an integral part of the terms of this Offer.

7.6 Each Shareholder of AHRL to whom this Offer is being made is free to offer his Shareholding in AHRL in whole or in part while accepting the Offer. However, the Acquirer and the PAC are not eligible to tender their Shares under the Offer.

7.7 The Shares will be acquired by the Acquirer free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared thereafter.

7.8 The equity shares that are tendered in the Offer may be those held by Non-Resident Indians or persons resident outside India who are not Non-Resident Indians, including Overseas Corporate Bodies, if any, holding shares in the Company who may be persons not covered by specific provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. The Offer is therefore subject to the receipt of the approval, if any, of the Reserve Bank of India ('**RBI**") under the Foreign Exchange Management Act, 1999 and the rules and regulations made there under **("FEMA")** for the acquisition of equity shares by the Acquirer from the aforesaid category of shareholders under the Offer and other related matters. Manager to the Offer, by way of their letter dated April 10, 2008 filed an application with RBI for approval to the Acquirer to acquire equity shares of AHRL through open offer from the eligible non resident shareholders.

7.9 In case of delay in receipt of statutory approvals, as explained above, SEBI has power to grant extension of time to the Acquirer for payment of purchase consideration to eligible shareholders of the Company, subject to the Acquirer agreeing to pay interest as directed by SEBI, for the delayed period in terms of Regulation 22(12) of the SEBI Takeover Regulations. If the delay occurs due to willful default of the Acquirer in obtaining requisite approvals, Regulation 22(13) of the SEBI Takeover Regulations will become applicable.

7.10 AHRL has confirmed that no approval from banks / financial institutions of the Company is required for the Acquirer to make this Offer.

Therefore, to the best of the Acquirer's knowledge, other than the approvals mentioned aforesaid, no other statutory or regulatory approval is required for the Acquirer to proceed with the offer. If any other approvals are required or become applicable subsequently, the Offer would be subject to such approvals. The Acquirer will have a right not to proceed with the Offer in the event the approvals are refused, in terms of Regulation 27(1)(b) of the SEBI Takeover Regulations.

7.11 There has been no competitive bid.

7.12 As the Offer Price cannot be revised during seven working days prior to the closing date of the Offer i.e. prior to Wednesday – June 4, 2008, it would be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.

7.13 The Manager to the Offer shall within a period of forty five days of the closure of the Offer inform BSE, NSE, DSE and SEBI as to level of acceptance received thereof.

7.14 The acceptance of the Offer of the Acquirer is entirely at the discretion of the Equity Shareholders of AHRL .The Acquirer will not be responsible for any loss of share certificate(s) and Offer acceptance documents during transit and the Shareholders of AHRL are advised to adequately safeguard their interests in this regard.

7.15 The Acquirer will proceed with the Offer even if they are unable to obtain acceptance to the extent of 92,43,850 fully paid-up Shares of face value of Rs. 2/- (Rupees Two only) each of AHRL.

7.16 In the case of Shares acquired from non resident Shareholders, the Acquirer will not be responsible for any fall in the value of the rupee due to any fluctuation in the foreign exchange market on account of delay in the approval.

7.17 Accidental omission to dispatch this Letter of Offer to any person to whom this Offer has been made to or non-receipt of this Offer by any such person shall not invalidate the Offer in any way.

7.18 The acceptance must be unconditional and should be sent with the attached form duly filled in, signed by the applicant Shareholder(s) which should be received by the Registrar to the Offer at the address mentioned in para no. 8.13 on or before Saturday – June 14, 2008. If any change or modification is made, the acceptance is liable to be rejected.

7.19 All expenses relating to the Offer will be borne by the Acquirer and / or the PAC.

7.20 The Acquirer reserves the right of upward revision of price at any time up to seven working days prior to the closure of the Offer as per Regulation 26 of the SEBI Takeover Regulations. The same price would be paid by the Acquirer for all the Shares tendered any time during the Offer and accepted under the Offer. The information about such revision(s), if any, would appear in the same newspapers in which the PA has appeared.

