Placement Document
Not for Circulation
Serial No: [•]
Dated September 3, 2009

DELTA CORP LIMITED

(Incorporated in the Republic of India under the (Indian) Companies Act, 1956 as a company with limited liability, having its registered office at Clover Classic, G-4, Ground Floor, North Main Road, Koregaon Park, Pune – 411001, Maharashtra, India)

The Placement Document is meant only for QIBs on a private placement basis and will not constitute an offer to the public or to any other class of investors.

Offering of 16,633,000 equity shares of face value Re. 1/- each, ("QIP Shares"), of Delta Corp Limited, ("Company"), at a price of Rs.50.0625 per QIP Share, including a premium of Rs. 49.0625 per QIP Share, aggregating Rs. 8,326.90 lakhs ("Offering").

OFFERING PURSUANT TO THE PROVISIONS OF CHAPTER XIII-A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000

THIS OFFERING AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING UNDERTAKEN PURSUANT TO THE PROVISIONS OF CHAPTER XIII-A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, AS AMENDED, ("**SEBI GUIDELINES**"), AND OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S ("**REGULATION S**") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED ("**SECURITIES ACT**"). THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR, AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTOR WITHIN OR OUTSIDE INDIA.

Any invitation, offer and sale of the QIP Shares shall only be made pursuant to this Placement Document, the Application Form and the Confirmation of Allocation Note. See "Placement Procedure" in this Placement Document. The distribution of this Placement Document or the disclosure of its contents to any person, other than Qualified Institutional Buyers (as defined in Clause 1.2.1 (xxiv a) of the SEBI Guidelines), ("**Eligible Investors**"), and persons retained by the Eligible Investors, to advise them with respect to their purchase of the QIP Shares, is unauthorised and prohibited. Each Eligible Investor, by accepting delivery of this Placement Document agrees to observe the foregoing restrictions, and not to make copies of this Placement Document or any other document referred herein.

This Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India, and will not be circulated or distributed to the public in India and will not constitute a public offer in India.

Investments in equity and equity-related securities involve a certain degree of risk and Eligible Investors should not invest any amount in this Offering unless they are prepared to bear the risk of losing all or part of the amount invested by them. Eligible Investors are advised to carefully read the chapter titled "Risk Factors" beginning at page 24 of this Placement Document before deciding to invest in this Offering. Each Eligible Investor is advised to consult its respective advisers about the particular consequences of an investment in the QIP Shares being issued pursuant to this Placement Document.

The information on our Company's website or any website directly or indirectly linked to our Company's website does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, such websites.

All of the outstanding equity shares of Re. 1/- each of our Company, ("**Equity Shares**") are listed on the Bombay Stock Exchange Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"), (collectively referred to as the "**Indian Stock Exchanges**"). Applications shall be made for listing of the QIP Shares offered through this Placement Document on the Indian Stock Exchanges. The Indian Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the QIP Shares to trading on the Indian Stock Exchanges should not be taken as an indication of the merits of our Company or the QIP Shares.

Copies of this Placement Document have been delivered to the Indian Stock Exchanges. Copies of the Placement Document will be filed with the Indian Stock Exchanges. A copy of the Placement Document will also be delivered to the Securities and Exchange Board of India ("**SEBI**") for record purposes.

THIS PLACEMENT DOCUMENT HAS BEEN PREPARED BY OUR COMPANY SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED OFFERING DESCRIBED IN THIS PLACEMENT DOCUMENT. YOU MAY NOT AND ARE NOT AUTHORISED (1) TO DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON OR (2) TO REPRODUCE SUCH PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI GUIDELINES OR OTHER APPLICABLE STATUTORY AND/OR REGULATORY REQUIREMENTS.

The QIP offered hereby are not transferable except in accordance with the restrictions described under "Transfer Restrictions". The QIP Shares have not been approved or disapproved by the SEBI or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The QIP Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The QIP Shares are being offered and sold under the Securities Act outside the United States in reliance on Regulation S. For further information, see sections titled "Distribution and Solicitation Selling Restrictions" and "Transfer Restrictions" beginning on page 112 and page 115 of this Placement Document, respectively.

This Placement Document has not been reviewed by SEBI, the Reserve Bank of India, ("**RBI**"), the Indian Stock Exchanges or any other regulatory or listing authority and is intended only for use by Eligible Investors.

This Placement Document is dated September 3, 2009.

Lead Manager

YES BANK LIMITED
Nehru Centre, 12th Floor, Discovery of India
Dr. A. B. Road, Worli, Mumbai 400 018, India
Tel: +91 22 6669 9000, Fax: +91 22 2497 4158

TABLE OF CONTENTS

NOTICE TO INVESTORS

We accept full responsibility for the information contained in this Placement Document and to the best of our knowledge and belief, having made all reasonable enquiries in connection with this Offering and we confirm that this Placement Document contains all information with respect to our Company and its Subsidiary Companies, ("**Group**"), and the QIP Shares, which is material in the context of this Offering. The statements contained in this Placement Document relating to the Group and the QIP Shares are, in every material respect, true and accurate and not misleading, the opinions and intentions expressed in this Placement Document with regard to the Group and the QIP Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to the Group and are based on reasonable assumptions. There are no other facts in relation to our Company and the QIP Shares, the omission of which would, in the context of this Offering, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements. Notwithstanding any investigation that the Lead Manager might have conducted with respect to the information contained herein, neither the Lead Manager nor any of its respective members, employees, counsel, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Lead Manager, as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the issue of QIP Shares or its distribution. Each person receiving this Placement Document acknowledges that such person has not relied on the Lead Manager, nor on any person affiliated with the Lead Manager, in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Group and the merits and risks involved in investing in the QIP Shares.

No person is authorized to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or the Lead Manager. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The QIP Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of this offering or the accuracy or adequacy of this Placement Document.

The distribution of this Placement Document and the issue of the QIP Shares may be restricted by law in certain jurisdictions. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company or the Lead Manager which would permit such issue of QIP Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the QIP Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any issue material in connection with the QIP Shares may be distributed or published in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, Eligible Investors must rely on their own examination of the Group and the terms of this Offering, including the merits and risks involved. Further, Eligible Investors should not construe the contents of this Placement Document as legal, business, tax, accounting or investment advice. Eligible Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this offering. In addition, neither our Company nor the Lead Manager are making any representation to any offeree or purchaser of the QIP Shares regarding the legality of an investment in the QIP Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations. Each purchaser of the QIP Shares pursuant to this Offering is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter XIII-A of the SEBI Guidelines and is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in securities. Each subscriber of the QIP Shares in this Offering also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the QIP Shares.

The information on our Company's website, www.deltacorp.in (or on the website of the Lead Manager), does not constitute nor form part of this Placement Document.

This Placement Document contains summaries of certain terms of certain documents, but reference is made to the actual documents, copies of which will be made available upon request during the offering period for physical inspection at the Registered Office of our Company, located at Clover Classic, G-4, Ground Floor, North Main Road, Koregaon Park, Pune – 411001, Maharashtra, India, subject to applicable confidentiality restrictions. All such summaries are qualified in their entirety by this reference.

Representations by Investors

By purchasing any QIP Shares pursuant to this Offering, you are deemed to have acknowledged and agreed as follows:

- you are an Eligible Investor and undertake to acquire, hold, manage or dispose of any QIP Shares that are allotted to you for the purposes of your business in accordance with the SEBI Guidelines;

- if allotted QIP Shares pursuant to this Offering, you shall, for a period of one year from allotment, sell the QIP Shares so acquired only on the floor of the Indian Stock Exchanges;

- you are aware that the QIP Shares have not and will not be registered under any SEBI regulations or under any other law in force in India;

- this Placement Document has not been verified or affirmed by the SEBI or the Indian Stock Exchanges and will not be filed with the Registrar of Companies. This Placement Document will be filed with the Indian Stock Exchanges and has been displayed on the websites of our Company and the Indian Stock Exchanges;

- you are entitled to subscribe for the QIP Shares under the laws of relevant jurisdictions and that you have fully observed such laws and obtained all such statutory, regulatory and/or other consents in each case which may be required thereunder and complied with all necessary formalities;

- you are entitled to acquire the QIP Shares under the laws of all relevant jurisdictions and that you have all the necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in this Offering and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in this Placement Document) and will honor such obligations;

- you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company Presentations"**) with regard to our Company or the Offering; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Lead Manager may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that Lead Manager has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

- the Lead Manager is neither making any recommendations to you, nor advising you regarding the suitability of any transactions they may enter into in connection with this Offering and that participation in this Offering is on the basis that you are not and will not be a client of the Lead Manager and that the Lead Manager does not have any duties or responsibilities to you for providing the protections afforded to their respective clients or customers or for providing advice in relation to this Offering and is in no way acting in a fiduciary capacity;

- you are aware and understand that the QIP Shares are being offered only to Eligible Investors and are not being offered to the general public and the allotment of the same shall be on a discretionary basis;

- you have made, or are deemed to have made, as applicable, the representations set forth under "Transfer Restrictions"

- you have been provided a serially numbered copy of this Placement Document and have read this Placement Document in its entirety including, in particular, the section titled “Risk Factors”;

- that in making your investment decision, (i) you have relied on your own examination of our Company and the terms of this Offering, including the merits and risks involved, (ii) you have made your own assessment of our Company, the QIP Shares and the terms of this Offering based on such information as is publicly available, (iii) you have consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the QIP Shares, and (v) you have relied upon your own investigations and resources in deciding to invest in the QIP Shares, and (vi) you have relied solely on the information contained in this Placement Document and no other disclosure or representation by our Company or any other party;

- the Lead Manager has not provided you with any tax advice or otherwise made any representations regarding the tax consequences of the QIP Shares (including but not limited to the Offering and the use of the proceeds from the QIP Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Lead Manager when evaluating the tax consequences in relation to the QIP Shares (including but not limited to the Offering and the use of the proceeds from the QIP Shares). You waive and agree not to assert any claim against Lead Manager with respect to the tax aspects of the QIP Shares or as a result of any tax audits by tax authorities, wherever situated;

- you have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the QIP Shares and you and any accounts for which you are subscribing to the QIP Shares (i) are each able to bear the economic risk of the investment in the QIP Shares, (ii) will not look to the Lead Manager, our Company and/ or the officers of our Company for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the QIP Shares, (iv) have no need for liquidity with respect to the investment in the QIP Shares and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the QIP Shares;

- you have no rights under a shareholders’ agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoter;

- that where you are acquiring the QIP Shares for one or more managed accounts, you represent and warrant that you are authorized in writing by each such managed account to acquire the QIP Shares for each managed account and to make (and you hereby make) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “you” to include such accounts;

- you are not a Promoter and are not a person related to the Promoters of our Company, either directly or indirectly and your bid does not, directly or indirectly, represent any Promoter or Promoter Group of our Company;

- you will have no right to withdraw your bid after the Bid Closing Date;

- you are eligible to bid and hold QIP Shares so allotted and together with any QIP Shares held by you prior to this Offering. You further confirm that your holding upon the issue of any of the QIP Shares shall not exceed the level permissible as per any applicable regulations;

- the bids made by you would not eventually result in triggering a tender offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended (the “**Takeover Code**”);

- to the best of your knowledge and belief together with other QIBs in this Offering that belong to the same group or are under common control as you, the allotment under the present Offering shall not exceed 50% of the size of this Offering. For the purposes of this statement:

  a. the expression 'belongs to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956;

  b. “Control” shall have the same meaning as is assigned to it by clause (c) of Regulation 2 of the Takeover Code;

- you shall not undertake any trade in the QIP Shares credited to your depository participant account until such time that the final listing and trading approval for the QIP Shares is issued by the Indian Stock Exchanges;

- you are aware that applications have been made to the Indian Stock Exchanges for in-principle approval for listing and admission of the QIP Shares for trading on the Indian Stock Exchanges’ market for listed securities;

- you are aware and understand that the Lead Manager has entered into a Memorandum of Understanding with our Company whereby the Lead Manager has, subject to the satisfaction of certain conditions set out therein, undertaken to use its reasonable endeavors as an agent of our Company to seek to procure purchasers for the QIP Shares;

- that the contents of this Placement Document, is exclusively the responsibility of our Company and that neither the Lead Manager nor any person acting on its behalf have or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in this Offering based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in this Offering, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Lead Manager or our Company or any other person and neither the Lead Manager, nor our Company, nor any other person will be liable for your decision to participate in this Offering based on any other information, representation, warranty or statement which you may have obtained or received;

- that the only information you are entitled to rely on and on which you have relied in committing yourself to acquire the QIP Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the QIP Shares and that you have neither received nor relied on any other information given or representations, warranties or statements made by the Lead Manager or our Company and neither the Lead Manager nor our Company will be liable for your decision to accept an invitation to participate in this Offering based on any other information, representation, warranty or statement;

- all statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and the environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. Our Company assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

- that you are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000, as amended, and have not been prohibited by the SEBI from buying, selling or dealing in securities;

- you agree to indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of your representations and warranties as contained herein. You agree that the indemnity set forth in this paragraph shall survive the resale of the QIP Shares including by or on behalf of accounts; managed by you, if any, and

- that our Company and the Lead Manager will rely upon the truth and accuracy of your foregoing representations, warranties, acknowledgements and undertakings, each of which is given to the Lead Manager and our Company on your own behalf, and each of which is irrevocable.

- you understand that Lead Manager does not have any obligation to purchase or acquire all or any part of the QIP Shares purchased by you in the Offering or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Offering, including non-performance by our Company of any of its respective obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;

- that you are a sophisticated investor who is seeking to subscribe to the QIP Shares in this Offering for your own investment and not with a view to distribution. In particular, you acknowledge that (i) an investment in the QIP Shares involves a high degree of risk and that the QIP Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the QIP Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investments matters that you are capable of evaluating the merits and risks of your investment in the QIP Shares; and

- that each of the acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment of the QIP Shares.

Issuance of, dealing in or holding offshore derivative instruments

Under Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulation, 1995, as amended no foreign institutional investors as defined under SEBI Guidelines, or their sub-accounts, (together referred to as "**FIIs**"), including affiliates of the Lead Manager who are FIIs may issue, deal in or hold, off-shore derivative instruments such as participatory notes, equity linked notes or any other similar instruments against QIP Shares allocated in this Offering (all such off-shore derivative instruments referred to herein as "**P-Notes**"), unless such P-Notes are issued to or held in favour of entities that are regulated by appropriate regulatory authorities in their countries of incorporation or establishment subject to compliance with "know your client" norms. In addition no P-Notes can be issued by or on behalf of a FII with underlying derivatives tradable on any recognized stock exchange in India. P- Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document neither contains nor will contain any information concerning P-Notes or the issuer(s) of any P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claim on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company and its affiliates do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes.

Any P-Notes that may be issued are not securities of the Lead Manager and do not constitute any obligations of, or claim on the Lead Manager.

Prospective Eligible Investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of any P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

Disclaimer Clause of the Indian Stock Exchanges

As required under the SEBI Guidelines, a copy of this Placement Document has been submitted to the Indian Stock Exchanges. The Indian Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Document.

2. warrant that the QIP Shares will be listed or will continue to be listed on the Indian Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of this Company.

It should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Indian Stock Exchanges. Every person who wishes to apply for or otherwise acquires any securities of our Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Indian Stock Exchanges whatsoever by reason of any loss, which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless the context otherwise requires, references to the "Company", "our Company", "us", "we" or "our" are to Delta Corp Limited, and where applicable, our Subsidiary Companies.

In this Placement Document, unless otherwise specified or the context otherwise requires, all references to "India" are to the Republic of India and its territories and possessions, all references to the "U.S." and the "United States" are references to the United States of America, including its territories and possessions, any state of the United States of America and the district of Columbia. In this Placement Document, unless otherwise specified or the context otherwise requires, and all references to the "Indian Government" or the "Government" are to the Government of India.

Unless otherwise stated, references in this Placement Document to a particular year are to the calendar year ended on December 31 and to a particular "fiscal" or "fiscal year" are to the fiscal year ended on March 31.

Financial Statements Contained Herein

The financial statements included in this Placement Document include audited financial statements of the year ending March 31, 2008 and March 31, 2009 and limited reviewed financial statements for the quarter ending June 30, 2009 and in each case, the notes thereto, which are prepared in accordance with generally accepted accounting principles in India, ("**Indian GAAP**"), (with respect to the financial statements of our Company). All discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Our Company publishes its financial statements in Rupees. Our Company's financial statements included herein have been prepared in accordance with Indian GAAP and the Companies Act. Unless otherwise indicated, all financial data in this Placement Document are derived from our Company's financial statements prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("**IFRS**") and U.S. GAAP. Our Company does not provide a reconciliation of its financial statements to IFRS or U.S. GAAP financial statements.

Basis of Presentation

Under applicable Indian laws and regulations, our Company is required to prepare audited and consolidated financial statements only at the end of an accounting year. The following financial statements have been presented in this Placement Document:

(i) Audited consolidated financial statements of the year ending March 31, 2008 and March 31, 2009; and

(ii) Limited review of consolidated financial information for a period of three months for the quarter ending June 30, 2009.

Industry and Market Data

Information regarding market position, growth rates and other industry data pertaining to our Company's business contained in this Placement Document consists of estimates based on data compiled by professional organisations and analysts, on data from other external sources and on our Company's knowledge of its markets. This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, so our Company relies on internally-developed estimates. While our Company has compiled, extracted and reproduced market or other industry data from external sources, including third parties or industry or general publications, our Company only accepts responsibility for accurately reproducing such data. However, our Company has not independently verified that data and our Company makes no representation regarding the accuracy of such data. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and our Company cannot assure recipients of this Placement Document as to their accuracy. Please refer to the section titled "Industry Overview".

FORWARD-LOOKING STATEMENTS

All statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements." Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability and other matters discussed in this Placement Document regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Placement Document (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry Overview" and "Business".

The forward-looking statements contained in this Placement Document are based on the beliefs of our management, as well as the assumptions made by and information currently available to our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. Substantially all of our Directors and executive officers and some of the experts named herein are residents of India and a substantial portion of assets of such persons are located in India. As a result, it may be difficult for investors to effect service of process upon our Company or such persons outside India or to enforce judgements obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908, as amended from time to time, (the "**Civil Code**") on a statutory basis. Section 13 and Section 44A of the Civil Code provides that a foreign judgement shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgement has not been pronounced by a court of competent jurisdiction, (ii) where the judgement has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgement is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable, (iv) where the proceedings in which the judgement was obtained were opposed to natural justice, (v) where the judgement has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgements. However, Section 44A of the Civil Code provides that where a foreign judgement has been rendered by a superior court within the meaning of that section in any country or territory outside India which the Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgement had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

The United Kingdom, Singapore and Hong Kong amongst other countries have been declared by the Government of India to be reciprocating territories for the purposes of Section 44A of the Civil Code but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. Such a suit must be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if such action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it is of the opinion that the amount of damages awarded as excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered pursuant to the execution of such a judgment and any such amount may be subject to income tax in accordance with applicable laws. In addition, any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment.

DEFINITIONS AND ABBREVIATIONS

Definitions of certain capitalized terms used in this Placement Document are set forth below:

General Terms

Term	Description
AAAAPL	AAA Aviation Private Limited
AAC	Aircraft Acquisition Committee
AAI	Airport Authority of India
ACDG Rules	The Aircraft (Carriage of Dangerous Goods) Rules, 2003, as amended
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
ASE	Ahmedabad Stock Exchange Limited.
“our or “we” or “us”	Delta Corp Limited and where relevant, include its Subsidiary Companies
AGM	Annual General Meeting.
Aircraft Act	Aircraft Act, 1934, as amended
Aircraft Rules	Aircraft Rules, 1937, as amended
Allocation/ Allotted	The number of QIP Shares proposed to be allotted by our Company, pursuant to the duly completed Application Forms from Eligible Investors, in consultation with the Lead Manager and in compliance with Chapter XIIIA of the SEBI Guidelines.
Allotment	Unless the context otherwise requires, the allotment of QIP Shares pursuant to this Offering.
Application Form	The form pursuant to which an Eligible Investor shall submit a Bid.
Articles/Articles of Association	Articles of Association of our Company.
Auditors	Unless the context otherwise requires, refers to M/s. Amit Desai & Co., Chartered Accountants, the statutory auditors of our Company.
Bid	An indication of Eligible Investors’ interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for QIP Shares pursuant to this Offering.
Bid Closing Date	September 3, 2009
Bid Opening Date	September 1, 2009
Bidding Period	The period between the Bid Opening Date and the Bid Closing Date, inclusive of both days, during which prospective Eligible Investors can submit their Bids.
Board of Directors/Board	The board of directors of our Company or a committee constituted thereof.
BOLT	BSE On-Line Trading.
BSE	Bombay Stock Exchange Limited.
CAN/Confirmation of Allocation Note	Note or advice or intimation to not more than 49 QIBs confirming the Allocation of QIP Shares to such QIBs after discovering the Offer Price.
Casino License	License issued by the Government of Goa under the provisions of the Goa, Daman and Diu Public Gaming Act, 1976, authorizing games (a) involving electronic amusement/slot machines in five star hotels and (b) notified table games and gaming on board in any ship or boat, used in navigation and licensed by the Director General of Shipping, Ministry of Surface Transport, Government of India.
Casino Vessels	The vessels, namely MV Arabian Sea King and MV Casino Royale which house our Offshore Casinos, namely Kings Casino and Casino Royale, respectively.
Civil Code	The Code of Civil Procedure, 1908, as amended.
Companies Act	The Companies Act, 1956, as amended.
Company/ “the Company”/ “our Company”	Delta Corp Limited
Compliance Officer / Company Secretary	Unless the context otherwise requires, refers to Mr. Hitesh Kanani.
CRISIL	Credit Rating Information Services of India Limited.
Cut-Off Price	The Offer Price of the QIP Shares which shall be finalized by our Company in consultation with the Lead Manager

Term	Description
DAT Policy	Domestic Air Transport Policy, as amended from time to time
DCEAL	Delta Corp East Africa Limited
DIFC	The Dubai International Financial Centre
DGCA	Directorate General of Civil Aviation
DG Shipping	Directorate General Shipping
DHPL	Delta Hospitality Private Limited
DPAL	Delta Pan Africa Limited
Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2009, as amended
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended.
Depositories Act	The Depositories Act, 1996, as amended.
Depository Participant	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of our Company, unless otherwise specified
DSE	Delhi Stock Exchange Association Limited.
EGM	Extraordinary General Meeting.
EPS	Earnings Per Share.
Eligible Investors	'QIBs' as defined in Clause 1.2.1 (xxiv a) of the SEBI Guidelines
Equity Shares	Equity shares of our Company of face value Re. 1 each.
Escrow Bank	YES BANK Limited
Escrow Bank Account	A special bank account opened with the Escrow Bank by the company titled "Delta Corp Limited – QIP Escrow Account" for the purposes of the Offering
FDI	Foreign Direct Investment.
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
FIPB	Foreign Investment Promotion Board.
Floor Price	The floor price of Rs. 50.0625 for the QIP Shares, which has been calculated in accordance with clause 13A.3 of the SEBI Guidelines.
GAAP	Generally Accepted Accounting Principles.
GDP	Gross domestic product
GoI	Government of India
Gambling Act	Goa Daman and Diu Public Gambling Act, 1976, as amended
Group	Our Company and its Subsidiary Companies.
HCEPL	Highstreet Cruises and Entertainment Private Limited
High Court of Goa	High Court of Bombay, at Goa
IISL	India Index Services and Products Limited
Income Tax Act/IT Act	The Income Tax Act, 1961, as amended.
Indian GAAP	Generally accepted accounting principles in India
Indian Stock Exchanges	BSE and NSE.
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992, as amended
JMRSPL	Jayem Realty Solutions Private Limited
JMTREPL	J. M. Township & Real Estate Private Limited
Knots	Unit of calculating speed equal to one nautical miles per hour
Kshs.	Kenyan Shillings, the official currency of the Republic of Kenya.
LA Act	Land Acquisition Act, 1894, as amended
Lead Manager	The lead manager to this Offering, namely, YES BANK Limited.
MS Act	Merchant Shipping Act, 1958, as amended
Memorandum of Association	The Memorandum of Association of our Company.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended.
NSE	National Stock Exchange of India Limited.
Offering	The offer and sale of the QIP Shares to Qualified Institutional Buyers,

Term	Description
	pursuant to Chapter XIII-A of the SEBI Guidelines.
Offer Price	A price per QIP Share of Rs. 50.0625.
Offer Size	This Offering of 16,633,000 equity shares of face value Re. 1/- each of Delta Corp Limited, at a price of Rs.50.0625 per Equity Share, including a premium of Rs. 49.0625 per Equity Share, aggregating Rs. 8,326.90 lakhs.
Offshore Casino	Casinos named 'Casino Royale and Kings Casino operated by our Subsidiary Companies, HCEPL and VHML respectively on board the vessels named 'M.V. Casino Royale' and 'M.V. Arabian Sea King.'.
p.a.	Per annum.
PLLDHL	PLL Delta Hotels Private Limited
PLMA	Prevention of Money Laundering Act, 2002
Passenger Ship Rules	Merchant Shipping (Construction and Survey of Passenger Ships) Rules, 1981, as amended
Placement Document	The Placement Document to be issued in accordance with Chapter XIII-A of the SEBI Guidelines.
Preliminary Placement Document	This Placement Document dated September 1, 2009 issued in accordance with Chapter XIII-A of the SEBI Guidelines.
Promoters	The Promoters of our Company, being Mr. Jaydev Mody and Ms. Zia Mody.
QIBs or Qualified Institutional Buyers	A Qualified Institutional Buyer as defined under Clause 1.2.1(xxiva) of the SEBI Guidelines.
QIP Shares	The Equity Shares of our Company offered pursuant to this Offering.
RBI	Reserve Bank of India.
RIL Group	Reliance Industries Limited
RoC/Registrar of Companies	Registrar of Companies, Maharashtra located at Pune
Registered Office	The registered office of our Company at Clover Classic, G-4, Ground Floor, North Main Road, Koregaon Park, Pune – 411001, Maharashtra, India.
Registration Act	Registration Act, 1908, as amended
Regulation S	Regulation S of the Securities Act.
Relevant Date	The day on which the Board or a duly constituted committee thereof decided to open the Offering.
Rs./Rupees	Indian Rupees.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCCR	Securities Contract (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SFA	The Securities and Futures Act, Cap. 289 of Singapore, as amended
Scheme of Merger	The scheme of arrangement and amalgamation pursuant to the provisions of under Sections 391 and 394 of the Companies Act, between the erstwhile Arrow Webtex Limited with Creole Holdings Limited, as approved by the Hon'ble High Court of Bombay, vide an order dated November 17, 2007.
Scheme of De-merger	The scheme of arrangement pursuant to the provisions of under Sections 391 and 394 of the Companies Act, as approved by the High Court of Bombay vide its order dated August 26, 2008 whereby all assets, liabilities and the undertaking relating to the Textile Business of the erstwhile Arrow Webtex Limited was transferred to Arrow Textiles Limited.
Securities Act	The U.S. Securities Act of 1933, as amended
Stamp Act	Indian Stamp Act, 1899, as amended
Stock Exchanges	The stock exchanges in India where the Equity Shares are listed and traded, namely, NSE and BSE.
Subsidiary Companies	Any one or more of the subsidiary companies, (as defined in the Companies Act), of our Company, namely Delta Hospitality Private Limited, Highstreet Cruises and Entertainment Private Limited, Mundus Hospitality Private Limited, Delta Pan Africa Limited, AAA Aviation Private Limited, PLL Delta Hotels Private Limited, Delta Holdings USA Inc., Richtime Realty Private Limited, Victor Hotels and Motels Limited, Delta Corp East Africa Limited

Term	Description
	and Delta Square Limited
TP Act	Transfer of Property Act, 1882, as amended
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended.
Textile Business	Business pertaining to the manufacture of trims, narrow woven fabric, woven labels, printed labels and printed elastic tapes and all assets and liabilities in connection therewith.
VHML	Victor Hotels & Motels Limited

SUMMARY OF THE ISSUE

The following is a general summary of the terms of this Offering. The summary should be read in conjunction with, and is qualified in its entirety by, more detailed information appearing elsewhere in this Placement Document, including under the sections titled "Placement Procedure" and "Share Capital History and Articles of Association".

Issuer	Delta Corp Limited
Offering	Offering of 16,633,000 equity shares of face value Re. 1/- each of Delta Corp Limited, at a price of Rs.50.0625 per Equity Share, including a premium of Rs. 49.0625 per Equity Share, aggregating Rs. 8,326.90 lakhs.
Offer Price per QIP Share	Rs. 50.0625
Offering Size	16,633,000 QIP Shares
Closing Date	September 3, 2009
Total Equity Shares outstanding prior to and after this Offering	150,528,130 Equity Shares were subscribed and outstanding immediately prior to this Offering. Immediately after this Offering there will be 167,161,130 Equity Shares issued and outstanding.
Ranking of the QIP Shares	The QIP Shares being issued shall be subject to the provisions of our Company's Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividends. The shareholders will be entitled to participate in dividends or any other corporate benefits, if any, declared by our Company after the Closing Date.
Eligible Investors	'QIBs' as defined in Clause 1.2.1 (xxiv a) of the SEBI Guidelines.
Dividends	Shareholders will be entitled to receive dividends, as per the provisions of the Companies Act. The declaration and payment of dividends, if any, on our Company's issued and outstanding Equity Shares and the amounts thereof, will depend upon, among other things, the amount of our Company's distributable profits and reserves calculated on an unconsolidated basis, its earnings, financial condition and cash requirements, applicable restrictions under Indian law and other relevant factors that the Board of Directors of our Company may deem relevant. Cash dividends on the Equity Shares, if any, will be paid in rupees and, subject to any restrictions imposed by Indian law. For more information please refer to the sections titled "Dividends and Dividend Policy" and "Taxation".
Taxation	The Indian Income Tax Act, 1961, ("**Income Tax Act**"), is the law relating to taxes on income in India. The Income Tax Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arisen in India. Sections 5, 6 and 9 of the Income Tax Act set forth the circumstances under which persons not resident in India are subject to income tax in India. For more information, please refer to the section titled "Taxation".
Voting rights of Shareholders	Shareholders may attend and vote at shareholders' meetings on the basis of one vote for each Equity Share held. For further details, please refer to the section titled "Share Capital History and Articles of Association".
Selling Restrictions	Offers and sales of the QIP Shares will be subject to certain restrictions

	described in the section titled "Placement" beginning at page 111 and "Transfer Restrictions" beginning at page 115 of this Placement Document
Governing law	The Memorandum of Understanding and the Lock-Up Agreements (as defined herein or elsewhere in this Placement Document) are governed by the laws of India.
Listings	The Equity Shares have been listed on the BSE and NSE since May 28, 2007 and November 2, 2007, respectively. Our Company had 11,028 shareholders as on June 30, 2009. Our Company has applied for in-principle approval for listing of the QIP Shares offered through this Placement Document.
Transferability Restrictions	**Pursuant to Chapter XIII-A of the SEBI Regulations, for a period of 12 months from the date of the issue of the QIP Shares in this Offering, Eligible Investors purchasing QIP Shares in this Offering may only sell their QIP Shares through the Indian Stock Exchanges and may not enter into any off-market trading in respect of these QIP Shares. Our Company cannot be certain that these restrictions will not have an impact on the price of the QIP Shares.**
Use of proceeds	The net proceeds of this Offering (after deduction of fees and commissions) are expected to be approximately Rs. 8,200 lakh. Subject to compliance with applicable laws and regulations, our Company intends to use the net proceeds received from this Offering to accelerate further growth, fund various expansion plans, long-term working capital requirements, to finance investment opportunities, for repayment of our existing borrowings and credit facilities and for general corporate purposes and for any other uses that may be permissible under applicable law. For further details please refer to the section titled "Use of Proceeds".
Placement Procedure	This Offering is being made to QIBs, only, in reliance on Chapter XIII-A of the SEBI Guidelines. Accordingly, our Company will circulate serially numbered copies of this Placement Document either in electronic form or physical form to not more than 49 QIBs. Each Eligible Investor will also receive an Application Form which, in order to be considered for an allotment of QIP Shares, such Eligible Investor will be required to complete and return to the Lead Manager. For further details, please refer to the section titled "Placement Procedure".
Lock-up Agreement	Our Company and our Promoters have agreed that subject to certain exceptions, they will not, for a period of up to 60 (sixty) days from the Closing Date (as defined in the Memorandum of Understanding entered into by our Company with the Lead Manager for the purposes of this Offering), directly or indirectly: (a) issue, offer, sell, purchase, contract to sell, issue or purchase, grant any option, right or warrant for the subscription to, or otherwise transfer or dispose of, or consolidate by exercising a put option provision or decrease by exercising a call option provision, any Equity Shares or publicly announce an intention with respect to any of the foregoing, without the prior consent of the Lead Manager, which shall not be unreasonably withheld or delayed, (b) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale of Equity Shares, or publicly announce any intention to enter into any such transaction, without the prior consent of the Lead Manager, which shall not be unreasonably withheld or delayed. Provided however, that the foregoing restrictions shall not be applicable to: (a) any issue, sale, transfer or disposition of Equity Shares, by the Company to the extent such issue, sale, transfer or disposition is mandatory pursuant to any Indian statutory and/or regulatory provision,

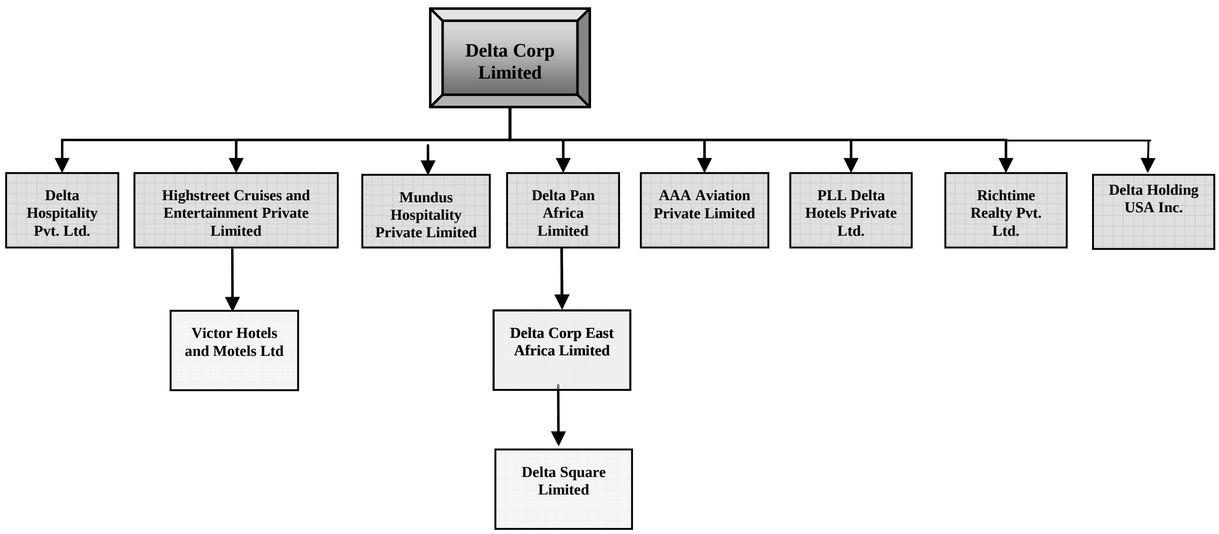
	(b) inter-se transfer, sale or other disposition of any Equity Shares, amongst the Promoters, and/or the Promoters and the Promoter Group, provided that such transferee agrees to comply with and be bound by the terms and conditions of this letter, to the same extent as applicable to transferring Promoter/ Promoter Group entity or person/s as the case may be, (c) any pledge with respect to any warrants, equity shares of other securities of the Company which currently are held, or in the future may be held by the Promoters, (d) any issue and / or allotment of Equity Shares that may be required under any shareholders' agreement or similar agreement to which the Company is currently a party, (e) the issue and allotment of Equity Shares which are issued and allotted pursuant to any employee stock option plan or stock ownership plan of the Company as in effect on the date hereof, (f) the issue and allotment of Equity Shares issuable upon the exercise of any existing options outstanding on the date hereof, and, (g) the sanction, issue and allotment of any securities which are convertible into, exercisable or exchangeable for Equity Shares.
Risk Factors	Prior to making an investment decision, prospective investors should consider carefully the matters discussed under the section titled "Risk Factors".
Security codes:	
ISIN	INE124G01033
BSE Code	532848
NSE Code	DELTACORP

SUMMARY OF BUSINESS

A brief description of our various lines of business and operations are set forth herein below. For further details please refer to the section titled "Business Overview" beginning on page 62 of this Placement Document. We along with our Subsidiary Companies currently operate in the following lines of business:

- **Entertainment and gaming**
- **Real Estate**
  - Real estate consultancy services
  - Real estate development in India and Kenya
- **Chartered aviation**

The following chart outlines our existing group structure:



OUR STRENGTHS

We believe that the following are our principal competitive strengths:

- Our diversified business portfolio;
- Our early entry into the gaming business in India;
- Our size of operations in the gaming business in India;
- Our early entry into the organized real estate market in Kenya;
- Generating stable revenues from our real estate consultancy and development businesses in India; and
- Our experienced management and project execution skills

OUR STRATEGY

In order to ensure a sustainable growth, we intend to pursue the following strategies going forward:

- To establish a dominant position in the Indian entertainment and gaming Industry
- To enter into arrangements with luxury hotels for setting up and operating land based casinos in their premises
- To consolidate and expand our business in the East African real estate market
- To leverage our chartered aviation fleet to compliment our gaming and hospitality businesses

DESCRIPTION OF OUR BUSINESSES

A brief description of each of our lines of business is set forth below.

ENTERTAINMENT AND GAMING

We have forayed into the entertainment and gaming business through our Subsidiary Companies HCEPL and VHML. Our Company holds 90% of the share capital of HCEPL. HCEPL has obtained a Casino License dated October 24, 2008 from the Government of Goa for operating our Offshore Casino 'Casino Royale' aboard the vessel 'M. V. Casino Royale'.

Further, VHML, a 100% subsidiary of HCEPL, has also obtained a Casino License dated August 29, 2008 from the Government of Goa to operate our Offshore Casino 'Kings Casino' aboard the vessel 'M. V. Arabian Sea King'.

Both our aforementioned Offshore Casinos have commenced operations pursuant to the respective Casino Licenses and are currently operational.

We have also received an in principle expression of interest dated December 18, 2007 for setting up a land based casino at Daman.

We offer a wide variety of games in our casinos including slot machines, Roulette, Baccarat, Blackjack, Craps, Caribbean Stud Poker, Texas Hold'em Poker as well as Flush.

Infrastructure

Vessels

The offshore casinos referenced above, are being operated aboard the following two vessels:

- *M V Casino Royale*; and
- *M V Arabian Sea King*.

Jetties and Feeder Boats

We own 4 (four) jetties in Goa namely, Betim, Reis Magos, Barcolento and Noah's Ark as well as 6 (six) feeder boats in order to ferry our customers from the main land to the Offshore Casinos.

Personnel

We currently employ an aggregate of approximately 466 persons in our Offshore Casinos. Our personnel can be classified into (a) gaming staff consisting of 167 persons, divided into gaming shift managers, pit bosses, inspectors and dealers, (b) surveillance staff consisting of 35 persons (c) support staff consisting of 213 persons and (d) marine crew, consisting of 51 persons.

REAL ESTATE

Our activities in the real estate related businesses can be classified into the following two categories:

- Real estate consultancy services; and
- Real estate development in India and Kenya.

Real Estate Consultancy Services

We provide real estate consultancy services to Peninsula Land Limited, a listed company engaged in the real estate development business. Our services include conceptualization and designing as well as procuring permissions. As per the agreement entered into between our Company and Peninsula Land Limited, Peninsula Land Limited will pay our Company an agreed consideration in accordance with the terms of the said agreement.

Real Estate Development in India

We are also present in the real estate development business in India. A commercial property by the name of "Trade Plaza" was developed by us and following the same, the property has been completely rented out to a number of tenants. As per the terms of the relevant agreements entered into with our tenants, we receive rental income from such tenants, with a provision for escalation.

Real Estate Development in Kenya

In Kenya, the demand for real estate has been increasing due to various factors including the growth of Nairobi as a regional base. Through our wholly owned Subsidiary Company, DPAL, we have formed a joint venture company with the RIL Group, namely DCEAL. DCEAL has already acquired ten parcels of land admeasuring approximately 803,720 square feet in and around Nairobi. Out of those, we have commenced development work for two commercial projects and are set to commence development work on the remainder.

CHARTERED AVIATION SERVICES

The chartered aviation services business of our group is operated by our Subsidiary Company, AAAAPL, which has obtained Non Scheduled Operator Permit, ("**NSOP**"), license to carry out a non-scheduled airline business. Our fleet currently includes a helicopter, (Robinson R – 44), and an aircraft (Beechcraft King Air C90 B). AAAAPL has entered into a helicopter maintenance oversight agreement, dated March 19, 2008 with Indo Pacific Aviation Limited with respect to maintenance of Robinson R - 44. AAAAPL has also entered into an agreement with Indamer Company Private Limited dated July 1, 2007 for the maintenance of Beechcraft King Air C90 B.

We currently employ an aggregate of 10 persons in our chartered aviation business. Our personnel can be classified into (a) 3 pilots, (b) 1 engineer, (c) support staff consisting of 5 persons and (d) 1 liaison officer.

INSURANCE POLICIES

Our Group has obtained various insurance policies including with regard to its movable properties, marine hull insurance policies for vessels, a group personal accident insurance policy for passengers and staff aboard the vessels and aircraft, third party and passenger insurance policies for its aircraft. The Company has also obtained a fire, terrorism and earthquake policy for the commercial property "Trade Plaza", as well as fire insurance policies covering office and electrical equipment.

SUMMARY FINANCIAL INFORMATION

The following selected consolidated financial information for the years ended 31 March, 2009 and 31 March, 2008 and the selected unaudited reviewed consolidated financial information for the three months ended 30 June 2009 should be read in conjunction with the Company's audited and unaudited reviewed consolidated financial statements and schedules and notes thereto included elsewhere in this Placement Document.

The selected audited consolidated income statement data, balance sheet data and cash flow data for the years ended 31 March, 2009 and 31 March, 2008 set forth below have been derived from the Company's audited consolidated financial statements for such years, which have been prepared in accordance with Indian GAAP and have been audited by Amit Desai & Co., Chartered Accountants, the Company's independent statutory auditor.

The selected unaudited reviewed financial information for the three months ended 30 June 2009 presented below have been derived from the unaudited reviewed financial information for the Company for the three months ended 30 June 2009 prepared in accordance with Indian GAAP and included elsewhere in this Placement Document.

Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IAS/IFRS or other accounting principles.

The selected financial information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and consolidated financial statements included in this Placement Document.

Audited Consolidated Statement of Profit & Loss

Rs. in Lakhs

Particulars	**Year Ended 31st March,2009**	**Year Ended 31st March,2008**
Income:		
Sales / Operating Income	10,106.10	10,352.93
Increase/(Decrease) In Stocks	0.00	5.62
Other Income	756.66	292.47
	10,862.76	10,651.02
Expenditure:		
Raw Materials Consumed	2,680.11	4,333.46
Staff Costs	702.88	336.24
Administrative & Other Expenses	2,626.38	1,030.79
	6,009.37	5,700.49
Profit Before Finance Charges, Depreciation & Tax:	4,853.39	4,950.53
Finance Charges (net)	3,061.16	1,384.81
Depreciation	331.09	238.50
	1,461.14	3,327.22
Prior Period Items	68.29	(15.29)
Profit Before Taxes:	1,529.43	3,311.93
Provision for Taxation - Income Tax (Including FBT)	608.43	1,092.40
- Deffered Tax	(104.21)	29.17

Particulars	Year Ended 31st March,2009	Year Ended 31st March,2008
Profit After Taxes :	1,025.21	2,190.36
Less : Earlier Years Tax Adjustments	56.79	205.36
Add: Profit on Discontinued Operations	0.00	10.60
Less: Profit from Associates Companies	0.45	0.28
Less: Minority Interest etc.	308.37	346.72
Profit After Taxes And Adjustments:	659.60	1,648.60
Balance Brought Forward	173.91	124.11
Amount Available For Appropriation	833.51	1,772.71
Transferred To General Reserves	250.00	850.00
Proposed Dividends On Preference Shares	97.91	97.91
Proposed Dividends On Equity Shares	301.06	542.11
Dividends Distribution Tax	67.80	108.77
Balance Carried To Balance Sheet	116.75	173.91
Basic Earning Per Share	0.40	1.41
Diluted Earning Per Share	0.36	1.41
(Face Value Of Rs. 1/- Each)		
Notes Forming Parts of Accounts		

Audited Consolidated Statement of Assets and Liabilities

Rs. in Lakhs

Particulars	As at 31st March, 2009		As at 31st March, 2008	
Sources Of Funds:				
Share Capital	2,579.13		2,579.13	
Equity Share Warrants	607.50		607.50	
Reserves & Surplus	19,815.22	23,001.85	19,582.96	22,769.59
Loan Funds:				
Secured Loans	11,010.24		12,172.11	
Unsecured Loans	21,460.41	32,470.65	20,506.39	32,678.50
Deferred Tax Liability:		18.38		161.56
Minority Interest :		8,374.60		7,517.68
Total		63,865.48		63,127.33
Application Of Funds:				
Fixed Assets:				
Gross Block	9,523.28		4,944.10	
Less: Depreciation	(497.90)		(1,408.53)	
Net Block	9,025.38		3,535.57	
Add: Capital Work In Progress	2,661.21	11,686.59	4,542.52	8,078.09

Particulars	As at 31st March, 2009		As at 31st March, 2008	
Goodwill:		2,497.62		2,401.84
Investments:		22,424.95		26,559.21
Deferred Tax Assets:		152.57		61.60
Current Assets, Loans And Advances:				
Inventories	23,447.05		8,593.00	
Sundry Debtors	1,168.86		1,561.23	
Cash & Bank Balances	1,546.33		8,652.80	
Loans & Advances	6,547.49		15,406.41	
	32,709.73		34,213.44	
Less: Current Liabilities And Provisions:				
Sundry Creditors	2,612.91		4,854.38	
Other Liabilities & Provisions	3,016.94		3,358.46	
	5,629.85		8,212.84	
Net Current Assets		27,079.88		26,000.60
Miscellaneous Expenditure: (To The Extent Not W/Off Or Adjusted)		23.87		25.99
Total		63,865.48		63,127.33
Notes Forming Parts of Accounts				

Audited Consolidated Cash Flow Statement

Rs. in Lakhs

Particulars	**Year Ended 31st March, 2009**	**Year Ended 31st March, 2008**
Cash Flow from Operating Activities		
Net Profit Before Tax and Extraordinary Items	1,461.14	3,327.22
Adjustments for :		
Profit on Discountinued Operations	-	10.60
Depreciation	331.09	238.50
Profit on Sale of Fixed Assets	(428.30)	(1.94)
Provision for Employee Benefits	18.96	-
Amortisation of Expenses	3.66	3.18
Interest Paid	3,473.71	1,548.81
Interest Income	(412.54)	(164.01)
Dividend Income	(157.93)	(89.07)
Profit on Sales of Investment (Net)	183.40	(125.76)
Sundry Balance W/off.	0.24	-
Loss on Associate	(0.45)	(0.28)
Exchange rate difference	1,014.07	126.15
Operating Profit before Working Capital Changes	**5,487.05**	**4,873.42**

Particulars	Year Ended 31st March, 2009	Year Ended 31st March, 2008
Adjustments For :		
Trade and Other Receivables	(32.23)	(218.85)
Inventories	(15,203.71)	(8,001.64)
Loans & Advances	9,209.64	(13,580.36)
Trade Payables	(2,133.49)	4,789.24
Other Liabilities	(2.48)	227.12
Taxes paid	(1,203.80)	(1,287.07)
Prior Period Expenses	68.29	(15.29)
Miscellaneous Expenditure	(1.54)	-
Net Cash Generated From Operating Activities	**(3,812.27)**	**(13,213.43)**
Cash Flow From Investing Activities		
Purchase of Fixed Assets	(5,911.48)	(2,878.69)
Purchase of Fixed Assets (Capital Work in Progress)	(1,388.00)	(3,826.52)
Purchase of Intangible Assets	(60.21)	(2,430.62)
Sales of Fixed Assets	2,934.00	972.97
Dividend Income	157.93	89.07
Interest Income	412.54	164.01
Sale of Investment (Net)	22,307.29	127.57
Exchange difference arising on Consolidation	163.36	1,493.49
Purchase of Investment	(18,356.68)	(17,714.26)
Net Cash generated from Investing Activities	**258.75**	**(24,003.00)**
Cash Flow from Financing Activities		
Proceeds From Issuance of Share Capital	-	15,883.51
Share Issue Expenses	-	(541.85)
Interest Paid	(3,473.70)	(1,548.81)
Dividend Paid (including Dividend Distribution Tax)	(748.79)	(729.05)
Proceeds from Issue of shares from Minority Interest	-	7,170.96
Proceeds From Long Term Borrowing	(297.51)	18,825.40
Proceeds From Short Term Borrowing	999.64	5,900.30
Proceeds From issue of Warrants	-	607.50
Net Cash Generated From Financing Activities	(3,520.36)	45,567.96
Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	(7,073.88)	8,351.54
Cash Reduced on Demerger	(32.59)	-
Cash & Cash Equivalents as at Beginning of Year	8,652.80	301.26
Cash & Cash Equivalents as at End of the Year	1,546.33	8,652.80

DELTA CORP LIMITED

Unaudited Financial Results for the Quarter ended 30th June, 2009

(Figures are Rupees in Lakhs unless specified)

	Standalone			Consolidated		
Particulars	**Quarter Ended 30.06.2009 (Unaudited)**	**Quarter Ended 30.06.2008 (Unaudited)**	**Year Ended 31.03.2009 (Audited)**	**Quarter Ended 30.06.2009 (Unaudited)**	**Quarter Ended 30.06.2008 (Unaudited)**	**Year Ended 31.03.2009 (Audited)**
1. Net Sales / Income from Operations	1,237.85	649.95	4,273.45	2,797.63	2,951.33	10,106.10
2. Other Operating Income	-	-	-	-	-	-
3. Total Income	**1,237.85**	**649.95**	**4,273.45**	**2,797.63**	**2,951.33**	**10,106.10**
4. Expenditure :						
a. (Increase) / Decrease in Stocks	-	-	-	-	-	-
b. Consumption of Raw Materials	-	-	-	108.95	1,429.40	2,680.11
c. Employee's Cost	43.87	29.01	100.89	381.43	38.65	702.88
d. Depreciation	10.07	20.81	69.48	140.85	28.19	331.09
e. Other Expenditure	117.93	89.64	503.73	1,067.17	143.07	2,443.29
f. Total	171.87	139.46	674.10	1,698.40	1,639.31	6,157.37
5. Profit from Operations Before Other Income, Interest and Exceptional Items	**1,065.98**	**510.49**	**3,599.35**	**1,099.23**	**1,312.02**	**3,948.73**
6. Other Income	5.05	92.89	116.19	11.87	225.62	756.66
7. Profit Before Interest and Exceptional Items	**1,071.03**	**603.38**	**3,715.54**	**1,111.10**	**1,537.64**	**4,705.39**
8. Interest (Net)	522.92	198.98	2,491.83	692.63	654.84	3,061.16
9. Profit After Interest and Before Exceptional Items	**548.11**	**404.40**	**1,223.71**	**418.47**	**882.80**	**1,644.23**
10. Exceptional Items	175.77	-	183.09	175.77	-	183.09
11. Profit From Ordinary Activities Before Tax	**372.34**	**404.40**	**1,040.62**	**242.70**	**882.80**	**1,461.14**
12. Tax Expenses :						
a. Income Tax and Fringe Benefit Tax	60.00	51.00	224.07	60.00	402.37	665.22
b. Deferred Tax	(13.53)	15.00	(19.78)	(47.86)	16.79	(104.21)
c. Total	46.47	66.00	204.29	12.14	419.16	561.01
13. Net Profit From Ordinary	**325.87**	**338.40**	**836.33**	**230.56**	**463.64**	**900.13**

DELTA CORP LIMITED

Unaudited Financial Results for the Quarter ended 30th June, 2009

(Figures are Rupees in Lakhs unless specified)

	Standalone			Consolidated		
Particulars	**Quarter Ended 30.06.2009 (Unaudited)**	**Quarter Ended 30.06.2008 (Unaudited)**	**Year Ended 31.03.2009 (Audited)**	**Quarter Ended 30.06.2009 (Unaudited)**	**Quarter Ended 30.06.2008 (Unaudited)**	**Year Ended 31.03.2009 (Audited)**
Activities After Tax						
14. Prior Period Items	-	(1.55)	(4.96)	(23.69)	(1.55)	68.29
15. Net Profit Before Extraordinary Items and Minority Interest/Associate's Profit	325.87	336.85	831.37	206.87	462.09	968.42
16. Extraordinary Items	-	-	-	-	-	-
17. Net Profit After Extraordinary Items and Before Minority Interest/Associate's Profit	325.87	336.85	831.37	206.87	462.09	968.42
18. Minority Interest	-	-	-	28.62	(274.38)	(308.37)
19. Share of Profit /(Loss) of Associates	-	-	-	-	(0.29)	(0.45)
20. Net Profit After Minority Interest	**325.87**	**336.85**	**831.37**	**235.49**	**187.42**	**659.61**
21. Paid up Equity Capital (Face Value of Re.1/- each)	1,355.28	1,355.28	1,355.28	1,355.28	1,355.28	1,355.28
22. Reserves excluding Revaluation Reserves as per Balance Sheet of Previous Accounting Year	-	-	14,188.87	-	-	19,815.22

RISK FACTORS

Prior to making any decision with respect to an investment in the QIP Shares offered hereby, all prospective investors and purchasers should carefully consider the contents of this Placement Document, including the risk factors set out below, the financial statements and related notes thereto. The occurrence of any of the following events could have a material adverse effect on our Company's business, results of operations, financial condition and future prospects and cause the market price of the Equity Shares to fall significantly. Any potential investor in, and purchaser of, the QIP Shares should pay particular attention to the fact that Delta Corp Limited is an Indian company and is subject to a legal and regulatory environment which in some respects may be different from that which prevails in other countries.

Risks Relating to our Company

1. ***The QIP Shares will also be offered to QIBs resident outside India, ("Overseas QIBs"), and consequently, a certain number of the QIP Shares may be allotted to such Overseas QIBs. Any unfavourable change in or interpretation of, the extant policy of the Government of India in connection with foreign investments in Indian companies, ("FDI Policy"), or exchange control regulations could adversely affect the investments made by Overseas QIBs.***

   Under the FDI Policy, foreign direct investment is currently prohibited in the gambling and betting businesses and in real estate business. Press Note 2 of 2009 issued by the Government of India in connection with its FDI Policy, ("**Press Note**"), states that the foreign investment in an Indian company would not be considered to be indirect foreign investment into other companies whose shares are held by the Indian company receiving the foreign direct investment provided such Indian company is 'owned and controlled' by resident Indian citizens as defined in the Press Note.

   Delta Corp Limited, itself, is not engaged in the gambling and betting business or in real estate business. However, its Subsidiary Companies are engaged in the entertainment and gaming business as well as the business of real estate development. Delta Corp Limited is owned and controlled by resident Indian citizens. In light of the Press Note, investments by Overseas QIBs in the Offering would not be construed as a foreign investment in the real estate development and/or entertainment and gaming business as carried on by the Subsidiary Companies.

   Delta Corp Limited receives rental income pursuant to the development of certain properties, and provides real estate consultancy services, which we believe does not classify as being in the real estate business. Any change however, in the FDI Policy and/or any unfavorable interpretation in connection therewith, could adversely affect investments made by Overseas QIBs in the Offering.

2. ***We have recently diversified into new lines of business activities, namely entertainment and gaming, and chartered aviation services where we have no prior experience. Any inability to successfully manage these new lines of business could adversely affect our operations and profitability.***

   As part of our growth strategy, we have recently commenced operations in new lines of businesses where we have no prior experience, namely entertainment and gaming through our Subsidiary Companies HCEPL and VHML, and chartered aviation business activities through our Subsidiary Company, AAAAPL. These new lines of business will require us to compete against well established competitors. We cannot assure you that we will be able to compete successfully against such established competitors. Although we have a relative 'early mover' advantage with respect to the entertainment and gaming business in India, these new lines of business will place significant demands on our management and finances, as well as our accounting and operating systems. Further, while we have currently hired and trained the required personnel, we may in the future face problems in recruiting, training and retaining such personnel. Any inability to successfully manage these new lines of business could adversely affect our operations and profitability.

3. ***We need to obtain and maintain various registrations, approvals, permits, consents and/or licences from various statutory and/or regulatory authorities, (collectively referred to as the "Competent Authorities"), to continue to operate our Offshore Casinos, namely 'Casino Royale' and 'Kings Casino' in Goa. Our inability to renew and/or maintain such consents, approvals or licences in a timely manner or at all,***

and/or any failure to observe the conditions imposed by the Competent Authorities could adversely affect our operations and profitability.

We have ventured into the entertainment and gaming business through our Subsidiary Company, HCEPL, and it's wholly owned subsidiary company VHML. HCEPL and our Company have acquired two vessels, namely 'MV Casino Royale' and 'MV Arabian Sea King', respectively, which house our Offshore Casinos, namely 'Casino Royale' and 'Kings Casino'. Under the Goa Public Gambling Act, 1976, and notifications issued thereunder, we are required to obtain and maintain Casino Licenses for each of our Offshore Casinos. The Government of Goa has issued a Casino License dated October 24, 2008 to HCEPL and a Casino License dated August 29, 2008 to VHML in connection with our Offshore Casinos 'Casino Royale' and 'Kings Casino', respectively. The said Casino Licenses are each for a term of 5 (five) years from their respective date of issuance, and HCEPL and VHML will have to pay the prescribed fee at the end of each year and prior to an application for renewal of the said Casino Licenses.

For the purpose of the Casino Licenses, HCEPL and VHML are required, and from time to time will be required, to obtain and maintain various other permissions, licenses, no-objections, consents, certificates etc. from various Competent Authorities and to comply with any attendant requirements. These inter alia include a Certificate of Survey, a trading licence from the Directorate General of Shipping, Government of India and a no-objection certificate from the Captain of Ports, Goa.

For details of proceedings in connection with the aforesaid permissions, licenses, no-objections, consents, certificates, etc. please see the section titled "Legal Proceedings" beginning on page 104 of this Placement Document.

Currently, our Casino Vessel, 'MV Casino Royale' is a foreign flag vessel registered with the Union of Comoros. Pursuant to the applicable regulatory requirements, HCEPL has applied to change the flag of the Casino Vessel from the Union of Comoros to the flag of India and accordingly register the Casino Vessel under the MS Act . Consequent to the said change in flag and the attendant registration of the Casino Vessel under the MS Act, the passenger capacity of the Casino Vessel, 'MV Casino Royale' will be reduced. Any such reduction in the permitted passenger capacity of the Casino Vessel could adversely affect our profitability. For details of current passenger capacity of our Casino Vessel, 'MV Casino Royale' please refer to the section titled "Business Overview" at page 62 of this Placement Document. Further, the trading license issued by the DG Shipping in connection with 'MV Casino Royale' has been extended upto October 14, 2009. Unless we complete and comply with the requirements in connection with the said change of flag and the attendant registration of the Casino Vessel within the specified period, the DG Shipping has indicated that it shall not consider any request for extension of the said trading license.

We are also required to obtain and maintain other licenses and permits inter-alia including licenses under the Prevention of Food Adulteration Act, 1954, and rules framed thereunder, in order to operate our restaurant and bar in our Offshore Casinos.

The aforesaid licenses, permits, no-objection certificates and consents may be issued and/or renewed upon such further terms and conditions as the Competent Authorities may deem fit, at the discretion of the Competent Authorities and subject to HCEPL and VHML complying with any attendant requirements. Any failure to maintain or renew such licenses or to observe the conditions, if any, imposed by the Competent Authorities, in a timely manner or at all, could adversely affect our ability to carry on operations as well as profitability.

4. ***The formalities for completion of the transfer of title of our Casino Vessel, 'MV Casino Royale', ("Vessel") have not been concluded as yet.***

Our Subsidiary Company, HCEPL, had entered into an agreement dated December 23, 2006, with M/s. Waterways Shipyard Private Limited ("**Waterways**"), for building the Vessel. Some of the trials and tests in connection with the Vessel were conducted at the shipyard managed by Western India Shipyard Private Limited ("**WISPL**"). Following completion of the construction of the Vessel, HCEPL had taken delivery of the Vessel from Waterways. Further, Waterways has, by its letter dated November 4, 2008, to HCEPL, confirmed the de-facto delivery of the Vessel to HCEPL. However, the formalities for the completion of the transfer of the title to the Vessel have not yet been concluded. While HCEPL is in the process of completion of such formalities, HCEPL does not presently have clear and marketable title to the Vessel.

5. ***Our Subsidiary Company, HCEPL, has provided an indemnity to Waterways in connection with a bond furnished by Waterways to the Superintendent of Customs. The invocation of the indemnity provided by HCEPL or the bond furnished by Waterways in the future could adversely affect our operations, finances and profitability.***

   The Superintendent of Customs, ("**Customs Authorities**"), had initiated an investigation and issued summonses to Waterways and HCEPL seeking certain information and documents with respect to the goods used in the manufacturing of the Vessel. Consequently, HCEPL was constrained to apply to the Customs Authorities for a provisional de-bonding of the Vessel, pending the investigation. We have been informed by Waterways that the Customs Authorities have agreed to release the Vessel by way of provisional assessment on furnishing a bond of Rs. 39,37,19,279. Waterways has furnished a bond of the aforesaid amount to the Customs Authorities at our request and we have agreed to keep Waterways indemnified in relation to the same.

   Further, as stated above, the formalities for the transfer of the title to the Vessel from Waterways to HCEPL have not yet been completed. Once such formalities are completed, HCEPL shall directly furnish a fresh bond to the Customs Authorities pending the investigation, and the indemnity furnished by HCEPL to Waterways will expire. The invocation of the indemnity provided by HCEPL or the bond that may be provided by HCEPL in the future could adversely affect our operations, finances and profitability.

6. ***Our Subsidiary Company, HCEPL, has provided a bank guarantee and a provisional duty bond to the Assistant Commissioner of Customs, Mumbai, and an undertaking to the Deputy Commissioner of Customs in relation to import the vessel 'Royale Flotel', pursuant to investigation proceedings initiated by the customs authorities in connection with the said vessel***

   Our Subsidiary Company, HCEPL has imported a vessel named 'Royale Flotel' for the purposes of our entertainment and gaming business. The customs authorities have *inter alia* contested the classification under which the said vessel was sought to be imported for the purpose of payment of customs duty. The customs authorities had initiated an inquiry in relation to the import pursuant to which the vessel 'Royale Flotel' was seized. We have been informed by the customs authorities vide their letter dated July 29, 2009 that upon payment of provisional duty of Rs. 80,00,000 by HCEPL and submission of (a) a bank guarantee for Rs. 40,00,000; (b) a provisional duty bond for Rs. 7,21,03,593 (being the difference between the duty finally assessed and the duty provisionally assessed by the customs authorities in respect of the vessel); and (c) an undertaking not to scrap or break up the vessel, HCEPL will be permitted to obtain a provisional release of the said vessel.

   HCEPL has complied with the aforesaid conditions following which the vessel, 'Royale Flotel' has been provisionally released. The final disposal of the aforesaid investigation proceedings is currently pending. Any unfavourable outcome in connection with the said investigation proceedings, inter-alia including the invocation of the bank guarantee and/or the bond and/or any levy of further duties or penalties could adversely affect our financial condition and profitability.

7. ***Our Casino Vessel, 'MV Arabian Sea King' would be required to undergo a special survey by the relevant shipping authorities in the near future. Any unfavourable outcome consequent to such survey could adversely affect our operations and profitability.***

   Pursuant to the requirements of the MS Act and the rules framed thereunder, any vessel which has attained the age of 25 years, is required to undergo a special survey in order to be permitted to continue to ply by the relevant shipping authorities. Such special survey could entail extensive structural investigations of the concerned vessel by the competent authorities. Our Casino Vessel, 'MV Arabian Sea King' will attain the age of 25 years on October 31, 2009 and will consequently be required to undergo the said special survey. The outcome of the special survey cannot be assured and any adverse result thereof could affect our operations and profitability.

8. ***Our Subsidiary Company, HCEPL and its wholly owned subsidiary company, VHML are involved in and could be involved various legal proceedings, as better detailed in the section "Legal Proceedings" beginning on page 104 of this Placement Document. These proceedings are in connection with various regulatory and statutory requirements. Any unfavourable statutory and/or regulatory requirement or***

any unfavourable outcome in these legal proceedings could adversely affect the operations and consequently adversely affect our profitability.

The operations of our Offshore Casinos can be adversely affected due to any statutory or regulatory requirement and/or any unfavourable outcome in the aforesaid proceedings.

Notably, the Captain of Ports Goa, vide a directive dated February 27, 2009, ("**Directive**"), have amongst others, directed HCEPL and VHML to shift our Casino Vessels, 'MV Casino Royale' and 'MV Arabian Sea King', respectively, to the outer anchorage of the Aguada Bay in Goa from their moorings in the inland waters of the river Mandovi and the river Verem, respectively. We believe that operating the Offshore Casinos at the outer anchorage at Aguada Bay would impact their commercial viability for various reasons. HCEPL and VHML have filed separate writ petitions before the High Court of Goa challenging the Directive and have obtained and interim injunction against the operative of the Directive.

HCEPL has filed a writ petition in the High Court of Goa against the State of Goa, the Captain of Ports and others in relation to the no-objection certificate to be renewed or extended by the Captain of Ports.

HCEPL and VHML have filed separate writ petitions against the State of Goa, the Health Authority and the Directorate of Health Services, challenging:

(i) the directives dated March 17, 2009, issued by the Health Authority, whereby HCEPL and VHML were ordered to forthwith stop dealing in food articles without obtaining a license from the Health Authority under the Prevention of Food Adulteration Act, 1954 and rules framed thereunder; and

(ii) the notices dated March 19, 2009, issued by the Health Officer, Urban Heath Centre, Goa, under the Goa Public Health Act, 1985 and rules framed thereunder, ordering HCEPL and VHML to reply in writing, within three days from the date of receipt of the aforesaid notices in connection with non obtainment of a no objection certificate from the Urban Health Centre, Goa, for operating a bar and restaurant on the Offshore Casinos.

HCEPL has filed a writ petition in the High Court of Goa against the State of Goa and the Captain of Ports in relation to the no-objection certificate to be issued by the Captain of Ports, pursuant to the import of six Feeder Boats by HCEPL for transport of passengers from the jetty to its two offshore Casino Vessels namely Casino Royale and Arabian Sea King.

We can not assure you of a favorable outcome in connection with these legal proceedings and/or in connection with current or future statutory/regulatory requirements in connection with the operations of our Offshore Casinos. For further details of all of the relevant proceedings please refer to the "Legal Proceedings" section beginning on page 104 of this Placement Document.

9. Any event that hinders the optimal functioning of our Casino Vessels could adversely affect our operations and/or profitability.

The operations of our Casino Vessels are subject to various risks such as mechanical failure, physical damage, collision, any malfunction of the gaming equipment on board, delays in obtaining spare parts and issues connected with manning and operating the Casino Vessels. Further, there is always an inherent possibility of a marine disaster, inter alia including environmental mishaps which would adversely affect profitability. These risks could adversely affect our operations and/or profitability.

10. Our feeder boats and jetty facilities are critical for the smooth running of our Offshore Casinos. The disruption of these facilities could adversely affect the operations of our Offshore Casinos, and accordingly adversely affect our profitability.

We own 4 (four) jetties in Goa along with 6 (six) feeder boats to ferry our customers from the main land to our Offshore Casinos. Any disruption of services in connection with our jetties or feeder boat due to any (a) casualty, mechanical failure, extended or extraordinary maintenance, floods or any other like reason; or (b) inability to renew and/or maintain any consents, approvals or licenses required for the operation of the feeder boats in a timely manner or at all, and/or any failure to observe the conditions imposed by the Competent Authorities could result in increased costs or temporary interruption in the operations of our Offshore Casinos, which could adversely affect our operations and profitability. For details of proceedings in connection with the aforesaid permissions, licenses, no-objections, consents, certificates in relation to our feeder boats please see the section titled "Legal Proceedings" beginning on page 104 of this Placement Document.

11. ***A decline in general economic conditions could adversely affect the entertainment and gaming industry, which in turn, could affect our operations and profitability.***

The entertainment and gaming industry in Goa is likely to be affected by regional, national and global economic conditions and demographic trends. A general economic downturn may result in a change of discretionary spending patterns which could adversely impact our operations and profitability.

12. ***We may not be able to attract and retain customers for our Offshore Casinos which would adversely affect our profitability.***

The entertainment and gaming industry is likely to be affected by changes in consumer tastes. Our ability to generate revenues is sensitive to public tastes, which are unpredictable. Further, we may not be able to offer certain games and services which are offered in other casinos around the world, which in turn may affect our ability to attract and retain customers. Any or all of these factors could adversely affect our profitability.

13. ***Adverse weather conditions or natural disasters in the areas in which we operate could have an adverse effect on the operations of our Offshore Casinos, which would consequently adversely affect our operations and profitability.***

Inclement weather and climate conditions and natural disasters, in particular floods, heavy rainfall and other extreme climatic conditions, can deter our customers from traveling or make it difficult for them to visit our Offshore Casinos which would adversely affect our operations and profitability.

14. ***We have recently ventured into real estate development in Kenya through a joint venture company in which we hold a majority stake. We do not have significant experience in the Kenyan real estate market. Any delay or failure in adequately capitalising on our investment in the said joint venture company, whether due to inadequate control, experience, finance or otherwise, could adversely affect our cash flows and/or profitability***

We have recently ventured into real estate development in Kenya through DCEAL, a joint venture company incorporated under the laws of Kenya, wherein our Subsidiary Company, Delta Pan Africa Limited holds 53.65% of the share capital thereof. DCEAL has made substantial investments for the purpose of acquiring properties in and around Nairobi, which are proposed to be developed. Being relatively new to the real estate market in Kenya we cannot assure that our investments in connection with DCEAL would yield desired results. The financial performance of DCEAL in the course of time would be contingent on various conditions, including the following:

- completing the development of DCEAL's projects in Kenya and sale of the developed plots in a timely manner;
- favourable regulatory and statutory conditions in connection with repatriation of investment proceeds from Kenya;
- obtaining necessary statutory, regulatory and other approvals, in a timely manner or at all;
- identifying and acquiring suitable parcels of land which can be developed;
- attracting potential clients in a market in which we do not have significant experience; and
- adequately managing the financial requirements for the timely development of DCEAL's projects in Kenya.

Our inability to fulfill any or all of the conditions stated above could adversely affect the operations and financial performance of DCEAL, which in turn would adversely affect our profitability.

15. ***Significant increases in prices or shortages of building materials could adversely affect our operations in Kenya.***

The real estate development business is affected by the availability, cost and quality of raw materials. Principal raw materials used include steel, cement, wood, sand, metal glass and aluminum. The prices and supply of these and other raw materials depend on factors not under our control, including general economic conditions, competition, production levels, transportation costs and local taxes, levies and duties. If, for any reason, we are unable to obtain such raw materials in the required quantities and at prices that are competitive, our ability to meet material requirements for our projects could be impaired, our construction schedules could be disrupted and we may not be able to complete our projects within desired timelines and budgets. Consequently, our operations and profitability could be adversely affected.

16. ***Our real estate operations are subject to the performance of real estate markets and attendant statutory and regulatory requirements in the markets we operate in.***

Our business is heavily dependent on the performance of the real estate market in India and in Kenya, particularly in the regions in which we operate. The development of a real estate project takes a substantial amount of time if there is a decline in real estate prices over the time-frame of development and consequential sale.

Changes in statutory and/or regulatory requirements, local economic conditions, demographic trends, employment and income levels and interest rates, among other factors, may affect the real estate market and affect the demand for and valuation of real estate. This in turn could adversely affect the operations and profitability of our real estate consultancy and development business.

17. ***Some of our immovable properties may be subject to irregularities in title and some of our agreements may be inadequately stamped, as a result of which our operations may be impaired.***

We generally conduct necessary due diligence prior to acquisition of any land for the purposes of our development activities. We may not be able to assess or identify certain risks and liabilities associated with irregularities in title. As a result, some of our immovable properties in respect of which we have development rights may have one or more irregularities in title, *inter alia* including inadequate stamping and/or non-registration of deeds and/or agreements. If we do not derive, or are unable to obtain clear title to these lands and consequently are unable to carry out our operations in connection with such property, in a timely manner, our financial position, profitability and operations may be adversely affected.

18. ***Our revenues and profits can vary significantly from period to period, which could cause the price of our Equity Shares to fluctuate.***

Inherently, revenues from the development of property and from real estate consultancy, are not constant. Revenues from property rentals in relation to properties developed by us are comparatively more constant, but are still subject to fluctuations. The inconsistency in revenue streams may affect our financial results from time to time, which in turn could adversely impact the price of our Equity Shares.

19. ***We depend on a niche segment and few customers for our chartered aviation business.***

We will typically be reliant on a small number of customers with respect to our chartered aviation business. The loss of any one or more of these customers could have a material adverse impact on our operations and profitability.

20. ***If we, at any stage, fail to enter into suitable operations and maintenance agreements for our chartered aviation business, on favourable terms or at all, we could be exposed to additional costs, breakdowns, and costly repairs, which would consequently adversely affect our operations and profitability.***

With respect to our chartered aviation business, we will need to rely on the services of vendors, who are experienced in various fields of operations and maintenance. In the event that our relations with these vendors are discontinued for any reason, we cannot guarantee that we will be able to secure new suppliers at favourable terms, and this could adversely affect our business operations. We rely on various third party service providers in connection with the maintenance of our aircraft, ground-handling etc. Any delay or failure to obtain the third party services as required for our chartered aviation business, on favourable terms or at all, would adversely hamper our operations.

21. ***Any accident in connection with our aircraft or helicopter could adversely affect our reputation, operations, financial condition and profitability.***

An accident involving our aircraft or helicopter could significantly tarnish our reputation and involve repair, replacement and/or litigation costs, which in turn would adversely affect our reputation, operations, financial condition and profitability.

22. ***Our inability to attract and/or retain trained employees or professionals may affect our operations and profitability.***

We are required to hire and/or retain trained dealers, floor managers, cash counter handlers, administration staff and security guards for the operations of our Offshore Casinos. Similarly, our chartered aviation services would require us to hire, train and retain a significant number of pilots and other employees. If we are unable to attract and/or retain the appropriate level of employees and professionals, our operations and profitability may be adversely affected.

23. ***Our inability to procure and/or maintain adequate insurance cover in connection with our Offshore Casinos may adversely affect our operations and profitability.***

Our operations in connection with our Offshore Casinos are subject to inherent risks, such as defects, malfunctions and failures of gaming equipment, and natural disasters. Our insurance may not be adequate to completely cover any or all our liabilities. Further, there is no assurance that the insurance premiums payable by us will be commercially justifiable. Our inability to procure and/or maintain adequate insurance cover in connection with our Offshore Casinos may adversely affect our operations and profitability.

24. ***We have entered into certain shareholders' agreements with strategic investors which contain anti-dilution provisions. Consequently, we are liable to issue additional Equity Shares to such strategic investors, in which case your shareholdings may be diluted.***

Shareholders' agreements entered into by us with certain strategic investors require us to ensure that the shareholding of such strategic investors does not fall below a particular percentage of our paid-up share capital. Notably, this threshold is less than 15% of our paid-up share capital. The QIP Shares allotted pursuant to Offering would however result in an increase in the paid-up share capital of our Company and consequently, our Company may be required to issue and allot additional Equity Shares to such strategic investors, under the terms of the shareholders' agreements entered into with them, subject however, to relevant statutory and/or regulatory requirements. Any such allotment of additional Equity Shares to the strategic investors in our Company would result in a dilution of your shareholding.

25. ***The applicability of certain statutory and/or regulatory requirements has recently been extended to certain of our Subsidiary Companies.***

The operations of a company engaged in the entertainment and gaming sector are subject to regulations framed by various regulatory authorities which, except as set forth in this Placement Document, our Subsidiary Companies, HCEPL and VHML have been and continue to be in compliance with. However, certain provisions of the Prevention of Money Laundering Act, 2002, ("**PMLA**"), have been recently amended with effect from June, 2009 so as to extend certain financial record keeping and reporting requirements to companies engaged in the entertainment and gaming business, such as HCEPL and VHML.

In view of the recent nature of the aforesaid amendments, HCEPL and VHML are in the process of putting in place the requisite infrastructure to comply with the above mentioned requirements of the PMLA, as recently amended. HCEPL and VHML will endeavor to complete the aforesaid process as soon as reasonably possible. However, the future course of action that may be taken by the relevant governmental authorities, for possible non-compliances, cannot be predicted with any degree of certainty.

Risks Relating to Investments in Indian Companies

26. A slowdown in economic growth in India could cause our business to suffer.

We currently operate primarily in the domestic Indian market, and our performance is intertwined with the overall economy, the gross domestic product, ("**GDP**"), growth rate and the economic cycle in India. The Indian economy could be adversely affected by a number of factors. In particular, India depends on imported oil for its energy needs. A significant increase in the price of crude oil could adversely affect the Indian economy. India's economy could also be adversely affected by a general rise in interest rates and unfavorable weather conditions adversely affecting agriculture. A slowdown in the Indian economy could adversely affect our business.

27. Political instability and significant changes in the Government's policy on liberalization of the Indian economy could impact our financial results and prospects.

India has been charting a course of economic liberalization and our business could be significantly influenced by the economic policies of the Government. There can be no assurance that these liberalization policies and political stability will continue in the future. The rate of economic liberalization could change, and laws and policies affecting financial securities providers, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Any significant change in liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

28. Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect our Company's business and its profitability.

Certain events that are beyond the control of our Company, such as terrorist attacks and other acts of violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our Company's business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries, including India, Pakistan and China. India recently witnessed a major terrorist attack in Mumbai on November 26, 2008, which led to an escalation of political tensions between India and Pakistan. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our Company's business, future financial performance and price of the Equity Shares. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Company's operations might be significantly affected.

India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have a material adverse effect on our Company's ability to develop its business. As a result, our Company's business, results of operations and financial condition may be adversely affected.

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

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial performance and our ability to obtain financing to fund its growth on favourable terms or at all.

30. Natural calamities could have a negative impact on the Indian economy and harm our business.

India has experienced natural calamities such as earthquakes, floods, drought and a tsunami in recent years. The extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy which could adversely affect our business and the price of our Equity Shares.

31. There may be less company information available in Indian securities markets than more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers, intermediaries and other participants and that of markets in the United States and other developed economies. The SEBI is responsible for ensuring disclosure and other regulatory requirements for the Indian securities markets. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies. As a result, you may have access to less information about our business, results of operations and financial conditions, and those of our competitors whose securities are listed on stock exchanges in India on an ongoing basis than you may have in the case of companies subject to reporting requirements of other more developed countries.

32. The lack of efficacious judicial remedies in India, and the inability of our Company and/or our shareholders to obtain any favourable order, judgment or decree from a court of competent jurisdiction in India in a timely manner, or at all, may adversely affect their respective rights.

In comparison with the judicial systems in other developed countries, the judicial system in India is slow and suffers from procedural impediments. Consequently, it be difficult for our Company and/or our shareholders to enforce their legal rights in a timely manner, or at all, in legal proceedings initiated by our Company and/or our shareholders. Moreover, our Company and/or our shareholders may be unable to obtain a favourable order judgment or decree, as the case may be, from a court of competent jurisdiction in India in a timely manner or at all, which may adversely affect the rights of our shareholders and/or the financial performance and operations of our Company.

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

Accounting, financial and other reporting standards prescribed by various statutory and/or regulatory bodies/authorities in India may differ from those prevalent in more developed countries. Consequently, there might be substantial differences between the accounting standards and disclosure norms prevalent in India and in other countries in connection with valuation of properties and other assets, accounting for depreciation, deferred taxation, contingent liabilities and foreign exchange transactions. As a result, investors in our securities may be exposed to a relatively lesser degree of information, which may affect their interests adversely.

34. Financial instability in other countries, particularly emerging market countries, could adversely impact our business.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly countries with emerging markets. Any slowdown of economic growth in such countries, particularly those located in Asia may adversely affect the Indian economy. Although economic conditions are different in each country, investors' reaction to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of emerging and other markets may cause increased volatility in Indian financial markets which may adversely affect the market price of our Equity Shares.

35. Our Company's ability to raise foreign capital may be constrained by Indian law.

As an Indian company, our Company is subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our Company's financing sources and hence could constrain its ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, our Company cannot assure you that the required approvals will be granted to it without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our Company's business growth, financial condition and results of operations.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of Indian takeover regulations.

Risks Relating to our Equity Shares

36. There is no guarantee that our Equity Shares will be listed on the BSE and the NSE in a timely manner or at all.

In accordance with applicable statutory and/or regulatory requirements, permission for listing and trading of our Equity Shares which have been allotted and/or may be allotted in the future including the QIP Shares may not receive the final approval for listing from NSE and/or BSE in a timely manner or at all. Any failure or delay in obtaining such approvals from the NSE and/or the BSE could restrict your ability to dispose of your Equity Shares acquired pursuant to this Offering. Further, historical trading prices, therefor, may not be indicative of the prices at which our Equity Shares including the QIP Shares will trade in the future.

37. An active market for our Equity Shares may not be sustained, which may cause the price of our Equity Shares to fall.

While our Equity Shares have been traded on the BSE and the NSE, there can be no assurance regarding the continuity of the existing market for our Equity Shares, the ability of the Investors to sell their QIP Shares or the price at which the Investors may be able to sell their QIP Shares.

38. Investors will bear the risk of fluctuations in the price of the Equity Shares.

The market price of our Equity Shares is expected to be affected by various factors which affect us and our business. It is not possible to predict whether the price of the Equity Shares will rise or fall. trading prices of our Equity Shares will be influenced by, among others factors, our financial condition, results of operations and political, economic and financial factors. Sales of a substantial number of Equity Shares in the public market could also adversely affect the prevailing market price of our Equity Shares.

Indian securities markets may be more volatile than the securities markets in other developed countries. The Indian Stock Exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities.

The Indian stock exchanges have experienced problems, inter alia, including temporary exchange closures, broker defaults, settlement delays and strikes by brokers and/or other intermediaries in the securities market. If such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. In addition, the governing bodies of the Indian Stock Exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements.

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

The Company is subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian Stock Exchanges. The percentage limits on the Company's circuit breakers are set by the NSE and the BSE. The NSE and the BSE does not inform the Company of the percentage limit of such circuit breakers and may change it without the Company's knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of the Company's Equity Shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

40. Fluctuation in the exchange rate between the Rupee and any other currency could have a material adverse effect on the value of the Equity Shares, independent of the Company's operating results.

The Equity Shares are quoted in Rupees on the BSE and the NSE. Any dividends in respect of the Equity Shares will be paid in Rupees and may subsequently be converted into other currencies for repatriation to any non-resident Shareholder. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the net proceeds received by shareholders. Further any fluctuations in the exchange rates between the Rupee and any other currency may adversely affect the value of our Equity Shares.

41. Future issuances or sales of the Equity Shares could significantly affect the trading price of our Equity Shares, and may dilute your shareholding in our Company.

The future issuances of Equity Shares by the Company or the disposal of Equity Shares by any of the major shareholders of our Company or the perception that such issuance or sales may occur may significantly affect the trading price of the Equity Shares. Further, any issuance of any Equity Shares pursuant to the conversion or exchange of securities of our Company, or otherwise, may dilute your shareholding in our Company.

There can be no assurance that our Company will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

42. There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the BSE and the NSE in a timely manner or at all.

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorising the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

43. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Sale of the Equity Shares by any holder may give rise to a tax liability in India, as discussed in the section entitled "*Taxation*" on page 108 of this Placement Document.

44. Foreign investors are subject to foreign investment restrictions under Indian law that limit the Company's ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of Equity Shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of Equity Shares, which are sought to be transferred is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. The Company cannot assure investors that any required approval from the RBI or any other statutory and/or regulatory authority or agency can be obtained on any particular terms or at all.

MARKET PRICE INFORMATION

Our Company was originally incorporated on November 5, 1990 under the Companies Act as a private limited company under the name of Creole Holdings Company Private Limited. Following the Scheme of Merger, effective December 17, 2006, the undertaking, assets and liabilities of the erstwhile Arrow Webtex Limited, ("**Transferor Company**"), was merged into our Company. Post the amalgamation, our Company was renamed as "Arrow Webtex Limited".

The equity shares issued to the shareholders of the Transferor Company, pursuant to the Scheme of Merger, were listed on the BSE with effect from May 28, 2007 and were subsequently listed on the NSE with effect from November 2, 2007.

With effect from January 22, 2008, the face value of the equity shares of our Company was subdivided from Rs. 10 each to Re. 1 each. Accordingly the following stock market data has been given separately for the periods before and after the subdivision.

Effective September 16, 2008, the erstwhile Textile Business of our Company was demerged into Arrow Textiles Limited. Thereafter, our Company's name was changed from Arrow Webtex Limited to "Delta Corp Limited".

As on the date of this Placement Document 15,05,28,130 of our Equity Shares were subscribed and paid up. Our Equity Shares are listed on the BSE and NSE. Our Company had 11,028 shareholders as on June 30, 2009. As our Equity Shares are actively traded on the NSE and the BSE, our stock market data has been given separately for each of these stock exchanges. Pursuant to a letter dated March 5, 2009 our Equity Shares were delisted from the DSE, with effect from February 28, 2009. Further, pursuant to a letter dated January 17, 2009, our Equity Shares were delisted from the ASE, with effect from January 21, 2009.

A. The following tables set forth the reported high and low closing prices of our Equity Shares on the NSE and the BSE and the number of Equity Shares traded on the days such high and low prices were recorded, for the year ended March 31, 2008.

NSE (pre-split)

The equity shares were listed on the NSE with effect from November 2, 2007.

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (No. of equity shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of equity shares)	Average price for the year (Rs.)*
2008	949	4-January-2008	12,958	316.05	8-November-2007	218	535.73

* Average of the daily closing prices (*Source:* www.nseindia.com)

NSE (post-split)

With effect from January 22, 2008, the face value of the equity shares of our Company was subdivided from Rs. 10 each to Re. 1 each.

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (No. of equity shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of equity shares)	Average price for the year (Rs.)*
2008	97.70	18-January-2008	1,12,577	38.65	25-March-2008	79,738	61.08

* Average of the daily closing prices (*Source:* www.nseindia.com)

BSE (pre-split)

The equity shares were listed on the BSE with effect from May 28, 2007.

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (No. of equity shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of equity shares)	Average price for the year (Rs.)*
2008	944.25	4-January-2008	31,861	192.40	28-May-2007	3,112	390.15

* Average of the daily closing prices (*Source:* www.bseindia.com)

BSE (post-split)

With effect from January 22, 2008, the face value of the equity shares of our Company was subdivided from Rs. 10 each to Re. 1 each.

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (No. of equity shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of equity shares)	Average price for the year (Rs.)*
2008	98.40	18-January-2008	2,89,661	37.65	25-March-2008	1,99,579	60.92

* Average of the daily closing prices (*Source:* www.bseindia.com)

B. The following tables set forth the reported high and low closing prices of our Equity Shares on the NSE and the BSE and the number of Equity Shares traded on the days such high and low prices were recorded, for the year March 31, 2009.

BSE

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (Number of Equity Shares)	Low (Rs.)	Date of Low	Volume on date of low (Number of Equity Shares)	Total volume of equity shares traded in the month (No. of equity shares)	Total volume of equity shares traded in the month (Rs. In lakhs)	Average price for the year (Rs.)
2009	62.45	May 21, 2008	266426	19.05	Oct 20, 2008	12,431	1,29,05,255	49992.91	35.37

NSE

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (Number of Equity Shares)	Low (Rs.)	Date of Low	Volume on date of low (Number of Equity Shares)	Total volume of equity shares traded in the month (No. of equity shares)	Total volume of equity shares traded in the month (Rs. In lakhs)	Average price for the year (Rs.)
2009	62.85	May 21, 2008	72,360	18.70	Oct 20, 2008	83,338	34,16,313	13747.49	35.32

C. The following tables set forth the reported high and low closing prices of the Equity Shares on the NSE and the BSE, the number of Equity Shares traded on the days such high and low prices were recorded and the volume of securities traded in each month during the last six months.

NSE

Month and year	High (Rs.)	Date of High	Volume on date of high (No. of Equity Shares / equity shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of Equity Shares / equity shares)	Average price for the month (Rs.)*	Total volume of equity shares traded in the month (No. of equity shares)	Total volume of equity shares traded in the month(Rs. in lakhs)
July 2009	46.05	July 21, 2009	1,19,735	40.00	July 13, 2009	29,619	42.40	21,97,572	932.94
June 2009	46.05	June 4, 2009	3,88,085	41.15	June 15, 2009	26,756	43.09	21,11,025	942.63
May 2009	48.10	May 27, 2009	8,63,153	38.30	May 13, 2009	11,020	42.37	18,24,660	847.72
Apr 2009	43.20	April 29, 09	17,632	29.95	April 2, 2009	13,382	37.30	4,65,913	1804.94
Mar 2009	31.35	March 27, 2009	30,448	26.35	March 12, 2009	3,786	28.92	2,36,608	687.67
Feb 2009	29.60	February 6, 2009	7,191	22.75	February 17, 2009	2,505	25.76	2,26,828	568.06

* Average of the daily closing prices (*Source:* www.nseindia.com)

BSE

Month and year	High (Rs.)	Date of High	Volume on date of high (No. of Equity Shares / equity	Low (Rs.)	Date of Low	Volume on date of low (No. of Equity Shares / equity shares)	Average price for the month (Rs.)*	Total volume of equity shares traded in the month (No. of equity shares)	Total volume of equity shares traded in the month(Rs. in lakhs)
July 2009	46.40	July 21, 2009	2,26,460	40.05	July 17, 2009	32,246	42.47	31,37,383	1341.60
June 2009	46.20	June 4, 2009	10,30,179	41.35	June 18, 2009	1,24,043	43.08	43,13,577	1925.93
May 2009	47.85	May 27, 2009	4,42,389	38.5	May 13, 2009	31,414	42.26	20,75,331	937.20
Apr 2009	43.35	April 24, 2009	48,466	30.05	April 6, 2009	1,09,319	37.22	10,14,687	3972.6
Mar 2009	32.50	March 27, 2009	79,917	26.15	March 12, 2009	9,340	29.11	9,47,573	2777.48
Feb 2009	29.50	February 6, 2009	1,87,878	22.45	February 17, 2009	1,07,091	25.74	14,78,656	3823.22

* Average of the daily closing prices (*Source:* www.bseindia.com)

D. The following table sets forth the market price of our Equity Shares on the NSE and the BSE on the first working day following the Board meeting, held on April 27, 2009, approving the Offering.

Date	NSE				BSE			
	Open	High	Low	Close	Open	High	Low	Close
April 28, 2009	41.60	41.60	40.40	40.40	43.45	43.45	40.40	40.40

(*Source:* www.nseindia.com; www.bseindia.com)

USE OF PROCEEDS

The total proceeds of this Offering will be Rs. 8,326.90 lakhs. After deducting the issue expenses of approximately Rs. 126 lakhs, the net proceeds of this Offering will be approximately Rs. 8,200 lakhs.

Subject to compliance with applicable laws and regulations, our Company intends to use the net proceeds received from this Offering to accelerate further growth, fund various expansion plans, long-term working capital requirements, to finance investment opportunities, for repayment of our borrowings and existing credit facilities and for general corporate purposes and for any other uses that may be permissible under applicable law.

In accordance with the policies set up by the Board of Directors of our Company and as permissible under applicable laws and government policies, the management of our Company will have the flexibility in deploying the proceeds received from this Offering. Pending utilization for the purposes described above, our Company intends to use the proceeds to temporarily invest in credit worthy instruments, including money market mutual funds and deposits with banks and corporates (to temporarily reduce its working capital borrowings). Such investments would be in accordance with the investment policies approved by the Board of Directors from time to time.

CAPITALISATION

Our Company's Board of Directors have, pursuant to a resolution dated April 27, 2009, approved this Offering and the shareholders of our Company have, pursuant to a resolution dated May 22, 2009, under Section 81(1A) of the Companies Act, authorised this Offering. Upon completion of this Offering, our Company's Board of Directors, (or a committee thereof) shall pass a resolution authorising the allotment of the QIP Shares.