7.21 AHRL has confirmed that there are no shares which are currently locked in.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

8.1 The Shareholders of AHRL who wish to avail this Offer should forward the under mentioned documents by hand delivery or by registered post or by speed post or by courier to Mondkar Computers Pvt. Limited, the Registrar to the Offer [details of collection centre is given in para no. 8.13] so as to reach them on or before Saturday – June 14, 2008 on working days during business hours indicated in para no. 8.13. In the case of dematerialized Shares, the Registrar is not bound to accept those Offers which have not yet been credited to the escrow depository account by or before 3 p.m. IST on the date of closure of the Offer, i.e. Saturday – June 14, 2008. No documents for tendering the Shares should be sent either to the Acquirer or the PAC or the Manager to the Offer or AHRL.

8.2 The registered Shareholders of AHRL holding physical shares should submit:

- The enclosed Acceptance Form duly completed and signed in accordance with the instructions contained therein by the Equity Shareholders of AHRL in the same order in which they hold Shares in AHRL. The order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
- Original share certificate(s).

- Valid share transfer deed(s) duly signed as transferors by all Shareholders (in case of joint holdings) in the same order and as per specimen signatures lodged with AHRL.

In case of non-receipt of the aforesaid documents, but receipt of the original share certificate(s) and transfer deed(s) duly signed, the Offer shall be deemed to be accepted.

In case the present signature of the Shareholder(s) differ from the specimen signatures lodged with AHRL, transfer deeds should be duly attested at the appropriate place by a notary or bank manager or member of stock exchange under their seal of office and membership number. In each case, the name and address of the attesting authority, attesting authority's seal and registration number (if the authority is a notary public/member of stock exchange) or the name and address of the bank (if the authority is a bank manager) should appear. Further, all attestations should be unconditional, i.e. the authority attesting should not deny the responsibility of identifying the person and the signature by qualifying the attestation. If the said guidelines are not followed, the Acquirer reserves the right to reject the transfer deed along with the application.

8.3 Notwithstanding that the signature(s) of the transferor(s) has/ have been attested as aforesaid, if the signature(s) of the transferor(s) differ(s) from the specimen signature(s) recorded with AHRL or are not in the same order, such Shares are liable to be rejected under this Offer even if the Offer has been accepted by a bonafide owner of such Shares.

8.4 Unregistered owners of shares / registered Shareholders who have not received the Letter of Offer and are holding physical shares should enclose the Acceptance Form which is available on the SEBI web site (www.sebi.gov.in), duly completed and signed in accordance with the instructions contained therein or an application in writing on a plain paper with original equity share certificates, original broker contract note, valid share transfer deed(s) as received from the market stating the name, address, number of Shares held, number of Shares offered, distinctive numbers and folio number. All other requirements for valid transfer (including matching of signatures) will be a precondition for acceptance. No indemnity is required from the unregistered owners.

8.5 In the case of Shareholders who have sent their physical share certificates for transfer to AHRL can enclose the acknowledgement, if any, received from AHRL. The Shareholders who are attaching the acknowledgement are requested to direct AHRL in writing to retain the share certificates for onward submission to the Registrar to the Offer.

8.6 If required, Shareholders may download the Acceptance Form from SEBI's website (www.sebi.gov.in) or may request for the Acceptance Form from the Registrar to the Offer.

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED EXCEPT NAME, SIGNATURE AND WITNESS.

8.7 Procedure for Shares held in dematerialized form - Registered beneficiary owners:

The beneficiary owners (holders of Shares in dematerialized form) who wish to tender their Shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instructions in "off-market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP in favor of the escrow depository account.

8.8 The beneficiary owners/ registered demat Shareholders who have not received Letter of Offer:

These Shareholders can apply on a plain piece of paper giving details like the name, address, number of shares held, no. of Shares offered, depository details i.e. DP name, DP ID and Client ID along with a photocopy of the delivery instructions in "off-market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP in favor of the escrow depository account. Alternatively, they may download the Acceptance Form from the SEBI's site (www.sebi.gov.in) or may request for the Acceptance Form from the Registrar to the Offer. All other requirements for valid transfer (including matching of signatures) will be a precondition for acceptance.

8.9 Mondkar Computers Pvt. Ltd, Registrar to the Offer, have opened an escrow depository account. The details are as under:

Depository	NSDL
Depository Participant / DP	HDFC Bank Ltd
Client ID	24310184
DP ID	IN301151
Account Name	**MCPL Escrow A/c - AHRL Open Offer**
ISIN	INE 199 C 01018

8.10 Shareholders of AHRL having their depository account with a DP registered with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the escrow depository account opened by the Registrar with HDFC Bank Ltd which is registered with NSDL. The Shareholders may note that the credit for the Shares tendered must be received in the escrow depository account, as specified above, by or before 3 p.m. IST on Saturday – June 14 , 2008.

8.11 For each delivery instruction, the beneficial owner should submit a separate Acceptance Form.

8.12 The Equity Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but are not limited to):

- Duly attested death certificate and succession certificate / No Objection Certificates **("NoC")** / letters from legal heirs (in the case of single Shareholder) where the original Shareholder has expired.
- Duly attested power of attorney, if any person other than the Shareholder has signed the Form of Acceptance cum Acknowledgement or transfer deed(s).
- In case of companies, the necessary corporate authorizations (including board and shareholders' resolutions) and specimen signatures of authorized signatories.
- Any other relevant documents, as deemed necessary.

In case of non-receipt of the aforesaid documents, but receipt of Shares in the escrow depository account by or before 3 pm IST on Saturday - June 14, 2008, the Offer shall be deemed to be accepted provided subsequent receipt of all the relevant documents.

8.13 The Shareholders of AHRL who wish to avail of the Offer can deliver all the relevant documents referred to above to the Registrar to the Offer at the address given below (on all days except holidays and Sundays) in accordance with the instructions specified in the Letter of Offer.

The collection centre mentioned below would remain open on Monday to Friday from 10.00 am to 1.00 pm and from 2.00 pm to 4.00 pm and on Saturdays from 10.00 am to 1.00 pm.

Address of the Collection Centre	**Contact Person**	**Mode of delivery**	**Phone/Fax / Email**
Mondkar Computers Pvt Limited 21, Shakil Niwas, Opp: Satya Saibaba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093	Devanand Dalvi	Hand Delivery/ Regd Post/ Courier	Tel: 91 022 2825 7641 / 2836 6620 Fax: 91 022 2820 7207 Email: info@mondkarcomputers.com

8.14 The documents sent by registered post/ speed post/ courier or through any other means will be at the applicant's own risk and cost.

8.15 All owners (registered or unregistered) of Shares of AHRL except the Acquirer and the PAC, anytime before closure of the Offer are eligible to participate in the Offer.

In the event that the shares tendered in the Offer by the Shareholders of AHRL are more than the Shares to be acquired under the Offer, the acquisition of Equity Shares from each Shareholder will be as per the provisions of Regulation 21(6) of the SEBI Takeover Regulations i.e. on a proportionate basis, to be decided in a fair and equitable manner, in consultation with the Manager to the Offer, irrespective of whether the Shares are held in physical or dematerialized form.

8.16 As on March 31, 2007 the paid up equity share capital of AHRL was Rs. 9,24,38,500/- comprising of 92,43,850 equity shares of Rs. 10/- each. The Board of Directors of AHRL, at its meeting held on August 24, 2007 approved the sub division of its equity shares of Rs. 10/- each into 5 equity shares of Rs. 2/- each and the members approved the same in the Annual General Meeting held on September 26, 2007. Therefore, while determining 20% of the paid up equity share capital for the purpose of minimum public offer, paid up equity share capital of Rs. 9,24,38,500/- comprising of 4,62,19,250 equity shares of Rs. 2/- each was considered in terms of Regulation 21(5) of Takeover Regulations which provides that for the purpose of determining minimum 20% of the voting capital of the Company, voting rights as at the expiration of 15 days after the closure of the proposed public offer shall be reckoned.

8.17 The minimum marketable lot for the purpose of acceptance, for both physical and demat Shares, would be one Share.

8.18 The Shares, if any, that are the subject matter of litigation wherein the Shareholder(s) is/ are / may be precluded from transferring the Shares during the pendency of the said litigation are liable to be rejected in case directions / orders from competent authority regarding these Shares are not received together with the Shares tendered under the Offer. The Letter of Offer in such cases would be forwarded to the concerned competent authority for further action at their end. In cases where the Shares of AHRL are in the name of tainted persons or the transfer of Shares were kept in abeyance due to the inclusion of the tainted persons as declared by the Special Custodian under the Special Act, Offers will not be accepted until the Shares are cleared by the Special Court appointed for this purpose.

8.19 The Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting Shares dematerialized is completed well in time so that the credit in the escrow depository account should be received by or before 3 p.m. IST on the date of closure of the Offer, else the application would be rejected.