The following table sets forth our Company's indebtedness and capitalization as of March 31, 2009, which has been extracted from our Company's reviewed consolidated financial statements which were prepared in accordance with Indian GAAP and shows the effect of adjusting for this Offering.

This capitalization table should be read together with "Summary Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and the "Financial Statements" and related notes included elsewhere in this Placement Document.

	As on March 31, 2009 (Rs. in Lakhs)	
	Unadjusted	As Adjusted
Indebtedness[1]		
- Deposits[2]	2,049.99	2,049.99
- Borrowings		
• Term Loans	11,010.24	11,010.24
- Unsecured Loans	21,460.41	21,460.41
Total Indebtedness	**34,520.64**	**34,520.64**
Shareholders' Funds		
- Equity Share Capital	1,355.28	1,671.61*
- Preference Share Capital	1,223.85	1,223.85
- Reserves and Surplus	19,815.22	33,900.79**
- Advance against Warrants	607.50	0.00
Total Shareholders' Funds	**23,001.85**	**36,796.25**
Total Capitalisation	**57,522.49**	**71,316.89**

**Including shares issued post March 31, 2009*
** *Including share premium amount of share issued post March 31, 2009*

Contingent liabilities as at March 31, 2009 amounted to Rs. 4,636.90 lakhs.

Notes:

[1] Includes short term and long term.

[2] Deposits include both demand and time deposits.

Our Board on February 20, 2008, allotted 1,50,00,000 warrants to our Promoter, ("**Warrants**"), Mr. Jaydev Mody on a private placement basis. Subsequently, Mr. Jaydev Mody has transferred 78,60,849 warrants out of the Outstanding Warrants to various bodies corporate and individuals ("**Transferred Warrants**") and subsequently Mr. Mody converted balance 71,39,151 warrants into Equity Shares. The Transferred Warrants were converted into Equity Shares of our Company pursuant to the exercise of the right of conversion by the holders of the Transfer Warrants vide resolutions passed by the allotment committee of our Company held on July 28, 2009, July 29, 2009 and August 13, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our Group's financial condition and results of operations together with our consolidated financial statements included in this Placement Document, along with the section titled "Financial Statements" beginning on page 126. You should also read the section titled "Risk Factors" beginning on page 24 of this Placement Document, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. The following discussion relates to our Group and is based on our Group's audited financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards referred to in Section 211(3C) of the Companies Act and the other applicable provisions of the Companies Act. The following discussion is also based on internally prepared statistical information and on publicly available information. Our Group's fiscal year ends on March 31, so all references to a particular fiscal year of our Company are to the 12-month period ended March 31.

Pursuant to the Scheme of Merger, effective December 17, 2006, the undertaking, assets and liabilities of the erstwhile Arrow Webtex Limited was merged into our Company. Further, from April 1, 2008, the erstwhile Textile Business of our Company was demerged into Arrow Textiles Limited. As a result, our consolidated financial statements for the year ended March 31, 2008 are not directly comparable to our consolidated financial statements for the year ended March 31, 2009.

Our historical financial statements might be of limited value to a prospective investor in evaluating our prospects or determining whether to purchase the QIP Shares, because our business mix has undergone a lot of changes. Our prospects must be considered in light of the risks and uncertainties inherent in new business ventures. In addition to the other information contained in this Placement Document, you should consider the information contained below in this section and some of the key factors that we expect will affect our reported results and our financial condition in the future.

Certain industry, technical and financial terms used in this discussion shall have the meanings ascribed to them in the section entitled "Definitions and Abbreviations" beginning on page 12 of this Placement Document.

OVERVIEW

We are a diversified business group having a presence in the hospitality and gaming business, real estate business in India and Kenya and the chartered aviation business. The brief details of our lines of business are:

- **Hospitality and gaming:** We operate two offshore casinos in Goa namely "Casino Royale" and "Kings Casino"

- **Real Estate:** Within the real estate sector in India, we provide real estate consultancy services and have a presence in the real estate development business. We have also made an entry into the real estate development market in Kenya.

- **Chartered aviation:** We have a presence in the non-scheduled airline business and operate a fleet of aircraft.

SIGNIFICANT DEVELOPMENTS SINCE THE DATE OF LAST FINANCIAL STATEMENTS

Post the date of our last audited financial statements, our Company has demerged the Textile Business in favour of Arrow Textiles Limited through the Scheme of De-merger approved by the Honorable High Court of Judicature at Bombay by way of its order dated August 26, 2008.

Further, vide resolutions passed by the allotment committee of our Company held on July 28, 2009, July 29, 2009, and August 13, 2009, our Board converted the 1,50,00,000 warrants which were earlier issued to our Promoter, Mr. Jaydev Mody on a private placement basis and a part of which was subsequently transferred by Mr. Jaydev Mody to other persons and entities. For further details please refer to the section titles "Capital Structure and Principal Shareholders" beginning on page 69 of this Placement Document.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Except as otherwise stated in this Placement Document, the Risk Factors given in this Placement Document and the following important factors could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and expansion plans;
- Increasing competition in the industry;
- Amount that the Company is able to charge from its customers in the gaming business;
- Changes in laws and regulations that apply to the entertainment and gaming industry, real estate development industry and chartered aviation industry;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

CRITICAL ACCOUNTING POLICIES

a) <u>Principles of Consolidation</u>

The consolidated financial statements related to Delta Corp Limited ('the Company') and its subsidiary companies have been prepared on following basis:

i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".

ii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve.

iii) The difference between the cost of the investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

iv) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of the disposal is recognized in the consolidated statement of Profit and Loss account.

v) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

vi) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

vii) In case of associates, where the Company directly or indirectly through subsidiaries holds more than 20% equity, investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 – "Accounting for investments in associates in consolidated financial statements".

viii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

b) <u>Revenue Recognition</u>

i) Sale of Product, Properties & 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.

ii) Full provision is made for any loss in the year in which when it is first foreseen.

iii) Interest income is generally recognized on a time proportion method.

iv) Dividend income is recognized when the right to receive dividend is established.

v) Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

vi) Rent income is accounted on accrual basis.

vii) Income from Live Casino Business is accounted for on the basis of winning and losses at the end of each gaming day of play with the count of chips. Income from Slot Machines is accounted for on the basis of actual collection in each respective machine.

viii) Sale comprise sale of food and beverages, allied services relating to entertainment and hospitality operations.

c) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Finance cost relates to acquisition of fixed assets are included to the extent they relate to the period till such assets are ready to be put to use.

In the case of new projects successfully implemented, substantial expansion of existing units and expenditure resulting into enduring benefit, all pre-operative expenses including deprecation and interest on borrowings for the project, incurred up to the date of installation are capitalized and added pro-rata to the Cost of related Fixed Assets of project.

Capital Work-In-Progress

In respect of supply-cum-erection contracts, the values of supplies received at site and accepted and not installed are treated as Capital Work-in-Progress.

Expenditure during construction period including development cost incurred on the projects under implementation are treated as pre-operative expenses pending allocation to the assets and are included under “Capital Work in Progress”. These expenses are apportioned to fixed assets on commencement of operation. Capital Work in Progress is stated at the amount expended up to the date of Balance Sheet.

d) Depreciation

Depreciation is provided on Written Down Value (WDV) method as prescribed in Schedule XIV of the Companies Act, 1956 except on Fixed Assets directly pertaining to Aviation and Casino business where depreciation is charged on Straight Line method (SLM). Depreciation is provided from the date of acquisition till the date of sale of assets.

e) Investments

Long-term investments are stated at cost less provision for other than temporary diminution in value. Investments in Immovable Properties include 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.

f) Inventories

Inventories are valued at cost and net realizable value, whichever is lower.

g) Employee Benefits

Liability is provided for retirement benefits for provident fund, gratuity and leave encashment in respect of all eligible employees. Contributions under the defined contribution schemes are charged to revenue. The liability in respect of defined benefit schemes like gratuity and leave encashment is provided in the accounts on the basis of actuarial valuations as at the year end.

h) <u>Foreign Currency Transactions</u>

The reporting currency of the company is the Indian Rupee. Foreign currency transactions are initially recorded at the rates of exchange prevailing at the date of transaction.

All foreign currency denomination monetary assets and liabilities are translated at the exchange rates prevailing on the Balance Sheet date.

Exchange differences arising on foreign currency transactions settled during the period 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.

i) <u>Borrowing Costs</u>

Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial period of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the period in which same are incurred.

j) <u>Accounting for Taxes on Income</u>

Provision for tax is made for both Current and Deferred tax. Provision for Current Tax is made, at the current rate of tax, based on assessable income. Deferred tax resulting from timing differences between the book profits and the tax profits is accounted to the extent that the timing differences are expected to crystallize. Deferred tax assets are not recognized unless there is sufficient assurance with respect to reversal of the same in the future.

k) <u>Impairment of Assets</u>

The Management evaluates all its assets for assessing any impairment and accordingly recognizes the impairment, wherever applicable, as provided in Accounting Standard 28, “Impairment of Assets”.

l) <u>Provisions, Contingent Liabilities and Contingent Assets</u>

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and the amount of which can be reliably estimated.

Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future event not wholly within the control of the Company.

Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

m) <u>Segment Accounting</u>

Segment accounting policies are in the line with the accounting policies of the Company.

i) Segment revenue includes sales and other income directly identifiable with/allocable to the segment.

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the Segment Result. Expenses which relate to the Company as a whole and not allocable to segments are included under “Unallocable Corporate Expenditure”.

iii) Income which relates to the Company as a whole and not allocable to segments is included in “Unallocable Corporate Income”.

iv) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

n) Operating Leases

Rental applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against Profit & Loss Account as per the terms of lease agreement over the period lease.

o) Miscellaneous Expenditure

Miscellaneous expenses are being amortized over a period of ten years from the year in which expenses are incurred except in case of expenses incurred by Mundus Hospitality Private Limited where it is amortized over the period of five years.

COMPONENTS OF REVENUE & EXPENDITURE

Revenues

Our revenue primarily consists of income from hospitality & gaming, real estate development, real estate consultancy, chartered aviation and sale of textile products. Subsequent to the demerger of textile business into Arrow Textiles Limited, income from sale of textile products does not form part of our total income (effective April 1, 2008).

Our income from real estate development consisted of income derived from properties developed by us and other income related to the real estate development business.

Consultancy income consisted of income from real estate consultancy and related activities provided to Peninsula Land Limited. Such consultancy services include conceptualization and designing as well as procuring permissions for real estate projects. As per the agreement entered into between our Company and Peninsula Land Limited, Peninsula Land Limited will pay our Company an agreed consideration in accordance with the terms of the said agreement.

Our other income consisted of dividend received, tax/duty refund, profit on sale of assets, profit on sale of shares, exchange gains etc.

Expenditure

Our Company's operating expenditure consists of (i) raw materials consumed (ii) staff costs (iii) administrative and other expenses and (iv) finance charges

Raw materials consumed include cost of raw materials for textile business and cost of land and other expenditure in relation to the real estate development business.

Interest includes (i) interest payable on working capital loans and (ii) other miscellaneous bank charges.

Depreciation includes depreciation on plant and machinery and other fixed assets.

RESULTS OF OPERATIONS

STATEMENT OF PROFITS AND LOSSES FOR THE THREE MONTHS ENDED 30 JUNE 2009

The following table sets forth, for the period indicated, certain items derived from our unaudited reviewed consolidated financial statements for the three months ended 30 June 2009:

Limited Review financials for the three months ended June 30, 2009	*(Rs. in Lakhs)*
NET SALES/ INCOME FROM OPERATIONS	2,797.63
% of Total Income	*99.58%*

OTHER INCOME	11.87
% of Total Income	*0.42%*
TOTAL INCOME	2,809.50
II) LESS - EXPENDITURE:	
RAW MATERIAL CONSUMED	108.95
% of Total Income	3.88%
EMPLOYEE COST	381.43
% of Total Income	13.58%
OTHER EXPENSES	1,067.17
% of Total Income	37.98%
FINANCE CHARGES	692.63
% of Total Income	24.65%
III)PROFIT BEFORE DEPRECIATION (I-II)	559.32
% of Total Income	19.91%
LESS: DEPRECIATION	140.85
% of Total Income	5.01%
IV)PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	418.47
Gross Profit Margin	14.89%
V) EXCEPTIONAL ITEM	175.77
LESS : PROVISION FOR TAXATION	60.00
LESS : DEFERRED TAX LIABILITY	(47.86)
ADD /(LESS) : EARLIER YEARS ADJUSTMENT(S)	(23.69)
V) NET PROFIT	206.87
Net Profit Margin	7.36%

THREE MONTHS ENDED JUNE 30, 2009

Sales/Operating Income: Our operating income was Rs. 2,797.63 lakhs in the three months ended June 30, 2009, which was 99.58% of our total income.

Other Income: Other income during the three months ended June 30, 2009 was Rs. 11.87 lakhs. This comprised interest on investments, dividends and exchange gains. Other income as a percentage of total income constituted 0.42% of our total income.

Total Income: Our total income was Rs. 2,809.50 lakhs in the three months ended June 30, 2009. The break up of the Sales and Other Income (refer note below) which comprises Total Income is as follows:

Hospitality & Gaming	Rs. 1,433.08 lakhs
Real Estate Division	Rs. 1,280.14 lakhs
Others	Rs. 97.58 lakhs
Total	**Rs. 2,810.80 lakhs**
Less: Inter Segment Revenue	Rs. 1.30 lakhs
Total	Rs. 2,809.50 lakhs

Raw Materials Consumed: The raw materials consumed was Rs. 108.95 lakhs in the three months ended June 30, 2009, which was 3.88% of our total income.

Employee cost: Our employee cost were Rs. 381.43 lakhs in the three months ended June 30, 2009, which was 13.58% of our total income.

Other expenses: Other expenses were Rs. 1,067.17 lakhs in the three months ended June 30, 2009, which was 37.98% of our total income.

***Finance Charges**:* Finance charges were Rs.692.63 lakhs in the three months ended June 30, 2009, which was 24.65% of our total income.

***Depreciation/Amortization**:* Depreciation/amortization was Rs. 140.85 lakhs in the three months ended June 30, 2009.

Exceptional Item: Exceptional Item of Rs.175.77 lakhs represents loss on sale of shares, which was 6.26% of our total income.

***Profit before taxation**:* For the reasons discussed above, profit before taxation was Rs. 219.01 lakhs in the three months ended June 30, 2009 representing a gross margin of 7.80% on our total income.

Provision for taxation: Provision for taxation (net of deferred tax) was Rs. 12.14 lakhs in the three months ended June 30, 2009.

Net Profit: For the reasons discussed above, our net profit was Rs. 206.87 lakhs in the three months ended June 30, 2009. Our net profit margin as a percentage of total income was 7.36%.

Statement of profits and losses for the year ended March 31, 2009 and March 31, 2008

The following table sets forth for periods indicated, certain items derived from our audited consolidated financial statements for each of Fiscal 2009 and Fiscal 2008.

(Rs. in Lakhs)

PARTICULARS	For the year ended (Audited)			
	2008-2009		2007-2008	
I) INCOME:				
SALES/OPERATING INCOME	10,106.10		10,352.93	
% of Total Income	***93.03%***		***97.20%***	
INCREASE/(DECREASE) IN WORK IN PROCESS & FINISHED GOODS	-		5.62	
% of Total Income	--		***0.05%***	
OTHER INCOME	756.66	10,862.76	292.47	10,651.02
% of Total Income	***6.97%***	***100.00%***	***2.75%***	***100.00%***
II) LESS - EXPENDITURE:				
RAW MATERIAL CONSUMED	2,680.11		4,333.46	
% of Total Income	***24.67%***		***40.69%***	
STAFF COSTS	702.88		336.24	
% of Total Income	***6.47%***		***3.16%***	
ADMINISTRATIVE & OTHER EXPENSES	2,626.38		1,030.79	
% of Total Income	***24.18%***		***9.68%***	
FINANCE CHARGES	3,061.16	9,070.53	1,384.81	7,085.30
% of Total Income	***28.18%***	***83.50%***	***13.00%***	***66.52%***
III)PROFIT BEFORE DEPRECIATION (I-II)		1,792.23		3,565.72
% of Total Income		***16.50%***		***33.48%***
LESS: DEPRECIATION		331.09		238.50
% of Total Income		***3.05%***		***2.24%***
LESS: PRIOR PERIOD ITEMS		(68.29)		15.29
% of Total Income		***(0.63)%***		***0.14%***
IV)PROFIT AFTER DEPRECIATION		1,529.43		3,311.93
Gross Profit Margin		***14.08%***		***31.09%***
LESS : PROVISION FOR TAXATION(INCL. FBT)		608.43		1,092.40
ADD /(LESS) : EARLIER YEARS ADJUSTMENT(S)		56.79		205.36
LESS : DEFERRED TAX LIABILITY		(104.21)		29.17

V) NET PROFIT		968.42		1,985.00
Net Profit Margin		***8.92%***		***18.64%***

FISCAL YEAR ENDED MARCH 31, 2009 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2008

Sales/Operating Income: Our operating income decreased by 2.38% from Rs. 10,352.92 lakhs in the fiscal year ended March 31, 2008 to Rs. 10,106.10 lakhs in the fiscal year ended March 31, 2009.

- During the fiscal year ended March 31, 2008, revenue from textile division was Rs.1,586.80 lakhs. Subsequent to the demerger of textile business into Arrow Textiles Limited, income from sale of textile products does not form part of our total income, effective April 1, 2008 and hence there is no income from textile business in the fiscal year ended March 31, 2009.

- Income from real estate division increased from Rs.7,755.33 lakhs in the fiscal year ended March 31, 2008 to Rs.7,902.68 lakhs in the fiscal year ended March 31, 2009. This was primarily on account of profit on sale of shares of a real estate subsidiary and associates accounting for Rs.1,182.02 lakhs.

- Income from hospitality and gaming division increased from Rs. 1,010.80 lakhs in the fiscal year ended March 31, 2008 to Rs. 2,203.42 lakhs in the fiscal year ended March 31, 2009. During the fiscal year ended March 31, 2008, we recorded an income of Rs.951.11 lakhs from sale of shares of a subsidiary. During fiscal year ended March 31, 2009, Company started operations of its casinos- Kings Casino with effect from September 5, 2008 and Casino Royale with effect from November 5, 2008. Income from casino accounted to Rs.1,944.73 lakhs in the fiscal year ended March 31, 2009.

Other Income: Other income increased by 158.71% from Rs.292.47 lakhs in the fiscal year ended March 31, 2008 to Rs. 756.66 lakhs in the fiscal year ended March 31, 2009. This was principally due to profit from sale of fixed assets. Other income as a percentage of total income constituted 2.75% in the fiscal year ended March 31, 2008 as against 6.97% in the fiscal year ended March 31, 2009.

Total Income: Due to the aforesaid reasons, our total income increased by 1.99% from Rs. 10,651.02 lakhs in the fiscal year ended March 31, 2008 to Rs. 10,862.76 lakhs in the fiscal year ended March 31, 2009.

Raw Materials Consumed: The raw materials consumed decreased by 38.15% from Rs. 4,333.46 lakhs in the fiscal year ended March 31, 2008 to Rs. 2,680.11 lakhs in the fiscal year ended March 31, 2009.

Staff Cost: Our staff cost increased by 109.04% from Rs. 336.24 lakhs in the fiscal year ended March 31, 2008 to Rs. 702.88 lakhs in the fiscal year ended March 31, 2009. This was on account of the start of commercial operation of our casinos.

Administrative & Other expenses: Our administrative and other expenses increased by 154.79% from Rs. 1,030.79 lakhs in the fiscal year ended March 31, 2008 to Rs. 2,626.38 lakhs in the fiscal year ended March 31, 2009. This is due to starting up Casino business. Administrative and other expenses as a percentage of total income increased from 9.68% to 24.18%.

***Finance Charges**:* Interest increased by 121.05% from Rs. 1,384.82 lakhs in the fiscal year ended March 31, 2008 to Rs. 3,061.16 lakhs in the fiscal year ended March 31, 2009. This is primarily due to increase in rate of interest and increase in average borrowings compare to the previous year. During the same period, interest as a percentage of total income increased from 13.00% to 28.18%.

***Depreciation/Amortization**:* Depreciation/amortization increased by 38.82% from Rs. 238.50 lakhs in the fiscal year ended March 31, 2008 to Rs.331.09 lakhs in the fiscal year ended March 31, 2009. This is due to a combination of increase in gross block due to capitalization of casino assets as well as reduction in gross block due to demerger of textile assets during the year ended March 31, 2009. Our gross block increased from Rs. 4,944.10 lakhs in the fiscal year March 31, 2008 to Rs. 9,523.28 lakhs in the fiscal year ended March 31, 2009.

***Prior period adjustments**:* Prior period adjustment in the fiscal year ended March 31, 2009 was Rs.68.29 lakhs which represented reversal of open offer expenses from previous year.

Profit before taxation*:* For the reasons discussed above, profit before taxation decreased by 53.82% from Rs. 3,311.93 lakhs in the fiscal year ended March 31, 2008 to Rs.1,529.43 lakhs in the fiscal year ended March 31, 2009. During the same period, our gross profit margin as a percentage of total income decreased from 31.09% to 14.08%.

Provision for taxation: Provision for taxation has decreased by 57.72% from Rs. 1,326.93 lakhs in the fiscal year ended March 31, 2008 to Rs. 561.01 lakhs in the fiscal year ended March 31, 2009.

Net Profit: For the reasons discussed above, our net profit decreased by 51.21% from Rs.1,985.00 lakhs in the fiscal year ended March 31, 2008 to Rs.968.42 lakhs in the fiscal year ended March 31, 2009. During the same period, our net profit margin as a percentage of total income decreased from 18.64% to 8.92%.

ASSETS

Fixed assets
Fixed assets include land, buildings, plant and machinery, furniture fixtures, office equipments and vehicles. Our net block of fixed assets including work-in-progress was Rs. 12,593.70 lakhs, Rs. 11,686.59 lakhs and Rs. 8,078.09 lakhs as of 30 June 2009, 31 March 2009 and 31 March 2008 respectively.

Investments
Our investments represent equity shares held in associate companies, immovable property and other investments. Our total investment was Rs. 22,045.19 lakhs, Rs. 22,424.95 lakhs and Rs. 26,559.21 lakhs as of 30 June 2009, 31 March 2009 and 31 March 2008 respectively.

Current assets, loans and advances
Our current assets, loans and advances comprises inventories, sundry debtors, cash and bank balances and loans and advances. Our total current assets, loans and advances were Rs. 32,139.22 lakhs, Rs. 32,709.73 lakhs and Rs. 34,213.44 lakhs as of 30 June 2008, 31 March 2009 and 31 March 2008 respectively.

Inventories
Our inventories comprised of raw materials, machinery stores and spares, work-in-progress, packing materials, shares and securities and property. Our total inventory was Rs. 21,814.01 lakhs, Rs. 23,447.05 lakhs and Rs. 8,593.00 lakhs as of 30 June 2009, 31 March 2009 and 31 March 2008 respectively.

Sundry Debtors
Our sundry debtors were Rs. 1,731.83 lakhs, Rs. 1,168.86 lakhs and Rs. 1,561.23 lakhs as of 30 June 2009, 31 March 2009 and 31 March 2008 respectively.

Cash and Bank Balances
Our consolidated cash and bank balances comprise cash in hand and balances with banks. The total cash and bank balances were Rs. 1,386.98 lakhs, Rs. 1,546.33 lakhs and Rs. 8,652.80 lakhs as of 30 June 2009, 31 March 2009 and 31 March 2008 respectively.

Loans and Advances
Our consolidated loans and advances primarily comprises of advances recoverable and the advance payments in respect of income tax. The total loans and advances were Rs. 7,206.41 lakhs, Rs. 6,547.49 lakhs and Rs. 15,406.41 lakhs as of 30 June 2009, 31 March 2009 and 31 March 2008 respectively.

Liquidity and Capital Resources

Our primary liquidity needs have historically been to finance our capital expansion plans. To fund these costs, we have relied on both equity and debt.

Cash Flows

The table below sets forth cash flow statement data of the company as per its audited financial statements for Fiscal 2007 and 2008 and limited reviewed financial statement for three months period ended June 30, 2009.

(Rs. in Lakhs)

Particulars	**For the year ended March 31,**	**Three months period ended**

	2009	2008	June 30, 2009 (Limited Review)
Net cash generated from operating activities	(3,812.27)	(13,213.43)	967.30
Net cash used in investing activities	258.75	(24,003.00)	(4,078.75)
Net cash from/(used in) Financing activities	(3,520.36)	45,567.96	2,952.10
Net increase/(decrease) in cash and cash equivalents	(7,073.88)	8,351.54	(159.35)

Liabilities and Provisions

Current Liabilities
Our Company's total current liabilities were Rs. 5,319.61 lakhs, Rs. 5,629.85 lakhs and Rs. 8,212.84 lakhs as of 30 June 2009, 31 March 2009 and 31 March 2008 respectively. Our current liabilities include sundry creditors and other liabilities which is current in nature.

Provisions
Our other liability and provisions were Rs. 3,120.64 lakhs, Rs. 3,016.94 lakhs and Rs. 3,358.46 lakhs as of 30 June 2009, 31 March 2009 and 31 March 2008 respectively. These provisions include provisions primarily related to taxation, dividends payable and other liabilities.

Unusual or Infrequent Events or Transactions

Except as described in this Placement Document, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

Significant economic changes

Since the date of the last financial statements, significant economic changes have taken place which includes *inter alia* the after effects of the global financial crisis and slow down in economic growth. If these trends continue, it may have an adverse impact on the entertainment and gaming industry, real estate development and consultancy industry and chartered aviation industry.

Known Trends or Uncertainties

Except as described in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in this Placement Document, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationship between Cost and Income
Except as described in "Risk Factors", "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

New Products or business segments

There is no new product intended to be launched by us or business section intended to be entered by us save and except as described in "Use of Proceeds" and "Business Overview" section in this Placement Document.

Seasonality of business

Our entertainment and gaming business and real estate development and consultancy business are non-seasonal in nature. However, our chartered aviation business is seasonal in nature.

Dependence on single or few suppliers / customers

We are in the business of entertainment and gaming, real estate development and consultancy and chartered aviation. Because of the fact that these industries are service industries, we are not dependent on the suppliers.

Since the service we provide our service directly to the end-users, there is no significant customer concentration.

Competitive Conditions

In all the business segments in which we operate or intend to operate, we may face competition from the existing and future players.

INDUSTRY OVERVIEW

The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government, its various ministries various research agencies and has not been prepared or independently verified by the Issuer or the Lead Manager

OVERVIEW OF THE INDIAN ECONOMY

India is the world's largest democracy in terms of population (1.2 billion people) at July 2008 with a GDP of approximately US$1,099 billion in 2007 (estimates). This makes it the fourth largest economy in the world in terms of GDP (purchasing power parity) after the United States of America, China and Japan. *(Source: CIA World Factbook)*

The following table sets forth the key indicators of the Indian economy for the past five fiscal years.

(Annual percentage change, except for foreign exchange reserves)

	As at and for the year ended 31 March				
	2005	**2006**	**2007**	**2008**	**2009**
Real GDP growth (1)	7.5	9.4	9.6	9.0	7.5-8.0@
Index of Industrial Production (2)	8.4	8.2	11.6	9.0	4.9*
Wholesale Price Index (2)	5.1	4.1	5.9	4.1	7.0#
Foreign Exchange Reserves (in US$ bn)	135.6	145.1	191.9	281.2	250.5§

(1) (1) At 1999-2000 prices

(2) (2) Base 1993-94=100

(3) @ RBI Estimates

(4) * For the period April to August 2008

(5) # RBI Target by 31 March 2009

(6) § As of 12 December 2008

Source: Economic Survey 2007-2008, RBI, Central Statistical Organization, Ministry of Statistics and Programme Implementation

As shown in the above table, India has experienced rapid economic growth over the past five fiscal years. In a global context, India has experienced GDP growth that is second only to the GDP growth of China for the period from 2003-06. The Reserve Bank of India in its Annual Policy Statement for 2008-2009 forecast GDP growth at around 7.5-8.0 per cent. for fiscal 2009 and has given an inflation rate forecast of 7.00 per cent for fiscal 2009.

Since 1991, successive Governments have pushed through comprehensive reforms across the policy spectrum in the areas of fiscal and industrial policy, trade and finance. Some of the key reform measures are:

- ***Industrial Policy Reforms:*** Removal of capacity licensing and opening up most sectors to FDI.
- ***Trade Policy Reforms:*** Lowering of import tariffs across industries, minimal restrictions on imports, etc.

- ***Monetary Policy and Financial Sector Reforms:*** Lowering interest rates, relaxation of restriction on fund movement and introduction of private participation in insurance sector.

An important factor in the growth of the services sector has been the strong growth of the IT and ITES sectors. These sectors benefited from the growing international trend towards off shoring and the resultant demand for skilled, low cost, English speaking workers. Indian competitiveness in this area has been aided by substantial investment in telecommunications and infrastructure and the phased liberalisation of the Indian economy.

In addition, FDI has been recognised as one of the important drivers of economic growth in the country. The GoI has taken a number of steps to encourage and facilitate FDI, and FDI is allowed in many key sectors of the economy, such as manufacturing, services and infrastructure. For many sub-sectors, 100 per cent. FDI is allowed on an automatic basis i.e., without prior approval from the GoI. FDI and FII inflows have increased significantly over the recent past with total net foreign capital inflows increasing to US$ 23.4 billion in fiscal 2006 from US$ 8.3 billion in fiscal 2001 However, the current year has seen a significant moderation in capital inflows with net FII outflow standing at close to US$ 13 billion as of 22 December 2008. *(Source: SEBI Database, Reserve Bank of India – Macroeconomic and Monetary Developments – First Quarter Review 2008-09)*

SECTOR OVERVIEW

As an enterprise, we have business interests in the following area:

- Entertainment & gaming
- Real estate, including
  - Real estate consultancy services; and
  - Real estate development in India and Kenya.
- Chartered aviation business

Accordingly, we will discuss the overall outlook of these sectors in this section.

ENTERTAINMENT & GAMING

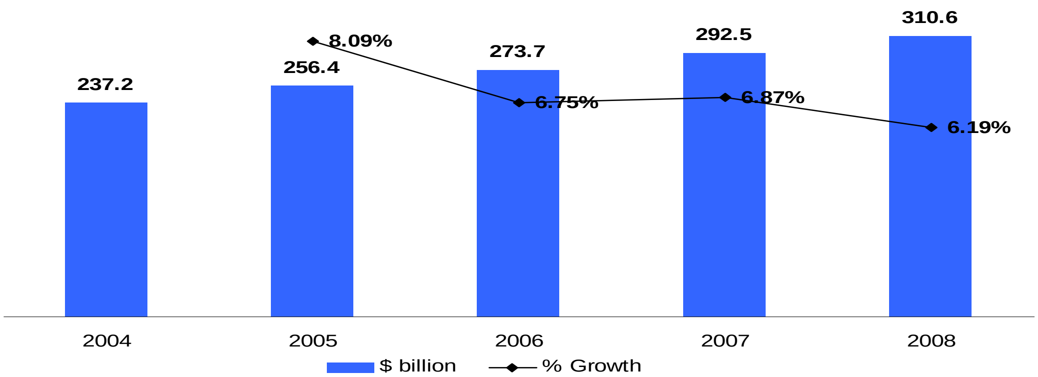
The global casinos & gaming sector generated total revenues of US$ 310.6 billion in 2008, representing a compounded annual growth rate (CAGR) of 7% for the period spanning 2004-2008. The casinos segment contributed revenues of $63.8 billion in 2008.

The global casino segment consists of all forms of betting, including commercial, state-run and charitable operations. The casinos segment comprises gambling in casinos and includes gaming machine gambling where this occurs on casino premises.

The gaming segment covers all other forms of gambling, including national and other lotteries, racing and sports betting, bingo, pachinko, and gaming machines where these are not located on casino premises.

This sector's growth has been driven by the expansion of online sites, which have made gambling more accessible to potential customers worldwide.

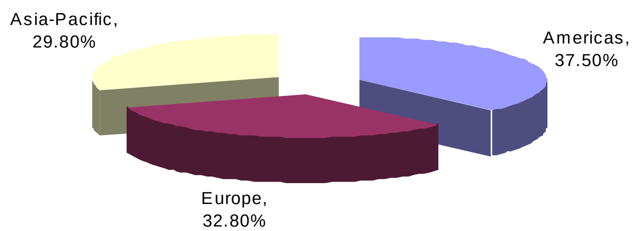
The historic growth in the Global Casinos & Gaming Industry is as follows:



Source: Datamonitor

Distribution of Gaming Revenues

The geographical distribution of Casino & Gaming Sector revenues in 2008 is as follows:



Source: Datamonitor

In terms of value, the Americas is the most important region for casino & gaming industry worldwide. In Europe, the casino and gaming sector has proved resistant to economic downturns. Lotteries remain the dominant revenue source for the industry, although online gaming is increasingly popular.

Casino Gaming

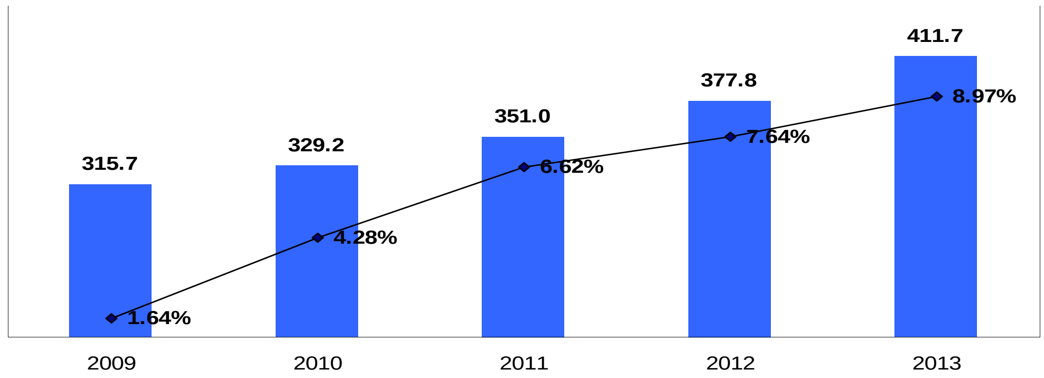
The gaming industry is witnessing a paradigm shift with significant capital infusion and increasing acceptability of casinos as a means of entertainment in the Asia Pacific Region. Global gaming companies are vying for a slice of the gaming market in Asia, where economies are growing faster than in Europe and the United States.

Based on casino winnings, US are by far, the largest market in the world with total casino winnings of approximately US$ 34 billion in 2007. Asia Pacific, which is the next gaming frontier, is expected to remain the fastest-growing gaming region in the world.

Market Value Forecast

The global casinos & gaming sector is projected to grow at a CAGR of 5.8% to generating revenues of $411.7 billion in 2013. Fueled by new casinos in the Chinese gaming enclave of Macau, Asia Pacific region is expected to surpass revenues other regions such as Europe, Middle East and Africa.

Asia's relative youth compared to the western world plays a huge role in the growth of casino gaming. Keeping in mind that an unsubstantiated but sizeable amount of gaming revenues in developed markets are derived from Asian players, the opening of integrated casinos will definitely lead to inflow of gaming dollars in Asia.



Source: Datamonitor

International Casino Players

Internationally, the gaming business has witnessed significant growth as it presents a lucrative opportunity for the operators. The leading international casino and gaming players include Harrah's Entertainment, MGM Mirage, Camelot Group, Wynn Resorts and Las Vegas Sands.

Indian Gaming Industry

The gaming industry got its first break-through in India when Goa became the first and only location in India to license casino gaming. However, the gaming industry is still in its nascent stage even in Goa, with only five off-shore casinos which are operational presently. The Government of Goa plans to further develop the gaming industry in Goa and restrain the unchecked proliferation of gaming activities by allowing setting up more casinos in the state.

With increased focus of the Government to attract foreign tourists coupled with Goa's prominence as a tourist destination and increase in affluence in the country, Goa is expected to witness continuous growth in the tourist arrivals, providing robust potential for the hospitality and gaming industry.

REAL ESTATE

INDIAN MARKET

The size of the real estate development industry in India is estimated by FICCI, to be around US$ 12 billion. This figure is growing at a pace of 30% for the last few years. Almost 80 % of real estate developed in India, is residential space and the rest comprises office, shopping malls, hotels and hospitals. The Indian real estate sector involves the development of commercial offices, industrial facilities, hotels, restaurants, cinemas, residential housing, and trading spaces such as retail outlets and the purchase and sale of land and land development rights. The characteristics of the Indian Real Estate Industry are:-

- Consistent and sustaining GDP growth, expanding service sector, rising purchasing power and affluence, proactive and changing government policies have all lent momentum to the sector.
- The real estate development action is no longer limited to the large metropolises of India but has now permeated to the burgeoning smaller towns and cities
- Positive economic growth has also translated in rising disposable incomes and growing aspiration levels across India
- Growing urbanization is another variable facilitating real estate growth in India. This shall generate incremental demand for housing and other real estate components.

KENYAN MARKET

Many cities in Africa are experiencing improved demand for office space. Development activity has shifted away from traditional CBDs to emerging business districts able to offer more secure and modern office accommodation.

Kenya has recorded GDP growth of above 5% for the last three years. This has aided the development of the country's commercial and residential property markets.*(Source: CIA World Factbook)*

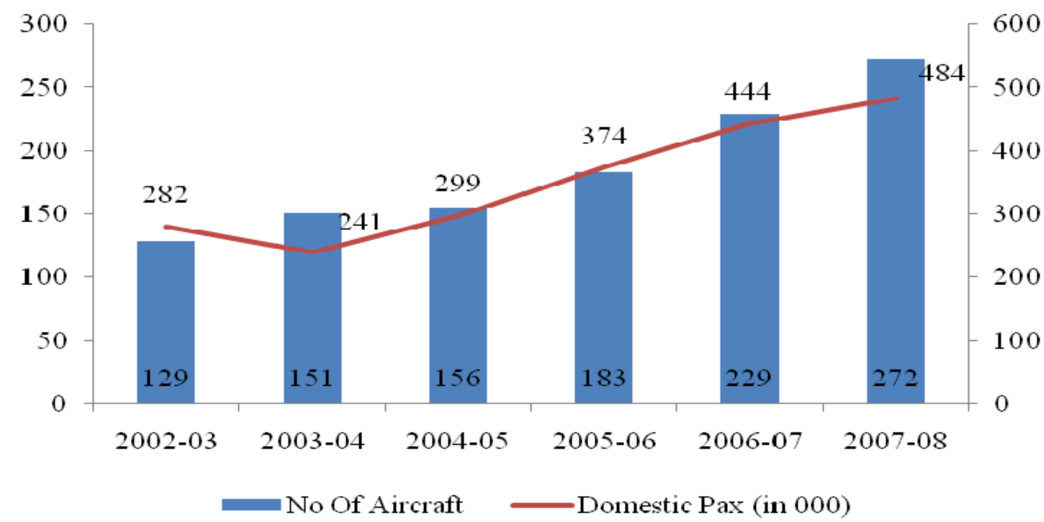
Real estate activity has been continually increasing due to the following factors prevalent in Kenya:

- Increased demand due to a resurgence of the mid-market as well as growth of Nairobi as regional base.
- Availability of developer and end-user finance
- Better land rights enforcement. Inclusion as a National development strategy.
- Lower and stable interest rates.
- Economic recovery and hence improved buyer income.
- Improved transfer processing, enforcement of building standards, growing property development teams.

CHARTERED AVIATION INDUSTRY

The International Air Transport Association (IATA) in its latest estimates this year reckons India to be a driving force behind the world's civil aviation business that is globally expected to register revenues of US$ 467 billion in 2009.

Chartered Aviation Industry in India



The number of domestic passengers transported by non – scheduled operators has grown at a CAGR of 11.40% from approximately 282,000 passengers in 2002-03 to 484,000 passengers in the year 2007-08. The number of aircraft with non-scheduled permit operators has also grown at a CAGR of 16.09% from 129 aircraft in 2002-03 to 272 aircraft in 2007-08. *(Source: Directorate General of Civil Aviation (DGCA))*

Charter air operators have, in the past, principally included large industrial houses that maintain aircraft fleets primarily for their own use and hire out their spare aircraft capacities to others. However in recent times, the Indian charter business has also seen the emergence of charter companies for whom this business is not for captive use but is the business itself.

BUSINESS OVERVIEW

In this section "our Company" refers to the Company while "we", "us" and "our" refers to our Company, and where applicable, its Subsidiary Companies.

BACKGROUND & HISTORY

Our Company was originally incorporated on November 5, 1990 under the Companies Act as a private limited company under the name of Creole Holdings Company Private Limited. Following a Composite Scheme of Arrangement and Amalgamation, effective December 17, 2006, Arrow Webtex Limited was merged into our Company. Post the amalgamation, our Company was renamed as "Arrow Webtex Limited".

Prior to the aforesaid amalgamation, our Company was engaged in the business of real estate consultancy. Following the amalgamation, our Company was engaged in the business of renting real estate, providing real estate consultancy services and manufacturing narrow woven fabrics. Subsequently, we have entered the entertainment and gaming business as well as the chartered aviation businesses.

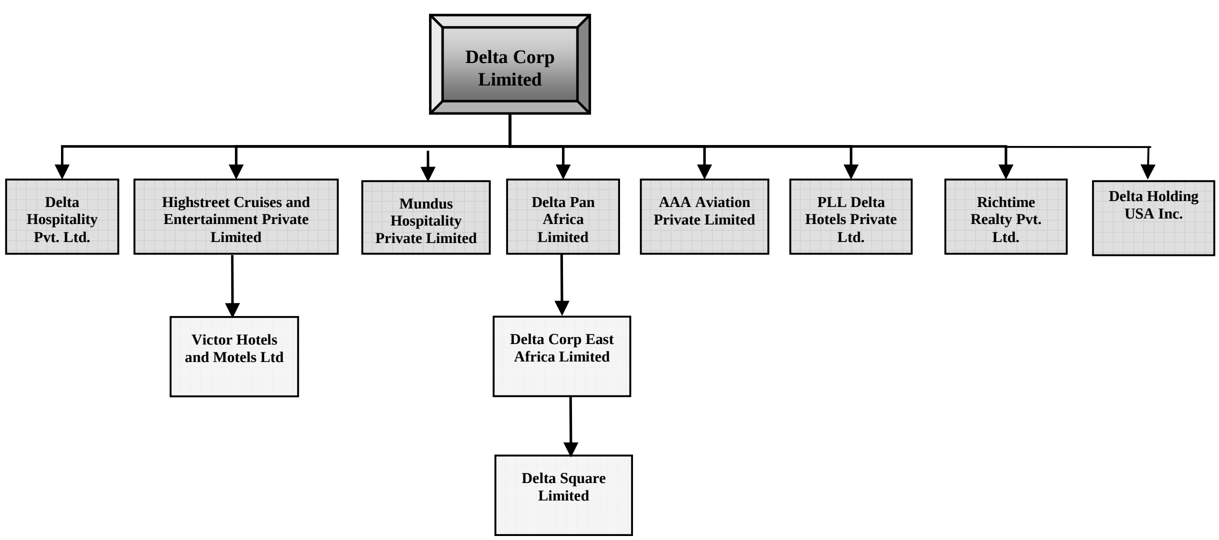
Effective September 16, 2008, the erstwhile Textile Business of our Company was demerged into Arrow Textiles Limited. Thereafter, our Company's name was changed from Arrow Webtex Limited to "Delta Corp Limited".

BUSINESS OVERVIEW

We along with our Subsidiary Companies currently operate in the following lines of business:

- **Entertainment and gaming**
- **Real Estate**
  - Real estate consultancy services
  - Real estate development in India and Kenya
- **Chartered aviation**

The following chart outlines our existing group structure:



OUR STRENGTHS

We believe that the following are our principal competitive strengths:

- **Diversified business portfolio**

  We currently have a presence in the entertainment and gaming, real estate development and the chartered aviation businesses in India as well as in the real estate development business in Kenya. We believe this diversified mix of projects (in operation and under development) across industries will provide us with stable revenues as well as growth opportunities. We believe that by being involved in the aforesaid diverse sectors, we are not only well placed to capitalize on future growth opportunities in these sectors, but also have protected ourselves from possible individual down turns in any particular sector. This diversification in geography as well as industries is intended to mitigate any dependence on a particular area or industry.

- **Early entry into the gaming business in India**

  We believe that we are one of the first entrants in the entertainment and gaming business in India and, as a result, enjoy an advantage. Further, we believe that in India the entertainment and gaming industry is at a nascent stage and that the same is poised to grow in the future.

  We believe that till date, the Ministry of Home Affairs, Government of Goa has issued only 6 licences for the operation of Offshore Casinos. Out of the aforesaid 6 licences, our Group has obtained two licenses from the Home Department, Government of Goa, for the operation of offshore casinos, through our Subsidiary Companies, HCEPL and VHML, for the operation of casinos by the name of “Casino Royale” and “Kings Casino”, respectively. We also hold an investment of approximately 34.9% of the equity share capital of Advani Hotels & Resorts (India) Limited (“**Advani**”) through our Subsidiary Company Delta Hospitality Private Limited. Advani is the owner of the hotel Ramada Caravela Beach Resort and, through its subsidiary, operates an offshore casino in Goa named “Casino Goa” aboard the vessel ‘M. V. Caravela’. Operations in connection with ‘Casino Goa’ have been temporarily suspended with effect from June 12, 2009 due to financial constraints.

  We believe that by making an early entry into the entertainment and gaming business in India, we are placed to capitalize on future growth opportunities in the entertainment and gaming sector. Such a competitive advantage is derived as a result of various factors including (a) a relatively lengthy process for obtaining licenses for the gaming business in India; and (b) the considerable time and costs involved in setting up the requisite infrastructure (which includes acquiring appropriate vessels and jetties as well as hiring personnel and adequately training them).

- **Size of operations in the gaming business in India**

  The combined area of our offshore casinos is approximately 34,200 sq. ft (with a gaming area of approximately 12,098 sq. ft), which currently provides us with a capacity of 59 live gaming tables as well as 40 slot machines, enabling us to cater to approximately 1,000 customers at a time, including approximately 500 gaming customers. We believe that our ability to cater a large number of customers aforesaid, places us at a relatively favourable position to take advantage of increases in demand for entertainment and gaming services in India.