8.20 The Registrar to the Offer will hold in trust the Share certificates, Shares lying in credit of the escrow depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the Shareholders of AHRL who have accepted the Offer, till the Offer obligations are completed in full by the Acquirer and the PAC.

8.21 In the case of dematerialized Shares, the Shares would reside in the escrow depository account as mentioned above. The Registrar to the Offer will debit the escrow depository account to the extent of payment of consideration made by the Acquirer. The Shares held in dematerialized form to the extent not accepted as a result of non-payment / part payment of consideration by the Acquirer will be released to the beneficial owner's depository account with the respective beneficial owner's depository participant as per details furnished by the beneficial owner in the Acceptance Form, at the sole risk of the beneficial owner.

8.22 In accordance with regulation 22(5A) of the SEBI Takeover Regulations, the Shareholders who have tendered the requisite documents in terms of the PA and this Letter of Offer shall have the option to withdraw acceptances tendered up to three working days prior to the closing date of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions given below so as to reach the Registrar to the Offer at the collection center mentioned above as per the mode of delivery indicated therein on or before Tuesday - June 10, 2008.

8.23 The withdrawal option can be exercised by submitting (a) the Form of Withdrawal which will be sent to Shareholders along with the Letter of Offer and (b) the copy of the acknowledgement received from the Registrar to the Offer while tendering the acceptances together with (c) In respect of physical Shares – name, address, distinctive numbers, folio number, and number of Shares tendered and in respect of dematerialized Shares – name, address, number of Shares tendered, DP Name, DP ID, beneficiary account number and photocopy of the delivery instruction in off market mode duly acknowledged by DP. In case of nonreceipt of Form of Withdrawal, the above application can be made on a plain paper.

8.24 In case of partial withdrawal of the Offer or rejection of Shares:

- The Shareholders who have tendered Shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining Shares (i.e. Shares not withdrawn) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with AHRL and duly witnessed at the appropriate place.
- The withdrawal of Shares will be available only for the share certificates / Shares that have been received by the Registrar to the Offer / escrow depository account.
- The intimation of returned Shares / rejected Shares to the Shareholders will be made at the address as specified in the Acceptance Form.
- The Form of Withdrawal should be sent only to the Registrar to the Offer, at the collection centre mentioned in para no. 8.13.
- In case of partial withdrawal of Shares tendered in physical form and the original share certificates are required to be split, the withdrawn Shares will be returned on receipt of share certificates from AHRL.
- In case of partial withdrawal of Shares / rejection of Shares tendered in demat form, the Shares withdrawn / rejected will be credited to the beneficial owner's depository account with the respective DP as furnished in the Acceptance-cum-Acknowledgment form. It is the responsibility of the Shareholder to ensure that the withdrawn Shares / unaccepted Shares are accepted by their respective DP when transferred by the Registrar to the Offer. The Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.
- Partial withdrawal of tendered Shares can be done only by the registered Shareholders / beneficial owners.
- In case of partial withdrawal, the earlier Form of Acceptance-cum-Acknowledgement will stand revised to that effect.
- The Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

8.25 Transfers not lodged: In case any person has lodged Shares of AHRL for transfer and such transfer has not yet been effected, the concerned person may apply as per instruction contained in para no. 8.5 above together with the acknowledgement of the lodgement of Shares for transfer. Such persons should also instruct AHRL to send the transferred share certificate(s) directly to Mondkar Computers Pvt Limited, 21, Shakil Niwas, Opp: Satya Saibaba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093 India. The applicant should ensure that the certificate(s) reach the designated collection centre on or before the Offer closing date, else the Offer will be deemed invalid.

8.26 Dematerialization process not complete: In case any person has tendered his physical Shares in AHRL for dematerialization and such dematerialization has not yet been effected, then, the concerned Shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialization request form acknowledged by Shareholder's DP. Such Shareholders should ensure the credit of the Shares to the escrow depository account by or before 3 pm of Saturday – June 14, 2008 and forward a copy of the delivery instructions acknowledged by the DP to the collecting centre.

8.27 The consideration for the Shares accepted by the Acquirer will be paid by crossed account payee cheques / demand drafts. Such considerations in excess of Rs. 1,500/- or unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post / speed post at the Shareholders' / unregistered owners' sole risk to the sole/ first Shareholder. The consideration up to Rs. 1,500/- may be dispatched Under Certificate of Posting ("**UPC**"). It is mandatory that Shareholders provide bank account details in the Acceptance Form so that the same can be incorporated in the cheque / demand draft.