- **Early entry into the organized real estate market in Kenya**

  In Kenya, the demand for real estate has been increasing due to various factors including the growth of Nairobi as a regional base. Through our wholly owned Subsidiary Company, Delta Pan Africa Limited (“**DPAL**”), we have formed a joint venture company with the Reliance Industries group (“**RIL Group**”), named, Delta Corp East Africa Limited (“**DCEAL**”). DCEAL has already acquired ten parcels of land totaling approximately 8,03,720 sq. ft. in and around Nairobi. Out of those, we have commenced development work on two commercial projects and intend to soon commence development work on the remainder. Further, DCEAL also owns a commercial property by the name of ‘Delta House’ which was developed by DCEAL, following which, the said property has been rented out to a tenant.

  We believe that our early entry in the Kenyan real estate market will enable us to take advantage of future growth in the real estate market in Kenya.

- **Stable revenues from our real estate consultancy and development businesses in India**

  We provide consultancy services in connection with real estate development. Such services primarily include conceptualization and design and procurement of permissions for real estate development projects. We have entered into an agreement with Peninsula Land Limited, a real estate development company, for providing real estate consultancy services.

  We are also engaged in the real estate development business. A commercial property by the name of "Trade Plaza" was developed by us and following the same, the property has been rented out to a number of tenants. As per the terms of the relevant agreements entered into with our tenants, we receive rental income from such tenants, with a provision for escalation.

  We believe that incomes derived from the above businesses will contribute a stable stream of revenues to us.

- **Experienced Management and Project Execution Skills**

  Our Company and its Subsidiaries Companies are managed by a team of qualified and experienced professionals. We believe that the experience of our key management personnel, coupled with the experience of our Promoters in the conduct of various operations and businesses, and implementation of our strategies in relation thereto, provides a competitive advantage in our businesses where substantial expansion is expected in the foreseeable future. Details of our management team are provided under the section "Board of Directors and Senior Management" beginning on page 72 of this Placement Document.

OUR STRATEGY

In order to ensure a sustainable growth, we intend to pursue the following strategies going forward:

- **Establish a dominant position in the Indian entertainment and gaming Industry**

  We believe that we are a significant player in the Indian entertainment and gaming industry, which is at a nascent stage. Going forward, we intend to consolidate our position by adding to our portfolio of casinos. Further, by virtue of the fact that our Group currently operates two offshore casinos, namely, "Casino Royale" and "Kings Casino" aboard two separate vessels, namely M. V. Casino Royale and M. V. Arabian Sea King, we are also well placed to take advantage of demand for such casinos in different geographical locations in Goa. We have also received an in principle expression of interest for setting up a land based casino at Daman and intend to take advantage of any favourable opportunities in connection therewith at an appropriate stage. We also intend to complement our entertainment and gaming business by offering off-shore hospitality services on the vessel named 'Royale Flotel', owned by our Subsidiary Company, HCEPL to customers of our Offshore Casinos.

- **Entering into arrangements with luxury hotels for setting up and operating land based casinos in their premises**

  As a part of our growth strategy, we intend to enter into arrangements, at an appropriate stage, with luxury hotels to operate land based casinos in their premises. We believe that this will help us to unfold the attractiveness of casinos to a larger target audience and consequently generate an interest in our offshore casinos as well.

- **Consolidate and expand our business in the East African real estate market**

  We have made an early entry into the real estate market in Kenya and we believe that we are currently one of the largest developers in the real estate market in Kenya. We have commenced projects and/or are in the process of implementing projects on a "Build and Sell" basis, which involves buying, developing and consequently selling the properties. We intend to continue to expand our real estate business in Kenya, and at an appropriate stage, propose to expand our business in real estate markets in other suitable East African countries as well.

- **Leverage our chartered aviation fleet to compliment our gaming and hospitality businesses**

Through our chartered aviation business, we plan to leverage our fleet of chartered aircraft in connection with our entertainment and gaming business to further enhance the casino experience for high net worth customers, which we believe will further enhance the attractiveness of our casinos. We also intend to modify and / or expand the composition of our fleet of aircraft as may be appropriate, so as to enable us to meet the demand for these services in India.

DESCRIPTION OF OUR BUSINESSES

The details of each of our lines of business are set forth below.

ENTERTAINMENT AND GAMING BUSINESS

Liberal and progressive regulatory and policy developments in connection with the gaming sector in Goa has provided a significant impetus to the growth prospects of the entertainment and gaming business coupled with the tourist and leisure industry in Goa. We have forayed into the entertainment and gaming business through our Subsidiary Companies HCEPL and VHML. Our Company holds 90% of the share capital of HCEPL. HCEPL has obtained a Casino License dated October 24, 2008 from the Government of Goa for operating our Offshore Casino 'Casino Royale' aboard the vessel 'M. V. Casino Royale'.

Further, VHML, a 100% subsidiary of HCEPL, has also obtained a Casino License dated August 29, 2008 from the Government of Goa to operate our Offshore Casino 'Kings Casino' aboard the vessel 'M. V. Arabian Sea King'.

Both our aforementioned Offshore Casinos have commenced operations pursuant to the respective Casino Licenses and are currently operational.

We have also received an in principle expression of interest dated December 18, 2007 for setting up a land based casino at Daman.

We offer a wide variety of games in our casinos including slot machines, Roulette, Baccarat, Blackjack, Craps, Caribbean Stud Poker, Texas Hold'em Poker as well as Flush.

Infrastructure

Vessels

The offshore casinos referenced above, are being operated aboard the following two vessels:

- ***M V Casino Royale***: The vessel 'M V Casino Royale', houses the offshore casino "Casino Royale", which consists of an area of approximately 31,900 sq. ft, including a gaming area of approximately 10,098 sq. ft. on the Mandovi river in Goa. M. V. Casino Royale is a Class VII vessel in terms of the DG Shipping Guidelines. Specifications of the said vessel are as follows:

Type	Mono Hull Steel Passenger
Length	70 metres
Width	13.4 metres
Depth	3.75 metres
Draught	2 metres
Sailing Speed	8 knots per hour
Capacity	888 passengers
Crew	18

The 'M. V. Casino Royale' has four decks. Level I includes the reception and exclusives suites. Level II consists of slot machines and gaming tables. Level III consists of 6000 sq ft live kitchen managed by China Garden. The top level which is an open air deck is configured with a helipad which can be converted into a stage and an amphitheatre style seating arrangement with a capacity for 120 people. Other facilities include a creche and an aquabar.

The casino has 30 slot machines, 15 blackjack tables, 16 roulette tables, 1 craps table, 2 Texas Hold'em Poker tables, 2 mini flush tables, 2 flush tables, 1 money wheel and 11 tables which can be used to offer Caribbean stud poker, baccarat or pontoon.

M V Arabian Sea King**:** The vessel ‘M. V. Arabian Sea King’, houses the offshore casino “Kings Casino”, which consists of a gaming area of approximately 2,000 sq ft, on the Mandovi River in Goa. The M. V. Arabian Sea King is a Class VII vessel in terms of the DG Shipping Guidelines. Specifications of the said vessel are as follows:

Type	Passenger Catamaran
Length	33 metres
Width	9.4 metres
Depth	3.5 metres
Draught	1.23metres
Sailing Speed	32 knots per hour
Capacity	150 passengers
Crew	9

Kings Casino is configured with two decks. Level I includes a reception area, gaming tables and slot machines. Level II is utilized for providing food and beverage services.

The casino has 10 Slot Machines, 2 Black Jack tables, 3 Roulettes,2 Texas Hold'em Poker, 1 Bacarrat and 1 Caribbean Stud Poker.

Royale Flotel: The vessel ‘Royale Flotel’ is a non-propelled floating “MES-VI” vessel. The said vessel has two decks and will house rooms and suites, which HCEPL proposes to utilize to accommodate guests coming to our offshore casinos and shall be located adjacent to our offshore casino ‘Casino Royale'. Specifications of the said vessel are as follows:

Type	Mono Hull
Length	60.20 meters
Breadth	13.00 meters
Depth	2.0 meters
Draught	0.80 meters
Sailing Speed	7 knots per hour
Capacity	100 passengers
Crew	9

Jetties and Feeder Boats

We own 4 (four) jetties in Goa namely, Betim, Reis Magos, Barcolento and Noah’s Ark as well as 6 (six) feeder boats in order to ferry our customers from the main land to the Offshore Casinos.

Personnel

We currently employ an aggregate of approximately 466 persons in our Offshore Casinos. Our personnel can be classified into (a) gaming staff consisting of 167 persons, divided into gaming shift managers, pit bosses, inspectors and dealers, (b) surveillance staff consisting of 35 persons (c) support staff consisting of 213 persons and (d) marine crew, consisting of 51 persons.

REAL ESTATE BUSINESS

Our activities in the real estate related businesses can be classified into the following two categories:

- Real estate consultancy services; and

- Real estate development in India and Kenya.

Real Estate Consultancy Services

We provide real estate consultancy services to Peninsula Land Limited, a listed company engaged in the real estate development business. Our services include conceptualization and designing as well as procuring permissions. As per the agreement entered into between our Company and Peninsula Land Limited, Peninsula Land Limited will pay our Company an agreed consideration in accordance with the terms of the said agreement.

Real Estate Development in India

We are also present in the real estate development business in India. A commercial property by the name of "Trade Plaza" was developed by us and following the same, the property has been rented out to a number of tenants. As per the terms of the relevant agreements entered into with our tenants, we receive rental income from such tenants, with a provision for escalation.

Real Estate Development in Kenya

In Kenya, the demand for real estate has been increasing due to various factors including the growth of Nairobi as a regional base. Through our wholly owned Subsidiary Company, DPAL, we have formed a joint venture company with the RIL Group, namely DCEAL. DCEAL has already acquired ten parcels of land admeasuring approximately 803,720 square feet in and around Nairobi. Out of those, we have commenced development work for two commercial projects and are set to commence development work on the remainder.

DCEAL has already acquired the following properties in and around Nairobi:

Project Name	**Area**	**Land Area (Sq ft)**	**Description**
Delta Centre	Upperhill, Nairobi	38,610	This area is an upcoming commercial district. DCEAL intends to develop a commercial –office complex on this property. Construction on this project has commenced.
Delta Corner	Westlands, Nairobi	58,739 36,242	A commercial and economic area abutting the central business district of Nairobi. DCEAL is developing a commercial – office complex project. Construction on this project has commenced.
Delta House	Westlands, Nairobi	19,601	Delta House is a commercial property which has been rented out to a tenant.
Delta Annex	Westlands, Nairobi	48,976	This property is adjoining Delta Corner. DCEAL intends to develop a commercial and/or residential project.
Delta Hotel	Central Business District, , Nairobi	21,216	DCEAL intends to develop a hotel on this property.
Delta Plains	Athi River, Mlonongo	430,556	Athi River is located on the outskirts of Nairobi. This area is relatively industrialized but is also a growing residential area due to its proximity to Nairobi. DCEAL intends to build low cost housing on this property.
Delta Point	Upperhill, Nairobi	53,820	DCEAL intends to develop a commercial complex on this property
Delta Riverside	Riverside, , Nairobi	52,528	DCEAL intends to develop office blocks on this property
Delta Chambers	4th Ngong Avenue, Nairobi	43,432	DCEAL intends to develop a commercial complex on this property

CHARTERED AVIATION SERVICES BUSINESS

The chartered aviation services business of our group is operated by our Subsidiary Company, AAAAPL, which has obtained Non Scheduled Operator Permit, ("**NSOP**"), license to carry out a non-scheduled airline business. Our fleet currently includes a helicopter, (Robinson R – 44), and an aircraft (Beechcraft King Air C90 B). AAAAPL has entered into a helicopter maintenance oversight agreement, dated March 19, 2008 with Indo Pacific Aviation Limited with respect to maintenance of Robinson R - 44. AAAAPL has also entered into an agreement with Indamer Company Private Limited dated July 1, 2007, for the maintenance of Beechcraft King Air C90 B.

We currently employ an aggregate of 10 persons in our chartered aviation business. Our personnel can be classified into (a) 3 pilots, (b) 1 engineer, (c) support staff consisting of 5 persons and (d) 1 liaison officer.

INSURANCE POLICIES

Our Group has obtained various insurance policies including with regard to its movable properties, marine hull insurance policies for vessels, a group personal accident insurance policy for passengers and staff aboard the vessels and aircraft, third party and passenger insurance policies for its aircraft. The Company has also obtained a fire, terrorism and earthquake policy for the commercial property "Trade Plaza", as well as fire insurance policies covering office and electrical equipment.

CAPITAL STRUCTURE AND PRINCIPAL SHAREHOLDERS

As of the date of this Offering, our Company's capital structure is as indicated in the following table:

	Amount *(Rs.)*
Authorised Share Capital	
20,00,00,000 Equity Shares of Re. 1 each	20,00,00,000
10,00,000 10% Preference Shares of Rs. 10 each	1,00,00,000
1,30,00,000 8% Preference Shares of Rs. 10 each	13,00,00,000
Total	**34,00,00,000**
Issued, Subscribed and Paid-up Share Capital before this Offering	
15,05,28,130 Equity Shares of Re. 1 each	15,05,28,130
1,22,38,535 8% Preference Shares of Rs. 10 each	12,23,85,350
Total	**27,29,13,480**

Share Ownership

The Equity Shares of our Company are listed on the BSE and NSE. Our Company had 11,028 shareholders as on June 30, 2009. The following table sets out the principal categories of shareholders as on June 30, 2009*:

Category	No. of Equity Shares	Percentage of Shareholding (%)
(A) Shareholding of Promoter and Promoter Group		
Individuals / Hindu Undivided Family	7,31,17,950	53.95
Bodies Corporate	9,42,240	0.70
Total Shareholding of Promoter and Promoter Group (A)	**7,40,60,190**	**54.65**
(B) Public Shareholding		
(1) Institutions		
Financial Institutions / Banks	7,870	0.01
Foreign Institutional Investors	3,15,021	0.23
Sub-Total (B)(1)	**3,22,891**	**0.24**
(2) Non-Institutions		
Bodies Corporate	3,69,13,946	27.24
Individual shareholders holding nominal share capital upto Rs. 1,00,000	1,73,13,513	12.77
Individual shareholders holding nominal share capital in excess of Rs. 1,00,000.	57,77,587	4.26
NRIs	11,21,626	0.83
Clearing Members	18,377	0.01
Sub-Total (B)(2)	**6,11,45,049**	**45.12**

Category	No. of Equity Shares	Percentage of Shareholding (%)
Total Public Shareholding (B)	**6,14,67,940**	**45.35**
Total (A) + (B)	**13,55,28,130**	**100**
(C) Shares held by Custodians and against which Depositary Receipts have been issued	Nil	Nil
Total (A) + (B) + (C)	**13,55,28,130**	**100**

* Our Board on February 20, 2008, allotted 1,50,00,000 warrants to our Promoter, ("**Warrants**"), Mr. Jaydev Mody on a private placement basis Subsequently, Mr. Jaydev Mody has transferred 78,60,849 warrants out of the Outstanding Warrants to following bodies corporate and individuals ("**Transferred Warrants**") and subsequently Mr. Mody converted balance 71,39,151 warrants into Equity Shares.

Names of Allotees	No of Warrants
M/s. Brand Equity Treaties Limited	37,03,703
Mrs. Neelam Tapia	13,50,000
M/s. Bennett Coleman & Company Limited	12,34,568
M/S. Corniche Realty Pvt. Ltd.	7,22,578
Mr. Azim Tapia	3,00,000
Mrs. Sangeeta Lulla	2,25,000
Mr. Advay Lulla	1,25,000
Mr. Deepak Lulla	1,00,000
Ms. Mriganka Lulla	1,00,000
Total	**78,60,849**

The aforementioned Transferred Warrants were converted into Equity Shares of our Company pursuant to the exercise of the right of conversion by the holders of the Transfer Warrants vide resolutions passed by the allotment committee of our Company held on July 28, 2009, July 29, 2009 and August 13, 2009.

Persons and Entities owing more than 1% (one percent) of our Equity Shares:

Each person or entity known to our Company to beneficially own more than 1% of its outstanding equity Shares is listed below. Each shareholder listed below is both the holder on record and the beneficial owner with the sole power to vote and invest in our Equity Shares listed next to his name below. The following table sets out the persons and entities who beneficially own more than 1% (one per cent) of our Equity Shares as at June 30, 2009:

Name of Shareholder	No. of Equity Shares	Percentage of Shareholding (%)
Zia Jaydev Mody	6,03,13,720	44.50
IDBI Trusteeship Services Ltd.(India Advantage Fund III)	2,03,15,670	14.99
Jaydev Mukund Mody	99,87,590	7.37
Pacific Corporate Services Ltd.	90,89,955	6.71
Usha Mukund Mody	24,79,760	1.83
Kamal Kabra	20,00,007	1.48

Name of Shareholder	No. of Equity Shares	Percentage of Shareholding (%)
Clover Holdings & Trading Pvt.Ltd.	18,76,420	1.38
NPIL Holdings Pvt.Ltd	18,20,000	1.34

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors and Senior Management

Composition

The Board of Directors of our Company comprises of 8 (eight) Directors, of whom 4 (four) are Independent Directors. Mr. Jaydev Mody is the Non-Executive Chairman of our Board and Mr. Ashish Kapadia is our Managing Director.

Our Board and the various committees constituted by it, hold regular meetings. The Board held 6 (six) meetings during the period from April 1, 2008 to March 31, 2009. The Board constituted an Audit Committee, a Shareholder's Grievance Committee and a General Purposes Committee on March 13, 2007. Further, the Board constituted a Remuneration Committee and an Investment Committee on January 30, 2008. The Audit Committee, the Investors Grievances Committee, the Remuneration Committee, the General Purpose Committee, the Investment Committee, the Borrowing Committee were reconstituted pursuant to resolutions passed by our Board at their meeting convened on September 30, 2008. Subsequently, the Remuneration Committee was further reconstituted pursuant to resolutions passed by our Board at their meeting convened on April 27, 2009.

We have complied with the requirements relating to corporate governance detailed in Clause 49 of the Equity Listing Agreement, particularly those relating to composition of the board of directors, constitution of committees.

The composition and category of the Board is as follows:

Sr. No.	Names	Designation	Date of Appointment to the Board
1.	Mr. Jaydev M. Mody	Non-Executive Chairman	March 15, 2007
2.	Mr. Ashish Kapadia	Managing Director	October 1, 2008
3.	Mrs. Ambika Kothari	Non-Executive Director	July 28, 2007
4.	Dr. Vrajesh Udani	Independent Director	March 15, 2007
5.	Mr. Mahesh S. Gupta	Independent Director	March 15, 2007
6.	Mr. Rajeev Piramal	Independent Director	July 28, 2007
7.	Mr. Rajesh Jaggi	Independent Director	July 28, 2007
8.	Mr. Sudarshan Bajoria	Non Executive Director	May 19, 2008

Directors' profiles

- **Mr. Jaydev M. Mody** (Non-Executive Chairman)**,** aged 54, is a Bachelor of Arts from the University of Bombay. Mr. Mody is the Non-Executive Chairman of our Company and has more than twenty (20) years of experience in the field of real estate development. Mr. Mody has been instrumental in building and developing Crossroads, one of the first shopping mall of international standards in India. Further, he has been responsible for developing several residential complexes, office complexes and retail destinations in and around Mumbai and is presently associated with the development of various commercial and residential projects.

- **Mr. Ashish Kapadia** (Managing Director), aged 39 holds a bachelor's degree in commerce. Mr. Kapadia is an entrepreneur having established and managed several businesses. He has experience in various industries inter alia including paints, textiles, polyester, financial services and aviation. Mr Kapadia was appointed as a non-executive director in our Board on October 1, 2008. On April 27, 2009 he was appointed as the Managing Director of our Company.

- **Mrs. Ambika Kothari** (Non-Executive Director), aged 32, is a Bachelor of Arts with Honours from Wellesley College, Wellesley, United States of America. She has also completed courses in Financial and Managerial Accounting through MIT Sloan School of Management, Cambridge and in Quantitative Methods in Business and Economics from the Harvard University. She possesses experience in the fields of business administration and management, team building and business analysis. She has in the past been an active member of the Financial Women's' Association, Singapore and a Committee Member of INSEAD Professional Women's Forum, Singapore. She is also a Member of the IMC Young Entrepreneurs Wing.

- **Dr. Vrajesh Udani** (Independent Director), aged 53, is a Doctor by Profession and is a Paediatric Neurologist. He is a consultant at the P.D. Hinduja National Hospital and Medical Research Centre. He is also an Assistant Professor of Paediatrics at the Grant Medical College and JJ Group of Hospitals, Mumbai. He is a member of the Indian Academy of Paediatrics and the Neurological Society of India.

- **Mr. Mahesh S. Gupta** (Independent Director), aged 53, has over twenty six (26) years of professional experience in handling all aspects of the finance, including treasury, mergers & acquisitions, operational review, strategic planning, direct taxation, company law matters, *etc*. He is a chartered accountant, company secretary and holds a degree in law. He has worked with the 'Piramal Group' for over seventeen (17) years including the last nine (9) years as group CFO. He was on the board of several companies in the Piramal Group including Nicholas Piramal India Limited and also worked with the RPG group as the Group Chief Financial Officer and Management Board Member and as Chief Executive Officer of Welspun India Limited.

- **Mr. Rajeev Piramal** (Independent Director), aged 33, is the Executive Vice Chairman of Peninsula Land Limited. Mr. Piramal overlooks project planning & and execution. He completed his Indian Certificate of Secondary Education from Bombay Scottish School, Mumbai and the 'A level' course from Davies College, United Kingdom. He holds a bachelors degree in business administration from Baldwin Wallace College, Cleveland, USA.

- **Mr. Rajesh Jaggi** (Independent Director), aged 40, is the Managing Director, Peninsula Land Limited & Peninsula Realty Fund and head of Peninsula Facility Management Services Private Limited. He has over twelve (12) 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. He has also been responsible for marketing and successful completion of a commercial development project - Peninsula Corporate Park - at Lower Parel. Mr. Jaggi is a management professional from Babson Graduate School of Business, Boston.

- **Mr. Sudarshan Bajoria**, (Non-executive Director), aged 35 years, is a qualified engineer from the Indian Institute of Technology, Mumbai. Mr. Sudarshan Bajoria has been associated with ICICI Venture since 2000. Prior to this period, he spent over two years at Reliance Industries Limited. He has been involved in the real estate market practice for last 2 years. He was involved in an acquisition of property at Worli, Mumbai from GlaxoSmithKline and purchase & later sale of property at Cyber Gateway, Hitech City, Hyderabad. Prior to association with real estate practice, he has worked on a number of investment related assignments in various industrial sectors. He has also executed several exits of portfolio companies of the earlier funds managed by ICICI Venture including sale to strategic investors.

Interests in our Company

The details of the Equity Shares held by our Directors, as on the date of this Placement Document is as follows:

Sr. No.	Particulars	No. of Equity Shares
1.	Mr. Jaydev M. Mody	1,71,26,741
2.	Mrs. Ambika Kothari	11,380
3.	Dr. Vrajesh Udani	70,000
4.	Mr. Rajesh Jaggi	63,000

Save as disclosed hereinabove, no member of any of the administrative, management or supervisory bodies of our Company has acquired Equity Shares or a right to acquire Equity Shares, in the period of 12 months prior to the date of this Placement Document, except for acquisitions which were made for fair market value at the time at which they were made.

All the Directors of our Company, including Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association. All the Non-Executive Directors of our Company are entitled to sitting fees for every meeting of the Board or a committee thereof. The Managing Director of our Company is interested to the extent of remuneration paid for services rendered as an officer or employee of our Company.

All the Directors of our Company, including Independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Placement Document and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Placement Document in which the Directors are interested directly or indirectly and no payments have been made to them in respect these contracts, agreements or arrangements which are proposed to be made with them.

Remuneration and benefits

The remuneration (including any contingent or deferred compensation except sitting fees), and benefits in kind granted by our Company to the Managing Director for services to our Company, pursuant to a resolution passed by the is provided in the table below:

Sr. No.	Name	Designation	Total Remuneration (Rs. / month)
1.	Mr. Ashish Kapadia	Managing Director	6,91,667/-

Benefits upon termination of employment

In the event of termination of employment, Executive Directors are to be entitled to their respective accumulated provident fund and gratuity payments.

Corporate Governance

Overview

Our Company is committed to observing recommended corporate governance practices and continuously reviews various investor relationship measures with a view to enhancing stakeholders' value and regularly provides detailed information on various issues concerning its business and financial performance. Our Company is in compliance with the corporate governance regime in accordance with the guidelines imposed by the SEBI, the BSE and NSE and other regulatory authorities in India.

Corporate governance is administered through our Board of Directors and the committees of the Board, particularly, the Audit Committee, the Remuneration Committee and the Shareholder’s Grievance Committee. However, the primary responsibility for upholding the standards of corporate governance and providing necessary disclosures within the framework of legal provisions and institutional conventions with commitment to enhance the shareholders’ value vests with our Board of Directors.

Committees

A brief description of each of our committees is set forth below:

Audit Committee

Our Board of Directors has constituted an Audit Committee consisting of Mr. Mahesh Gupta, Mr. Ashish Kapadia and Mr. Rajesh Jaggi. Mr. Mahesh Gupta is the chairman of the Audit Committee. The Audit Committee complies with Clause 49 of the Listing Agreement with the Indian Stock Exchanges as read with section 292A of the Companies Act. The role of the Audit Committee includes advising the management on the areas where internal audit can be improved.

The terms of reference of the Audit Committee broadly include: (1) overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible; (2) recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixing of audit fees; (3) approval of payment to the statutory auditors for any other services rendered by the statutory auditors; (4) reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to: (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956, (b) changes, if any, in accounting policies and practices and reasons for the same, (c) major accounting entries involving estimates based on the exercise of judgment by management, (d) significant adjustments made in the financial statements arising out of audit findings, (e) compliance with listing and other legal requirements relating to financial statements, (f) disclosure of any related party transactions and (g) qualifications in the draft audit report; (5) reviewing, with the management, the quarterly financial statements before submission to the Board for approval; (6) reviewing, with the management, the performance of statutory and internal auditors, the adequacy of internal control systems; (7) reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and the frequency of internal audit; (8) discussion with internal auditors regarding any significant findings and follow up thereon; (9) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board; (10) discussion with statutory auditors before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern; (11) looking into the reasons for any substantial defaults in payments to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; (12) reviewing the functioning of the whistle blower mechanism (should such a mechanism have been put in place by the Company); and (13) carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Our Company normally holds four to five Audit Committee meetings in each financial year to which our Auditors are invited to be present. The Company Secretary acts as the secretary of the Audit Committee.

Remuneration Committee

Our Board of Directors has constituted a Remuneration Committee in compliance with the Clause 49 of the Listing Agreement. Its members comprise Mr. Mahesh Gupta, Mrs. Ambika Kothari and Mr. Jaydev Mody. Mr. Mahesh Gupta is the chairman of the Remuneration Committee. The company secretary of our Company is the secretary of the Remuneration Committee. The Remuneration Committee is inter alia responsible for the following:

(i) assessing manpower requirements in connection with senior management personnel;

(ii) approving the appointment of senior management personnel;

(iii) recommending the compensation structure for full-time Directors;

(iv) recommending the sitting fees payable to Non-Executive Directors of the Company; and

(v) reviewing policies relating to promotion, increments and amenities to be provided to senior management personnel.

Investors Grievances Committee

Our Board of Directors has constituted a Investors Grievances Committee comprising of Mr. Jaydev M. Mody and Mrs. Ambika Kothari and Mr. Rajeev Piramal. Mr. Jaydev M. Mody is the chairman of the Shareholder’s Grievance Committee. The Company Secretary and the Compliance Officer under Clause 49 of the Listing Agreement entered into with the Indian Stock Exchange, acts as the secretary of the Share Transfers and Investors Grievances Committee.

This Investors Grievances Committee's mandate requires it to look into investors' grievances relating to matters such as the transfer of Equity Shares, non-receipt of annual reports and non-receipt of dividends, and also reviews any cases filed by aggrieved investors before the courts or other forums. It also supervises the

Company's in-house 'Investor Service Cell', which services the shareholders of the Company by monitoring, recording and processing share transfers and requests for dematerialisation of Equity Shares.

Investment Committee

Our Board of Directors has constituted an Investment Committee comprising of Mr. Jaydev M. Mody, Mrs. Ambika Kothari and Mr. Rajeev Piramal. Mr. Jaydev Mody is the chairman of the Investment Committee. The Investment Committee looks after investment of surplus and other available funds in various proposals speedily.

General Purposes Committee

Our Board of Directors has constituted a General Purposes Committee comprising of Mr. Jaydev M. Mody, Mr. Ashish Kapadia and Mrs. Ambika Kothari. The General Purposes Committee transacts day to day operations and activities of our Company in an expeditious manner.

Disclosure of relevant information

Our Company routinely makes timely disclosures of information on corporate and financial matters, in line with its obligations to the SEBI and the Indian Stock Exchanges on which it's Equity Shares are listed.

Our Company's quarterly financial results are published within a month of the end of each quarter and the audited annual results within three months of the end of the financial year. Quarterly financial results are also published in local and national newspapers, the SEBI's website and on our Company's website. The results and the various press releases issued by our Company are also promptly forwarded to the Indian Stock Exchanges where the Equity Shares of our Company are listed. Our Company also ensures that press releases relating to significant developments are issued and investors kept informed of important announcements.

Our Company publishes an annual report containing detailed information about our Company, its business and prospects, financial reports and management's discussion and analysis giving, *inter alia*, an overview of our Company's business and its financials.

Code for prevention of insider trading

Our Company has adopted a code of conduct, ("**Insider Trading Code**"), for the prevention of insider trading in its Equity Shares, in compliance with the guidelines imposed by the SEBI in this regard.

The Insider Trading Code, *inter alia*, prohibits the purchase and sale of Equity Shares of our Company by the Directors and designated employees while in possession of unpublished price sensitive information in relation to our Company. Additionally, our Company makes disclosures of transactions covered by the Insider Trading Code to the Indian Stock Exchanges on which its Equity Shares are listed.

SEBI (Substantial Acquisition of Shares and Takeovers) Regulations

Our Company also makes regular disclosures to the Indian Stock Exchanges regarding transactions covered under the Takeover Code by submitting the requisite reports and applications under the Takeover Code.

Profiles of Key Managerial Personnel (other than Directors of Delta Corp Limited)

- **Mr. Nileesh A. Shah** (Executive Vice-Chairman, DCEAL), aged 54 years is a certified chartered accountant. Mr. N A Shah has been the instrumental in the incorporation and management of number of companies in Africa including Creative Exports Limited which is engaged in the business in supplies in emergency aid equipment to NGOs operating out of East Africa and Shah Kanji Lalji and Sons (Kenya) Limited, which is engaged in the business of import & distribution of fertilizers.;

- **Mr. M. Soundararajan** (Managing Director, DCEAL), aged 58 years holds a masters degree in arts from the Madras University and a diploma in international banking form the New York University. Mr. Soundararajan has over 36 years of experience in commercial and investment banking and has held senior managerial positions in several international financial institutions. He has in the past served as an assistant director in Standard Chartered Financial Services Limited, the managing director of CFC Financial Services

Limited, and as the managing director and executive director of CFC Bank. Mr. Soundararajan is also on the board of directors of I&M Bank Limited and Car& General Limited. He joined DCEAL as its managing director in 2008;

- **Mr. Arun Kapoor** (Group Chief Executive Officer), aged 49 years, holds a degree in hotel management from Switzerland has over 25 years of experience in the hospitality industry and in general business administration and management. He has worked with Fortune 500 companies such as Office Depot and Phillips.

- **Mr. Hardik Dhebar** (Group Chief Financial Officer), aged 34 years, holds a Post Graduate Diploma in Finance from the Welingkar Institute of Management, and has an experience of over 13 years in finance and treasury operations. He has in the past worked with the Piramal group of companies, including holding positions of responsibility in Nicholas Piramal Limited, Morarjee Textiles Limited and Peninsula Land Limited.

- **Mr. Anil Malani** (President Operations, HCEPL), aged 42 years, is a bachelor of commerce from Mumbai University and has over 25 years of experience having been involved in versatile businesses ranging from hospitality, entertainment, information technology, electronics & office automation. He has in the past been associated with Esquire group of companies, Aims International Ltd., Amazon Food & Beverages Pvt. Ltd. (Garcia's Famous Pizza) with his last assignment being with Clover Solar Pvt. Ltd. He has traveled around the globe extensively and has the distinction of being the fifth resident Indian to stay in Prague for 18 months (1991-1992) just after the velvet revolution

- **Mr. Narinder Punj** (Managing Director, HCEPL), aged 54 years is bachelor in commerce from St. Xavier's College, Kolkata and has more than 30 of experience in the hospitality, entertainment and gaming industries. He has in the past been associated with various hotels, land based and cruise-based casinos inter alia including Hotel Holiday Inn, Juhu, Hotel Al Mansour Melia, Baghdad, Royal Carribbean Cruise Lines, Royal Viking Lines, Norwegian Cruise Lines, Casino Poland, Casino Goa and Casino Bucharest, in various designations including as the casino inspector, assistant casino manager and casino director of the said casinos;

- **Captain Vijay Kumar Madan** (Director – AAAAPL), aged 51 years is masters in science in defence studies from Chennai University and has more than 25 years of experience. Captain Vijay Kumar Madan is an experienced pilot who is credited with raising and operationalising a non-scheduled aviation company in 2005 in India. He has been actively involved in all facets of raising, managing day to day operations of a chartered aviation services company, including construction of hangar, helipads, storage and other engineering facilities. He in the past has been the Director Operations and Futuristic Planning at Aviation Directorate (Army Headquarters), managing a fleet of 207 helicopters;

Related Party Transactions

Overview

Our Company has, from time to time, entered into transactions of a material nature with our Subsidiary Companies, Promoters, Directors, members of senior management, their relatives and/or entities controlled by such persons that may have a potential conflict of interest with the interests of our Company, otherwise known as "Related Party Transactions". All Related Party Transactions were in the normal course of business and conducted on an arm's length commercial basis, in compliance with the requisite laws in force at such time. For more details in relation to "Related Party Transactions", please refer to the financial statements of our Company included elsewhere in this Placement Document.

Consent and approval

In relation to any Related Party Transaction, Directors are required to make proper and complete disclosures and seek approval to proceed with the transaction at the earliest meeting of the Board. In respect of the year ended March 31, 2009, our Company made full disclosures as required under Indian law and the Board determined all such transactions to be in the normal course of our Company's business and conducted on an arm's length basis.

Related Party Transactions

As at March 31, 2009, our Company's outstanding obligations pursuant to transactions with related parties included Rs. 1,746.24 lakhs

As at March 31, 2009, outstanding obligations owed to our Company pursuant to transactions with related parties included Rs. 1,429.04 lakhs

INDIAN SECURITIES MARKET

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the SEBI, the BSE and the NSE, and has not been prepared or independently verified by our Company or the Sole Global Co-ordinator and Book Running Lead Manager or any of their respective affiliates or advisors.

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Stock Exchange Regulations

Indian Stock Exchanges are regulated primarily by SEBI, as well as by the Government of India acting through the Ministry of Finance, Stock Exchange Division, under the Securities Contracts (Regulation) Act, 1956, as amended, ("**SCRA**"), and the Securities Contracts (Regulation) Rules, 1957, as amended, ("**SCRR**"). The SCRA and the SCRR along with the rules, by-laws and regulations of the respective stock exchanges regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into, settled and enforced between members.

The SEBI Act granted the SEBI powers to regulate the business of Indian securities markets, including stock exchanges and other financial intermediaries, promote and monitor self-regulatory organizations, prohibit fraudulent and unfair trade practices and insider trading and regulate substantial acquisitions of shares and takeovers of companies. SEBI has also issued guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants.

SEBI has also set up a committee for the review of Indian securities laws, which has proposed a draft Securities Bill. The draft Securities Bill, if enacted in its present form may result in a substantial revision in the laws relating to securities transactions in India. The Companies Bill has been introduced in the Lok Sabha on October 23, 2008.

Listing

The listing of securities on a recognised Indian stock exchange is regulated by the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines issued by SEBI and the listing agreements of the respective stock exchanges. Under the SCRR, the governing body of each stock exchange is empowered to suspend trading of or dealing in a listed security for breach of an issuer's obligations under such listing agreement or for any other reason, subject to the issuer receiving prior notice of the intent of the exchange and upon granting of a hearing in the matter. In the event that a suspension of a company's securities continues for a period in excess of three months, the company may appeal to the Securities Appellate Tribunal, ("**SAT**"), established under the SEBI Act to set aside the suspension. SEBI has the power to veto stock exchange decisions in this regard. SEBI also has the power to amend such listing agreements and the by-laws of the stock exchanges in India.

Clause 49 of the Listing Agreement provides that if non-executive chairman of a listed company is a promoter or is related to promoters of the company or persons occupying management positions at the board level or at one level below the board, at least one-half of the board of the company should consist of independent directors.

The Listing Agreement requires that all listed companies maintain a minimum level of public shareholding at 25 percent of the total number of issued shares of a class or kind for the purpose of continuous listing.

The exceptions to this rule are for companies which (i) are offering or have offered shares to the extent of at least 10 percent of the issue size in terms of Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957; (ii) have 20 million or more outstanding shares; (iii) have a market capitalisation of Rs.10,000 million or more and the minimum public shareholding to be maintained by such companies is 10 percent. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement.

The provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended, ("**Delisting Regulations**"), and the SCRR govern voluntary and compulsory delisting of equity shares of listed Indian companies from any of the recognized stock exchanges. A company may voluntarily delist from a stock exchange provided that (a) the securities of the company have been listed for a minimum period of three years on any recognized stock exchange, (b) the delisting has been approved by two-thirds of the public shareholders, and (c) the company, the promoter and/or the director of the company provide an exit opportunity and purchase the outstanding securities from those holders who wish to sell them at a price determined in accordance with the Delisting Regulations, provided further that the condition in (c) above may be dispensed with by the SEBI if the securities remain listed on the NSE or the BSE.

In the event a company seeks to voluntarily delist from a stock exchange, it is required to provide an exit opportunity to the other shareholders, ("**Delisting Offer**"), and seek the in-principle approval of the stock exchange. This exit opportunity involves a price discovery process known as the "reverse book building process". A Delisting Offer can be launched by any promoter seeking to delist the securities of the company. The Delisting Offer needs to be supported by a resolution approved by the board of directors and a resolution approved by three-fourths of the shareholders of the listed company through a postal ballot. In addition, the special resolution of the shareholders can be acted upon if, and only if, the votes cast by public shareholders in favour of the proposal amount are at least two times the number of votes cast by public shareholders against it (non-promoters and holders of depository receipts are considered non-public shareholders). Following the approval of the shareholders, the promoter would issue a public announcement (i.e. a public notice) in relation to the Delisting Offer. The offer price shall have a floor price which shall be determined in the manner provided in the Delisting Regulations.

The Delisting Regulations and the SCRR also provide the stock exchanges the power to delist the securities of companies on certain grounds, including if a company is incurring losses during the preceding three consecutive years and has negative net worth; the trading in the securities of the company has remained suspended for a minimum period of six months; the securities of a company have remained infrequently traded during the preceding three years; the company or any of its promoters or directors have been convicted for failure to comply with any provisions of the SEBI Act or the Depositories Act or rules and regulations made thereunder and awarded a penalty of not less than three years; or there has been failure to raise the public shareholdings within a specified time to the minimum level applicable to the company under its listing agreement. Any order for compulsory delisting can be made only after considering representations received from aggrieved persons. These guidelines also provides that in the event that the securities of a company are delisted by a stock exchange, the fair value of securities shall be determined by an independent valuer appointed by the stock exchange from a panel of experts selected by the stock exchange. If a listed company is delisted by the stock exchange, the listed company can file an appeal before the Securities Appellate Tribunal. The Delisting Regulations do not permit the listing of equity shares once delisted for a period of 5 years (in a voluntary delisting) and 10 years (if the stock exchanges initiate the delisting).

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10 percent, 15 percent and 20 percent. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place varying individual scrip-wise price bands. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Minimum Level of Public Shareholding

All listed companies are required to ensure that their minimum level of public shareholding remains at or above 25%, however, this requirement does not apply to those companies who in the past had offered at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCRR, or to companies that have reached a size of 20 million or more in terms of the number of outstanding listed shares and Rs.10 billion or more in terms of market capitalisation. Such listed companies are required to maintain the minimum level of public shareholding at 10% of the total number of issued shares of a class or kind for the purposes of listing. Failure to comply with this clause in the listing agreement may result in such the delisting of such listed company's shares pursuant to the terms of the Delisting Regulations and may result in penal action being taken pursuant to the SEBI Act.

Disclosures under the Companies Act and Securities Regulations

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act and the SEBI Guidelines, and be filed with the Registrar of Companies having jurisdiction over the place where a company's registered office is situated. A company's directors and promoters may be subjected to civil and criminal liability for misstatements in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and the allotment of securities among subscribers and establishes maximum commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, the SEBI has issued detailed guidelines concerning disclosures by public companies and to further investor protection. Prior to the repeal of certain rules in mid-1992, the Controller of Capital Issues of the Government regulated the prices at which companies could issue securities. The SEBI Guidelines now permit companies to price their domestic issues of securities freely. All companies, including public limited companies, are required under the Companies Act to prepare, file with the Registrar of Companies and circulate to their shareholders audited annual accounts, which comply with the disclosure requirements of the Companies Act and regulations governing their manner of presentation, which include sections pertaining to corporate governance and the management's discussion and analysis. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of its listing agreement with the relevant stock exchange, including the requirement to publish unaudited financial statements on a quarterly basis, and is required to inform stock exchanges immediately regarding any stock price-sensitive information.

The Companies Act further requires mandatory compliance with accounting standards issued by the ICAI. The ICAI and SEBI have implemented changes which require Indian companies to account for deferred taxation, consolidate their accounts (subsidiaries only), and provide segment-wise reporting and disclosure of related party transactions from April 1, 2001 and accounting for investments in affiliated companies and joint ventures in consolidated accounts from April 1, 2002.

As of April 1, 2003, accounting of intangible assets is also regulated by accounting standards set by the ICAI and as of April 1, 2004 accounting standards set by the ICAI will regulate accounting for impairment of assets. The ICAI has recently announced that all listed companies and public interest entities have to comply with International Financial Reporting Standards from April 1, 2011.

Indian Stock Exchanges

There are currently 23 recognised stock exchanges in India. Most of the stock exchanges have their own governing board for self regulation. The BSE and NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation, and trading activity.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956 it became the first stock exchange in India to obtain permanent recognition from the Indian Government under the SCRA. Recently, pursuant to the SEBI's BSE (Corporatisation and Demutualisation) Scheme, 2005, with effect from August 20, 2005 the BSE has been corporatised and demutualised and is now a company under the Companies Act. The BSE switched over from an open outcry trading system to an online trading network in May 1995 and has today expanded its network to over 349 cities in India. As of March 2009, the BSE had 1,007 members, comprising 175 individual members, 809 Indian companies and 23 FIIs. Only a member of the BSE has the right to trade in the stocks listed on the BSE. As of March 2009, there were 4,929 listed companies trading on the BSE and the estimated market capitalisation of stocks trading on the BSE was Rs.30, 861 billion. In March 2009, the average daily turnover on the BSE was Rs.34, 895 million. As of March 2009, the BSE had 15,402 trader work stations spread over 349 cities.

NSE

The NSE was established by financial institutions and banks to provide nationwide, online, satellite-linked, screen-based trading facilities for market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. In March 2009, the average daily traded value of the capital market segment was Rs.101,400 million. The NSE launched the NSE 50 index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

SEBI approved internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by the SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday through Friday, between 9:55 a.m. and 3:30 p.m. The BSE and NSE are closed on public holidays.

Trading Procedure

Electronic trading was introduced in India by NSE, which developed its technology in-house. NSE introduced for the first time in India, fully automated screen based trading, which uses a modern, fully computerised trading system designed to offer investors across the length and breadth of the country a safe and easy way to invest. The NSE trading system called 'National Exchange for Automated Trading' (NEAT) is a fully automated screen based trading system, which adopts the principle of an order driven market. The derivatives turnover on the NSE has surpassed the equity market turnover. The turnover of derivatives on the NSE increased from Rs. 23,654 million (US$ 207 million) in 2000-01 to Rs. 130,904,779 million (US$ 3,275,076 million) in 2007-08.

NSE faired very well in 2007 in terms of traded volumes in futures and options taken together, improving its worldwide ranking from 15th in 2006 to 9th in 2007. The traded volumes in the derivatives segment of the NSE saw an increase of 95 percent in 2007 over the figure in 2006.

In order to facilitate smooth transactions, in 1995, BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

Settlement

With effect from December 31, 2001, trading in all securities listed in the equity segment of the BSE takes place in one market segment, known as the Compulsory Rolling Settlement Segment.

With effect from April 1, 2003, in accordance with SEBI directives, stock exchanges in India operate on a trading day plus 2, or T+2 rolling settlement system. T+2, settlement requires that a transaction is settled on the second business day following the relevant trade date. The equity shares of the Company are listed in the B-1 segment on the BSE and trades in the shares are settled on a T+2 basis. SEBI has proposed to move to a T+1 settlement system.

Stock Market Indices

There is an array of indices of stock prices on NSE. The popular indices are the S&P CNX Nifty, CNX Nifty Junior, S&P CNX Defty, S&P CNX 500, CNX Midcap and CNX 100. The following two indices are generally used in tracking the aggregate price movements on the BSE.

(a) The BSE Sensitive Index, or Sensex, consists of listed shares of 30 large market capitalisation companies. The companies are selected on the basis of market capitalisation, liquidity and industry representation. Sensex was first compiled in 1986 with the Fiscal year ended March 31, 1979 as its base year. This is the most commonly used index in India.

(b) The BSE 100 Index (formerly the BSE National Index) contains listed shares of 100 companies including the 30 in Sensex. The BSE 100 Index was introduced in January 1989 with the Fiscal year ended March 31, 1984 as its base year.

Internet-Based Securities Trading and Services

SEBI approved internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. This permits clients throughout the country to trade using brokers' Internet trading systems. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. NSE became the first exchange to grant approval to its members for providing Internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Code, which prescribes certain thresholds or trigger points that give rise to these obligations. The Takeover Code is under constant review by the SEBI and was last amended on January 28, 2009. Since our Company is an Indian listed company, the provisions of the Takeover Code apply to our Company.

The salient features of the Takeover Code are as follows:

- The term "shares" is defined under the Takeover Code to mean equity shares or any other security, which entitles a person to receive shares with voting rights but does not include preference shares.

- Any acquirer (meaning a person who, directly or indirectly, acquires or agrees to acquire shares or voting rights in a company, or acquires or agrees to acquire control over a company, either by himself or with any person acting in concert with him) who acquires shares or voting rights that would entitle him to more than 5 percent, 10 percent, 14 percent, 54 percent or 74 percent of the shares or voting rights in a company is required to disclose the aggregate of his shareholding or voting rights in that company to the company and to each of the stock exchanges on which the company's shares are listed at every such stage within two days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be. Such company in turn is also required to disclose the same to the stock exchanges on which the company's shares are listed.

- A person who holds more than 15 percent of the shares or voting rights in any company is required to make an annual disclosure of his holdings to that company within 21 days of the financial year ending on March 31 (which in turn is required to disclose the same to each of the stock exchanges on which that company's shares are listed). Further, such person who holds 15 percent or more but less than 55 percent of the shares or voting rights in any company is required to disclose any purchase or sale of shares aggregating 2 percent of the share capital of a company along with the aggregate shareholding after such acquisition or sale, to that company (which in turn is required to disclose the same to each of the stock exchanges on which the company's shares are listed) and to each of the stock exchanges on which the shares of the company are listed within two days of (i) the receipt of intimation of the allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be.

- Promoters or persons in control of a company are also required to make periodic disclosure of their holdings or the voting rights held by them along with persons acting in concert, in the same manner as above, annually within 21 days of the end of each financial year as well as from the record date for entitlement of dividends. The company is also required to disclose the holdings of its promoters or persons in control as of March 31 of the respective year and on the record date fixed for the declaration of dividends to each of the stock exchanges on which its equity shares are listed. In addition, promoters or persons forming part of the promoter group of the company are also required to disclose to the company the details of the shares of the company pledged by them within 7 days of the creation, or invocation, of the pledge, as the case may be. The company is, in turn, required to disclose the information to the stock exchanges within 7 days of receipt of such information, if during any quarter ending March, June, September and December of any year: (i) the aggregate number of pledged shares taken together with the shares already pledged during that quarter exceeds 25,000, or (ii) the aggregate total pledged shares taken together with the shares already pledged during that quarter exceeds 1 percent of the total shareholding or voting rights of the company, whichever is lower.

- An acquirer who, together with persons acting in concert with him, acquires or agrees to acquire 15 percent or more (taken together with existing equity shares or voting rights, if any, held by it or by persons acting in concert with it) of the shares or voting rights of a company would be required to make a public announcement offering to acquire a further minimum of 20 percent of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code. Such offer has to be made to all public shareholders of a company (public shareholding is defined as shareholding held by persons other than the promoters) and within four working days of entering into an agreement for the acquisition of or of the decision to acquire shares or voting rights which exceed 15 percent or more of the voting rights in a company. A copy of the public announcement is required to be delivered on the date on which such announcement is published to SEBI, the company and the stock exchanges on which a company's equity shares are listed.

- An acquirer who, together with persons acting in concert with him, has acquired 15 percent, or more, but less than 55 percent of the shares or voting rights in the shares of a company, cannot acquire additional shares or voting rights that would entitle him to exercise more than 5 percent of the voting rights in any financial year ending on March 31 unless such acquirer makes a public announcement offering to acquire a further minimum of 20 percent of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- An acquirer who, together with persons acting in concert with him, if any, holds 55 percent or more but less than 75 percent of the shares or voting rights (or, where the company concerned obtained the initial listing of its shares by making an offer of at least 10 percent of the issue size to the public pursuant to Rule 19(2)(b) of the SCR Rules, less than 90 percent of the shares or voting rights in the company) in a company cannot acquire additional shares entitling him to exercise voting rights or voting rights unless such acquirer makes a public announcement offering to acquire a further minimum of 20 percent of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- However, an acquirer may acquire, together with persons acting in concert with him, additional shares or voting rights that would entitle him to exercise up to 5 percent voting rights in the company, without making a public announcement as aforesaid if (i) the acquisition is made through open market purchase in normal segment on the stock exchange but not through bulk/block deal/negotiated deal/preferential allotment, or the increase in the shareholding or voting rights of the acquirer is pursuant to a buyback of shares by the company; and (ii) the post acquisition shareholding of the acquirer together with persons acting in concert with him shall not increase beyond 75 percent

- Where an acquirer who (together with persons acting in concert) holds 55 percent or more, but less than 75 percent of the shares or voting rights (or, where the company concerned obtained initial listing of its shares by making an offer of at least 10 percent of the issue size to the public pursuant to Rule 19(2)(b) of the SCR Rules, less than 90 percent of the shares or voting rights) in the company, intends to consolidate its holdings while ensuring that the public shareholding in the target company does not fall below the minimum level permitted by the listing agreement with the stock exchanges, the acquirer may do so only through an open offer under the Takeover Code. Such open offer would be required to be made for the lesser of (i) 20 percent of the voting capital of the company, or (ii) such other lesser percentage of the voting capital of the company as would, assuming full subscription to the open offer, enable the acquirer (together with persons acting in concert), to increase the holding to the maximum level possible, i.e. up to the delisting threshold (75 percent or 90 percent, as the case may be).

- In addition, regardless of whether there has been any acquisition of shares or voting rights in a company, an acquirer cannot directly or indirectly acquire control over a company (for example, by way of acquiring the right to appoint a majority of the directors or to control the management or the policy decisions of the company) unless such acquirer makes a public announcement offering to acquire a minimum of 20 percent of the shares of the company. In addition, the Takeover Code introduces the "chain principle" by which the acquisition of a holding company will obligate the acquirer to make a public offer to the shareholders of each of its subsidiary companies which is listed. However, the public announcement requirement will not apply to any change in control which takes place pursuant to a special resolution passed by way of postal ballot by shareholders. The Takeover Code sets out the contents of the required public announcements as well as the minimum offer price. The minimum offer price depends on whether the shares of the company are “frequently” or “infrequently” traded (as defined in the Takeover Code). In the case of shares which are Frequently traded, the minimum offer price shall be the highest of:

(a) the negotiated price under the agreement for the acquisition of shares or voting rights in the company;

(b) the highest price paid by the acquirer or persons acting in concert with him/her for any acquisitions, including through an allotment in a public, preferential or rights issue, during the 26-week period prior to the date of the public announcement; or

(c) the average of the weekly high and low of the closing prices of the shares of the company as quoted on the stock exchange where the shares of the company are most frequently traded during the 26-week period prior to the date of the public announcement or the average of the daily high and low of the prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two-week period prior to the date of the public announcement, whichever is higher.

- The open offer for the acquisition of a further minimum of 20 percent of the shares of a company has to be made by way of a public announcement which is to be made within four working days of entering into an agreement for the acquisition or the decision to acquire shares or voting rights exceeding the relevant percentages or within four working days after the decision to make any such change(s) is made which would result in acquisition of control.

- The Takeover Code provides that an acquirer who seeks to acquire any shares or voting rights which would result in the public shareholding in the target company being reduced to a level below the limit specified in the listing agreement with the stock exchange for the purpose of listing on a continuous basis, shall take the necessary steps to facilitate the compliance by the company with the relevant provisions of such listing agreement, within the time period mentioned therein. Further, the Takeover Code contains penalties for the violation of any provisions.

- The Takeover Code permits conditional offers and provides specific guidelines for the gradual acquisition of shares or voting rights. Specific obligations of the acquirer and the board of directors of the target company in the offer process have also been set out.

- Acquirers making a public offer are also required to deposit a percentage of the total consideration for such offer in an escrow account. This amount will be forfeited in the event that the acquirer does not fulfil his/her obligations.

The public offer provisions of the Takeover Code (subject to certain specified conditions), do not apply, *inter alia*, to certain specified acquisitions, including the acquisition of shares (i) by allotment in a public and rights issue subject to the fulfilment of certain conditions, (ii) pursuant to an underwriting agreement, (iii) by registered stockbrokers in the ordinary course of business on behalf of clients, (iv) in unlisted companies (unless such acquisition results in an indirect acquisition of shares in excess of 15 percent in a listed company), (v) pursuant to a scheme of arrangement or reconstruction including an amalgamation or demerger, under any law or regulation of India or any other country, (vi) pursuant to a scheme under Section 18 of SICA, (vii) resulting from transfers between companies belonging to the same group of companies or between promoters of a publicly listed company and their relatives, provided the relevant conditions are complied with, (viii) through inheritance on succession, (ix) resulting from transfers by Indian venture capital funds or foreign venture capital investors registered with the SEBI, to their respective promoters or to other venture capital undertakings, (x) by companies controlled by the Indian Government unless such acquisition is made pursuant to a disinvestment process undertaken by the Indian Government or a State Government, (xi) pursuant to a change in control by the takeover/restoration of the management of a borrower company by a secured creditor under the terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (xii) by acquisition of shares by a person in exchange for equity shares received under a public offer made under the Takeover Code, and (xiii) in terms of guidelines and regulations relating to delisting of securities as specified by SEBI. The Takeover Code does not apply to acquisitions in the ordinary course of business by public financial institutions, either on their own account or as a pledgee. An application may also be filed with the SEBI seeking exemption from the requirements of the Takeover Code.

Insider Trading Regulations

The SEBI (Prohibition of Insider Trading) Regulations 1992, as amended ("**Insider Trading Regulations**") have been notified by SEBI to prohibit and penalise insider trading in India. The Insider Trading Regulations prohibit an "insider" from dealing, either on his own behalf or on behalf of any other person, in the securities of a company listed on any stock exchanges when in possession of unpublished price-sensitive information. The terms "insider" and "unpublished price-sensitive information" are defined in the Insider Trading Regulations. The insider is also prohibited from communicating, counseling or procuring, directly or indirectly, any unpublished price-sensitive information to any other person who while in possession of such unpublished price-sensitive information is prohibited from dealing in securities. The prohibition under the Insider Trading Regulations extends to all persons, including a company dealing in the securities of a company listed on any stock exchange or associate of that other company, while in the possession of unpublished price-sensitive information. Pursuant to recent amendments to the Insider Trading Regulations, the definition of the term insider has been broadened to include any person who has received or has had access to unpublished price sensitive information of the company.

On a continuous basis any person who holds more than 5 percent of the shares or voting rights in any listed company is required to disclose to the company the number of shares or voting rights held by such person and change in shareholding or voting rights (even if such change results in the shareholding falling below 5 percent) and any such change in such holding since last disclosure made, where such change exceeds 2 percent of the total shareholding or voting rights in the company. Such disclosure is required to be made within two working days of either: (i) the receipt of intimation of allotment of shares; or (ii) the acquisition or sale of shares or voting rights, as the case may be.

Further, all directors and officers of a listed company are required to disclose to the company the number of shares or voting rights held and positions taken derivatives by such person in such company within two working days of becoming a director or officer of such company. All directors and officers of a listed company are also required to make periodic disclosures of their shareholding in the company as specified in the Insider Trading Regulations.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities associated with the securities market to establish an internal code of conduct to prevent insider trading deals and also to regulate disclosure of unpublished price-sensitive information within such entities so as to minimise misuse of such information. To this end, the Insider Trading Regulations provide a model code of conduct. As per the recent amendments, the Insider Trading Regulations require that the model code of conduct should not be diluted in any manner and shall be complied with. The model code of conduct has also been amended to prohibit all directors/ officers/ designated employees who buy or sell any number of shares of the company from entering into opposite transactions during the next six months following the prior transaction. All directors and designated employees have also been prohibited from taking positions in derivative transactions in shares of the company at any time. Further, certain provisions pertaining to, *inter alia*, reporting requirements have also been extended to dependants of directors and designated employees of the company.

Depositories

In August 1996, the Indian Parliament enacted the Depositories Act which provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. SEBI framed the Securities and Exchange Board of India (Depositories and Participants) Rules and Regulations, 1996 which provide inter alia, for the formation of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets. The Depositories Act requires that every person subscribing to securities offered by an issuer has the option either to receive the security certificate or hold the securities with a depository. The National Securities Depository Limited and the Central Depository Services Limited are two depositories that provide electronic depository facilities for the trading of equity and debt securities in India. Trading of securities in book-entry form commenced in December 1996. In order to encourage "dematerialization" of securities, SEBI has set up a working group on dematerialization of securities comprising foreign institutional investors, custodians, stock exchanges, mutual funds and the National Securities Depository Limited to review the progress of securities and trading in dematerialised form and to recommend scrips for compulsory, dematerialised trading in a phased manner. In January 1998, the SEBI notified scrips of various companies for compulsory dematerialised trading by certain categories of investors such as foreign institutional investors and other institutional investors and has also notified compulsory dematerialised trading in specified scrips for all retail investors. SEBI has subsequently significantly increased the number of scrips in which dematerialised trading is compulsory for all investors. SEBI has also provided that the issue and allotment of shares in public offers, rights offers or offers for sale after specified dates to be notified from time to time by SEBI shall only be in dematerialised form and an investor shall be compulsorily required to open a depository account with a participant. Under the Depositories Act, a company shall give the option to subscribers/shareholders to receive the security certificates or hold securities in dematerialised form with a depository. However, even in the case of scrips notified for compulsory dematerialised trading, investors, other than institutional investors, are permitted to trade in physical shares on transactions outside the stock exchange where there are no requirements for reporting such transactions to the stock exchange and on transactions on the stock exchange involving lots of less than 500 securities.

Transfers of shares in book-entry form require both the seller and the purchaser of the equity shares to establish accounts with depository participants registered with the depositories established under the Depositories Act. Charges for opening an account with a depository participant, transaction charges for each trade and custodian charges for securities held in each account vary depending upon the practice of each depository participant and have to be borne by the accountholder. Upon delivery, the shares shall be registered in the name of the relevant depository on the company's books and this depository shall enter the name of the investor in its records as the beneficial owner. The transfer of beneficial ownership shall be effected through the records of the depository. The beneficial owner shall be entitled to all rights and benefits and be subject to all liabilities in respect of his/her securities held by a depository.

The Companies Act compulsorily provides that Indian companies making any initial public offerings of securities for or in excess of Rs.100 million should issue the securities in dematerialised form in accordance with the provisions of the Depositories Act of 1996 and the Regulations made thereunder.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRA Rules and the SEBI Act. The SCRA was amended in February 2000 and derivative contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self regulatory organization under the supervision of SEBI. Derivatives products were introduced in phases in India, starting with futures contracts in June 2000 and index options, stock options and stock futures in June 2000, July 2001 and November 2001, respectively.

SHARE CAPITAL HISTORY AND ARTICLES OF ASSOCIATION

Set forth below is certain information relating to our Company's share capital, including brief summaries of certain provisions of our Memorandum and Articles of Association, the Companies Act, the Securities Contracts (Regulation) Act, 1956 and certain related legislations of India, all as currently in effect relating to the rights attached to the Equity Shares.

General

As on the date of this Placement Document, our Authorised Share Capital is Rs. 34,00,00,000, comprising of 20,00,00,000 Equity Shares, 1,30,00,000 8% Preference Shares of Rs. 10 each and 10,00,000 10% Preference Shares of Rs. 10 each.

As on the date of this Placement Document, our issued, subscribed and paid-up share capital is Rs.2,895.46 Lakhs, comprising of 167,161,130 Equity Shares of Re. 1 each (including shares being issued in this Offering) and 1,22,38,535 8% Preference Shares of Rs. 10 each.

Our Equity Shares are listed on the BSE and NSE.

The security identification codes for our Equity Shares are as follows:

ISIN : INE124G01033

BSE Code : 532848

NSE Code : DELTACORP

Pursuant to a letter dated January 17, 2009, our Equity Shares were delisted from the ASE, with effect from January 21, 2009. Further, pursuant to a letter dated March 5, 2009 our Equity Shares were delisted from the DSE, with effect from February 28, 2009.

Equity Share Capital History

The Hon'ble High Court of Bombay by its order dated November 17, 2006, approved the scheme of arrangement and amalgamation of the erstwhile Arrow Webtex Limited ("**Transferor Company**") with our Company ("**Scheme of Merger**") which became effective from the date on which the certified copies of the orders of the High Court of Bombay under Sections 391 and 394 of the Companies Act were filed with the RoC *i.e.* December 7, 2006 ("**Effective Date**"). The appointed date was April 1, 2005 ("**Appointed Date**") and the record date for the purposes of re-organisation and issue of shares was January 1, 2007 ("**Record Date**"). Upon the Scheme of Merger coming into effect, in consideration of the amalgamation, our Company issued and allotted its 1,05,04,785 equity shares of Rs. 10 each to the shareholders of the Transferor Company, whose names appeared in the register of members on the Record Date, in the ratio of 3.5 fully paid up equity shares of the face value of Rs 10/- each, of our Company, for 1 fully paid up equity share of the face value of Rs. 10/- each, of the Transferor Company ("**New Equity Shares**").

By an application dated January 15, 2007, our Company applied for listing of the new Equity Shares on the BSE pursuant to Clause 8.3.5 of the SEBI Guidelines. By an application dated September 30, 2007, our Company applied for listing of the new Equity Shares on the NSE. The equity shares issued to the shareholders of the Transferor Company were listed on the BSE with effect from May 28, 2007 and were subsequently listed on the NSE with effect from November 2, 2007.

Upon the Scheme of Merger becoming effective, the Transferor Company was dissolved. Further, with effect from May 18, 2007, the name of our Company was changed from 'Creole Holdings Company Limited' to 'Arrow Webtex Limited'.

With effect from January 22, 2008, the face value of the equity shares of our Company was subdivided from Rs. 10 each to Re. 1 each.

Further, our Board, on February 14, 2008, allotted 1,01,64,610 Equity Shares to Pacific Corporate Services Limited and on February 20, 2008, allotted 2,03,15,670 Equity Shares to India Advantage Fund III on a private placement basis at a price of Rs. 40.50 per Equity Share and 1,50,00,000 warrants to our Promoter, ("**Warrants**"), Mr. Jaydev Mody on a private placement basis. The aforesaid issues of Equity Shares and convertible Warrants had earlier been approved by the Board on December 14, 2007 and by the shareholders of our Company at the EGM held on January 7, 2008. Subsequently, Mr. Jaydev Mody transferred 78,60,849 warrants out of the Warrants to following bodies corporate and individuals, ("**Transferred Warrants**") and subsequently Mr. Mody converted balance 71,39,151 warrants into Equity Shares:

Names of Allottees	No of Warrants
M/s. Brand Equity Treaties Limited	37,03,703
Mrs. Neelam Tapia	13,50,000
M/s. Bennett Coleman & Company Limited	12,34,568
M/S. Corniche Realty Pvt. Ltd.	7,22,578
Mr. Azim Tapia	3,00,000
Mrs. Sangeeta Lulla	2,25,000
Mr. Advay Lulla	1,25,000
Mr. Deepak Lulla	1,00,000
Ms. Mriganka Lulla	1,00,000
Total	**78,60,849**

The aforementioned Transferred Warrants were converted into Equity Shares of our Company pursuant to the exercise of the right of conversion by the holders of the Transfer Warrants vide resolutions passed by the allotment committee of our Company held on July 28, 2009, July 29, 2009 and August 13, 2009.

The authorised share capital of our Company was increased from Rs. 30,00,00,000 to Rs. 32,00,00,000 vide a special resolution passed at an EGM of our Company dated June 28, 2008.

The authorised share capital of our Company was increased from Rs. 32,00,00,000 to Rs. 34,00,00,000 vide a special resolution passed at an EGM of our Company dated May 22, 2009.

Preference Share Capital History

Pursuant to the aforesaid Scheme of Merger, our Company allotted 1,22,38,535, 8% Preference Shares of Rs. 10 each, fully paid-up, to the shareholders of our Company. The record date for the same was fixed as January 1, 2007.

Articles of Association

Our Company is governed by its Articles of Association. The Articles of Association are detailed; consequently Table A of the Companies Act is not applicable.

Capitalisation of Reserves and issues of Bonus Shares

Our Company's Articles of Association permit the Company by a resolution of the shareholders in a general meeting to resolve in certain circumstances that certain amounts standing to the credit of certain reserves or securities premium can be capitalised by the issue of fully paid bonus shares or by crediting shares not fully paid-up with the whole or part of any sum outstanding. Bonus shares must be issued *pro rata* to the amount of capital paid-up on existing shareholdings.

Any issue of bonus shares would be subject to the guidelines issued by the SEBI in this regard. The relevant SEBI guidelines prescribe that the Company may not, pending conversion of convertible securities, issue any shares by way of bonus unless a similar benefit is extended to the holders of such convertible securities, through the reservation of shares in proportion to such conversion. The bonus issue shall be made out of free reserves built out of the genuine profits or share premium collected in cash only. The bonus issue cannot be made unless partly paid shares, if any exist, are fully paid-up. Further, for the issuance of such bonus shares, the Company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The declaration of bonus shares in lieu of dividend cannot be made. Further, the Company should have sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of the employees such as contribution to provident fund, gratuity, bonus. The issuance of bonus shares must be implemented within six months from the date of approval by the Board of Directors.

Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, the Company may increase its share capital by issuing new shares. Such new shares shall be offered to the existing shareholders listed on the members' register on the record date in proportion to the amount paid-up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date, the Board of Directors may dispose of the shares offered in respect of which no acceptance has been received, in such manner as they think most beneficial to the Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person, provided that the person in whose favour such shares have been renounced is approved by the Board of Directors in its absolute discretion. Under the provisions of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders either, if a special resolution to that effect is passed by the shareholders of the Company in a general meeting or where only a simple majority of shareholders present and voting have passed the resolution, the Government's permission has been taken.

The issuance of the QIP Shares which are the subject of this Offering has been duly approved by a special resolution of the shareholders of the Company. Our Company's issued share capital may be, among other things, increased by the exercise of warrants attached to any securities of the Company, or individually issued, entitling the holder to subscribe for the Equity Shares or upon the conversion of convertible debentures issued. The issue of any convertible debentures or the taking of any convertible loans, other than from the Government and financial institutions, requires the approval of a special resolution of shareholders. The Company may also alter its share capital by way of a reduction of capital or by undertaking a buyback of shares under the prescribed SEBI guidelines.

The Articles of Association provide that the Company may in a general meeting, from time to time increase its capital by the creation of new Equity Shares and may consolidate or sub-divide its share capital or cancel Equity Shares which have not been taken up by any person. Our Company may also from time to time by special resolution reduce its capital.

The Articles of Association also provide that if at any time the Company's share capital is divided into different classes of shares, the rights attached to any one class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of three-quarters of the issued shares of that class, or with the sanction of a special resolution, passed at a separate meeting of the holders of the shares of that class.

Preference Shares

Preference share capital is that part of the paid-up capital of the company which fulfils both the requirements below:

(i) that with respect to dividend, it carries or will carry a preferential right to be paid a fixed amount or an amount calculated at a fixed rate; and

(ii) that with respect to capital, it carries or will carry on a winding-up of the company, a preferential right to be repaid the amount of the capital paid-up or deemed to have been paid-up, subject to the provisions of the Companies Act.

Preference shares do not confer any further rights to participate in the company's profits or assets. Holders of preference shares are not entitled to vote at general meetings of the company except where the dividend due on such capital has remained unpaid:

(i) in the case of cumulative preference shares, in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting; and

(ii) in the case of non-cumulative preference shares, either in respect of a period of not less than two years or in respect of an aggregate period of not less than three years within the six years ending with the expiry of the financial year immediately preceding the commencement of the meeting.

Under the Companies Act, the Company may issue redeemable preference shares but (i) no such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption; (ii) no such shares shall be redeemed unless they are fully paid; (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account, before the shares are redeemed; (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividends, be transferred to a reserve fund, to be called the Capital Redemption Reserve Account, a sum equal to the nominal amount of the shares redeemed; and (v) the provisions of the Companies Act relating to the reduction of the share capital of a company shall apply as if such reserve account were paid-up share capital of the Company. Preference shares must be redeemable before the expiry of a period of 20 years from the date of their issue.

General Meetings of Shareholders

The Companies Act provides that a company must hold its annual general meeting each year within 15 months of the previous annual general meeting, unless extended by the Registrar of Companies at the request of the company for any special reason for a period not exceeding three months.

The Board of Directors may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than 10 per cent. of the paid-up capital of the Company. Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all the shareholders entitled to vote, in the case of an annual general meeting, and from shareholders holding not less than 95 per cent. of the paid-up capital of the Company in the case of any other general meeting. Currently, the Company gives written notices to all members and, in addition, gives public notice of general meetings of shareholders in two daily newspapers of general circulation in the region of our Registered Office. General meetings are generally held at the registered office of a company. The quorum for a general meeting of the Company is five shareholders personally present.

Should the Company intend to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum, buy back of shares under the Companies Act, giving loans or extending guarantee in excess of limits prescribed under the Companies Act, and guidelines issued thereunder, it is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in the general meeting of the Company. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefor and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting upon a show of hands, every member holding Equity Shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid-up on each share held by such holder bears to the total paid-up capital of the Company. Voting is by show of hands, unless a poll is ordered by the Chairman of the meeting or demanded by shareholder or shareholders holding at least 10 per cent. of the voting rights in respect of the resolution or by those holding paid-up capital of at least Rs.50,000 (fifty thousand rupees). The Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require the vote of three-quarters of the members present and voting. A special resolution requires that the votes cast in favour of the resolution by those present and voting must be at least three times the votes cast against the resolution. The Companies Act provides that to amend the Articles of Association, a special resolution is required to be passed in a general meeting. Certain instances, including any change in the name of the Company, reduction of share capital, approval of variation of rights of special classes of shares and dissolution of the Company require a special resolution.

A shareholder may exercise his voting rights by proxy to be given in the form provided by the Articles of Association. The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of shareholders. Any shareholder of the Company may appoint a proxy. A proxy shall not vote except on a poll and does not have a right to speak at meetings. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings, who shall not be deemed a proxy. Such an authorised representative can vote in all respects as if a member, including on a show of hands and a poll.

The Companies Act allows the Company to issue shares with differential rights as to dividend, voting or otherwise subject to certain conditions prescribed under applicable law. In this regard, the laws require that for a public company to issue shares with differential voting rights (i) the Company must have had distributable profits in terms of the Companies Act for a period of the three immediately preceding financial years, (ii) the Company must not have defaulted in filing annual accounts and annual returns for the immediately preceding three years, (iii) the Articles of Association of the Company must allow for the issuance of such shares with differential voting rights and (iv) such other conditions set forth in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001 must be complied with.

Register of Shareholders and Record Dates

Our Company is required to maintain a register of shareholders at its registered office or with the approval of its shareholders by way of a special resolution and with prior intimation to the Registrar of Companies at some other place in the same city.

The register and index of beneficial owners maintained by a depositary under the Depositaries Act, 1996 is deemed to be an index of members and register and index of debenture holders. Our Company recognises as shareholders only those persons who appear on its register of shareholders and the Company cannot recognise any person holding any share or part of it upon any trust, express, implied or constructive, except as permitted by law. In the case of equity shares held in physical form, a company must register the transfer of such equity shares on the register of shareholders upon lodgement of the share transfer form duly complete in all respects accompanied by a share certificate or if there is no certificate, the letter of allotment in respect of equity shares to be transferred together with duly stamped transfer forms. In respect of transfer of equity shares in dematerialised form, the depository transfers equity shares by entering the name of the purchaser in its books as the beneficial owner of the equity shares. In turn, the company enters the name of the depositary in its records as the registered owner of the Equity Shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the equity shares that are held by the depositary. Transfer of beneficial ownership through a depositary is exempt from any stamp duty but each depositary participant may have its own depositary charges. A transfer of equity shares by way of a share transfer form attracts stamp duty at the rate of 0.25 per cent. of the transfer price.

For the purpose of determining the identity of shareholders, the Company may, after giving not less than seven days' previous notice by advertisement in a newspaper circulating in the district where our Registered Office is situated, close the register for periods not exceeding 45 days in any one year or 30 days at any one time. In order to determine the shareholders entitled to dividends the Company keeps the register of shareholders closed for approximately 10 to 20 days, generally before the annual general meeting. Under the listing regulations of the Indian Stock Exchanges on which the Company's outstanding Equity Shares are listed, the Company may, upon at least 15 days' advance notice (or 21 days' advance notice in the event the Equity Shares are traded on the stock exchanges in physical form) to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Under the Companies Act, the Company is also required to maintain a register of debenture holders.

Annual Report and Financial Results

The Company's audited financial statements for the relevant financial year, the directors' report and the auditors' report (collectively the "**Annual Report**") must be laid before the annual general meeting. These also include certain other financial information of the Company, a corporate governance section and management's discussion and analysis and are made available for inspection at the Company's registered office during normal working hours for 21 days prior to the annual general meeting.

Under the Companies Act, the Company must file the Annual Report with the Registrar of Companies within 30 days from the date of the annual general meeting. As required under the Listing Agreement, six copies of the Annual Report are required to be sent simultaneously to the BSE and the NSE. The Company must also publish its financial results in at least one English language daily newspaper circulating in the whole or substantially the whole of India and also in a newspaper published in the language of the region where the registered office of the Company is situated.

The Company files certain information on-line, including its Annual Report, half yearly financial statements, its report on corporate governance and the shareholding pattern statement and such other statements, information and reports as may be specified by the SEBI from time to time, in accordance with the requirements of the Listing Agreement.

Transfer of Equity Shares

Equity Shares held through depositaries are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These regulations provide the regime for the functioning of the depositaries and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of Equity Shares held through a depositary are exempt from stamp duty. The Company has entered into agreements for such depositary services with National Securities Depositary Limited and the Central Depositary Services India Limited.

The SEBI requires that for trading and settlement purposes, the Equity Shares be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

The Equity Shares are freely transferable, subject only to the provisions of the Companies Act under which, if a transfer of Equity Shares contravenes the SEBI provisions or the regulations issued under it or the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") or any other similar law, the Indian Company Law Board may, on an application made by the Company, a participant, a depositary incorporated in India, an investor or the SEBI, direct a rectification of the register of records. If the Company without sufficient cause refuses to register a transfer of Equity Shares within two months from the date of which the instrument of transfer is delivered to the Company, the transferee may appeal to the Indian Company Law Board seeking to register the transfer of Equity Shares. The Company Law Board may, in its discretion, issue an interim order suspending the voting rights attached to the relevant Equity Shares before completing its investigation of the alleged contravention. Upon the notification of the Companies (Second Amendment) Act, 2002, the Indian Company Law Board will be replaced with the National Company Law Tribunal. Pursuant to the Listing Agreement, in the event the Company has not effected the transfer of Equity Shares within one month or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, the Company is required to compensate the aggrieved party for the opportunity loss caused during the period of delay. The Companies Act provides that the Equity Shares or debentures of a public listed company (such as the Company) shall be freely transferable. The Company's Articles of Association provide for certain restrictions on the transfer of Equity Shares, including granting power to the Board of Directors in certain circumstances, to refuse to register or acknowledge transfer of Equity Shares or other securities issued by the Company. However, to the extent that the provisions of the Articles of Association are in conflict with any of the provisions of the Companies Act, the Companies Act shall prevail. Further, under the Companies Act, the enforceability of these transfer restrictions is unclear.

Notwithstanding the foregoing, pursuant to the Chapter XII-A of the SEBI Guidelines, the QIP Shares offered to QIBs under this Offering are not permitted to be sold by any QIB for a period of one year from the date of allotment, except on a recognised stock exchange.

Acquisition by the Company of its own Equity Shares

The Company is prohibited from acquiring its own Equity Shares unless the consequent reduction of capital is effected by an approval of at least 75.0 per cent. of its shareholders voting on the matter in accordance with the Companies Act and is also sanctioned by the High Court of Judicature at the city where the Company's registered office is situated. Moreover, subject to certain conditions, the Company is prohibited from giving whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Equity Shares in the Company or its holding company (if any). However, pursuant to certain amendments to the Companies Act, the Company has been empowered to purchase its own Equity Shares or other specified securities out of its free reserves, or the securities premium account or the proceeds of any Equity Shares or other specified securities (other than the kind of Equity Shares or other specified securities proposed to be bought back) subject to certain conditions, including:

- the buy back should be authorised by the Articles of Association of the Company;
- a special resolution has been passed in the general meeting of the Company authorising the buy back;
- the buy back is limited to 25 per cent. of the total paid up capital and free reserves;
- the ratio of debt owed by the Company is not more than twice the capital and free reserves after such buy back; and
- the buy-back is in accordance with the Securities and Exchange Board of India (Buy-Back of Securities) Regulation, 1998.

The second condition mentioned above would not be applicable if the buy-back is for less than 10 per cent. of the total paid- up equity capital and free reserves of the Company and provided that such buy-back has been authorised by the Board of Directors of the Company. Further, any company buying back its securities is not permitted to buy back any securities for a period of one year from the buy-back or to issue new securities for six months from the buy-back date. The aforesaid restriction relating to the one year period does not apply to a buy-back authorised by a special resolution of the shareholders in general meeting. Every buy-back has to be completed within a period of one year from the date of passing of the special resolution or resolution of the Board of Directors as the case may be.

Any company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buy-back.

The Company is also prohibited from purchasing its own Equity Shares or specified securities through any subsidiary company including its own subsidiary companies or through any investment company (other than a purchase of Equity Shares in accordance with a scheme for the purchase of Equity Shares by trustees of or for Equity Shares to be held by or for the benefit of employees of the Company) or if the Company is defaulting on the repayment of deposit or interest, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, if the Company wishes to buy back its Equity Shares or specified securities for the purpose of delisting its Equity Shares or specified securities or in the event of non-compliance with certain other provisions of the Companies Act.

Liquidation Rights

Subject to the rights of creditors, workmen, statutory creditors and of the holders of any other shares entitled by their terms of issue to preferential repayment over the Equity Shares, in the event of winding up of the Company, the holders of the Equity Shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on such Equity Shares. All surplus assets after payments due to workmen, statutory creditors, and secured and unsecured creditors belong to the holders of the Equity Shares in proportion to the amount paid up or credited as paid-up on such Equity Shares respectively at the commencement of the winding- up.

Disclosure of Ownership Interest

The provisions of the Companies Act generally require beneficial owners of equity shares in an Indian company (such as the Company) that are not holders of record to declare to that company details of the holder of record and holders of record to declare details of the beneficial owner. Failure to comply with these provisions would not affect the obligations of a company to register a transfer of equity shares or to pay any dividends to the registered holder of any equity shares in respect of which this declaration has not been made, but any person who fails to make the required declaration may be liable for a fine of up to Rs.1,000 for each day this failure continues.

DIVIDENDS AND DIVIDEND POLICY

Under the Companies Act unless the Board of Directors recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. The shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their Equity Shares on the record date for which such dividend is payable. No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his Equity Shares is outstanding.

Under the Companies Act, dividends must be paid out of the profits of our Company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years. Our Company is also required to set aside certain prescribed amounts for its statutory reserves. Dividends may also be declared and paid out of the accumulated profits in compliance with the provisions of the Companies (Declaration of Dividend out of Reserves) Rules, 1975. The Companies Act further provides that, in the event of an inadequacy or absence of profits in any year, the dividend may be declared for such year out of our Company's accumulated profits subject to the following conditions:

- the rate of dividend to be declared must not exceed 10 per cent. of our Company's paid up capital or the average of the rate at which dividends were declared by our Company in the previous five years immediately preceding that year, whichever is less; and

- the total amount to be drawn from the accumulated profits earned in the previous years and transferred to the reserves must not exceed an amount equivalent to 10 per cent. of our Company's paid up capital and free reserves, and the amount so drawn is to be used first to set off the losses incurred in the fiscal year before any dividends in respect of preference or Equity Shares may be declared; and

- the balance of reserves after withdrawals must not fall below 15 per cent of our Company's paid up capital.

Under the Companies Act, our Company may only pay a dividend in excess of 10 per cent of paid-up capital in respect of any year out of the profits of that year after it has transferred to the reserves of our Company a percentage of its profits for that year ranging between 2.5 per cent to 10 per cent, depending on the rate of dividend proposed to be declared in that year.

The Equity Shares to be issued pursuant to this Offering shall qualify for any dividend that is declared in respect of the financial year in which they have been allotted.

Our Company does not have a formal dividend policy. The declaration and payment of dividend will be recommended by the Board of Directors and approved by the shareholders at their discretion and will depend on our Company's revenues, cash flows, financial condition (including capital position) and other factors.

Fiscal Year Ended March 31	Dividend per Equity Share (Rs.)	Total Amount of Equity Dividend excluding dividend distribution tax(Rs. in Lakhs)	Dividend per Preference Share (Rs.)	Total Amount of Preference Dividend excluding dividend distribution tax (Rs. in lakhs)
2007	5.00*	525.24	0.80	97.91
2008	0.40	542.11	0.80	97.91
2009	0.20	301.06	0.80	97.91

*On equity shares of face value Rs. 10. With effect from January 22, 2008, the face value of the equity shares of our Company was subdivided from Rs. 10 each to Re. 1 each.

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future.

REGULATIONS AND POLICIES IN INDIA

Our Company, either on its own or through its Subsidiary Companies is currently engaged in the businesses of real estate development, construction, real estate consultancy, entertainment, gaming in onshore and offshore casinos and chartered aviation services. The following paragraphs detail key industrial regulations applicable to the real estate, aviation and entertainment and gaming industries, to which our Company is subject. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and is neither designed nor intended to act as a substitute for professional legal advice. Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable shops and establishments statutes apply to us as they do to any other Indian company.

I. <u>Shipping, Entertainment and Gaming Regulations:</u>

1. The Goa, Daman and Diu Public Gambling Act, 1976, ("Gambling Act"):

The Gambling Act provides for regulation and prohibition of public gambling in the State of Goa. The Gambling Act makes keeping of gaming houses and wagering, betting, collection or soliciting of bets, and the receiving or distribution of prize money out of such activities punishable offences. However, under the provisions of the Gambling Act, the Government of Goa is empowered to authorize the following games, subject to such conditions including such payments that it may prescribe from time to time:

(a) games involving electronic amusement/slot machines in Five Star Hotels; and

(b) notified table games and gaming on board any ship or boat, used in navigation and licensed by the Director General of Shipping, Ministry of Surface Transport, Government of India; ("**Offshore Vessel**").

2. Notification No. 2-20-92-HD (G) dated November 23, 1995 relating to authorization of games of electronic amusement/slot machines:

The Government of Goa, ("**State Government**"), under the powers conferred on it by the Gambling Act, has notified the manner, procedure and conditions for issue, suspension and cancellation of licenses for installing and operating games of electronic amusement/slot machines or table games and gaming on board Offshore Vessels, ("**Casino Activities**"). Accordingly, any individual, firm or body corporate desirous of carrying out Casino Activities must apply to the Under Secretary (Home), Government of Goa, ("**Authority**"), for a license authorizing the same, ("**Casino License**"). The Authority, after due enquiry, reports to the State Government as to whether it should grant a Casino License to an applicant. Thereupon, the State Government may either approve the grant of a license, or may, for reasons to be recorded in writing, reject an application for grant of a Casino License. A Casino License is valid for a period of 5 years and may be renewed, on payment of the prescribed application fees. Besides the prescribed application fees, the holder of a Casino License must also pay annual recurring fees to the State Government and also deposit an amount equal to one year's recurring fee as a security deposit for compliance with the terms and conditions of the said license at the time of grant of a new or renewed license. In the event of any breach in the terms and conditions of the license, the State Government shall after issuing notice and giving the licensee an opportunity to be heard, determine the license and forfeit the security deposit. In case of such determination and/or forfeiture, the licensee shall be liable to pay arrears of fees, if any. An appeal from the decision of the State Government lies to the Administrative Tribunal of Goa, Daman and Diu.

3. The Merchant Shipping Act, 1958, ("MS Act")

The MS Act provides for registration of ships in India and the regulations governing the transfer, mortgage and sale of ships. Further, pursuant to the MS Act, the National Shipping Board and a Shipping Development Fund has been constituted for the development of Indian shipping and for providing financial assistance for acquisition and maintenance of ships, respectively. Further, the MS Act inter-alia provides for (i) certification of officers, (ii) engagement and discharge of seamen, (iii) payment of wages to seamen, (iv) health and accommodation of seamen, (v) the duties of the shipping masters, (vi) agreements with the crew, (vi) resolution of disputes between seamen and employers, (vii) inspection of ships, (viii) permissible accommodation on board ships and (ix) certificate of survey for passenger carrying ships. Under the MA Act installation of life saving appliances, fire appliance and radio telegraphy, radio telephony and direction finder in ships has been made compulsory. The MA Act also deals with collision of ships, accidents at sea and limitation of liability, wreck and salvage of ships, and, weights and measures on board ships.

4. Merchant Shipping (Construction and Survey of Passenger Ships) Rules, 1981, ("Passenger Ship Rules")

The Passenger Ship Rules, 1981, apply to passenger ships that are at a port in India or within the territorial waters of India or registered in India. The Passenger Ship Rules prescribes the structural requirements with respect to the hulls of passenger ships, fire protection measures, and other safety requirements. In addition, these rules deal with carriage of passengers and provide requirements related to position of passenger accommodation, lighting and ventilation, supply of food and water, medical stores and space requirements for different classes of passengers.

II. <u>Real Estate Regulations</u>

1. Land Acquisition Act, 1894, ("LA Act")

The GoI and the state governments are empowered to acquire and take possession of any property for public purpose. The key legislation relating to the expropriation of property is the LA Act.

Under the provisions of the LA Act, land in any locality can be acquired compulsorily by the government whenever it appears to the government that it is needed or is likely to be needed for any public purpose. Under the LA Act, the term "public purpose" has been defined to include, among other things:

- the provision of village sites, or the extension, planned development or improvement of existing village sites;
- the provision of land for town or rural planning;
- the provision of land for its planned development from public funds in pursuance of any scheme or policy of the government and subsequent disposal thereof in whole or in part by lease, assignment or outright sale with the object of securing further development as planned;
- the provision of land for any other scheme of development sponsored by the government, or, with the prior approval of the appropriate government, by a local authority; and
- the provision of any premises or building for locating a public office, but does not include acquisition of land for companies.

The LA Act lays down the procedures which are required to be compulsorily followed by the GoI or any of the state governments, during the process of acquisition of land under the LA Act.

Any person having an interest in any land which is sought to be acquired, has the right to object and the right to receive compensation. The value of compensation for the property acquired depends on several factors, which, among other things, include the market value of the land and damage sustained by the person in terms of loss of profits. Such a person has the right to approach the courts. However, the only objection that the land owner can raise in respect of land acquisition is in relation to the amount of compensation. The land owner cannot challenge the acquisition of land once the declaration under the LA Act is notified in the Official Gazette.

2. Transfer of Property Act, 1882, ("T.P. Act")

The TP Act details the general principles relating to transfer of property, including amongst other things, identifying categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

The TP Act recognizes, among other things, the following forms in which an interest in an immovable property may be transferred, namely, by way of a sale, mortgage, charge or lease.

3. Registration Act, 1908, ("Registration Act")

The Registration Act deals with the registration of documents, which in turn provides a publicly accessible registry of documents including documents affecting a transfer of interest in property. The main purpose of the Registration Act is the conservation of evidence, assurances, title and publication of documents and prevention of fraud. The Registration Act provides for details of formalities in relation to the registration of documents and identifies documents for which registration is compulsory which includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in the present or in the future, any right, title or interest, whether vested or contingent, in property of the value of Rs. 100 or more, and a lease of property for any term exceeding one year or reserving a yearly rent.

A document will not affect the property comprised in it, nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the TP Act or as collateral), unless it has been registered. The process of registration of a document involves submission of the document to be registered at the office of the registrar or sub-registrar in the relevant district where the property is situated along with payment of the appropriate amount of stamp duty. Evidence of the registration is normally available through an inspection of the relevant land records, which usually contain details of the registered property. The consequences of not registering such documents is that the document (i) shall not affect any immovable property comprised therein, or (ii) shall not confer any power to adopt, or (iii) shall not be received as evidence of any transaction affecting such property or conferring such power, unless it has been registered.

4. The Indian Stamp Act, 1899, ("Stamp Act")

There is a direct relationship between the Registration Act and the Stamp Act. Stamp duty is payable on all instruments/documents evidencing a transfer or creation or extinguishment of any right, title or interest in immoveable property. The Stamp Act provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state. Instruments chargeable to duty under the Stamp Act but which have not been duly stamped is incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all. Instruments which have not been properly stamped instruments can be validated by paying a penalty of up to 10 times of the total duty payable on such instruments.

III. Regulations Governing the Chartered Aviation Business

The chartered aviation sector is governed by a host of rules, regulations and statutes, which affect various aspects of our business including the acquisition, maintenance and operation of our aircraft and helicopters, the destinations and routes we are able to access and the personnel we retain or engage.

A. Central Acts:

1. Aircraft Act, 1934, ("Aircraft Act"):

The Aircraft Act empowers the Central Government to regulate the manufacture, possession, use, operation, sale, import and export of any aircraft or class of aircraft and for securing the safety of aircraft operations. The Aircraft Act enables the Central Government to make rules, orders and issue directions in a number of matters, including, inter alia, the regulation of (i) civil aviation and air transport services, (ii) the approval, disapproval or revision of tariff of operators of air transport services, (iii) the officers or authorities who may exercise powers in this behalf, (iv) the licensing, inspection and regulation of aerodromes, (v) the inspection and control of the manufacture, repair and maintenance of aircraft, (vi) the registration and marking of aircraft, (vii) the conditions under which aircraft may be flown, or may carry passengers, mails or goods, or may be used for industrial purposes, (viii) the certificates, licenses or documents to be carried by aircraft, (ix) the licensing of persons employed in the operation, manufacture, repair or maintenance of aircraft, and, (x) the air-routes by which and, the conditions under which aircraft may operate.

2. Aircraft Rules, 1937, ("Aircraft Rules"):

The Aircraft Rules provide for the registration and marking of the aircraft, licensing of aircraft personnel and aerodromes, safety conditions, provision of certificate of airworthiness and other regulatory provisions concerning the operation and maintenance of aircraft. The Directorate General of Civil Aviation ("**DGCA**") is the Competent Authorities for providing the above mentioned license and approvals. The DGCA is the regulatory body in the field of Civil Aviation primarily responsible for regulation of air transport services to/from/within India and for enforcement of civil air regulations, air safety and airworthiness standards.

3. **Other Enactments:** In addition to the aforesaid legislation, the following are some of the important enactments applicable to entities which provide scheduled air transport services and non-scheduled air transport services in India:

(i) The Airports Authority of India Act, 1994: The AAI was constituted by virtue of this Act which provides for the administration and cohesive management of aeronautical communication stations, airports and civil enclaves where air transport services are operated or are intended to be operated.

(ii) The Carriage by Air Act, 1972: This statute seeks to implement the Convention for the Unification of Certain Rules Relating to International Carriage by Air which was signed at Warsaw on October 12, 1929, (as amended by the Hague Protocol on September 28, 1955), as acceded to by India. India has also extended the provisions of this act to domestic air carriage.