8.28 While tendering Shares under the Offer, non resident Shareholders (NRI/FII etc.) will be required to submit the previous RBI / GOI approvals, if any, which they would have obtained for acquiring the Shares of AHRL and Tax Clearance Certificate ("**TCC"**) from the Income Tax authorities under the Income Tax Act, 1961 ("**Income-tax Act**") indicating the rate at which the tax is required to be deducted by the Acquirer before remitting the consideration. In case previous approvals as explained above are not submitted, the Acquirer reserves the right to reject the Shares tendered in the Offer. In case the aforesaid TCC is not submitted, the Acquirer will deduct the tax at the current prevailing rates as applicable to the category of the Shareholder under the Income Tax Act on the entire consideration payable to such shareholder.

8.29 As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD of the Income Tax Act payable to a FII as defined in section 115AD of the Income Tax Act. However the Interest payment for delay in payment of consideration, if any, shall not be governed by this provision. For interest payments, if any, FIIs shall also have to provide their TCC, indicating the amount of tax to be deducted. In absence of the same, the Acquirer will arrange to deduct tax on the interest component, at the rate as may be applicable to the category of Shareholder under the Income Tax Act.

8.30 In the case of resident Shareholders, the Acquirer will deduct the tax on the interest component exceeding Rs. 5,000/- at the current prevailing rates as applicable, if applicable. If the resident Shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, he will be required to submit NoC from the Income Tax authorities or a self declaration in Form 15H as may be applicable indicating the rate at which tax is to be deducted by the Acquirer. The Shareholders eligible to receive interest component exceeding Rs. 5,000/- would be required to give their Permanent Account Number ("**PAN**") for income-tax purposes.

8.31 The securities transaction tax will not be applicable to the Shares accepted in this Offer.

9. DOCUMENTS FOR INSPECTION

Copies / certified copies of the following documents will be available for inspection at the office of YES Bank Limited, 12th Floor, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 during normal business hours on any working day i.e. Monday to Friday between 10 am and 3 pm during the Offer period i.e. from Monday – May 26, 2008 to Saturday – June 14, 2008.

1. Memorandum and Articles of Association of DHPL and Arrow.
2. Audited financial statements of the DHPL and Arrow for the years ended March 31, 2005 2006 and 2007 and unaudited financials for the 9 months period ended December 31, 2007 certified by the statutory auditors
3. Audited financial statements of AHRL for the years ended March 31, 2005 2006 and 2007
4. Arrow Creole Composite Scheme filed with Bombay HC in June 2006
5. Bombay High Court approval to the Scheme dated November 17, 2006
6. Returns filed with ROC by Arrow enclosing thereon the Scheme
7. Returns filed with ROC by Creole enclosing thereon the Scheme
8. Fresh certificate of incorporation of Arrow dated May 18, 2007
9. Fresh certificate of incorporation of Arrow dated May 18, 2007
10. Fresh certificate of incorporation [upon name change] of DHPL dated March 13, 2008
11. IM dated May 21, 2007 filed with BSE, DSE and ASE on May 25, 2007
12. Listing approvals issued by BSE, DSE, ASE and NSE i.e. with effect from May 28, 2007 July 11, 2007 June 27, 2007 and November 2, 2007
13. Letter dated February 28, 2008 from the escrow banker confirming deposit of requisite funds in the escrow account.
14. Letter dated March 13, 2008 from the escrow banker confirming deposit of additional funds in the escrow account.
15. Letters dated February 25, 2008 received from the Acquirer and the PAC that the escrow funds will be exclusively utilized for the Offer.

16. Newspaper clipping of the PA published on February 29, 2008.

17. Newspaper clipping of the Corrigendum to the PA published on March 13, 2008

18. Letter dated May 6, 2008 received from SEBI in terms of Regulation 18(2).

19. Escrow Depository Agreement entered into by the Registrar to the Offer with the Depository Participant.

20. Certificate dated February 27, 2008 from Mr. Amit Desai, FCA, Amit Desai & Co, Chartered Accountants certifying that Acquirer has adequate financial resources to finance the Offer to the extent of their obligations of the Offer.