(iii) The Tokyo Convention Act, 1975: This Act seeks to implement the Convention of Offences and Certain Other Acts Committed on Board Aircraft, which was signed at Tokyo on September 14, 1963 and acceded to by India.

(iv) The Anti-Hijacking Act, 1982: This Act seeks to implement the Convention for the Suppression of Unlawful Seizure of Aircraft, which was signed at the Hague on December 16, 1970; and acceded to by India.

(v) The Suppression of Unlawful Acts Against Safety of Civil Aviation Act, 1982: This Act seeks to implement the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation signed on September 23, 1971 at Montreal and acceded to by India.

(vi) The Aircraft (Carriage of Dangerous Goods) Rules, 2003, ("ACDG Rules"): The ACDG Rules provide that no operator shall engage in the carriage of dangerous goods unless it has been certified by the aeronautical authority of the State of the operator to carry the same. The Act mandates that no operator shall carry and no person shall cause or permit to be carried in any aircraft to, from, within or over India or deliver or cause to be delivered for loading on such aircraft any dangerous goods, except in accordance with and subject to the requirements specified in the Technical Instructions for the Safe Transport of Dangerous Goods by Air issued by the International Civil Aviation Organisation ("**Technical Instructions**"). Additionally, the ACDG Rules lay down an elaborate procedure for the packaging, labeling and marking of dangerous goods and specifies the responsibilities of shippers and operators in this context. The ACDG Rules prohibit a shipper or his agent from offering any package of dangerous goods for transport by air unless he has ensured that such dangerous goods are not forbidden for transport by air and are properly classified, packed, marked and labeled in accordance with the requirements specified in the Technical Instructions. The shipper also has the responsibility to complete, sign and provide to the operator a dangerous goods transport document, as specified in the Technical Instructions. Further, the ACDG Rules prohibit the operator from accepting dangerous goods for transport by air unless, (a) such dangerous goods are accompanied by a completed dangerous goods transport document, (except where the Technical Instructions specify that such a document is not required), and (b) the package or freight container containing the dangerous goods has been inspected in accordance with the procedures specified in the Technical Instructions.

B. Central Government Policies, Regulations and Guidelines:

1. Domestic Air Transport Policy, ("DAT Policy"):

The DAT Policy deals with the procedure for setting up and operating scheduled and non scheduled/charter air transport services. Further, under the terms of the policy a committee known as the Aircraft Acquisition Committee, ("**AAC**"), considers the proposals for grant of permission to operate scheduled/non-scheduled air transport services. A three-stage clearance procedure laid down for establishing and commencing of air transport services which is as follows:

(i) <u>Issue of NOC for Scheduled/ Non-Scheduled services</u>;

(ii) Import permission for aircraft – Before granting an import permission the AAC considers details of specific types of aircraft, their airworthiness, seating capacity, mode of acquisition, training facilities for crew and engineers, maintenance facilities, etc.

(iii) Issue of permit for Scheduled/Non-Scheduled air services – A permit to operate scheduled/non-scheduled air transport services is required to be obtained from the Director General of Civil Aviation after completion of all requirements laid down in the applicable regulations/guidelines pertaining to the aviation sector.

Operation of charter air transport services

A 'scheduled air transport service' means an air transport service undertaken between two or more places and operated according to a published time table or with flights so regular or frequent that they constitute a recognisably systematic series, each flight being open to use by members of the public. Whereas, non-scheduled operation means an air transport service other than a scheduled air transport service and may be on charter basis and/or non-scheduled basis. Within non-scheduled operations, a 'charter operation' is an operation for hire and reward in which the departure time, departure location and arrival locations are specially negotiated with the customer or the customer's representative for the entire aircraft. No tickets are sold to individual passengers for such operation.

Permission to operate charter air transport services in India is only granted to (i) a citizen of India, or (ii) a company or a body corporate that is registered and has its principal place of business within India, its chairman and at least two-third of its directors are citizens of India, and its substantial ownership and effective control is vested in Indian nationals.

The eligibility requirements for such operating permit also include certain requirements relating to a minimum subscription of equity capital, a minimum number of aircraft, adequate number of aircraft maintenance engineers, adequate maintenance and repair facilities, adequate number of flight crew and cabin crew, security personnel, flight dispatchers, ground handling facilities and staff.

This permit is required to be renewed on a year-to-year basis.

2. Foreign Direct Investment in the civil aviation sector:

On March 12, 2008, the Central Government revised the norms relating to FDI in the Civil Aviation Sector. Under the existing FDI Policy, for Air transport Services, (which includes Domestic Scheduled Passenger Airlines, Non Scheduled Airlines, Chartered Airlines, Cargo Airlines, helicopter and seaplane services):

(i) No foreign airlines can participate directly or indirectly in equity of an undertaking engaged in Scheduled, Non-Scheduled or Chartered Airlines;

(ii) Foreign airlines are allowed to participate in equity of companies operating Cargo Airlines, helicopter or seaplane services.

(iii) FDI upto 49% and investment by NRIs up to 100% is allowed through the automatic route in Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline;

(iv) FDI upto 74% and investment by NRIs upto 100% is allowed through the automatic route in Non Scheduled Air Transport Services, Non Scheduled Airlines, Chartered Airlines and Cargo Airlines;

(v) FDI upto 100% is allowed through the automatic route in helicopter and seaplane services subject to approval from the DGCA.

IV. Foreign Investment Regulations

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulations primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, GoI, which is regulated by the FIPB.

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 to prohibit, restrict or regulate, transfer by or issue of securities to a person resident outside India.

INDIAN REGULATORY APPROVALS AND FILINGS

This Placement Document is a private document and it shall be provided to selected Eligible Investors, through serially numbered copies, only.

This Placement Document shall also be posted on the websites of the BSE and NSE and our Company. The Lead Manager has represented and agreed in the MoU (as defined in "Placement" below) that this Placement Document has not been, and will not be, registered as a prospectus with the Register of Companies in India and that, with the exception of QIBs, no QIP Shares will be offered in India or overseas by it and that it has not offered or sold and will not offer or sell, nor has it circulated or distributed nor will it circulate or distribute this Placement Document or any other offering document or material related to this Offering or the QIP Shares directly or indirectly to any person who is not a QIB.

This Placement Document shall be filed with the SEBI for its records within 30 days from the date of allotment of QIP Shares to the relevant QIBs.

LEGAL PROCEEDINGS

Our Company is involved in legal proceedings which have arisen in the ordinary course of business. Save as set forth below, these legal proceedings in our opinion are not material enough to adversely affect our operations and profitability.

Save as stated herein, there are no material defaults, non payments or over dues of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares.

A. Proceedings initiated by our Subsidiary Companies:

1. Writ petitions filed by HCEPL and VHML against the State of Goa and others, (Writ Petition No. 157 of 2009 and Writ Petition No. 159 of 2009, respectively), before the High Court of Goa in connection with the directive dated February 27, 2009, ("Impugned Directive"), as issued by the Captain of Ports, Goa, ("Captain of Ports").

HCEPL and VHML, have each filed separate writ petitions in the High Court of Goa against the State of Goa and others, ("**Writ Petitions**"), challenging the Impugned Directive, which directed HCEPL and VHML to shift its vessels, 'MV Casino Royale' and 'MV Arabian Sea King', respectively, to the outer anchorage of the Aguada Bay in Goa, from their moorings in the inland waters of the river Mandovi and the river Verem, respectively. HCEPL and VHML have alleged in the Writ Petitions that the Casino Licenses issued by the Government of Goa to HCEPL and VHML in connection with their Offshore Casinos housed in our Casino Vessels, do not specify the place of anchorage, and that operating the Offshore Casinos at the outer anchorage at Aguada Bay may impact their commercial viability in relation to the operation of the Offshore Casinos. HCEPL and VHML have further alleged that the Impugned Directive is arbitrary, unreasonable and in violation of the principles of natural justice, as HCEPL and VHML had not been afforded a reasonable opportunity to be heard by the Captain of Ports before issuing the Impugned Directive. Accordingly, HCEPL and VHML have inter-alia sought to quash and set aside the Impugned Directions. Vide an order dated March 16, 2009, the court granted temporary injunction against the operation of the Impugned Directive. These proceedings are pending final hearing and disposal.

2. Writ Petition filed by HCEPL against the State of Goa, Captain of Ports and others (Writ Petition No. 488 of 2009) before the High Court of Goa in connection with the no-objection certificate to be renewed or extended by the Captain of Ports.

HCEPL has filed a writ petition in the High Court of Goa against the State of Goa, the Captain of Ports and others in relation to the no-objection certificate to be renewed or extended by the Captain of Ports ("**COP Writ Petition**"). One of the conditions under the in-principle approval relating to the HCEPL's Casino License was to obtain the no-objection certificate from the Captain of Ports. On October 22, 2008, HCEPL had received the no-objection certificate from the Captain of Ports which was extended from time to time until February 18, 2009. HCEPL had applied for further extension of the said no-objection on March 13, 2009.

One of the required documents for the no-objection of the Captain of Ports is a certificate of survey to be issued by the Mercantile Marine Department, Mormugao ("**MMD**"). HCEPL had been previously issued a Certificate of Survey which was extended from time to time upto February 18, 2009. HCEPL had applied for an extension of the said Certificate of Survey and the same is expected. On July 8, 2009, the State of Goa issued a letter to HCEPL directing it to submit the no-objection certificate from the Captain of Ports. Thereafter, on July 30, 2009 the Captain of Ports issued a letter to HCEPL (and other casinos in Goa) directing all casinos to submit all valid documents / certificates pertaining to their respective vessels. HCEPL has replied to the direction from the Captain of Ports.

In light of the above background, HCEPL filed the COP Writ Petition *inter alia* praying for (a) directions to be issued to the Captain of Ports to issue / extend / renew the no-objection certificate; (b) directions to be issued to the State of Goa restraining them from acting on the letter dated July 8, 2009.

Pursuant to an order dated August 5, 2009, the High Court of Goa has directed to submit all requisite documents to the Captain of Ports in relation to the issuance / extension / renewal of the no-objection certificate within a period of 1 (one) month from July 8, 2009. The High Court further directed that the Captain of Ports would decide upon the request made by HCEPL for issuance/extension/renewal of the aforesaid no-objection certificate, based on the required documents and other material provided by HCEPL, in accordance with the provisions of law without reference to the attendant writ petition filed in connection therewith which is pending adjudication and final disposal. Further, in the intervening time, the High Court of Goa has restrained the State of Goa from taking any action in relation to their letter dated July 8, 2009.

3. Writ Petition Filed by HCEPL and VHML against the State of Goa and others, (Writ Petition No. 177 of 2009 and Writ Petition No. 179 of 2009, respectively), before the High Court of Goa, in connection with the directive issued by the Directorate of Food and Drugs Administration, ("Health Authority").

HCEPL and VHML have filed separate writ petitions against the State of Goa, the Health Authority and the Directorate of Health Services, challenging:

(i) the directives dated March 17, 2009, ("**Impugned Directives**"), issued by the Health Authority, whereby HCEPL and VHML were ordered to forthwith stop dealing in food articles without obtaining a license from the Health Authority under the Prevention of Food Adulteration Act, 1954 and rules framed thereunder; and

(ii) the notices dated March 19, 2009, ("**Impugned Notices**"), issued by the Health Officer, Urban Heath Centre, Goa, under the Goa Public Health Act, 1985 and rules framed thereunder, ordering HCEPL and VHML to reply in writing, within three days from the date of receipt of the Impugned Notices in connection with non obtainment of a no objection certificate from the Urban Health Centre, Goa, for operating a bar and restaurant on the Offshore Casinos.

HCEPL and VHML had inter-alia sought in their respective writ petitions that the High Court of Goa, (a) quash and set aside the Impugned Directives, and the Impugned Notices, and (b) to stay the operation of the Impugned Directives and the Impugned Orders, pending hearing and final disposal. While HCEPL and VHML have subsequently applied for and received their licenses from the Directorate of Food and Drugs Administration, these proceedings are pending final hearing and disposal.

4. Writ Petition filed by HCEPL against the State of Goa and Captain of Ports (Writ Petition No. 511 of 2009) before the High Court of Goa in connection with the reluctance / refusal to grant the no-objection certificate by Captain of Ports for the six feeder boats.

HCEPL has filed a writ petition in the High Court of Goa against the State of Goa and the Captain of Ports in relation to the no-objection certificate to be issued by the Captain of Ports, ("**Feeder Boat Writ Petition**"), pursuant to the import of six Feeder Boats by HCEPL for transport of passengers from the jetty to its two offshore Casino Vessels namely Casino Royale and Arabian Sea King. Despite HCEPL submitting all relevant documents, the Captain of Ports had not issued the required NOC for plying of the feeder boats. Captain of Ports had issued two show cause notices on August 11, 2009, ("**Impugned Communications**"), to stop plying four of the six Feeder Boats since they did not possess valid certificates of survey. HCEPL replied on August 12, 2009 submitting the valid certificates of survey and stated that the issue would stand resolved and that they were proceeding on the ground that the basis of the Impugned Communications did not survive. On August 14, 2009, HCEPL reiterated its request for NOC for four Feeder Boats and also applied for NOC's in respect of remaining two feeder boats.

In light of the above background, HCEPL filed the Feeder Boat Writ Petition *inter alia* praying for directions to the Captain of Ports to issue the NOC in respect of the six Feeder Boats and to set aside the Impugned Communications.

Pursuant to an order of the High Court of Goa has directed the Captain of Ports to proceed for inspection of the Feeder Boats (including of the bottom structure of the feeder boats) to submit the report before the High Court.

B. Show Cause Notice(s) issued against our Subsidiary Companies:

1. Show Cause Notice dated May 12, 2009 issued by the Home Department, Government of Goa, to HCEPL, in connection with the Casino License for our Offshore Casino, 'Casino Royale':

Our Subsidiary HCEPL, has been operating an offshore casino in Goa, namely 'Casino Royale', on board its vessel, 'MV Casino Royale', ("**Casino Vessel**"), pursuant to a license dated October 24, 2008, issued by the Government of Goa under the provisions of the Goa, Daman and Diu Public Gaming Act, 1976, and notifications issued thereunder, ("**Casino License**").

MV Casino Royale was a vessel registered under a foreign flag, and accordingly was exempt from obtaining a trading license under the Merchant Shipping Act, 1958, ("**MS Act**") by the Directorate General of Shipping, Government of India ("**DG Shipping**"). However, upon insistence from the Captain of Ports, Government of Goa, HCEPL was constrained to apply for a trading license from the DG Shipping. HCEPL had accordingly obtained the said license on November 5, 2008, from the DG Shipping, ("**Shipping License**"), which was extended upto April 12, 2009. Prior to expiry of the Shipping License, HCEPL had applied for an extension of the same to the DG Shipping, by way of its letter dated April 9, 2009.

The DG Shipping, by way of its letter to HCEPL dated May 6, 2009, ("**DG Letter**"), contended that HCEPL was in "Indian ship" and that it would however consider the application for extension of the Shipping License, made by HCEPL, subject to submission of an undertaking by HCEPL in the prescribed form, duly executed and notarized, stating that HCEPL would register its Casino Vessel as an Indian ship.

Subsequently, the Home Department of the Government of Goa issued a notice dated May 12, 2009 to HCEPL, ("**Notice**"), alleging that HCEPL had failed to produce a valid Shipping License and accordingly, directed HCEPL to show cause as to why the Casino License should not be cancelled by the Government of Goa.

On May 13, 2009, HCEPL submitted the requisite undertaking to the DG Shipping following which the Shipping License has been extended from time to time upto October 14, 2009.

On May 19, 2009 HCEPL, while replying to the Notice, has submitted the extension of the Shipping License to the Home Department of the Government of Goa.

2. Show cause notice dated August 11, 2009 issued by the Captain of Ports to HCEPL in connection with certain of the feeder boats operated by HCEPL

The Captain of Ports has issued two show cause notices both dated August 11, 2009 to HCEPL with respect to four of the feeder boats operated by HCEPL for alleged improper plying without having valid and/or subsisting certificates of survey in connection therewith and has directed HCEPL to stop plying the aforesaid feeder boats forthwith. HCEPL has, vide 2 letters dated August 12, 2009 replied to the abovementioned show cause notices and furnished to the Captain of Ports, copies of the requisite certificates of survey for each of the four feeder boats.

C. Proceedings initiated against our Subsidiary Companies

1. Our Subsidiary Company, HCEPL, has provided a bank guarantee, a provisional duty bond and an undertaking to the Deputy Commissioner of Customs in relation to import the vessel Royale Flotel.

Our Subsidiary Company, HCEPL has imported a vessel named Royale Flotel for the purposes of our entertainment and gaming business. The customs authorities have *inter alia* contested the classification under which the said vessel was sought to be imported for the purpose of payment of customs duty. The customs authorities had initiated an inquiry in relation to the import pursuant to which the vessel 'Royale Flotel' was seized. We have been informed by the customs authorities vide their letter dated July 29, 2009 that upon payment of provisional duty of Rs. 80,00,000 by HCEPL and submission of (a) a bank guarantee for Rs. 40,00,000; (b) a provisional duty bond for Rs. 7,21,03,593 (being the difference between the duty finally assessed and the duty provisionally assessed by the customs authorities in respect of the vessel); and (c) an undertaking not to scrap or break up the vessel, HCEPL will be permitted to obtain a provisional release of the said vessel.

HCEPL has complied with the aforesaid conditions following which the vessel, 'Royale Flotel' has been provisionally released. The final disposal of the aforesaid investigation proceedings is currently pending.

TAXATION

INDIAN TAXATION

The following is a summary of the principal taxation aspects that would be applicable to prospective investors in the QIP Shares. The summary is based on the taxation law and practice in force at the time of this Placement Document and is subject to change. The summary does not purport to deal with all aspects of taxation that may be relevant to a particular investor in light of their investment or tax circumstances.

THIS SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF THE TAX CONSEQUENCES OR A LEGAL OPINION UNDER INDIAN LAW OR THE LAW OF ANY OTHER JURISDICTION OF THE ACQUISITION, OWNERSHIP AND SALE OF THE QIP SHARES BY POTENTIAL INVESTORS. POTENTIAL INVESTORS SHOULD, THEREFORE, CONSULT THEIR OWN TAX ADVISOR ON THE CONSEQUENCES OF SUCH ACQUISITION, OWNERSHIP AND SALE, INCLUDING SPECIFICALLY, TAX CONSEQUENCES UNDER INDIAN LAW.

The Indian Income Tax Act, 1961 (the "**Income Tax Act**") is the law relating to taxes on income in India. The Income Tax Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arisen in India.

Taxation of Dividends

Dividends on shares received from an Indian Company on which dividend distribution tax has been paid are exempt from tax in the hands of the shareholders. However, the Indian Company distributing dividends is subject to a distribution tax at the rate of 15 % plus the applicable surcharge on income tax and education cess. Distributions of bonus shares and rights to subscribe for equity shares to Non-Residents are not a taxable event under Indian tax laws.

Residence for the Purpose of the Income Tax Act

For purposes of the Income Tax Act an individual is considered to be a resident of India during any financial year if he or she is in India in that year for:

(a) a period or periods amounting to 182 days or more; or

(b) a period or periods amounting to 60 days or more and within the four preceding years he/she has been in India for a period or periods amounting to 365 days or more; or

(c) in the case of a citizen of India who leaves India as a member of the crew of an Indian ship or for the purposes of employment outside India, the words "60 days" in paragraph (b) above shall be substituted by words "182 days"; or

(d) in the case of a citizen of India or a person of Indian origin living abroad who visits India, the words "60 days" in paragraph (b) above shall be substituted by words "182 days".

A company is resident in India if it is formed and incorporated in accordance with the Indian Companies Act and has its registered office in India or the control and management of its affairs is situated wholly in India. A firm or other association of persons is resident in India except where the control and management of its affairs is situated wholly outside India.

Non-Resident" means a person who is not a resident in India.

Taxation on the Sale of Equity Shares

Currently, any gain realised on the sale of the Equity Shares which have been held for more than 12 months to an Indian resident, or to a non-resident investor in India, will not be subject to Indian capital gains tax if Securities Transaction Tax ("**STT**") has been paid on the transaction. Such transactions are subject to STT of 0.125 per cent to 0.25 per cent, depending on the nature of the securities. No surcharge or education cess is payable on STT. STT is collected by the relevant stock exchange and is paid to the government.

Any long-term capital gain realised on the sale of listed Equity Shares to an Indian resident whether in India or outside India, or to a non- resident in India on which no STT has been paid, will be subject to Indian capital gains tax, if any, at the rate of 10.0 per cent plus the applicable surcharge on income tax and education cess. Long term capital gains on the sale of unlisted securities will be taxed at the rate of 20 per cent plus the applicable surcharge on income tax and education cess.

Capital gains realised in respect of Equity Shares held for 12 months or less (a short-term capital gain) on which STT is paid in the manner and at the rates set out above are subject to tax at the rate of 15.0 per cent. plus the applicable surcharge on income tax and an education cess. In the event that sale is otherwise than on a stock exchange and as a result no STT is paid, short-term gain is subject to tax at the rate of 40.0 per cent in case of non resident company and 30.0 per cent in other case, plus the applicable surcharge on income tax and education cess..

For the purpose of computing capital gains tax on the sale of the Equity Shares under the Income Tax Act, the cost of the acquisition of the Equity Shares will be the cost at which the Equity Shares are acquired.

The amount of gain on the disposition of an equity share must be computed by converting the cost of acquisition and full value of the consideration received as a result of such disposition into the same foreign currency as was initially utilised for acquisition, and the capital gains so computed in foreign currency shall be reconverted into Rupees. In respect of securities of Indian Company, purchased in foreign currency, the cost of acquisition is not allowed to be increased on account of inflation i.e. Indexation benefit is not available in such a case.

The actual rate of tax on a short-term capital gain depends on a number of factors, including the legal status or the non-resident holder. In general terms, losses arising from a transfer of a capital asset in India can only be set- off against capital gains. A long-term capital loss can be set-off only against a long-term capital gain. A short-term capital loss can be set-off against both long-term capital gains and short-term capital gains. To the extent that losses are not absorbed in the year of transfer, they may be carried forward for a period of eight assessment years immediately succeeding the assessment year in which the loss arises and may be set-off against the capital gains of subsequent assessment years. If investors are covered by the STT regime, any loss arising from the transfer of long-term capital assets may not be available for set-off against long-term capital gains.

It may be noted that there are contradicting judicial rulings on characterization of income of a person regularly trading in shares and securities in India and the confusion is expected to be clarified by the revenue authorities by providing guidance for such characterisation by way of a further circular.

In case of income being treated as trading income, STT paid can be claimed as deductible expenditure in computing taxable income from business.

Tax Treaties

The provisions of the Agreement for Avoidance of Double Taxation entered into by the Central Government with the country of residence of the non-resident investor will be applicable to the extent that they are more beneficial to the non-resident investor than the provisions of the Income Tax Act, 1961.

The Tax Treaty between India and countries like the U.S. and U.K. do not limit India’s ability to impose tax on capital gains. However, capital gains on the sale of Equity Shares purchased in this Issue by residents of certain other countries like Mauritius and Singapore will not be taxable in India by virtue of the provisions contained in the Tax Treaty between India and these countries.

Taxation on Buy-backs of Equity Shares or Delisting

If the Equity Shares held by the investor are purchased by the Company from the investor under a Buy Back Offer or under a Delisting Offer, the investor will be liable to income tax in respect of the capital gains arising on such buy-back as per the provisions of the Income Tax Act.

Withholding Tax

The Withholding tax for resident investor is nil.

Long-term capital gains arising to non-resident investors on the transfer of the Equity Shares in India will not be subject to a withholding tax if STT has been paid on the transaction. Other long-term capital gains will be subject to a withholding tax at the rate of 10.0 per cent plus the applicable surcharge and education cess. Short-term capital gains arising to non-resident investors on the transfer of the Equity Shares will be subject to a withholding tax at the normal rate of 15.0 per cent plus the applicable surcharge and education cess applicable to the non-resident investor under the Income Tax Act if STT has been paid on the transaction. Other short-term capital gains will be subject to withholding tax at variable rates subject to a maximum rate of 40.0 per cent plus the applicable surcharge and education, depending on their legal status. However, as per the provisions of Section 196D(2) of the Income Tax Act, no withholding tax is required to be deducted from any income by way of capital gains arising to FIIs (as defined in Section 115AD of the Income Tax Act). The provisions of the Agreement for Avoidance of Double Taxation entered into by the Central Government with the country of residence of the non-resident investor will be applicable to the extent that they are more beneficial to the non-resident investor than the provisions of the Income Tax Act, 1961.

Note : As per the Finance Act, 2009, Surcharge is applicable only to Indian company @ 10 per cent and Foreign company @ 2.5 per cent if the total income exceeds Rs. 1 Crore.

Wealth Tax

Equity Shares held by the investor is not subject to Indian Wealth Tax.

Service Tax

Brokerage or commission fees paid to stockbrokers in connection with the sale or purchase of Equity Shares are now subject to an ad valorem Indian service tax of 10.0 per cent (plus an education cess). The stockbroker is responsible for collecting such service tax at such rate and for paying the same to the relevant authority.

PLACEMENT

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document are advised to take legal advice with regard to any restrictions that maybe applicable to them and to observe such restriction. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

On August 31, 2009, the Lead Manager entered into a Memorandum of Understanding ("**MoU**") with our Company. Subject to the terms of the MoU, the Lead Manager has agreed to procure subscribers for the Equity Shares on a best efforts basis, pursuant to Chapter XIII-A of the SEBI Guidelines.

Applications have been made to list the Equity Shares and admit them to trading on the BSE and NSE. No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares. See "Risk Factors—Risks Associated with the Equity Shares—There may be no active market for the Equity Shares, which may cause the price of the Equity Shares to fall".

This Placement Document has not been, and will not be, registered as a prospectus with the Register of Companies in India or overseas to the public or any other class of investors other than QIBs.

In connection with this Offering, the Lead Manager (or its affiliates) may, for its own account, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares or in secondary market transactions. As a result of such transactions, the Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of this Offering and no specific disclosure will be made of such positions. The Lead Manager (or its affiliates) may have purchased Equity Shares and been allocated Equity Shares for asset management and/or proprietary purposes and not with a view to distribution.

The Lead Manager may, from time to time, engage in transactions with and perform services for our Company in the ordinary course of its business.

YES BANK Limited has performed investment banking and advisory services for our Company from time to time for which they have received customary fees and expenses. The Lead Managers may, from time to time, engage in transactions with and perform services for our Company in the ordinary course of its business.

Lock-up Arrangements

Our Company and our Promoters have agreed that subject to certain exceptions, they will not, for a period of up to 60 (sixty) days from the Closing Date (as defined in the Memorandum of Understanding entered into by our Company with the Lead Manager for the purposes of this Offering), directly or indirectly: (a) issue, offer, sell, purchase, contract to sell, issue or purchase, grant any option, right or warrant for the subscription to, or otherwise transfer or dispose of, or consolidate by exercising a put option provision or decrease by exercising a call option provision, any Equity Shares or publicly announce an intention with respect to any of the foregoing, without the prior consent of the Lead Manager, which shall not be unreasonably withheld or delayed, (b) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale of Equity Shares, or publicly announce any intention to enter into any such transaction, without the prior consent of the Lead Manager, which shall not be unreasonably withheld or delayed. Provided however, that the foregoing restrictions shall not be applicable to: (a) any issue, sale, transfer or disposition of Equity Shares, by the Company to the extent such issue, sale, transfer or disposition is mandatory pursuant to any Indian statutory and/or regulatory provision, (b) inter-se transfer, sale or other disposition of any Equity Shares, amongst the Promoters, and/or the Promoters and the Promoter Group, provided that such transferee agrees to comply with and be bound by the terms and conditions of this letter, to the same extent as applicable to transferring Promoter/ Promoter Group entity or person/s as the case may be, (c) any pledge with respect to any warrants, equity shares of other securities of the Company which currently are held, or in the future may be held by the Promoters, (d) any issue and / or allotment of Equity Shares that may be required under any shareholders' agreement or similar agreement to which the Company is currently a party, (e) the issue and allotment of Equity Shares which are issued and allotted pursuant to any employee stock option plan or stock ownership plan of the Company as in effect on the date hereof, (f) the issue and allotment of Equity Shares issuable upon the exercise of any existing options outstanding on the date hereof, and, (g) the sanction, issue and allotment of any securities which are convertible into, exercisable or exchangeable for Equity Shares.

Distribution and Solicitation Selling Restrictions

1. General

No action has been taken or will be taken that would permit a public offering of the QIP Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to the Company or the QIP Shares in any jurisdiction where action for such purpose is required. Accordingly, the QIP Shares may not be offered, sold or delivered, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the QIP Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering will be made in compliance with the applicable SEBI Guidelines. Each purchaser of the QIP Shares in this Offering will be required to make, or be deemed to have made, as applicable, the acknowledgments and agreements as described under “Transfer Restrictions”.

2. United States of America

The QIP Shares are being offered and sold outside of United States in reliance on Regulation S. The QIP Shares not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the first date upon which the QIP Shares were *bona fide* offered to the public, an offer of the QIP Shares within the United States by the dealer may violate the registration requirements of the Securities Act.

Each purchaser of the QIP Shares will be deemed to have made the acknowledgements, representations and agreements described in the section titled “Transfer Restrictions” on page 115 of this Placement Document.

3. European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, (each, a "**Relevant Member State**"), , with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, an offer to the public of any QIP Shares contemplated by this document has not been made and may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any QIP Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
(c) by the Lead Manager to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of QIP Shares shall result in a requirement for the publication by the Company or any underwriter or manager of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any QIP Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any QIP Shares to be offered so as to enable an investor to decide to purchase any QIP Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

4. Hong Kong

The Placement Document has not been delivered for registration to the Registrar of Companies in Hong Kong and its contents have not been reviewed by any regulatory authority in Hong Kong. Accordingly: (i) the QIP Shares may not be offered or sold in Hong Kong by means of any document other than to persons who are "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and the Securities and Futures (Professional Investor) Rules made thereunder or in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and (ii) no person may issue any invitation, advertisement or other document relating to the QIP Shares whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the QIP Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules made thereunder.

5. Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**") and accordingly, the QIP Shares may not be offered or sold, nor may the QIP Shares be the subject of an invitation for subscription or purchase, nor may this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the QIP Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA), or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

Where the QIP Shares are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the QIP Shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

6. United Arab Emirates

The QIP Shares may not be, have not been and are not being sold, subscribed for, transferred or delivered in the United Arab Emirates ("**UAE**") or the Dubai International Financial Centre ("**DIFC**") other than in compliance with the laws of the UAE or the DIFC governing the sale, subscription for, transfer and delivery of securities.

7. United Kingdom

No invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") in connection with the issue or sales of any QIP Shares may be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the Company. All applicable provisions of the FSMA must be complied with in respect of anything done in relation to the QIP Shares in, from or otherwise involving the United Kingdom.

TRANSFER RESTRICTIONS

Purchasers of the QIP Shares in this Offering are not permitted to sell the QIP Shares for a period of one year from the date of allotment except through the Stock Exchanges.

Subject to the foregoing:

Because the following restrictions will apply to the issue, purchasers are advised to consult their own legal counsel prior to making any offer, re-sale, pledge or transfer of the Shares.

Each purchaser of the QIP Shares, by accepting delivery of this document will be deemed to have represented, agreed and acknowledged that:

(i) It is purchasing the QIP Shares outside the United States in an offshore transaction in accordance with Regulation S under the Securities Act.

(ii) It is relying on this document and not on any other information or the representation concerning the Company or the QIP Shares and neither the Company nor any other person responsible for this document or any part of it or the Lead Manager will have any liability for any such other information or representation.

(iii) The Company, the Lead Manager and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

PLACEMENT PROCEDURE

Set forth below is a brief summary intended to present a general outline of the procedure relating to the bidding, payment, allocation and allotment of Equity Shares in this Offering. The procedure followed in this Offering may differ from the one mentioned below and prospective investors are assumed to have appraised themselves of the same from our Company or the Lead Manager. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them.

Summary of the SEBI Guidelines in connection with Qualified Institutional Placement

This Offering is being made pursuant to Chapter XIII-A of the SEBI Guidelines through the mechanism of Qualified Institutional Placements ("**QIP**"), pursuant to which an Indian listed company may issue and allot equity shares/fully convertible debentures/partly convertible debentures or any other security, other than warrants, on a private placement basis to QIBs, provided that Eligible Investors are not allowed to withdraw their bids after the closure of the issue.

Equity shares must be allotted within twelve months from the date of the shareholders resolution approving the qualified institutional placement. The equity shares issued pursuant to the qualified institutional placement must be issued on the basis of a placement document that shall contain all material information including the information specified in Schedule XXI-A of the SEBI Guidelines. The placement document is a private document provided to select investors through serially numbered copies and is required to be placed on the website of the concerned stock exchange and of the issuer with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors. A copy of the placement document is required to be filed with the SEBI for record purposes within 30 days of the allotment of the securities.

Pursuant to the provisions of Section 67 of the Companies Act, for a transaction that is not a public offering, an invitation or offer may not be made to more than 49 persons.

The minimum number of allottees for each qualified institutional placement shall not be less than:

- two, where the issue size is less than or equal to Rs. 2.5 billion; and
- five, where the issue size is greater than Rs. 2.5 billion.

No single allottee shall be allotted more than 50.00 per cent of the issue size.

QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee.

The aggregate of the proposed qualified institutional placement and all previous qualified institutional placements made in the same financial year shall not exceed five times the net worth of the issuer as per the audited balance sheet of the previous financial year. The issuer shall furnish a copy of this Placement Document to each stock exchange on which its equity shares are listed.

Securities allotted to a QIB pursuant to a qualified institutional placement shall not be sold for a period of one year from the date of allotment except on a recognized stock exchange in India.

Our Company has applied for an in-principle approval of the Indian Stock Exchanges under Clause 24(a) of its listing agreements for the listing of the Equity Shares on the Indian Stock Exchanges. The Company has also filed a copy of this Placement Document with the Indian Stock Exchanges.

Placement Procedure

(1) Our Company and the Lead Manager shall circulate serially numbered copies of this Placement Document and the Application Form, either in electronic form or physical form, to not more than 49 QIBs.

(2) The list of Eligible Investors to whom the Application Form is delivered shall be determined by the Lead Manager at its sole discretion. Unless a serially numbered Preliminary Placement Document and the Application Form is addressed to a particular Eligible Investor; no invitation to

subscribe shall be deemed to have been made. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person.

(3) Eligible Investors may submit their Bids through the Application Form during the bidding period to the Lead Manager.

(4) Eligible Investors will have to indicate the following in the Application Form:

(a) the name of the Eligible Investor to whom Equity Shares are to be allotted;

(b) the number of Equity Shares;

(c) the price at which they are willing to apply for the Equity Shares, provided that the Eligible Investors may also indicate that they are willing to submit a Bid at the "Cut-off Price"; and

(d) the details of the dematerialised account(s) to which the Equity Shares should be credited.

(5) Once the Application Form is submitted by the Eligible Investor, the same cannot be withdrawn after the Bid Closing Date.

(6) Upon receipt of the duly completed Application Form our Company shall decide (i) the price at which the Equity Shares will be offered ("**Offer Price**"), which shall be at or above the Floor Price and (ii) the number of Equity Shares to be issued, in each case, in consultation with the Lead Manager. Our Company shall notify the Indian Stock Exchanges of the Offer Price. On determination of the Offer Price, the Lead Manager will send the CAN to the QIBs who have been Allocated Equity Shares. The dispatch of the CAN shall be deemed a valid, binding and irrevocable contract for the Eligible Investors to pay the entire Offer Price for all the Equity Shares Allocated to such Eligible Investors. Each CAN shall contain details of the number of Equity Shares Allocated to the Eligible Investor and payment instructions including, the details of the amounts payable by the Eligible Investor for the Allotment of Equity Shares in its name and the pay-in date as applicable to the respective Eligible Investor. The decision of our Company and the Lead Manager in this regard shall be at their sole and absolute discretion.

(7) Upon receipt of the application monies from Eligible Investors, our Company shall issue and allot the Equity Shares to those Eligible Investors as per the details provided in their respective CANs. Our Company shall intimate to the Indian Stock Exchanges the details of the Allotment.

(8) After receipt of the in-principle approval of the Indian Stock Exchanges, our Company shall credit the Equity Shares into the depository participant accounts of the Eligible Investors.

(9) Our Company shall then apply for the final trading and listing permissions from the Indian Stock Exchanges.

(10) The Equity Shares that have been so allotted and credited to the depository participant accounts of the Eligible Investors shall be eligible for trading on the Indian Stock Exchanges only upon the receipt of final trading and listing approvals from the Indian Stock Exchanges.

(11) As per applicable laws, the Indian Stock Exchanges will notify the final trading and listing permissions, which are ordinarily available on their websites, and our Company shall communicate the receipt of the final trading and listing permissions from the Indian Stock Exchanges to those Eligible Investors to whom the Equity Shares have been Allotted. Our Company shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Indian Stock Exchanges or any loss arising from such delay or non-receipt. Eligible Investors are advised to appraise themselves of the status of the receipt of the permissions from the Indian Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in Clause 1.2.1(xxiva) of the SEBI Guidelines, excluding QIBs who are persons resident outside India are eligible to invest. Currently these include:

- public financial institutions as defined in section 4A of the Companies Act, 1956;
- scheduled commercial banks;
- foreign institutional investors registered with the SEBI and sub accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual ("**FIIs**");
- mutual funds registered with the SEBI ("**Mutual Funds**");
- venture capital funds registered with the SEBI;
- foreign venture capital investors registered with the SEBI;
- state industrial development corporations;
- insurance companies registered with Insurance Regulatory and Development Authority, India;
- provident funds with minimum corpus of Rs.2500 lakh;
- pension funds with minimum corpus of Rs.2500 lakh;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
- Multilateral and bilateral development financial institutions

FIIs are permitted to participate in this Offering through the portfolio investment scheme in this Offering. FIIs are permitted to participate in this Offering, subject to compliance with all applicable laws and such that the shareholding of the FIIs does not exceed specified limits in this regard.

No Allotment shall be made pursuant to this Offering, either directly or indirectly, to any QIB being our Promoter or any person related to our Promoter(s). QIBs who have all or any of the following rights shall be deemed to be persons related to the Promoter(s): (a) rights under a shareholders agreement or voting agreement entered into with our Promoters or persons related to our Promoters; (b) veto rights; or (c) right to appoint any nominee director on our Board.

A minimum of 10 percent of the Equity Shares in this Offering shall be allotted to mutual funds. If no mutual fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be allotted to other QIBs.

Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Placement Document is filed with the Indian Stock Exchanges. QIBs are advised to make their own independent investigations and satisfy themselves that they are eligible to Bid. QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that may be held by them under applicable laws or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that any requisite compliance pursuant to this allotment such as public disclosures under applicable laws are complied with. QIBs are advised to consult their advisors in this regard.

Note: Affiliates or associates of the Lead Manager who are QIBs may participate in this Offering in compliance with applicable laws.

Application and Bidding

Application Form

QIBs shall only use the serially numbered Application Form supplied by the Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid in accordance with the terms of this Placement Document. By making a Bid for Equity Shares pursuant to the terms of this Placement Document and through the Application Form, each Eligible Investor will be deemed to have given the following representations and warranties and to have agreed to comply with the provisions set out under "Transfer Restrictions", namely:

(i) the Eligible Investor confirms that it is a Qualified Institutional Buyer in terms of Clause 1.2.1(xxiva) of the SEBI Guidelines and is eligible to participate in this Offering;

(ii) the Eligible Investor confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Bid does not directly or indirectly represent the Promoter or promoter group of our Company;

(iii) the Eligible Investor confirms that it has no rights under a shareholders agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of our Company other than that acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters;

(iv) the Eligible Investor has no right to withdraw its Bid after the Bid Closing Date;

(v) the Eligible Investor confirms that if allotted Equity Shares pursuant to this Placement Document, it shall not, for a period of one year from Allotment, sell the Equity Shares so acquired otherwise than on the floor of the Indian Stock Exchanges;

(vi) the Eligible Investor confirms that it is eligible to Bid and hold Equity Shares so Allotted and together with any Equity Shares held by the Eligible Investor prior to this Offering. The Eligible Investor further confirms that the holdings of the Eligible Investor, do not and shall not, exceed the level permissible as per any regulations applicable to the Eligible Investor;

(vii) the Eligible Investor confirms that the Bid would not eventually result in triggering an open offer under the Takeover Code;

(viii) the Eligible Investor's confirm that to the best of its knowledge and belief together with other Eligible Investor s in this Offering that belong to the same group or are under common control, the Allotment to the Eligible Investor shall not exceed 50 per cent of the Offer Size. For the purposes of this statement:

  (a) the expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

  (b) "Control" shall have the same meaning as is assigned to it by clause (c) of Regulation 2 of the Takeover Code.

QIBs WOULD NEED TO PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

Demographic details such as address, bank account etc. will be obtained from the Depositories as per the Depositary Participant account details given above. The submission of the Application Form by the Eligible Investors shall be deemed a valid, binding and irrevocable offer for the Eligible Investors to pay the entire Offer Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the Eligible Investor, upon issuance of the CAN.

(ix) An Eligible Investor shall not undertake any trade in the Equity Shares credited to its depository participant account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchange.

Submission of Application Form

All Application Forms shall be duly completed with information including the name of the Eligible Investor, price and the number of Equity Shares bid. The Application Form shall be submitted within the Bidding Period to the Lead Manager either through electronic form or through physical delivery at the following addresses:

Name	: YES Bank Limited
Address	: Nehru Centre 12th Floor, Discovery of India Dr. A. B. Road, Worli, Mumbai 400 018, India
Contact Person	: Gautam Badalia/S. Srividhya
E-mail	: deltacorp.qip@yesbank.in

The Lead Manager shall not be required to provide any written acknowledgement of the same.

Pricing and Allocation

Build up of the book

The Eligible Investors shall submit their applications through the Application Forms within the bidding Period to the Lead Manager who shall maintain the book.

Price discovery and allocation

Our Company, in consultation with the Lead Manager, shall finalise the Offer Price, which shall be at or above the Floor Price.

After finalization of the Offer Price, our Company shall update this Placement Document with the Offer details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Lead Manager on a discretionary basis and in compliance with Cha XIII- A of the SEBI Guidelines.

Bids received from Eligible Investors at or above the Offer Price shall be grouped together to determine the total demand. Any Allocation to all such Eligible Investors will be made at the Offer Price. Allocation shall be decided by our Company in consultation with the Lead Manager on a discretionary basis. Allocation to Mutual Funds for up to a minimum of 10 per cent. of the aggregate amount of this Offering shall be undertaken subject to valid Bids being received at or above the Offer Price.

THE DECISION OF OUR COMPANY AND THE LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE BINDING ON ALL ELIGIBLE INVESTORS. ELIGIBLE INVESTORS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY AND ELIGIBLE INVESTORS MAY NOT RECEIVE ANY ALLOCATION, EVEN IF THEY HAVE SUBMITTED VALID BIDS AT OR ABOVE THE OFFER PRICE. NEITHER OUR COMPANY NOR ARE THE LEAD MANAGER OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

Number of Allottees

The minimum number of allottees of Equity Shares shall not be less than:

(a) two, where the issue size is less than or equal to Rs.2.5 billion; or

(b) five, where the issue size is greater than Rs.2.5 billion,

provided that no single allottee shall be allotted more than 50 per cent of the aggregate amount of this Offering.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single allottee for the purpose of this paragraph.

THE DECISION OF OUR COMPANY AND THE LEAD MANAGER IN RESPECT OF ALLOTMENT SHALL BE FINAL AND BINDING ON ALL ELIGIBLE INVESTORS.

The maximum number of allottees of Equity Shares shall not be greater than 49 allottees.

Based on the Application Forms received our Company and the Lead Manager will, in their sole and absolute discretion, decide the list of Eligible Investors to whom the serially numbered CANs shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of the same in their respective names shall be notified to such Eligible Investors. Additionally the CAN would include the details of the bank account(s) for transfer of funds if done electronically, address where the application monies needs to be sent, Pay-in Date as well as the probable designated date ("**Designated Date**") being the date of credit of the Equity Shares to the Eligible Investors' account as applicable to the respective Eligible Investors.

The Eligible Investors would also be sent a serially numbered Placement Document either in electronic form or physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the CAN shall be deemed a valid, binding and irrevocable contract for the Eligible Investor to furnish all details that may be required by the Lead Manager and pay the entire Offer Price for all the Equity Shares allocated to such Eligible Investor.

Each scheme /fund of a mutual fund will have to submit separate Bid cum Application Forms. Demographic details like address, bank account etc. will be obtained from the Depositories as per the demat account details given above.

Eligible Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/allotted to them pursuant to this Issue.

Bank Account for Payment of Application Money

Our Company has opened a special bank account ("**Escrow Account**") with YES BANK Limited, ("**Escrow Bank**") in terms of the arrangement between our Company, the Lead Managers and the Escrow Bank. Each Eligible Investor will be required to deposit the entire amount payable for the Equity Shares allocated to it as mentioned in the CAN.

If the payment is not made in favour of the Bank Account within the time stipulated in the CAN, , the Application Form and the CAN is liable to be cancelled. In the case of cancellations or default by the Eligible Investors, our Company and the Lead Manager have the right to reallocate the Equity Shares at the Offer Price among existing or new Eligible Investors at their sole and absolute discretion subject to the compliance with the requirement of insuring that the Application Forms are sent to not more than 49 Eligible Investors.

Payment Instructions

The payment of application monies shall be made by the Eligible Investors in the name of "Delta Corp Limited – QIP Escrow Account" as per the payment instructions provided in the CAN. Eligible Investors may make payment through cheques or electronic fund transfer.

Note: Payment of the amounts through outstation cheques are liable to be rejected. Payments through cheques should be only through high value cheques payable at Mumbai.

Designated Date and Allotment of Equity Shares

(a) The Equity Shares will not be allotted unless the Eligible Investors pay the Offer Price to the Bank Account as stated above.

(b) In accordance with the SEBI Guidelines, Equity Shares will be issued and allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

(c) Our Company reserves the right to cancel this Offering at any time up to Allotment without assigning any reasons whatsoever.

(d) Post-Allotment and credit of Equity Shares into the Eligible Investors' depository participant accounts, our Company will apply for trading/listing approvals from the Indian Stock Exchanges.