21. Fresh certificate dated March 12, 2008 from Mr. Amit Desai, FCA, Amit Desai & Co, Chartered Accountants certifying that the Acquirer has adequate financial resources to finance the Offer to the extent of their obligations of the Offer

22. Letter dated May 8, 2008 released by the PAC addressed to the Manager to the Offer in connection with their proposal to change the composition of the financial resources availability for the balance consideration

10. DECLARATION BY THE ACQUIRER

1. Acquirer has made this voluntary offer under the Takeover Regulations and therefore publicly available information relating to AHRL and details furnished by the target company have been relied upon for the purpose of disclosure in the PA. Therefore, the Acquirer, the PAC and the directors of the Acquirer and the PAC have not independently verified the accuracy of details of AHRL.

2. A copy of the draft Letter of Offer was delivered to (a) the Board of Directors of AHRL and (b) Bombay Stock Exchange Ltd (c) National Stock Exchange of India Ltd (d) Delhi Stock Exchange Association Ltd, for their information and perusal March 14, 2008.

3. Save as set out in point 1 above, the Acquirer /PAC and the directors of the Acquirer / PAC accept full responsibility for the information contained in this Letter of Offer and also for the obligations of the Acquirer and the PAC as laid down in Regulation 22(6) of the SEBI Takeover Regulations.

4. The Acquirer and the PAC are responsible for ensuring compliance with the SEBI Takeover Regulations.

5. The Manager to the Offer has ensured that Mr. Darius Khambatta is duly and legally authorized to sign the Letter of Offer.

For and on behalf of
Delta Hospitality Private Limited

Sd/-

Mr. Darius Khambatta
Authorized Signatory

Place: Mumbai
Date: May 10, 2008

For and on behalf of
Arrow Webtex Limited

Sd/-

Mr. Darius Khambatta
Authorized Signatory

Place: Mumbai
Date: May 10, 2008

Encl: 1. Form of Acceptance cum Acknowledgement with Form of Withdrawal

2. Transfer Deed (as applicable)

OFFER
OPENS ON: MAY 26, 2008
CLOSES ON: JUNE 14, 2008

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

- *Please submit this Form with enclosures to the Registrar to the Offer at their address given overleaf.*
- *Please read the enclosed Letter of Offer dated May 10, 2008 carefully before filling this Acceptance Form.*
- *All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer.*
- *Each Shareholder of AHRL to whom this Offer is being made, is free to offer his Shareholding in AHRL in whole or in part while accepting the Offer.*

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

From:

Folio No./DP ID No./ Client ID No.:

.

To,

Mondkar Computers Pvt Limited
[Unit: Advani Hotels & Resorts (India) Ltd]
21, Shakil Niwas, Opp: Satya Saibaba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093.

Dear Sir,

Sub: Offer for purchase of upto 92,43,850 fully paid up Shares of the face value of Rs. 2/- (Rupees Two only) each, representing 20.00% of the voting paid up equity share capital of Advani Hotels & Resorts (India) Limited, at an Offer Price of Rs. 103.00 (Rupees Hundred and Three only) per fully paid-up equity share by Delta Hospitality Private Limited [Acquirer] along with Arrow Webtex Limited [PAC]

I/We refer to the Letter of Offer dated May 10, 2008 for acquiring the Shares held by me/us in AHRL.

I/We, the undersigned, have read the Letter of Offer and understood the contents including the terms and conditions mentioned therein.

☐ **FOR SHARES IN PHYSICAL FORM**

I/We accept the Offer and enclose the original Share certificate (s) and duly signed transfer deed(s) in respect of my / our Shares as detailed below:

Sr.No	Ledger Folio No	Certificate No	Distinctive Nos		No of fully paid-up Shares
			From	To	
				Total number of Shares	

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp.

I/ We note and understand that the original Share certificate (s) and valid Share transfer deed(s) will be held in trust for me / us by Registrar to the Offer until the time the Acquirer and the PAC complete the Offer obligations under the SEBI Takeover Regulations as mentioned in the Letter of Offer. I/ We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

☐ **SHARES IN DEMATERIALIZED FORM**

I/We, holding Shares in the dematerialized form, accept the Offer and enclose the photocopy of the delivery instruction in "off-market" mode, duly acknowledged by the DP in respect of my/our Shares as detailed below:

DP Name	DP ID	Client ID	Beneficiary Name	No of fully paid-up Shares

I/ We have executed an off-market transaction for crediting the Shares to the escrow depository account opened by Mondkar Computers Pvt. Limited with HDFC Bank Ltd styled ""**MCPL Escrow A/c - AHRL Open Offer**" with the following particulars:

DP Name	DP ID	Client ID	ISIN
HDFC Bank Ltd.	IN301151	24310184	INE 199 C 01018

☐ via a delivery instruction from my account with NSDL ☐ via inter-depository delivery instruction from my account with CDSL

I/ We note and understand that the Shares would reside in the Escrow Depository Account until the time the Acquirer and the PAC complete the Offer obligations under the SEBI Takeover Regulations as mentioned in the Letter of Offer

☐ **For NRIs/ FIIs/ Foreign Shareholders:**

I/We have enclosed the following documents:

☐ No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities, as applicable.

☐ RBI approval(s) for acquiring Shares of AHRL hereby tendered in the Offer.

Following documents should be enclosed wherever applicable

☐ Power of attorney

☐ Death certificate/ succession certificate/ No objection Certificate/ letters from legal heirs- duly attested

☐ Corporate authorization in case of companies along with board/ general meeting resolutions and specimen signatures of authorized signatories

☐ Others (please specify) ______________________________________

Bank details: So as to avoid fraudulent encashment in transit, the Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole Shareholder and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in electronic form, the bank account as obtained from the "beneficiary position download" to be provided by the Depositories will be considered and the payment instruments will be issued with those bank particulars only:

Name of Bank		**Branch**	
Account Number		**Current/ Savings/Others (Please specify)**	

I/We confirm that the Shares of AHRL, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/ We note and understand that once I/ We have accepted the Offer by tendering the requisite documents in terms of Public Announcement / Letter of Offer, I/ We have the option to withdraw the same up to three working days prior to the date of the closure of the Offer i.e. up to Tuesday – June 10, 2008.

I/We authorize the Acquirer to accept the Shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, share certificate(s) in respect of which the Offer is not found valid/not accepted, specifying the reasons thereof.

I/We authorize the Acquirer to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirer to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer is hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

I/We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by registered post/speed post/under certificate of posting as may be applicable at my/our risk, the draft/cheque/payment instruments, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below.

In case of Shares tendered in dematerialized form,

I/We authorize the Acquirer, Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

Yours faithfully,
Signed and Delivered

	Full name(s) of Shareholder(s)	**Specimen Signature(s)**	**PAN/ GIR No.**
1st/ Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp.

Address of first/ sole holder where the purchase consideration/ share certificates are to be dispatched ____________________________________

____

____

Place:

Date:

PROCEDURE FOR ACCEPTANCE

The Equity Shareholders of AHRL who wish to avail the Offer can deliver all the relevant documents referred to above to the Registrar to the Offer at the collecting centre specified below in accordance with the instructions specified in the Letter of Offer and Acceptance Form so as to reach them not later than Saturday - June 14, 2008.

COLLECTING CENTRE DETAILS:

Address of the Collection Centre	Contact Person	Mode of delivery	Phone/Fax / Email
Mondkar Computers Private Limited 21, Shakil Niwas, Opp: Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093	Devanand Dalvi	Hand Delivery/ Regd Post/ Speed Post/ Courier	Tel: 91 022 2825 7641 / 2836 6620 Fax: 91 022 2826 2920 Email: info@mondkarcomputers.com

Monday to Friday from 10.00 am to 1.00 pm and from 2.00 pm to 4.00 pm and on Saturdays from 10.00 am to 1.00 pm. excluding Sundays and public holidays.

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER OR TO THE PAC OR TO THE MANAGER TO THE OFFER

(1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer.

(2) **Shareholders holding registered Shares** should submit the Form duly completed and signed in accordance, by the holders of the Shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with AHRL and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed except name, signature and witness.

(3) **Shareholders holding Shares in dematerialized form** should submit the Form duly completed and signed in accordance with the instruction contained therein by all the beneficial holders of the Shares, as per the records of the DP.

(4) **In case of Shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in AHRL, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

(5) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a magistrate, notary public or special executive magistrate or a similar authority holding a public office and authorized to use the seal of his office.

(6) **Persons who own Shares (as on the Specified Date or otherwise) but are not the registered holders** of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with AHRL / its transfer agent for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, AHRL /its transfer agent, of the share certificate(s) and transfer deed(s). Persons under this paragraph should submit their acceptance and necessary documents by registered post or speed post or courier or in person to the Registrar at their office as mentioned above.