(e) The Escrow Bank shall not release the monies lying to the credit of the Escrow Cash Account to our Company until such time that our Company delivers to the Escrow Bank the approval of the Stock Exchange for the listing and trading of the Equity Shares offered in this Issue.

(f) In the unlikely event of the any delay in the allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of this Offering, no interest or penalty will be payable by our Company.

Submission to the SEBI

Our Company shall submit the Placement Document to the SEBI within 30 days of the date of Allotment for record purposes.

Other Instructions

Permanent Account Number or PAN

Each Eligible Investor should mention its Permanent Account Number (PAN) allotted under the Income Tax Act. The copy of the PAN card or PAN allotment letter is required to be submitted along with the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicant should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Company's Right to Reject Applications

Our Company, in consultation with the Lead Manager, may reject Applications, in part or full, without assigning any reasons whatsoever. The decision of our Company and the Lead Manager in relation to the rejection of an Application shall be final and binding.

Equity Shares in dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares pursuant to this Offering shall be only in a dematerialised form (i.e. not in the form of physical certificates but to be fungible and to be represented by the statement issued through the electronic mode).

(a) A Eligible Investor applying for Equity Shares must have at least one beneficiary account with either of the depository participants of either NSDL or CDSL prior to making the Bid.

(b) Allotment to a successful Eligible Investor will be credited in electronic form directly to the beneficiary account (with the depository participant) of the Eligible Investor.

(c) Equity Shares in electronic form can be traded only on those stock exchanges which have electronic connectivity with NSDL and CDSL. All the stock exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(d) The trading of the Equity Shares of our Company will be in dematerialised form only for all Eligible Investors in the demat segment of the respective stock exchanges.

(e) Our Company will not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Application Form or on part of the Eligible Investors.

GENERAL INFORMATION

1. Our Company was originally incorporated as a private limited company as 'Creole Holdings Company Private Limited' on November 5, 1990 under the Companies Act, with registration number 11-58817 of 1990. With effect from June 2, 1992, our Company was converted into a deemed public limited company and our name was changed to Creole Holdings Company Limited. Subsequently, on October 22, 2003 our company was converted into a private limited company as 'Creole Holdings Company Private Limited'. On December 14, 2006, our Company was converted into a public limited company and our name was changed to Creole Holdings Company Limited. On May 18, 2007, pursuant to the terms of the scheme of amalgamation of erstwhile Arrow Webtex Limited with our Company, our name was changed to 'Arrow Webtex Limited'. Pursuant to a fresh certificate of incorporation dated October 31, 2008 issued by the RoC, the name of our Company was changed from 'Arrow Webtex Limited' to 'Delta Corp Limited'

2. Our Registered Office is located at Clover Classic, G-4, Ground Floor, North Main Road, Koregaon Park, Pune – 411001, Maharashtra, India. Our Company is registered with the Registrar of Companies, Maharashtra, Pune and our Corporate Identity Number is L65493PN1990PLC058817. Our Company's telephone number is +91 22 4079 4700 and fax number is +91 22 4079 4777.

3. Approval for this Offering was given by the shareholders of our Company, at the EGM held on May 22, 2009. This Placement Document and the entry by our Company into the MoU and certain other documents related to this Offering were authorised and approved by a Committee of the Directors on the date of this Placement Document.

4. Our Company will issue the Equity Shares on or around the Closing Date pursuant to the terms of the MoU.

5. Applications have been made to the BSE and the NSE for the Equity Shares to be issued on the Closing Date to be admitted to listing and to trading on the BSE and the NSE. There is no assurance that such listings will be granted or maintained. Transactions will normally be effected for settlement in rupees and for settlement on or before the fifth business day in Mumbai after the date of the transaction.

6. There has been no material change in our Company's financial or trading position since March 31, 2009, the date of the latest financial statements prepared in accordance with Indian GAAP included in this Placement Document, except as disclosed in this Placement Document.

7. Pursuant to a letter dated March 5, 2009 our Equity Shares were delisted from the DSE, with effect from February 28, 2009. Further, pursuant to a letter dated January 17, 2009, our Equity Shares were delisted from the ASE, with effect from January 21, 2009.

8. Save as provided above, there has been no significant change in the financial or trading position of our Company since March 31, 2009, the date of its last published audited financial statements.

9. With the exception of the MoU and other related documents, our Company has not, within the two years immediately preceding the date of this Placement Document, entered into any contract which is or may be material (not being a contract entered into in the ordinary course of business) and which directly concerns the issue of the QIP Shares.

10. Our Company has obtained all consents, approvals and authorisations required in connection with the issue of the QIP Shares.

11. Certain legal proceedings and claims initiated by and/or against our Company and/or our Subsidiary Companies, which have arisen in the ordinary course of the business, are pending final hearing and disposal. These actions, when ultimately concluded and determined will not, in the opinion of the management, have a material effect on our Company's results of operations.

12. The MoU is governed by the laws of India.

13. The auditors of our Company are M/s. Amit Desai & Co., who have audited the accounts for FY 2009 and FY 2008 and reviewed the accounts for the three months period ended June 30, 2009. They have consented to the inclusion of their report in this Placement Document.

14. None of the Equity Shares have been sold or is available in whole or in part to the public in conjunction with the application for the Equity Shares to be admitted to listing and to trading on the BSE and the NSE. Pursuant to the SEBI Guidelines, for a period of 12 months from the date of the issue of the QIP Shares in this Offering, Eligible Investors purchasing QIP Shares in this Offering may only sell their QIP Shares across the BSE and NSE and may not enter into any off-market trading in respect of these QIP Shares.

15. Copies of the following documents (together with English translations, where applicable) will be available for inspection and may be obtained free of charge, during normal business hours on any weekday at Clover Classic, G-4, Ground Floor, North Main Road, Koregaon Park, Pune – 411001, Maharashtra, India:

    (a) the Memorandum and Articles of Association of our Company; and

    (b) the financial statements of our Company prepared in accordance with Indian GAAP, including the auditors' audit report and/or limited review report (as the case may be) in respect thereof.

16. Freedom Registry Limited will maintain the register of shareholders at Plot No. 101/102, 19th Street, `MIDC Industrial Area, Satpur, Nasik – 422007, Maharashtra, India or at the specified office of its agent.

17. The Equity Shares have been accepted for clearance and settlement with the following security identification codes:

ISIN	: INE124G01033
BSE Code	: 532848
NSE Code	: DELTACORP

18. Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the listing agreements with the Indian Stock Exchanges.

19. The Floor Price of the Equity Shares is Rs. 50.0625 per Equity Share.

FINANCIAL STATEMENTS

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Delta Corp Limited
(Formerly Known as Arrow Webtex Limited)

1. We have audited the attached consolidated balance sheet of Delta Corp Limited (formerly known as Arrow Webtex Limited), ("**Company**"), and its subsidiaries, (the Company and its subsidiaries constitute "**Group**"), as at 31st March, 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto which we have signed under reference to this report. These consolidated financial statements are the responsibility of the management and have been prepared by the management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

   We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of three of the subsidiaries, whose financial statements reflect total assets of Rs. 22,536.20 Lakhs as at 31st March, 2009, total revenue of Rs. 488.72 Lakhs and net cash out flow of Rs. 5,970.30 Lakhs for the year then ended. These financial statements and other information have been audited by other auditors whose report have been furnished to us, and our opinion is based solely on the report of the other auditors.

4 We have relied on the unaudited financial statements of one subsidiary whose financial statements reflect total assets of Rs. 470.08 Lakhs as at 31st December, 2008, total revenue of Rs. Nil and cash flows amounting to Rs. 34.23 Lakhs for the year then ended. These unaudited financial statements as approved by the respective management of the company have been furnished to us and our report in so far as it relates to the amounts included in respect of the subsidiary is solely based on such approved unaudited financial statements.

5. We report that:

   a) The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements" and Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements", issued by The Institute of Chartered Accountants of India.

   b) Based on our audit and on consideration of the report of the other auditors on separate financial statements and on the accounts approved by the management as explained in paragraph 4 above and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India;

      i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March, 2009;

      ii) in the case of the consolidated profit and loss account, of the profits of the Group for the year ended on that date; and

iii) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For Amit Desai & Co
Chartered Accountants

(**AMIT DESAI**)
Proprietor
M. No.32926

Mumbai: June 29, 2009

DELTA CORP LIMITED

AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED MARCH 31, 2009 AND MARCH 31, 2008

Audited Consolidated Statement of Assets and Liabilities

Rs. in Lakhs

Particulars	Sch. No.	As at 31st March, 2009		As at 31st March, 2008	
Sources Of Funds:					
Share Capital	1	2,579.13		2,579.13	
Equity Share Warrants	2	607.50		607.50	
Reserves & Surplus	3	19,815.22	23,001.85	19,582.96	22,769.59
Loan Funds:					
Secured Loans	4	11,010.24		12,172.11	
Unsecured Loans	5	21,460.41	32,470.65	20,506.39	32,678.50
Deferred Tax Liability:			18.38		161.56
Minority Interest :			8,374.60		7,517.68
Total			63,865.48		63,127.33
Application Of Funds:					
Fixed Assets:	6				
Gross Block		9,523.28		4,944.10	
Less: Depreciation		(497.90)		(1,408.53)	
Net Block		9,025.38		3,535.57	
Add: Capital Work In Progress		2,661.21	11,686.59	4,542.52	8,078.09
Goodwill:			2,497.62		2,401.84
Investments:	7		22,424.95		26,559.21
Deferred Tax Assets:			152.57		61.60
Current Assets, Loans And Advances:					
Inventories	8	23,447.05		8,593.00	
Sundry Debtors	9	1,168.86		1,561.23	
Cash & Bank Balances	10	1,546.33		8,652.80	
Loans & Advances	11	6,547.49		15,406.41	
		32,709.73		34,213.44	
Less: Current Liabilities And Provisions:	12				
Sundry Creditors		2,612.91		4,854.38	
Other Liabilities & Provisions		3,016.94		3,358.46	
		5,629.85		8,212.84	
Net Current Assets			27,079.88		26,000.60
Miscellaneous Expenditure: (To The Extent Not W/Off Or Adjusted)	13		23.87		25.99
Total			63,865.48		63,127.33
Notes Forming Parts of Accounts	21				

Audited Consolidated Statement of Profit & Loss

Rs. in Lakhs

Particulars	Sch. No.	Year Ended 31st March,2009	Year Ended 31st March,2008
Income:			
Sales / Operating Income	14	10,106.10	10,352.93
Increase/(Decrease) In Stocks	15	0.00	5.62
Other Income	16	756.66	292.47
		10,862.76	10,651.02
Expenditure:			
Raw Materials Consumed	17	2,680.11	4,333.46
Staff Costs	18	702.88	336.24
Administrative & Other Expenses	19	2,626.38	1,030.79
		6,009.37	5,700.49
Profit Before Finance Charges, Depreciation & Tax:		4,853.39	4,950.53
Finance Charges (net)	20	3,061.16	1,384.81
Depreciation	6	331.09	238.50
		1,461.14	3,327.22
Prior Period Items		68.29	(15.29)
Profit Before Taxes:		1,529.43	3,311.93
Provision for Taxation - Income Tax (Including FBT)		608.43	1,092.40
- Deffered Tax		(104.21)	29.17
Profit After Taxes :		1,025.21	2,190.36
Less : Earlier Years Tax Adjustments		56.79	205.36
Add: Profit on Discontinued Operations		0.00	10.60
Less: Profit from Associates Companies		0.45	0.28
Less: Minority Interest etc.		308.37	346.72
Profit After Taxes And Adjustments:		659.60	1,648.60
Balance Brought Forward		173.91	124.11
Amount Available For Appropriation		833.51	1,772.71
Transferred To General Reserves		250.00	850.00
Proposed Dividends On Preference Shares		97.91	97.91
Proposed Dividends On Equity Shares		301.06	542.11
Dividends Distribution Tax		67.80	108.77
Balance Carried To Balance Sheet		116.75	173.91
Basic Earning Per Share		0.40	1.41
Diluted Earning Per Share		0.36	1.41
(Face Value Of Rs. 1/- Each)			
Notes Forming Parts of Accounts	21		

Audited Consolidated Statement of Cash Flow

Rs.in Lakhs

Particulars	Year Ended 31st March, 2009	Year Ended 31st March, 2008
Cash Flow from Operating Activities		
Net Profit Before Tax and Extraordinary Items	1,461.14	3,327.22
Adjustments for :		
Profit on Discountinued Operations	-	10.60
Depreciation	331.09	238.50
Profit on Sale of Fixed Assets	(428.30)	(1.94)
Provision for Employee Benefits	18.96	-
Amortisation of Expenses	3.66	3.18
Interest Paid	3,473.71	1,548.81
Interest Income	(412.54)	(164.01)
Dividend Income	(157.93)	(89.07)
Profit on Sales of Investment (Net)	183.40	(125.76)
Sundry Balance W/off.	0.24	-
Loss on Associate	(0.45)	(0.28)
Exchange rate difference	1,014.07	126.15
Operating Profit before Working Capital Changes	**5,487.05**	**4,873.42**
Adjustments For :		
Trade and Other Receivables	(32.23)	(218.85)
Inventories	(15,203.71)	(8,001.64)
Loans & Advances	9,209.64	(13,580.36)
Trade Payables	(2,133.49)	4,789.24
Other Liabilities	(2.48)	227.12
Taxes paid	(1,203.80)	(1,287.07)
Prior Period Expenses	68.29	(15.29)
Miscellaneous Expenditure	(1.54)	-
Net Cash Generated From Operating Activities	**(3,812.27)**	**(13,213.43)**
Cash Flow From Investing Activities		
Purchase of Fixed Assets	(5,911.48)	(2,878.69)
Purchase of Fixed Assets (Capital Work in Progress)	(1,388.00)	(3,826.52)
Purchase of Intangible Assets	(60.21)	(2,430.62)
Sales of Fixed Assets	2,934.00	972.97
Dividend Income	157.93	89.07
Interest Income	412.54	164.01
Sale of Investment (Net)	22,307.29	127.57
Exchange difference arising on Consolidation	163.36	1,493.49
Purchase of Investment	(18,356.68)	(17,714.26)
Net Cash generated from Investing Activities	**258.75**	**(24,003.00)**
Cash Flow from Financing Activities		
Proceeds From Issuance of Share Capital	-	15,883.51

Particulars	Year Ended 31st March, 2009	Year Ended 31st March, 2008
Share Issue Expenses	-	(541.85)
Interest Paid	(3,473.70)	(1,548.81)
Dividend Paid (including Dividend Distribution Tax)	(748.79)	(729.05)
Proceeds from Issue of shares from Minority Interest	-	7,170.96
Proceeds From Long Term Borrowing	(297.51)	18,825.40
Proceeds From Short Term Borrowing	999.64	5,900.30
Proceeds From issue of Warrants	-	607.50
Net Cash Generated From Financing Activities	**(3,520.36)**	**45,567.96**
Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	(7,073.88)	8,351.54
Cash Reduced on Demerger	(32.59)	-
Cash & Cash Equivalents as at Beginning of Year	8,652.80	301.26
Cash & Cash Equivalents as at End of the Year	1,546.33	8,652.80

Schedules to Audited Consolidated Accounts

Rs. in Lakhs

Particulars	**As at 31st March, 2009**	**As at 31st March, 2008**
Schedule No. 1		
Share Capital:		
1,80,000,000 (1,60,00,000) Equity Shares Of Rs.1/- Each	1,800.00	1,600.00
10,00,000 10% Preference Shares Of Rs. 10/- Each	100.00	100.00
1,30,00,000 8% Preference Shares Of Rs.10/-Each	1,300.00	1,300.00
Total	**3,200.00**	**3,000.00**
Issued, Subscribed And Paid-Up:		
13,55,28,130 Equity Shares Of Rs. 1/- Fully Paid Up	1,355.28	1,355.28
12,238,535 8% Non Cumulative Preference Shares Of Rs. 10/- Each Fully Paid Up	1,223.85	1,223.85
Total	**2,579.13**	**2,579.13**
1) During the F.Y. 07-08, the Company has issued and allotted 3,04,80,280 Equity Shares of Rs.1/- each on preferential basis at a price of Rs.40.50 per share to entities other than promoters as per the approval of Share Holders and applicable Statutory Provisions.		
2) During the F.Y. 07-08, Equity Share of Rs.10/- each was sub-divided into Equity Share of Rs. 1/- each.		
Schedule No. 2		
Equity Share Warrants :	607.50	607.50
During the F.Y. 07-08, the Company has issued 1,50,00,000 Share Warrants to a promoter as per the approval of Share Holders and applicable statutory provisions. The warrant holder has a right to apply for equity shares within 18 months from the date of allotment. Amount received against the warrants is shown as Equity Share Warrants in the Balance Sheet, pending exercise thereof.		
Total	**607.50**	**607.50**

Rs. in Lakhs

Particulars	As at 31st March, 2009	As at 31st March, 2008
Schedule No. 3		
Reserves & Surplus:		
Share Premium Account:		
Opening Balance	15,017.86	0.00
Add: Transferred during the Year	0.00	15,559.71
Less: Share Issue And Other Expenses	0.00	(541.85)
	15,017.86	15,017.86
General Reserves:		
Opening Balance	2,228.56	1,390.74
Less: Charge On Account Of Transitional Provisions Under Accounting Standard 15	0.00	(12.18)
Less: Reduction In General Reserve On Account Of Demerger	(364.63)	0.00
Add : Transfer From Profit & Loss Account	250.00	850.00
	2,113.93	2,228.56
Capital Reserves:		
Opening Balance	1,756.50	1,855.45
Less : Reduction In Capital Reserve On Account To Demerger	0.00	0.00
	1,756.50	1,855.45
Capital Redemption Reserves:		
Opening Balance	181.03	181.03
	181.03	181.03
Foreign Currency Translation Reserves:	629.15	126.15
Profit And Loss Account:	116.75	173.91
Total	**19,815.22**	**19,582.96**

Rs. in Lakhs

Particulars	As at 31st March, 2009	As at 31st March, 2008
Schedule No. 4		
Secured Loans:		
From a Bank		
Cash Credit Facility	0.00	184.36
Term Loan	0.00	680.00
(Secured against the first charge over Fixed Assets of Textiles Division by way of equitable mortgage of an Immovable Fixed Assets and hypothecation of Movable Assets)		
	0.00	864.36
From a Financial Institutions		
(Secure by mortgage of a Immovable Property at Mumbai and its future Lease Rentals Income)	11,010.24	11,307.75
Total	**11,010.24**	**12,172.11**
Schedule No. 5		
Unsecured Loans:		
Sales Tax Loan	0.00	39.40
From Banks	4,557.33	6,000.00
Vehicle Loan	0.00	6.22
Inter Corporate	15,281.73	11,699.58
Due to a Director.	1,621.35	2,761.19
Total	**21,460.41**	**20,506.39**

Schedule No. 6

Fixed Assets / Depreciation

Amount in Lakhs

Particulars	**Gross Block**						**Depreciation**						**Net Block**	
	As on 01.04.08	Acquisition 08-09	Additions 08-09	Deductions 08-09	Translation Exchange Difference 08-09	As on 31.03.09	As on 01.04.08	Acquisition 08-09	Additions 08-09	Deductions 08-09	Translation Exchange Difference 08-09	As on 31.03.09	As on 31.03.09	As on 31.03.08
Land	858.93			858.93										858.93
Building	281.7	0	766.73	621.82	0	426.61	86.02	0	16.49	90.23	0	12.28	414.33	195.68
Plant & Machinery	2,135.12	4.45	1,270.90	2,147.49	0.07	1,263.05	1,082.71	0.1	32.71	1,067.71	0.01	47.82	1,215.23	1,052.41
Computers & Accessories	61.4	0.58	40.08	34.38	0.26	67.94	29.83	0.13	11.41	20.26	0.11	21.22	46.72	31.57
Furniture & Fixtures	152.82	0	1,593.04	20.45	2.49	1,727.90	74.07	0	56.17	17.86	0.42	112.80	1,615.10	78.76
Gaming Equipments	0	0	570.38	0	0	570.38	0	0	16.41	0	0	16.41	553.97	0
Vehicles	299.97	2.49	142.23	74.38	1.18	371.5	90.41	0.43	74.28	32.52	0.41	133.01	238.49	209.56
Ships	481.23	201.89	3,394.77	408.36	0	3,669.53	13.17	21.71	78.32	10.58	0	102.62	3,566.91	468.06
Feeder/Speed Boat	20.01	0	495.97	0	0	515.98	9.78	0	16.33	0	0	26.11	489.87	10.23
Aircraft	652.08	0	907.25	652.08	0	907.25	22.23	0	48.41	45.64	0	25	882.25	629.85
Intangible Assets	0.84	0	2.23	0	0.07	3.14	0.31	0	0.3	0	0.02	0.63	2.5	0.52
Total	**4,944.10**	**209.41**	**9,183.58**	**4,817.89**	**4.08**	**9,523.28**	**1,408.53**	**22.37**	**350.83**	**1,284.80**	**0.97**	**497.9**	**9,025.38**	**3,535.57**
Previous Year	3,806.49	85.03	2,193.47	1,140.89	0	4,944.10	1,330.24	3.7	244.46	169.86	0	1,408.53	3,535.57	2,476.26
Capital Work In Progress	4,542.52	0	1,792.90	3,674.21	0	2,661.21	0	0	0	0	0	0	2,661.21	4,542.52

Note : An amount Rs. 350.84 Lakhs shown as depreciation for the year includes an amount of Rs. 19.75 Lakhs being depreciation for the year of two of subsidiary companies which is changed to pre operative expense.

Rs. in Lakhs

Particulars	As at 31st March, 2009	As at 31st March, 2008
Schedule No. 7		
A) Trade Investments (at cost)		
Fully Paid Equity Shares		
Quoted:		
Peninsula Land Limited	2.64	2.64
(Aggregate Market Value Rs. 10,44,000- L.Y.Rs. 42,88,800)		
Unquoted:		
(i) Associate Companies		
Pavurotti Finance & Investment Private Limited	1.50	4.15
J M Realty Management Private Limited	0.00	0.13
(ii) Other Companies		
Aero Port & Infrastructure Project Private Limited	4.38	0.00
Delta Realties Private Limited	0.00	0.00
J M Township and Real Estate Private Limited	17.50	17.50
Lakeview Mercantile Company Private Limited	0.00	0.15
Peninsula Mega Properties Private Limited	0.26	0.26
Fully Paid Preference Shares		
Unquoted:		
(i) Other Companies		
Lakeview Mercantile Company Private Limited (CPP)	0.00	15.00
B) Other Investments (at cost)		
(a) Fully Paid Equity Shares		
Quoted		
Piramal Healthcare Limited (formerly known as Nicholas Piramal Limited)	0.10	0.10
Reliance Capital Limited	-	0.24
Victoria Mills Limited	0.02	0.02
UTV Software & Communication Limited	372.71	5,100.00
Piramal Glass Limited *	0.00	0.00
Piramal Life Science Limited *	0.00	0.00
Advani Hotels & Resorts Limited	13,726.99	5,545.42
(Aggregate Market Value Rs. 52,09,00,691/- L.Y.Rs. 1,31,13,87,761/-)		
* Issued free against holding of shares of Piramal Healthcare Ltd.		
Unquoted		

Particulars	As at 31st March, 2009	As at 31st March, 2008
Arrow Textiles Limited	0.00	0.00
Elixir India Private Limited	6.00	6.00
Freedom Aviation Private Limited	0.01	0.01
The Shamrao Vithal Co.Op. Bank Limited	0.53	0.53
(b) Fully Paid Debenture (Unquoted)		
Other Companies		
Advent Investment & Finance Co. Private Limited	33.00	33.00
C) Investment in Mutual Fund		
Reliance Fixed Horizon Fund Vi Series 2	0.00	800.00
Reliance FMP	0.00	2,016.03
Reliance Liquid Plus Fund	0.00	1,752.20
Reliance Monthly Interval Fund Series Ii	0.00	1,500.00
Reliance Medium Term Fund	0.00	1,506.52
D) Investment in Immpovable Property		
Property at Mumbai	8,259.31	8,259.31
Total	**22,424.95**	**26,559.21**
Schedule No. 8		
Inventories:		
(At Cost/Net Realisable Value whichever is Lower as Certified by the Management)		
Raw Materials	0.00	225.25
Work-In-Process	20,464.39	4,847.95
Finished Goods	0.00	78.92
Machinery Spares & Stores	0.00	26.44
Packing Materials	0.00	3.26
Cutlery, Crockery, Linen, and Others	273.80	0.00
Food and Beverages	34.67	0.00
Property	2,674.19	3,411.18
Total	**23,447.05**	**8,593.00**

Rs. in Lakhs

Particulars	As at 31st March, 2009	As at 31st March, 2008
Schedule No. 9		
Sundry Debtors:		
(Unsecured And Considered Good)		
Outstanding For More Than Six Months	333.10	1.50
Others	835.76	1,559.73
Total	**1,168.86**	**1,561.23**
Schedule No. 10		
Cash And Bank Balances:		
Cash and Cheques on Hand	602.39	17.61
Balances With Schedule Banks :		
In Current Account	360.35	287.68
In Unclaimed Dividend Account	33.45	23.90
In Fixed Deposit Account	168.57	2,495.77
Balance in Foreign Banks: (Non Schedule)		
In Current Account	84.57	244.05
In Fixed Deposit Account	297.00	5,583.78
	943.94	8,635.19
Total	**1,546.33**	**8,652.80**

Rs. in Lakhs

Particulars	As at 31st March, 2009	As at 31st March, 2008
Schedule No. 11		
Loans & Advances:		
(Recoverable in Cash or in Kind or for Value to be Received)		
Unsecured And Considered Good:		
Advances:		
(Due from Companies in which Director and / or Relative of Director of the Company is a Director)	1,476.11	95.70
Loans and Advances to Others	1,490.64	11.12
Deposits	469.26	8,131.29
Advance Tax (net)	978.48	444.78
Others	2,133.00	6,723.52
Total	**6,547.49**	**15,406.41**
Schedule No. 12		
Current Liabilities & Provisions:		
Sundry Creditors	2,612.91	4,854.38
Deposits	2,049.99	2,059.61
Other Liabilities	466.73	526.16
Proposed Dividend on Preference Shares	97.91	97.91
Proposed Dividend on Equity Shares	301.06	542.11
Provision for Dividend Tax	67.80	108.77
Unclaimed Dividends	33.45	23.90
Total	**5,629.85**	**8,212.84**
Schedule No. 13		
Miscellaneous Expenditure:		
Preliminary Expenses	23.87	25.99
(To the extent not written off)		
Total	**23.87**	**25.99**

Rs. in Lakhs

Particulars	Year Ended 31st March, 2009	Year Ended 31st March, 2008
Schedule No. 14		
Textiles Division :		
Gross Sales	0.00	1,606.11
Less: Rejections	0.00	19.31
Net Sales	0.00	1,586.80
Real Estate Division :		
Consultancy Income	751.70	510.53
Sale Of Property & Compensation Income	3,480.01	4,802.35
Profit on Sale of Shares	1,182.02	0.00
	5,413.73	5,312.88
Hospitality Division:		
Income From Casino	1,944.73	0.00
Sale (Foods & Beverages)	174.33	12.03
Income from Cruising & Advertisement	13.96	47.66
Income from Chartering	70.40	0.00
Profit on Sale of Shares	0.00	951.11
	2,203.42	1,010.80
Lease Rentals	2,488.95	2,442.45
Total	**10,106.10**	**10,352.93**
Schedule No. 15		
Increase/(Decrease) In Stocks:		
Opening Stocks: Work-In-Process / Finished Goods	0.00	93.53
Closing Stocks: Work-In-Process / Finished Goods	0.00	99.15
Total	**0.00**	**5.62**
Schedule No. 16		
Other Income:		
Dividend Income	157.93	89.07
Profit On Sale Of Assets	428.30	1.94
Profit On Sale Of Shares	0.00	125.76
Other Income	170.43	75.70
Total	**756.66**	**292.47**
Schedule No. 17		
Raw Materials/Others Consumed:		
Opening Stocks:		
Raw Materials	7,305.80	171.89
Add: Purchases	7,728.51	11,470.28
	15,034.31	11,642.17
Less: Transferred under Demerger Scheme	(225.25)	(2.91)
Less: Closing Stocks	(12,128.95)	(7,305.80)
Total	**2,680.11**	**4,333.46**

Rs. in Lakhs

Particulars	Year Ended 31st March, 2009	Year Ended 31st March, 2008
Schedule No. 18		
Staff Costs:		
Salaries and Incentives	596.37	314.06
Contribution to Provident & Other Funds	23.69	11.90
Gratuity Fund Contributions	15.19	2.50
Staff Welfare Expenses	67.63	7.77
Total	**702.88**	**336.24**
Schedule No. 19		
Administration and Other Expenses :		
Licence Fees & Registration Charges	541.30	-
Other Operating Expenses (Gaming)	219.96	-
Gaming & Entertainment Tax	193.44	-
Spares & Stores	-	24.22
Packing Materials	-	17.10
Processing Charges	-	29.49
Labour Charges	-	17.51
Electricity Charges	197.61	87.90
Aviation Expenses	18.82	23.90
Advertisement Expenses	85.58	17.48
Auditor's Remuneration	17.94	26.54
Conveyance	2.35	6.51
Exchange Fluctuations Loss	14.20	-
Director Sitting Fees	2.43	1.75
Donations	64.36	26.23
Insurance	30.36	11.68
Legal & Professional Fees	390.20	189.44
Miscellaneous & General Expenses	113.74	37.02
Postage & Telephone	40.39	26.68
Property Tax	36.88	25.10
Printing And Stationery	28.01	8.61
Loss on Sale of Shares & Mutual Fund	183.33	-
Rent, Rates & Taxes	47.83	83.87
Repairs & Maintenance	172.44	77.41
Remuneration To Directors	61.99	62.52
Travelling Expenses	71.92	65.37
Vehicle Expenses	34.79	33.02
Selling & Distribution Expenses	-	77.55
Sales Promotion Expenses	52.85	50.71
Preliminary Expenses Written off	3.66	3.18
Total	**2,626.38**	**1,030.79**

Rs. in Lakhs

Particulars	Year Ended 31st March, 2009	Year Ended 31st March, 2008
Schedule No. 20		
Finance Charges:		
Interest on Term Loan from Financial Institution	1,633.61	916.37
Interest on Unsecured Loan from a Bank	743.74	109.43
Interest on Loan from Others	847.23	434.48
Other Financial Charges	249.12	88.52
	3,473.70	1,548.81
Less : Interest Received		
On Inter Corporate Deposits	31.66	3.33
Other Interest	380.88	160.67
	412.54	164.00
Total	**3,061.16**	**1,384.81**

Schedule 21

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

1. Statement of Significant Accounting Policies

a) Principles of Consolidation

The consolidated financial statements related to Delta Corp Limited ('the Company') and its subsidiary companies have been prepared on following basis:

ix) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".

x) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve.

xi) The difference between the cost of the investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

xii) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of the disposal is recognized in the consolidated statement of Profit and Loss account.

xiii) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

xiv) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

xv) In case of associates, where the Company directly or indirectly through subsidiaries holds more than 20% equity, investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 – "Accounting for investments in associates in consolidated financial statements".

xvi) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

b) Revenue Recognition

ix) Sale of Product, Properties & 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.

x) Full provision is made for any loss in the year in which when it is first foreseen.

xi) Interest income is generally recognized on a time proportion method.

xii) Dividend income is recognized when the right to receive dividend is established.

xiii) Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

xiv) Rent income is accounted on accrual basis.

xv) Income from Live Casino Business is accounted for on the basis of winning and losses at the end of each gaming day of play with the count of chips. Income from Slot Machines is accounted for on the basis of actual collection in each respective machine.

xvi) Sale comprise sale of food and beverages, allied services relating to entertainment and hospitality operations.

c) <u>Fixed Assets</u>

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Finance cost relates to acquisition of fixed assets are included to the extent they relate to the period till such assets are ready to be put to use.

In the case of new projects successfully implemented, substantial expansion of existing units and expenditure resulting into enduring benefit, all pre-operative expenses including deprecation and interest on borrowings for the project, incurred up to the date of installation are capitalized and added pro-rata to the Cost of related Fixed Assets of project.

<u>Capital Work-In-Progress</u>

In respect of supply-cum-erection contracts, the values of supplies received at site and accepted and not installed are treated as Capital Work-in-Progress.

Expenditure during construction period including development cost incurred on the projects under implementation are treated as pre-operative expenses pending allocation to the assets and are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of operation. Capital Work in Progress is stated at the amount expended up to the date of Balance Sheet.

d) <u>Depreciation</u>

Depreciation is provided on Written Down Value (WDV) method as prescribed in Schedule XIV of the Companies Act, 1956 except on Fixed Assets directly pertaining to Aviation and Casino business where depreciation is charged on Straight Line method (SLM). Depreciation is provided from the date of acquisition till the date of sale of assets.

e) <u>Investments</u>

Long-term investments are stated at cost less provision for other than temporary diminution in value. Investments in Immovable Properties include 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.

f) <u>Inventories</u>

Inventories are valued at cost and net realizable value, whichever is lower.

g) <u>Employee Benefits</u>

Liability is provided for retirement benefits for provident fund, gratuity and leave encashment in respect of all eligible employees. Contributions under the defined contribution schemes are charged to revenue. The liability in respect of defined benefit schemes like gratuity and leave encashment is provided in the accounts on the basis of actuarial valuations as at the year end.

h) <u>Foreign Currency Transactions</u>

The reporting currency of the company is the Indian Rupee. Foreign currency transactions are initially recorded at the rates of exchange prevailing at the date of transaction.

All foreign currency denomination monetary assets and liabilities are translated at the exchange rates prevailing on the Balance Sheet date.

Exchange differences arising on foreign currency transactions settled during the period 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.

i) <u>Borrowing Costs</u>

Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial period of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the period in which same are incurred.

j) <u>Accounting for Taxes on Income</u>

Provision for tax is made for both Current and Deferred tax. Provision for Current Tax is made, at the current rate of tax, based on assessable income. Deferred tax resulting from timing differences between the book profits and the tax profits is accounted to the extent that the timing differences are expected to crystallize. Deferred tax assets are not recognized unless there is sufficient assurance with respect to reversal of the same in the future.

k) <u>Impairment of Assets</u>

The Management evaluates all its assets for assessing any impairment and accordingly recognizes the impairment, wherever applicable, as provided in Accounting Standard 28, “Impairment of Assets”.

l) <u>Provisions, Contingent Liabilities and Contingent Assets</u>

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and the amount of which can be reliably estimated.

Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future event not wholly within the control of the Company.

Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

m) <u>Segment Accounting</u>

Segment accounting policies are in the line with the accounting policies of the Company.

v) Segment revenue includes sales and other income directly identifiable with/allocable to the segment.

vi) Expenses that are directly identifiable with/allocable to segments are considered for determining the Segment Result. Expenses which relate to the Company as a whole and not allocable to segments are included under “Unallocable Corporate Expenditure”.

vii) Income which relates to the Company as a whole and not allocable to segments is included in “Unallocable Corporate Income”.

viii) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

n) <u>Operating Leases</u>

Rental applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against Profit & Loss Account as per the terms of lease agreement over the period lease.

o) Miscellaneous Expenditure

Miscellaneous expenses are being amortized over a period of ten years from the year in which expenses are incurred except in case of expenses incurred by Mundus Hospitality Private Limited where it is amortized over the period of five years.

2) Notes to the Accounts

a) The Subsidiary Companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Percentage of Voting Right as on 31st March, 2009
Subsidiaries (held directly)		
Highstreet Cruises & Entertainment Private Limited	India	80
Delta Hospitality Private Limited (formerly known as Fasttrack Impex Private Limited)	India	74
AAA Aviation Private Limited	India	90
Jayem Realty Solutions Private Limited	India	50.01
J M Real Estate Private Limited	India	50.01
Richtime Realty Private Limited	India	50.01
AAA Real Land Developers Private Limited upto 01.10.2009	India	100
Delta Pan Africa Limited (formerly known Peninsula Kenya Limited)	Kenya	100
Mundus Hospitality Private Limited – From 30.03.09	India	100
Delta Holding USA Inc	USA	100
Fellow Subsidiaries		
Victor Hotels and Motels Limited	India	80
Costal Sports Ventures Private Limited	India	80
Delta Corp East Africa Limited (Formerly Known as Delta Resource Limited)	Kenya	53.65
Delta Square Limited	Kenya	53.65
Mundus Hospitality Private Limited – upto 30.03.2009	India	80

b) The significant associates companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Percentage of Voting Right as on 31st March, 2009
Pavurotti Finance and Investments Private Ltd.	India	21
J M Realty Management Private Ltd. - upto 18.03.09	India	25

One of the subsidiary of the company namely Delta Hospitality Private Limited (DHPL) holds more than 20% of the voting power in a company namely Advani Hotels and Resorts (India) Limited (AHRL). However, since the significant influence (as per Accounting Standard – 23 issued by Institute of Chartered Accountant of India) is not exercised by DHPL on AHRL thus AHRL is not considered as indirect associate of the company.

c) The audited consolidated financial statements of Delta Pan Africa Ltd. and Delta Holding Inc have been prepared in accordance with International Financial Reporting Standard. The said statements are adjusted in consolidated financial statements of Company, to fall in line with Indian Accounting Standards.

d) In case of the Delta Holding Inc unaudited financial statements as on 31st December, 2008 as certified by the management, have been considered in the consolidated financial statements.

e) Segments Disclosures:

Primary Segment Information:

(Rupees in Lakhs)

Sr No.	**Particulars**	**Textile**	**Real Estate**	**Lease Rent**	**Gaming & Hospitality**	**Others**	**Total**
I	Segment Revenue						
	Gross Turnover	Nil (1589.00)	5413.73 (5885.61)	2518.95 (2464.47)	2182.17 (1110.57)	846.47 (117.30)	**10961.32** **(11166.94)**
	Inter Segment Turnover	Nil (Nil)	Nil (506.87)	30 (14.68)	Nil (Nil)	68.56 (Nil)	**98.57** **(521.55)**
	Net Turnover	Nil (1589.00)	5413.73 (5378.74)	2488,95 (2449.79)	2182.17 (1110.57)	777.91 (117.30)	**10862.76** **(10645.40)**
II	Segment Results (Profit before Interest and Tax)	Nil (137.79)	2329.33 (1262.70)	2286.57 (2335.89)	-292.31 (935.85)	266.93 (24.52)	**4590.52** **(4696.75)**
	Less- Finance charges	-	-	-	-	-	**3061.09** **(1384.82)**
	Profit Before tax	-	-	-	-	-	**1529.43** **(3311.93)**
	Less : Taxes	-	-	-	-	-	**561.01** **(1326.92)**
	Profit After tax	-	-	-	-		**968.42** **(1985.00)**
	Add: Profit on Discontinued Operations	-	-	-	-	-	**Nil** **(10.60)**
	Add/Less : Capital Profit/ Minority Interest	-	-	-	-	-	**-308.81** **(-347.00)**
	Profit After Tax (after adjusting Capital Profit and Minority Interest)	-	-	-	-	-	**659.61** **(1648.60)**
III	Segment Assets	Nil (2135.03)	30560.71 (30134.97)	11644.11 (9728.37)	28386.85 (18107.57)	944.92 (12822.39)	**71536.59** **(72928.34)**
IV	Segment Liabilities	Nil (1126.23)	17523.28 (17637.94)	8786.52 (7885.97)	10184.47 (1761.00)	3689.72 (14236.91)	**40183.99** **(42648.05)**
V	Capital Expenditure	Nil	1447.94	Nil	4853.47	279.01	**6580.42**

Sr No.	Particulars	Textile	Real Estate	Lease Rent	Gaming & Hospitality	Others	Total
		(11.26)	(1158.99)	(408.36)	(1164.85)	(0.11)	**(3243.57)**
VI	Depreciation	Nil (159.47)	112.19 (61.48)	Nil (3.41)	194.07 (12.89)	24.82 (1.24)	**331.09** **(238.50)**

f) Employee Benefits

Disclosure required as per AS – 15 are as under:

i) The Company has recognized the expected liability arising out of the compensated absence and gratuity as at 31st March, 2009 based on actuarial valuation carried out using the Project Credit Method.

ii) The below disclosure have been obtained from independent actuary. The other disclosures are made in accordance with AS – 15 (revised) pertaining to the Defined Benefit Plan is as given below :

Particulars	Gratuity (Funded)	Gratuity (Non Funded)	Leave Encashment (Non Funded)
Assumptions :			
Discount Rate – Previous	8.00%	Nil	8.00%
Salary Escalation – Previous	5.00%	Nil	5.00%
Discount Rate – Current	8.00%	8.00%	5.00%
Salary Escalation – Current	5.00%	5.00%	5.00%
Change in Benefit Obligation :			
Liability at the beginning of the year	4,746,992	Nil	1,413,167
Interest Cost	35,324	Nil	28,450
Current Service Cost	147,282	900,816	1,715,850
Past Service Cost (Non Vested Benefit)	Nil	Nil	Nil
Past Service Cost (Vested Benefit)	Nil	Nil	Nil
Liability Transfer in	Nil	Nil	Nil
Liability Transfer out	-4,425,397	Nil	-1,137,048
Benefit Paid	-54,664	Nil	-141,997
Actuarial (Gain) / Loss on obligations	9,745	Nil	19,832
Liability at the end of the year	459,282	900,816	1,898,254
Amount recognized in the Balance Sheet :			
Liability at the end of the year	459,282	900,816	1,898,254
Fair value of Plan Assets at the end of the year	408,447	Nil	Nil
Difference	-50,835	-900,816	-1,898,254
Unrecognized Past Service Cost	Nil	Nil	Nil
Unrecognized Transition Liability	Nil	Nil	Nil
Amount recognized in the Balance Sheet	-50,835	-900,816	-1,898,254

Particulars	Gratuity (Funded)	Gratuity	Leave Encashment
		(Non Funded)	
Expenses recognized in the Profit and Loss Account:			
Current Service Cost	147,282	900,816	1,715,850
Interest Cost	35,324	Nil	28,450
Expected return on Plant assets	-28,361	Nil	Nil
Past Service Cost (non-vested benefit) recognized	Nil	Nil	Nil
Past Service Cost (vested benefit) recognized	Nil	Nil	Nil
Recognition of Transition Liability	Nil	Nil	Nil
Actuarial Gain or (Loss)	-43,162	Nil	19,832
Expenses recognized in the Profit and Loss Account	111,083	900,816	1,764,132
Balance Sheet Reconciliation :			
As on 01.04.08	- 1,419,170	Nil	14,13,167
Transferred due to De-merger	1,459,684	Nil	11,37,048
Expenses as above	111,083	900,816	1,764,132
Employer's Contribution	100,762	Nil	-141,997
Closing Net Liability	50,835	900,816	1,898,254

g) Contingent Liabilities

I) Claims against the Company not acknowledged as debts:

- Property Tax for immovable property at Mumbai Rs.80 Lakhs (Previous Year Rs.60 Lakhs)
- Income Tax Liabilities for Ass. Year 2004-05: Rs. 6.06 Lakhs (Previous year Rs.6.06 Lakhs)
- Bond given to Custom Authority of Goa towards Vessel towards Custom Liability Rs. 3937.19 Lakhs (P.Y Nil)
- Bank Guarantees given in the normal course of business Rs. 613.65 Lakhs (P.Y 113.65 Lakhs)
- Liability on account of matter pending with FDA is not determinable.

Export Obligations:

The Company has obtained licenses under the Export Promotion Credit Guarantee ('EPCG') Scheme for importing capital goods at a concessional rate of custom duty against submission of bank guarantee and bonds.

Under the terms of the respective schemes, the Company is required to earn foreign exchange value equivalent to, or more than, eight times the CIF value of imports in respect of certain licenses and eight times the duty saved in respect of licenses where export obligation has been fixed by the order of the Director General Foreign Trade, Ministry of Finance, as applicable with in a period of 8 years from the date of import of capital goods. The Export Promotion Capital Goods Schemes, Foreign Trade Policy 2004-2009 as issued by the Central Government of India, covers both manufacturers exports and service providers. Accordingly, in accordance with the Chapter 5 of Foreign Trade Policy 2004- 2009, the Company is required to export goods of FOB value of Rs. 2225.41 Lakhs.

II) Commitment on Capital Account:

- Acquisition of shares of a subsidiary company from one of the minority shareholder: Rs. 50 Crores (Previous Year Rs. 50 Crores) Refer note 'l' below.

h) (A) Related parties and transactions with them during the year as identified by the Management are given below:

(i) Individual owning directly an Interest in the voting power that gives her significant influence:

- Mrs. Zia Mody (ZM)

(ii) Key Management Personnels:

- Mr. Jaydev Mody (JM) – Chairman
- Mr. Chand Arora (CA) – Managing Director up to 01.10.2008
- Mr. Hardik Dhebar (HD) – Group C.F.O.