(7) **Non-resident Shareholders** should enclose copy (ies) of permission received from Reserve Bank of India to acquire Shares held by them in AHRL.

(8) **Non-resident Shareholders** are advised to refer to the clause on taxation in the Letter of Offer regarding important disclosures regarding the taxation of the consideration to be received by them.

TEAR ALONG THIS LINE

ACKNOWLEDGEMENT SLIP

Folio No________________ DP ID_____________________ Client ID__________________ Sr. No______________

Received from Mr./Ms. ____

residing at ____

a form of acceptance cum acknowledgment for Offer of ________________ Shares of AHRL along with: ☐ Copy of depository instruction slip ☐ Share certificate(s) under folio number(s) ________________________ along with transfer deed(s).

Stamp of Collection Center	Signature of Official, & Date of Receipt

(9) **In case of bodies corporate**, certified copies of appropriate authorization (including board/shareholders' resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

(10) **All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

(a) Duly attested death certificate and succession certificate (in case of single Shareholder) in case the original Shareholder has expired.

(b) Duly attested power of attorney if any person apart from the Shareholder has signed acceptance form or transfer deed(s).

(c) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

— — — — — — — — — — — — — — — **TEAR ALONG THIS LINE** — — — — — — — — — — — — — — —

Note: All future correspondence, if any should be addressed to the Registrar to the Offer at

Mondkar Computers Pvt Limited
21, Shakil Niwas, Opp: Satya Saibaba Temple, Mahakali Caves Road
Andheri East, Mumbai 400093
Tel: 91 022 2825 7641 / 2836 6620, Fax: 91 022 2820 7207
Email: info@mondkarcomputers.com
Contact: Ravi Utekar

FORM OF WITHDRAWAL - ADVANI HOTELS & RESORTS (INDIA) LIMITED - OPEN OFFER

Sub: Offer for purchase of upto 92,43,850 fully paid up Shares of the face value of Rs. 2/- (Rupees Two only) each, representing 20.00% of the voting paid up equity share capital of Advani Hotels & Resorts (India) Limited, at an Offer Price of Rs. 103.00 (Rupees Hundred and Three only) per fully paid-up equity share by Delta Hospitality Private Limited [Acquirer] along with Arrow Webtex Limited [PAC]

OFFER OPENS ON	**May 26, 2008**
LAST DATE FOR WITHDRAWAL	**June 10, 2008**
OFFER CLOSES ON	**June 14, 2008**

I/ We would like to withdraw my/our acceptance in terms of Regulation 22(5A) of the SEBI Takeover Regulations and my/our relevant details are as follows:

☐ In respect of physical shares

Name		
Address		
Distinctive Numbers		
Folio Number		
Share Certificate Numbers	From	
	To	
Number of Shares tendered		
Number of Shares withdrawn		

Copy of acknowledgment received from the Registrar to the Offer while tendering the acceptance is being attached herewith.

☐ In respect of demat / electronic shares:

Name	
Address	
Number of Shares tendered	
Number of Shares withdrawn	
DP Name	
DP ID	
Beneficiary Account Number	

Photocopy of the delivery instruction slip in off market mode duly acknowledged by DP is attached along with a copy of the acknowledgment received from the Registrar to the Offer while tendering the Shares is being enclosed herewith.

— — — — — — — — — — — — — — — TEAR ALONG THIS LINE— — — — — — — — — — — — — — — —

ACKNOWLEDGEMENT SLIP

Folio No__________________ DP ID______________________ Client ID__________________ Sr. No________________

Received from Mr./Ms. ____

residing at ____

a form of withdrawal of Offer of____

Shares of AHRL along with: ☐ Copy of depository instruction slip

☐ Share certificate(s) under folio number(s) ____________________________

along with transfer deed(s).

Stamp of Collection Center	Signature of Official, & Date of Receipt

— TEAR ALONG THIS LINE —

Note: All future correspondence, if any should be addressed to the Registrar to the Offer at

Mondkar Computers Private Limited
21, Shakil Niwas, Opp: Satya Saibaba Temple, Mahakali Caves Road
Andheri East, Mumbai 400093
Tel: 91 022 2825 7641 / 2836 6620, Fax: 91 022 2820 7207
Email: info@mondkarcomputers.com
Contact: Ravi Utekar

WESTERN PRESS Pvt. Ltd.
MUMBAI 400 013. 40317777