(iii) Enterprises over which persons mentioned in (i) and (ii) above exercise significant influence:

- Aarti Management Consultancy Private Limited (AMCLP)
- Delta Magnets Limited (Formerly known as G P Electronics Ltd.) (DML)
- Aditi Management Consultancy Private Limited (ADMPL)
- Anjoss Trading Private Limited (ATPL)
- West Star Agro Realties Private Limited (WSARPL)
- AZB & Partners(AZB)
- Freedom Aviation Private Limited(FAPL)
- Freedom Registry Private Limited (Formerly known as Amtrac Management Services Limited)(FRPL)
- Sea Star Trading Co. Private Limited(SSTPL)
- Dacapo Brokerage India Private Limited(DBIPL)
- Lakeview Mercantile Co. Private Limited(LMPL)
- Fivestar Mercantile Private Limited(FMPL)
- Bayside Realty Private Limited(BRPL)
- Bayside Properties Private Limited(BPPL)
- AAA Holding Trust(AAAHT)
- New Plaza Multi Trade Private Limited(NPMTPL)
- Blackpool Realty Private Limited(BPRPL)
- Arrow Textiles Limited(ATL)
- Pavurotti Finance & Investments Pvt. Ltd. (PFIPL)
- J M Reality Management Private Limited (JMRMPL)

(B) Details of Transaction carried out with related parties in ordinary courses of business (Excluding reimbursement):

(Rupees in Lakhs)

Sr No.	Nature of transactions	Key Management Personnel / Individual owning directly or indirectly interest in voting power		Enterprises over/which Individuals/ Key Management Personnel exercise significant influence		Total	
		08-09	07-08	08-09	07-08	08-09	07-08
1	**Sales**						
	BRPL	-	-	5.38	-	5.38	-
	BPPL	-	-	7.21	-	7.21	-
		-	-	12.59	-	12.59	-
2	**Sale of Land & Equipment**						
	AAAHT	-	-	1450.00	-	1450.00	-
		-	-	1450.00	-	1450.00	-
3	**Interest Paid**						
	DML	-	-	20.54	1.36	20.54	1.36
	DBIPL	-	-	5.36	-	5.36	-
	FMPL			483.92	-	483.92	-
		-	-	509.82	1.36	509.82	1.36
4	**Directors Sitting Fess**						
	JM	0.20	0.15	-	-	0.20	0.15
		0.20	0.15	-	-	0.20	0.15
5	**Professional Fees**						
	FRPL	-	-	1.25	-	1.25	-
	AZB	-	-	26.02	42.68	26.02	42.68
		-	-	27.27	42.68	27.27	42.68
6	**Remuneration/Commission**						
	CA	-	47.92	-	-	-	47.92
		-	47.92	-	-	-	47.92
7	**Other Expenses**						
	DBIPL	-	-	3.60	-	3.60	-
		-	-	3.60	-	3.60	-
8	**Brokerage Income**						
	LMPL	-	-	-	150.41	-	150.41
		-	-	-	150.41	-	150.41
9	**Interest Received**						

Sr No.	Nature of transactions	Key Management Personnel / Individual owning directly or indirectly interest in voting power		Enterprises over/which Individuals/ Key Management Personnel exercise significant influence		Total	
		08-09	07-08	08-09	07-08	08-09	07-08
	ATL	-	-	31.89	-	31.89	
		-	-	31.89	-	31.89	-
10	**Sale of Property**						
	AMCLP	-	-	-	165.74	-	165.74
		-	-	-	165.74	-	165.74
11	**Loan taken**						
	AMCLP	-	-	2179.29	2030.50	2179.29	2030.50
	ADMPL.	-	-	1519.16	137.00	1519.16	137.00
	ATPL	-	-	1413.63	189.77	1413.63	189.77
	DBIPL	-	-	100.00	-	100.00	-
	DML	-	-	-	221.00	-	221.00
	FMPL	-	-	1994.67	-	1994.67	-
	JM	2092.00	5455.00	-	-	2092.00	5455.00
	ZM	-	486.25	-	-	-	486.25
	WSARPL	-	-	-	60.00	-	60.00
	NPMTPL	-	-	1.15	-	1.15	-
	BPRPL	-	-	-	40.00	-	40.00
		2092.00	5941.25	7207.90	2678.27	9299.90	8619.52
12	**Loan Repayment**						
	AMCLP	-	-	2227.64	400.46	2227.64	400.46
	ADMPL	-	-	1352.90	160.00	1352.90	160.00
	ATPL	-	-	1186.04	168.28	1186.04	168.28
	DML	-	-	104.81	-	104.81	-
	FMPL	-	-	4518.24	-	4518.24	-
	JM	2963.75	5021.00	-	-	2963.75	5021.00
	ZM	-	486.25	-	-	-	486.25
	SSTPL	-	-	-	286.51	-	286.51
	WSARPL	-	-	-	60.00	-	60.00

Sr No.	Nature of transactions	Key Management Personnel / Individual owning directly or indirectly interest in voting power		Enterprises over/which Individuals/ Key Management Personnel exercise significant influence		Total	
		08-09	07-08	08-09	07-08	08-09	07-08
		2963.75	5507.25	9389.63	1075.25	12353.38	6582.51
13	**Advance Given for Property / (Received Back)**						
	AMCLP	-	-	(56.67)	56.67	(56.67)	56.67
	ADMPL	-	-	(66.67)	66.67	(66.67)	66.67
	ATPL	-	-	(60.00)	60.00	(60.00)	60.00
		-	-	(183.34)	183.34	(183.34)	183.34
14	**Advance Received for Property**						
	JMRMPL	-	-	-	21.00	-	21.00
	LMPL	-	-	-	21.00	-	21.00
				-	42.00	-	42.00
15	**Advance Received for Property and Given Back**						
	BPRPL	-	-	80.00	-	80.00	-
		-	-	80.00	-	80.00	-
16	**Loan Given**						
	AMCLP	-	-	-	100.00	-	100.00
	ATL	-		30.00	-	30.00	-
		-	-	30.00	100.00	30.00	100.00
17	**Loan received back**						
	AMCLP	-	-	-	100.00	-	100.00
	ATL	-	-	157.75	-	157.75	-
		-	-	157.75	100.00	157.75	100.00
18	**Dividend On Equity Shares**						
	JM	28.10	-	-	-	28.10	-
	ZM	241.25	-	-	-	241.25	-
		269.35	-	-	-	269.35	-
19	**Dividend On Preference Shares**						
	JM	48.95	48.95	-	-	48.95	48.95
	ZM	48.95	48.95	-	-	48.95	48.95
		97.90	97.90	-	-	97.90	97.90
20	**Investments in Shares:**						

Sr No.	Nature of transactions	Key Management Personnel / Individual owning directly or indirectly interest in voting power		Enterprises over/which Individuals/ Key Management Personnel exercise significant influence		Total	
		08-09	07-08	08-09	07-08	08-09	07-08
	LMPL	-	-	-	15.15	-	15.15
	JMRMPL	-	-	-	0.25	-	0.25
	PFIPL	-	-	-	4.30	-	4.30
	FAPL	-	-	3.38	0.01	3.38	0.01
		-	-	3.38	15.41	3.38	41.71
21	**Outstandings As on 31st March**						
	Unsecured Loans						
	DBIPL	-	-	116.18	-	116.18	-
	DML	-	-	118.26	222.08	118.26	222.08
	NPMTPL	-	-	1.15	-	1.15	-
	JM	807.25	1,393.50	-	-	807.25	1,393.50
	AMCLP	-	-	245.65	294.00	245.65	294.00
	ADMPL	-	-	210.26	44.00	210.26	44.00
	ATPL	-	-	227.59	52.00	227.59	52.00
		807.25	1,393.50	919.09	612.08	1,726.34	1,785.71
22	**Professional Fees**						
	AZB	-	-	19.56	46.73	19.56	46.73
	FRPL	-	-	0.34	-	0.34	-
		-	-	19.90	46.73	19.90	46.73
23	**Receivables:**						
	BRPL	-	-	5.38	-	5.38	-
	BPPL	-	-	7.21	-	7.21	-
	AMCLP	-	-	-	56.67	-	56.67
	ADMPL	-	-	-	66.67	-	66.67
	ATPL	-	-	-	60.00	-	60.00
	JMRMPL	-	-	21.00	21.00	21.00	21.00
	LMPL	-	-	21.00	21.00	21.00	21.00
		-	-	54.59	225.34	54.59	225.34
24	**Loan Given**						
	ATL	-	-	178.00	-	178.00	-
		-	-	178.00	-	178.00	-

Sr No.	Nature of transactions	Key Management Personnel / Individual owning directly or indirectly interest in voting power		Enterprises over/which Individuals/ Key Management Personnel exercise significant influence		Total	
		08-09	07-08	08-09	07-08	08-09	07-08
25	**Advance for Properties**						
	PFIPL	-	-	1,196.45	1,196.45	1,196.45	1,196.45
		-	-	1,196.45	1,196.45	1,196.45	1,196.45

i) Deferred Tax

In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has accounted for Deferred Tax during the year.

The components of Deferred Tax Assets to the extent recognized and Deferred Tax Liabilities as on March 31, 2009 are as follows:

(Rs. in Lakhs)

Particulars	2008-09	2007-08
Deferred Tax Liability :		
Difference between Book and Tax Depreciation	157.28	161.56
Carried forward Losses	(135.20)	Nil
Expenses Disallowed	(3.70)	Nil
Net Deferred Tax Liability	18.38	161.56
Deferred Tax Assets :		
Difference between Book and Tax Depreciation	(118.05)	Nil
Unrealized Exchange Difference	Nil	60.65
Carried Forward Losses and Unabsorbed Depreciation	268.03	Nil
Expenses Disallowed	2.58	0.95
Net Deferred Tax Asset Recognized	152.57	61.60

Deferred Tax Asset recognized on carried forwards losses is on the basis of Management's view of reasonable certainty of availability sufficient future taxable income. Future sales trend for first two months of FY 09-10 also revealed that Company is likely to generate sizable amount of profit in future years.

j) Earnings Per Share

(Rupees in Lakhs)
(Unless Specified)

Particulars	31 March, 2009	31 March, 2008
Numerator used for calculating basic and diluted earnings per share – Profit for the Year	544.06	1,530.35
Weighted average number of equity shares used as denominator for calculating basic earnings per share	1355.28	1085.46
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	1505.28	1085.46

Particulars	31 March, 2009	31 March, 2008
Basic earnings per share (Rs.)	0.40	1.41
Diluted earnings per share (Rs.)	0.36	1.41
Nominal value per equity share (Re)	1	1

Diluted EPS has been calculated on the basis the share warrants as on the first and last date of the year were fully paid potential Equity Shares.

k) The proposed dividend includes an amount of Rs. 30,00,000/- being the dividend at 20% on 1,50,00,000 equity warrant which are likely to be converted into shares from share warrants on or before the date of annual general meeting.

l) <u>Events occurring after the Balance Sheet Date:</u>

- The Members of the Company at their Extra-ordinary General Meeting held on 22 May, 2009, have approved the proposal of raising of additional long term funds through further issuance of securities including by way of Qualified Institution Placement for an amount up to an aggregate principal up to Rs. 150 Crores.

- On account of a transaction of Purchase of Shares, the Company's obligation to purchase the said Shares, under a contract, comes to an end. Consequently the Contingent Liability on account of Capital Commitment of Rs. 50.00 Crores no longer exists.

- On the Basis of the decree given on 24th June, 2009 by the High Court of Kenya, the overseas fellow subsidiaries of the Company namely of Delta Corp East Africa Limited and Delta Square Limited has been entitled to get a refund of Rs. 928.13 Lakhs (KHS 1375 Lakhs) from the vendor of an immovable property with whom Company has entered into a contract and Rs. 371.25 Lac (KHS 550 Lac) from collector of stamp duty as a refund of stamp duty after paying Rs.202.50 Lakhs (KHS 300 Lakhs) as cost, thereby receding the contract and putting end to the dispute.

m) The Scheme of Arrangement (the Scheme) under Section 391 to 394 of the Companies Act, 1956, between the Company and Arrow Textiles Limited ('ATL') and their respective shareholders is sanctioned by the honorable High Court of Judicature at Bombay vide Order dated 22nd August, 2008, and copy of the Order has been filed with the Registrar of Companies, Mumbai, Maharashtra on 16th September, 2008. Pursuant to the Scheme, Textiles business of the Company is transferred to and vested to ATL on appointed date i.e. 1st April, 2008 on a going concern basis. This Scheme has been given effect to in the financial statements for the year ended 31st March, 2009. This demerged undertaking is engaged in carrying on the business of manufacture and sale of textile products and related activities. In terms of the scheme, all the assets and liabilities of textiles division of the demerged undertaking have been transferred for at their carrying amounts on 1st April, 2008. As per the Scheme and in consideration of the above, Arrow Textiles Limited has issued 13,552,813 number of equity shares of Rs.10 each aggregating to Rs.1,35,528.13 thousand to the Share Holders of the Company. These shares have been issued in the ratio of one equity share for every ten equity share held by the shareholders of the Company.

Pursuant to the Scheme, the following assets & liabilities are transferred and vested in the demerged Company on appointed date i.e. 1st April, 2008, on a going concern basis.

Particulars	Rupees in thousand
Gross Block of Fixed Assets	2,44,969.75
Less: Depreciation	1,18,800.06

Particulars	Rupees in thousand
Net Block of Fixed Assets	1,26,169.69
Capital Work in Progress	413.46
Current Assets, Loans and Advances	87,699.01
Total – (A)	**2,14,282.16**
Loan Funds	1,18,774.08
Deferred Tax Liability	12,469.62
Current Liabilities and Provisions	19,129.15
Total – (B)	**1,50,372.85**
Net Balance (A) –(B)	**63,909.31**

n) Maximum and Outstanding balances with foreign banks (non schedule bank) are as follows:

(Rs. In Lakhs)

Name of the Bank	Closing Balance	Maximum Balance
Current Account		
CFC Stanbic Bank Limited, Kenya	62.99	1,842.93
Guardian Bank Limited, Kenya	2.12	680.76
HSBC, USA	19.45	459.79
Deposit Account		
CFC Stanbic Bank Limited, Kenya	297	5,180.38

o) The Group has taken on operating lease, certain assets, the minimum future lease rentals payable on which are as follows :

(Rs. In Lakhs)

Particulars	2008-09	2007-08
Not Later than one year	20.84	Nil
Later than one year but not later than Five Years	56.06	Nil
Later than Five Years	Nil	Nil

p) Previous Year Comparatives

The previous year's figures have been reworked, regrouped, rearranged, recast and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Previous year figures are really not comparable as it also includes the figures of demerged undertaking (Please refer note 'm' above).

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Arrow Webtex Limited

1. We have audited the attached consolidated balance sheet of Arrow Webtex Limited ("**Company**") and its subsidiaries (the Company and its subsidiaries constitute "**the Group**") as at 31st March, 2008, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of four of the subsidiaries, whose financial statements reflect total assets of Rs. 19,968.25 Lakhs as at 31st March, 2008, total revenue of Rs. 1,671.50 Lakhs and net cash out flow of Rs.5,830.95 Lakhs for the year then ended. These financial statements and other information have been audited by other auditors whose report have been furnished to us, and our opinion is based solely on the report of the other auditors.

4. We report that:

   a) The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements" and Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements", issued by The Institute of Chartered Accountants of India.

   b) Based on our audit and on consideration of the report of the other auditors on separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India;

      ii) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March, 2008;

      ii) in the case of the consolidated profit and loss account, of the profits of the Group for the year ended on that date; and

      iii) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For Amit Desai & Co
Chartered Accountants

(**AMIT DESAI**)
Proprietor
M. No.32926

Mumbai: 18th June, 2008

Audited Consolidated Statement of Assets and Liabilities

(Rs. in Lakhs)

PARTICULARS	SCH NO.	2007-2008		2006-2007	
SOURCES OF FUNDS:					
Shareholders' Funds:					
a) Share Capital	1	2,579.13		2,274.33	
b) Equity Share Warrants		607.50		-	
c) Reserves & Surplus	2	19,601.96	22,788.59	2,057.84	4,332.17
Minority Interest:			7,517.68		-
Loan Funds:					
a) Secured Loans	3	12,172.11		6,271.81	
b) Unsecured Loans	4	20,506.39	32,678.50	1,680.99	7,952.80
Deferred Tax Liability:			161.56		70.00
TOTAL			63,146.34		12,354.97
Application of Funds:					
Fixed Assets:	5				
a) Gross Block		5,547.99		3,806.49	
b) Less: Depreciation		(1,408.53)		(1,330.24)	
c) Net Block		4,139.46		2,476.26	
d) Add: Capital WIP		3,938.63	8,078.09	106.00	2,582.26
Goodwill (On Consolidation):			2,420.84		-
Investments:	6		26,559.21		8,846.76
Deferred Tax Assets:			61.60		-
Current Assets, Loans and Advances:					
a) Inventories	7	8,593.00		591.36	
b) Sundry Debtors	8	1,561.23		1,342.38	
c) Cash & Bank Balances	9	8,652.80		301.26	
d) Loans & Advances	10	17,001.57		2,334.06	
(A)		35,808.60		4,569.06	
Less: Current Liabilities And Provisions:	11				
a) Current Liabilities		4,854.38		65.14	

(Rs. in Lakhs)

PARTICULARS	SCH NO.	2007-2008		2006-2007	
b) Provisions		4,953.62		3,596.57	
(B)		9,808.00		3,661.71	
Net Current Assets (A-B)			26,000.60		907.35
Miscellaneous Expenditure:	12		25.99		18.60
(To the Extent not W/Off Or Adjusted)					
TOTAL			63,146.34		12,354.97
Significant Accounting Policies & Notes to Accounts	21				

Audited Consolidated Statement of Profit & Loss

(Rs. in Lakhs)

PARTICULARS	SCH. NO.	2007-2008		2006-2007	
Income:					
Sales	13	9,692.90		2,310.13	
Consultancy & Other Operating Income		660.03		1,602.08	
Increase/(Decrease) in Stocks	14	5.62		(1.73)	
Other Income	15	456.47	10,815.02	151.97	4,062.46
Expenditure:					
Raw Materials Consumed	16	4,333.46		564.02	
Manufacturing Expenses	17	312.23		248.46	
Administration & Other Expenses	18	926.54		685.77	
Selling & Distribution Expenses	19	128.26		111.86	
Finance Charges	20	1,548.81	7,249.30	404.06	2,014.19
Profit Before Depreciation			3,565.72		2,048.27
Less: Depreciation	5		(238.50)		(182.89)
Profit Before Taxes			3,327.22		1,865.38
Less : Provision for Taxation (Incl. FBT)			(1,092.40)		(363.21)
Less : Deferred Tax Liability			(29.17)		(72.00)
Add : Earlier Years Tax Adjustments			(205.36)		545.64
Profit After Taxes			2,000.29		1,975.81
Prior Period Items			(15.29)		-
Profit on Discountinued Operation			10.60		-
Add : Profit from Associate Companies			(0.28)		-
Less : Minority Interest etc.			(346.72)		-
Balance Brought Forward			124.11		127.35
Amount Available for Appropriation			**1,772.71**		**2,103.16**
Transferred to General Reserves			(850.00)		(1,250.00)
Proposed Dividends on Pref. Shares			(97.91)		(97.91)
Proposed Dividends on Equity Shares			(542.11)		(525.24)
Dividends Distribution Tax			(108.77)		(105.90)
Balance Carried to Balance Sheet			173.91		124.11
Basic Earning Per Share (Face Value of Rs. 1/- each)			1.41		1.77
Significant Accounting Policies & Notes to Accounts	21				

Audited Consolidated Cash Flow Statement

(Rs. in Lakhs)

	PARTICULARS	2007-08	2006-07
A.	**Cash flow from Operating Activities**		
	Net Profit Before Tax and Extraordinary Items	3,327.22	1,865.38
	Adjustments for :		
	Profit on Discontinued Operations	10.60	-
	Depreciation	238.50	182.89
	Profit on Sales of Fixed Assets	(1.94)	(1.73)
	Amortisation of Expenses	3.18	8.47
	Interest Paid	1,548.81	404.06
	Interest Income	(164.01)	(79.71)
	Dividend Income	(89.07)	(0.25)
	Profit/Loss from Associates Companies	(0.28)	-
	Profit on Sales of Investment	(125.76)	(26.58)
	Exchange Rate Difference	126.15	-
	Operating Profit before Working Capital Changes	4,873.42	2,352.52
	Adjustments For :		
	Trade and Other Receivables	(218.85)	309.25
	Inventories	(8,001.64)	(361.34)
	Loans & Advances	(13,580.36)	28.79
	Trade Payables	4,789.24	(19.99)
	Taxs paid	(1,287.07)	(670.15)
	Miscellaneous Expenditure	-	(26.30)
	Prior Period Expenses	(15.29)	-
	Other Liabilities	227.12	2,043.15
	Net Cash Generated From Operating Activities	**(13,213.43)**	**3,655.93**
B.	**Cashflow From Investing Activities**		
	Purchase of Fixed Assets	(2,878.69)	(1,487.88)
	Purchase of Fixed Assets (Capital Work in Progress)	(3,826.52)	(106.00)
	Purchase of Intangible Assets	(2,430.62)	-
	Investment	(17,714.26)	(2,054.60)
	Exchange difference arising on Consolidation of subsidiaries	1,493.49	-
	Sales of Investment	127.57	26.83
	Sales of Fixed Assets	972.97	19.58
	Dividend Income	89.07	0.25
	Interest Income	164.01	79.71

	PARTICULARS	2007-08	2006-07
	Net Cash generated from Investing Activities	(24,003.00)	(3,522.09)

C.	**CASH FLOW FROM FINANCING ACTIVITES**		
	Proceeds from Issuance of Share Capital	15,883.51	-
	Share Issue Expesnes	(541.85)	-
	Interest Paid	(1,548.81)	(404.06)
	Proceeds from Issue of shares from Minority Interest	7,170.96	-
	Repayment of Non Convertible Preference shares	-	(91.03)
	Dividend Paid (including Dividend Distribution Tax)	(729.05)	(355.19)
	Proceeds from Short Term Borrowing	18,825.40	(227.67)
	Proceeds from Long Term Borrowing	5,900.30	962.87
	Proceeds from issue of Warrants	607.50	-
	Net Cash generated from Financing Activities	45,567.96	(115.08)
	Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	8,351.54	18.76
	Cash & Cash Equivalents as at beginning of year	301.26	282.50
	Cash & Cash Equivalents as at end of the year	8,652.80	301.26

Schedules to Audited Consolidated Accounts

(Rs. in Lakhs)

PARTICULARS	2007-2008	2006-2007
SCHEDULE NO. 1		
Share Capital:		
Authorised:		
160,000,000 (11,00,000) Equity Shares of Rs.1/- (Rs.10/-) each	1,600.00	1,100.00
10,00,000 10% Preference Shares of Rs. 10/- each	100.00	100.00
13,000,000 8% Preference Shares of Rs.10/- each	1,300.00	1,300.00
TOTAL	**3,000.00**	**2,500.00**
Issued, Subscribed and Paid-Up:		
13,55,28,130 (1,05,04,785) Equity Shares of Rs. 1/- (Rs.10/-)	1,355.28	1,050.48
Each Fully Paid-Up		-
12,238,535 8% Preference Shares of Rs. 10/-Each Fully Paid-Up	1,223.85	1,223.85
TOTAL	2,579.13	2,274.33
NOTES :		
1) In terms of the approval of the shareholders and as per the applicable statutory provisions, the Company has during the year, issued and allotted 3,04,80,280 equity shares of Rs.1/- each on prefrential basis at a price of Rs.40.50 per share to entities other than promoters and 1,50,00,000 Share Warrants to a promoter. The warrant holder has a right to apply for equity shares within 18 months from the date of allottment. Amount received against the warrants is shown as Equity Share Warrants in the balance sheet, pending exercise thereof.		
2) The equity shares were sub-divided into face value of Rs.1/- during the year.		
SCHEDULE NO. 2		
Reserves & Surplus:		
-		
Share Premium:		
Opening Balance	-	-
Addition During the Year	15,578.71	-
Less: Share Issue and Other Expenses	(541.85)	-
-	15,036.86	-

-

PARTICULARS	2007-2008	2006-2007
General Reserves:		
Opening Balance	1,390.74	1,139.46
Less: Charge on Account of Transitional Provisions		
Under Accounting Standard 15	(12.18)	-
Less: Amalgamation Adjustments	-	(907.69)
Less: Transfer to Capital Redemption Reserves	-	(91.03)
Add : Transfer From Profit & Loss Account	850.00	1,250.00
	2,228.56	1,390.74
Capital Reserves:	1,855.45	361.96
Capital Redemption Reserves:		
Opening Balance	181.03	90.00
Add: Transfer from General Reserves	-	91.03
	181.03	181.03
Foreign Currency Translation Reserves:	126.15	-
Profit and Loss Account:	173.91	124.11
TOTAL	**19,601.96**	**2,057.84**

(Rs. in Lakhs)

PARTICULARS	2007-2008	2006-2007
SCHEDULE NO. 3		
Secured Loans:		
Axis Bank Ltd :		
Cash Credit Facility	184.36	-
Term Loan (Secured against the first charge over Fixed Assets of Textiles Division by way of equitable mortgage of Immovable Fixed Assets and hypothecation of Movable Assets)	680.00	850.00
HDFC LTD:		
(Secured by mortgage of an Immovable Property and Lease Rentals)	11,307.75	5,421.81
TOTAL	**12,172.11**	**6,271.81**
SCHEDULE NO. 4		
Unsecured Loans:		
SICOM: (Long Term)		
Sales Tax Loan	39.40	41.54
ICICI Bank Ltd :	6.22	8.34
YES BANK Ltd.: (Long Term)	6,000.00	-
Others: (Short Term) Due to a Company in which Director of the Company is a Director & includes Rs. 52,91,50,000/- (L.Y. Rs. NIL) due to a Director of the Co.	4,877.22	0.50
Inter Corporate: (Short Term)	9,583.55	1,630.61
TOTAL	**20,506.39**	**1,680.99**

SCHEDULE NO. 5
FIXED ASSETS/ DEPRECIATION :

(Rs. in Lakhs)

PARTICULARS	**GROSS BLOCK**					**DEPRECIATION**					**NET BLOCK**	
	AS ON	ACQUISITION	ADDITIONS	DEDUCTIONS	AS ON	AS ON	ACQUISITION	ADDITIONS	DEDUCTIONS	AS ON	AS ON	AS ON
	01.04.07		07-08	07-08	31.03.08	01.04.07		2007-08	2007-08	31.03.08	31.03.08	31.03.07
LAND	165.84		1,455.39	158.41	1,462.82	-	-	-	-	-	1,462.82	165.84
BUILDING	1,169.79		1.46	889.54	281.70	208.54		8.55	131.07	86.02	195.68	961.24
PLANT & MACHINERY	2,052.95	5.33	15.62	47.12	2,026.78	919.56	0.33	133.46	26.13	1,027.22	999.56	1,133.39
ELECTRICAL EQUIPMENTS	45.42		1.57	-	46.99	19.88		3.06	-	22.94	24.05	25.54
COMPUTERS & ACCESSORIES	42.18	0.21	20.55	1.53	61.40	18.31	0.04	12.38	0.90	29.83	31.57	23.87
OFFICE EQUIPMENTS	56.86	0.45	13.51	6.65	64.17	31.17	0.04	3.70	1.91	32.99	31.17	25.69
FURNITURE & FIXTURES	130.70	2.06	43.68	26.44	150.01	65.88	0.15	14.17	6.57	73.63	76.38	64.82
VEHICLES	119.64	0.45	181.12	1.24	299.97	57.12	0.02	33.74	0.48	90.41	209.56	62.52
SHIPS	13.18		408.36	-	421.54	6.96		4.65	-	11.62	409.93	6.21
HOUSE BOAT	-	69.70	3.17	-	72.87	-	2.86	6.90	-	9.76	63.11	-
SPEED BOAT	-	6.83	-	-	6.83	-	0.26	1.31	-	1.57	5.26	-
AIRCRAFT	-		652.08	-	652.08	-		22.23	-	22.23	629.85	-
KITCHEN EQUIPMENTS	3.18		-	3.18	-	1.70		-	1.70	-	-	1.47

SCHEDULE NO. 5
FIXED ASSETS/ DEPRECIATION :

(Rs. in Lakhs)

TV & OTHERS	6.77		-	6.77	-	1.10		-	1.10	-	-	5.67
INTANGIBLE ASSETS	-		0.84	-	0.84	-		0.31	-	0.31	0.52	-
TOTAL	3,806.49	85.03	2,797.36	1,140.89	5,547.99	1,330.24	3.70	244.46	169.86	1,408.53	4,139.46	2,476.26
PREVIOUS YEAR	2,106.94	-	1,730.25	30.69	3,806.49	1,160.19	-	182.89	12.84	1,330.24	2,476.26	935.24
CAPITAL WORK IN PROGRESS	-	-	3,938.63	-	3,938.63	-	-	-	-	-	3,938.63	106.00

Note: An amount of Rs. 244.46 Lacs shown as depreciation for the year includes an amount of Rs. 5.96 Lacs being depreciation for the year of two of subsidiary companies which is charged to pre-operative expenses in the subsidiary companies and added to capital work in progress.

(Rs. in Lakhs)

PARTICULARS	2007-2008	2006-2007
SCHEDULE NO. 6		
Investments :		
I) In Securities:		
Long Term Investments		
A. In Equity Shares- Fully Paid Up		
i) Quoted :		
Nicholas Piramal India Ltd.	0.10	0.10
Piramyd Retail Ltd.	-	1.82
Peninsula Land Ltd.	2.64	-
Reliance Capital Ltd.	0.24	-
Victoria Mills Ltd.	0.02	-
Advani hotels & reso. Ltd.	5,545.42	638.63
UTV Software & Communication Ltd	5,100.00	-
* Piramal Glass Limited	-	-
* Piramal Life Science Limited	-	-
(Aggregate Market Value Rs. 131,14,83,897/- (L.Y.Rs. 7,27,09,337/-))		
* Issued free against holding of shares of Nicholas Piramal India Ltd		
	10,648.42	640.55
ii) Unquoted:		
a) Others:		
Advent Inv. & Fin. Co. Pvt. Ltd.(Debentures)	33.00	33.00
Arrow Textiles Ltd.	0.00	-
Delta Realities Ltd.	0.00	-
Elixir India Pvt. Ltd.	6.00	6.00
Freedom Aviation Pvt. Ltd.	0.01	-
JM Township & Real Estate Pvt. Ltd.	17.50	-
Lakeview Mercantile Company Pvt. Ltd	0.15	-
Lakeview Mercantile Company Pvt. Ltd (CCP Shares)	15.00	-
Peninsula Mega Properties Pvt. Ltd.	0.26	0.26
The Shamrao Bank Ltd	0.53	0.53
	72.45	39.79

(Rs. in Lakhs)

PARTICULARS	2007-2008	2006-2007
b) Associates:		
Pavurotti Finance & Investment Pvt. Ltd. (43% Voting Interest)	4.15	-
JM realty management pvt. Ltd. (25% Voting Interest)	0.13	-
	4.27	-
B. In Mutual Fund - Fully Paid Up:		
Reliance Fixed Horizon Fund Vi Series 2	800.00	-
Reliance FMP	2,016.03	-
Reliance Liquid Plus Fund	1,752.20	-
Reliance Monthly Interval Fund Series II	1,500.00	-
Reliance Quarterly Interval Fund Series III	1,506.52	-
	7,574.75	-
II) In Immovable Property:		
Property at Mumbai	8,259.31	8,166.43
TOTAL	**26,559.21**	**8,846.76**

(Rs. in Lakhs)

PARTICULARS	2007-2008	2006-2007
SCHEDULE NO. 7		
Inventories:		
(At Cost/Net Realisable Value Whichever is Lower as Certified by the Management)		
Raw Materials	225.25	166.11
Work-In-Process	4,847.95	13.70
Finished Goods	78.92	75.96
Machinery Spares & Stores	26.44	24.09
Packing Materials	3.26	1.93
Cutlery, Crockery, Linen & Matereses	-	6.91
Shares and Securities etc.	-	2.91
Land at Goa	-	229.00
Property	3,411.17	70.74
TOTAL	**8,593.00**	**591.36**
SCHEDULE NO. 8		
Sundry Debtors:		
(Unsecured and Considered Good)		
A) Outstanding for More Than Six Months	1.50	17.38
B) Others	1,559.73	1,325.00
TOTAL	**1,561.23**	**1,342.38**
SCHEDULE NO. 9		
Cash and Bank Balances:		
Cash On Hand	17.61	7.69
Balances with Schedule Banks :		
In Current Account	287.68	283.31
In Unclaimed Dividend Account	23.90	10.26
In Fixed Deposit Account	8,079.55	-
Balances with Foreign Banks :	244.05	-
	8,635.19	293.57
TOTAL	**8,652.80**	**301.26**

(Rs. in Lakhs)

PARTICULARS	2007-2008	2006-2007
SCHEDULE NO. 10		
Loans & Advances:		
(Recoverable in cash or in kind or for value to be received)		
Unsecured Considered Good:		
A) Advances:		
(Due from Companies in which Director & Relative of		
Director of the Company is a Director)	24.78	477.90
B) Loans to Others	11.12	-
C) Deposits	8,131.29	454.75
D) Income Tax Payments	2,039.93	952.78
E) Other Advances	6,794.44	448.62
TOTAL	**17,001.57**	**2,334.06**
SCHEDULE NO. 11		
Current Liabilities & Provisions:		
A) Sundry Creditors	4,845.93	65.14
B) Sundry Creditors for Small Scale Industries	8.44	-
C) Deposits	2,059.61	2,055.99
D) Provision for Taxation	1,595.16	497.16
E) Other Liabilities	526.16	304.11
F) Proposed Dividend on Preference Shares	97.91	97.91
G)Proposed Dividend on Equity Shares	542.11	525.24
H) Provision for Dividend Tax	108.77	105.90
I) Unclaimed Dividend (2003-04,04-05 05-06 & 06-07)	23.90	10.26
TOTAL	**9,808.00**	**3,661.71**
SCHEDULE NO. 12		
Miscellaneous Expenditure:		
Preliminary Expenses	25.99	18.60
(To the extent not written off)		
TOTAL	**25.99**	**18.60**

SCHEDULE NO. 13

Particulars of Sales: **(Rs. in Lakhs)**

PARTICULARS	2007-2008	2006-2007
Textiles Division :		
Gross Sales	1,606.11	1,301.35
Less: Rejections	19.31	22.63
Net Sales	1,586.80	1,278.72
Real Estate Division :		
Sale of Property Etc.	*4,652.84	-
Lease Rentals/Other Services	2,442.45	1,013.05
* Includes Rs. 360.12Lakhs for Revenue Sharing Fees	7,095.29	1,013.05
Income from Hospitality Division:	1,010.80	18.36
TOTAL	**9,692.90**	**2,310.13**

(Rs. in Lakhs)

PARTICULARS	2007-2008	2006-2007
SCHEDULE NO. 14		
Increase/(Decrease) In Stocks:		
1) Opening Stocks: Work-In-Process		
Finished Goods	93.53	95.26
2) Closing Stocks: Work-In-Process		
Finished Goods	99.15	93.53
Increase / (Decrease)		
TOTAL	**5.62**	**(1.73)**
SCHEDULE NO. 15		
Other Income:		
Interest Received	164.01	79.71
Dividend Received	89.07	0.25
Tax / Duty Refund	-	11.39
Profit on Sale of Assets	1.94	1.73
Profit on Sale of Shares	125.76	26.58
Exchange Gains(Net)	54.68	-
Other Income	21.02	32.30
TOTAL	**456.47**	**151.97**
SCHEDULE NO. 16		
Raw Materials/Others Consumed:		
Opening Stocks	169.02	108.72
Opening Stock of New Subsidiary	2.87	-
Add: Purchases	6,957.31	624.33
	7,129.19	733.04
Less: Transfer	(2.91)	-
Less: Closing Stocks	(2,792.83)	(169.02)
Raw Material/Others Consumed **TOTAL**	**4,333.46**	**564.02**

(Rs. in Lakhs)

PARTICULARS	2007-2008	2006-2007
SCHEDULE NO. 17		
Manufacturing Expenses:		
Machinery Spares & Stores	24.22	20.02
Packing Materials	17.10	16.56
Processing Charges	29.49	17.16
Labour Charges	17.51	15.23
Electricity Charges	70.36	53.64
Payment to Workers & Employees:		
a) Salaries, Wages & Bonus	134.48	109.97
b) Contribution To PF & Other Funds	11.90	10.27
c) Gratuity	2.50	2.02
d) Workmen & Staff Welfare Expenses	3.78	3.57
e) Provision for Leave Salary	0.88	-
TOTAL	**312.23**	**248.46**
SCHEDULE NO. 18		
Administration and Other Expenses:		
Advertisement Expenses	17.48	8.72
Aviation Expenses	23.90	103.30
Books & Periodicals	0.12	0.58
Conveyance	6.51	5.94
Director Sitting Fees	1.75	0.70
Donation	26.23	-
Electricity Charges	17.54	20.61
Filing Fees	4.72	0.32
Hiring Charges	22.21	-
Inspection Charges	-	7.70
Insurance	11.68	2.57
Legal & Professional Fees	168.38	34.65
Membership Fees	17.96	-
Miscellaneous & General Expenses	14.22	14.24
Postage & Telephone	26.68	18.53
Preliminary Expenses W/Off	3.18	8.47
Printing and Stationery	8.61	8.18
Property Tax	25.10	20.38
Remuneration to Directors	62.52	17.93
Rent, Rates & Taxes	28.31	161.43
Repairs & Maintenance	77.41	33.97
Salaries, Wages & Bonus	178.70	146.53
SEBI Fees for Open Offer	47.61	-
Staff Welfare	3.99	2.42
Stamp Duty	55.56	-
Travelling Exp.(Incl. Director's Foreign Travelling)	65.37	59.87
Vehicle Expenses	10.81	8.75

TOTAL	**926.54**	**685.77**

(Rs. in Lakhs)

PARTICULARS	2007-2008	2006-2007
SCHEDULE NO. 19		
Selling and Distribution Expenses:		
Bad Debts Written Off	1.33	1.71
Commission	23.56	20.13
Discount Allowed	4.01	2.68
Freight and Forwarding Expenses	47.52	36.64
Octroi on Finished Goods	0.58	0.35
Sales Promotion Expenses	50.71	49.84
Sales Tax	0.55	0.52
TOTAL	**128.26**	**111.86**
SCHEDULE NO. 20		
Finance Charges:		
Interest on Term Loan (Axis Bank)	109.43	67.21
Interest on Loan (HDFC Ltd.)	916.37	334.12
Other Interest	434.48	1.09
Loan Processing Fees	85.90	-
Bank Charges	2.63	1.64
TOTAL	**1,548.81**	**404.06**

Schedule 21

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

1) **Statement of Significant Accounting Policies**

(a) Principles of Consolidation

The consolidated financial statements related to Arrow Webtex Limited ('the Company') and its subsidiary companies have been prepared on following basis :

- The financial statement of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".

- In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve.

- The difference between the cost of the investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

- Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

- Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

- In case of associates, where the Company directly or indirectly through subsidiaries holds more than 20% equity, investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 – "Accounting for investments in associates in consolidated financial statements".

- The Company accounts for its share in the change in net assets of the associates, post acquisition, after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balance, based on available information.

- The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

- Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 "Accounting for Investments".

(b) Other Significant Accounting Policies.

These are set out under "Significant Accounting Policies" as given in the Standalone Financial Statements of Arrow Webtex Limited.

2) **Notes to the Accounts**

a) The Subsidiary Companies considered in the consolidated financial statements are :

Name of the Company	Country of Incorporation	Percentage of voting power as at March 31, 2008
Subsidiaries (held directly)		
Highstreet Cruises & Entertainment Pvt Ltd.	India	80.00
Delta Hospitality Private Limited (formerly known as Fasttrack Impex Private Limited)	India	74.00
AAA Aviation Private Limited	India	90.00
Jayem Realty Solutions Private Limited	India	50.01
J M Real Estate Private Limited	India	50.01
Richtime Realty Private Limited	India	50.01
AAA Real Land Developers Private Limited	India	100.00
Delta Pan Africa Limited	Kenya	100.00
Subsidiary (held indirectly)		
Victor Hotels and Motels Limited	India	80.00
Costal Sports and Ventures Pvt Ltd.	India	80.00
Delta Corp East Africa Limited	Kenya	53.65
Delta Square Limited	Kenya	53.65

b) The significant associates companies considered in the consolidated financial statements are :

Name of the Company	Country of Incorporation	Percentage of voting power as at March 31, 2008
Associates		
Pavroutti Finance and Investments Private Ltd.	India	43.00
J M Realty Management Private Ltd.	India	26.00

c) The audited consolidated financial statements of Peninsula Kenya Ltd. up to 31st March, 2008 has been prepared in accordance with International Financial Reporting Standard. The said statements are adjusted in consolidated financial statements of Arrow Webtex Limited, to fall in line with Indian Accounting Standards.

3) Segments Disclosures :

i) Primary Segment Information :

(Rupees in Lakhs)

Sr No.	Particulars	Textile	Real Estate	Lease Rent	Gaming & Hospitality	Others	Total
I	Segment Revenue Gross Turnover Inter Segment Turnover	 1622.89 -	 6039.42 (565.01)	 2464.47 (14.68)	 1127.68 -	 548.51 (413.88)	 11802.96 (993.56)
	Net Turnover	1622.89	5474.41	2449.79	1127.68	134.63	10809.40
II	Segment Results (Profit before Interest and Tax)	171.68	1373.66	2335.89	952.96	26.56	4860.75
	Less- Finance charges	106.55	489.39	625.00	255.70	365.40	1842.05
	Profit before tax	65.12	884.26	1710.89	697.26	(338.84)	3018.70
	Less : Taxes	24.95	656.20	369.07	254.89	21.81	1326.92
	Profit after tax	40.17	347.17	1341.82	616.48	(360.64)	1985.00
	Add: Profit on Discontinued Operations	-	10.60	-	-	-	10.60
	Add/Less : Capital Profit/ Minority Interest	-	(234.48)	-	(112.64)	0.40	(346.72)
	Profit after Tax (after adjusting Capital Profit and Minority Interest)	40.17	123.00	1341.82	503.84	(360.24)	1648.60
III	Segment Assets	2135.03	30134.97	9728.37	18107.57	12822.39	72928.34
IV	Segment Liabilities	1126.23	17637.94	7885.97	1761.00	14236.91	42648.05
V	Capital Expenditure	11.26	1158.99	408.36	1164.85	0.11	3243.57
VI	Depreciation	159.47	61.48	3.41	12.89	1.24	238.50

ii) Secondary Segment Information :

		(Rupees in Lakhs) 2007-08
1.	Segment Revenue	
	Within India	10,610.33
	Outside India	199.07
	Total Revenue	10,809.40
2.	Segment Assets	
	Within India	53,068.73
	Outside India	19,859.62
	Total Assets	72,928.35
3.	Segment Liability	
	Within India	35,600.89
	Outside India	7,047.16
	Total Liability	42,648.05
4.	Capital Expenditure	
	Within India	-
	Outside India	47.08
	Total Expenditure	47.08

4) Related Party Disclosures

(A) Related parties and transactions with them during the year as identified by the Management are given below (Other than reimbursements of expenses) :

(i) Parties where control exists : Nil

(ii) Associates shareholding of the company on its own or alongwith subsidiaries is 20% or more:

Pavurotti Finance & Consultancy Private Ltd.
J M Realty Management Private Ltd.

(iii) Key Management Personnel and their relatives:

Mr. Jaydev Mody	– Chairman
Mr. Chand Arora	– Managing Director
Ms.Ambika Kothari	– Director
Ms.Zia Mody	– Wife of Chairman
Ms.Urvi Piramal	– Sister of Chairman

(iv) Enterprises over which persons or their relatives mentioned in (Iii) above exercise significant influence :

- Aarti Management Consultancy Private Ltd.
- Lark Enterprises, Nasik
- G P Electronics Limited
- Aditi Management Consultancy Private Ltd.
- Anjoss Trading Company Private Ltd.
- West Star Agro Realties Private Ltd.
- AZB & Partners
- Peninsula Land Limited
- Peninsula Facility Management Private Ltd.
- Freedom Aviation Private Ltd.
- Amtrac Management Services Ltd.
- Lakeview Mercantile Co. Private Ltd.
- Sea Star Trading Co. Private Ltd.

(B) Details of transactions carried out with related parties in the ordinary course of business (excluding reimbursements):

(Rupees in Lakhs)

Sr No.	Nature of transactions	Key Management personal and their relatives	Enterprises over/which Individuals/ Directors exercise significant influence and Associates	Total
1	Purchase/Processing of goods		1,116.91	1,116.91
2	Sales		98.37	98.37
3	Expenses			
	Interest paid		97.63	97.63
	Directors Sitting Fes	0.45		0.45
	Professional Fees	2.52		2.52
	Remuneration	47.32		47.32
	Rent for Property		10.05	10.05
	Other Expenses		91.42	91.42
4	Income			
	Dividend Received		0.29	0.29
	Brokerage Income		150.41	150.41
	Income on Revenue Sharing		360.12	360.12
5	Advance given against property		1,238.45	1,238.45
6	Investment		19.71	19.71
7	Property Purchased		79.89	79.89
8	Investment in Shares		19.71	19.71
9	Finance			
	Loans Received	7,719.50	4,210.11	11,929.61
	Loan Given	43.28		43.28
10	**Outstanding as on 31/3/2008**			
	Payables			
	Loans	1,928.50	1,809.34	3,737.84
	Interest Payable		75.54	75.54
	Creditors		958.20	958.20
	Receivables			
	Advances given		1,238.45	1,238.45
	Loans Receivable		185.32	185.32
	Debtors		11.12	11.12

5) Contingent Liabilities

i) Claims against the company not acknowledged as debts:

Particulars	(Rs. In Lakhs)
Property tax for immovable property at Mumbai	60.00
Guarantees given by the Company in the normal course of business	82.87
Export Obligation towards duty saved amount under EPCG Scheme	113.65
Corporate Guarantees given for repayment of Indebtedness of Subsidiaries	27.78
Public Offer made to acquire of shares of Advani Hotels & Resorts Limited.	9,500.21
Income Tax liabilities for the Asst. year : 2001-02	25.00
Income Tax liabilities for the Asst. year : 2004-05	6.06

ii) Commitment on Capital Account:

Particulars	(Rs. In Lakhs)
Acquisition of shares of a subsidiary company from one of the minority subsidiary	5,000.00
As at 31st March, 2008 the Company had purchase commitments for various parcels of leasehold land and equipment.(In Kshs. 35,48,812,360)	22,046.42

6) Foreign Currency Transactions:

Value of Imports on CIF Basis	Value (Rupees in Lakhs)	
	2007-2008	2006-2007
Raw Material	33.19	11.29
Components and Spare Parts	9.75	3.64
Capital Goods and Capital Work in Progress	591.53	747.96

Value of Imports on FOB Basis	Value (Rupees in Lakhs)	
	2007-2008	2007-2008
Capital Goods and Capital work in progress	517.65	-

Expenditure in Foreign Currency	Value (Rupees in Lakhs)	
	2007-2008	2007-2008
Traveling Expenses	11.84	1.32

Investment in Foreign Currency	Value (Rupees in Lakhs)	
	2007-2008	2007-2008
Investment in Subsidiary	5,397.60	-

Receipt in Foreign Currency	Value (Rupees in Lakhs)	
	2007-2008	2007-2008
Net Receipts including on previous year FOB Sales	45.98	10.65

7) Deferred Tax

1. In accordance with Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, the Company has accounted for deferred tax during the year.

   The components of deferred tax assets to the extent recognized and deferred tax liabilities as on March 31, 2008 are as follows:

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007
Deferred tax liability		
Difference between book and tax depreciation	288.85	228.03
Deferred tax asset		
Difference between book and tax depreciation	-	-
Others	(203.07)	14.13
Net deferred tax adjustments	85.79	213.90
Net deferred tax adjustments Recognized	29.16	72.00

8) Earnings Per Share

(Rupees in Lakhs)

Particulars	March 31, 2008	March 31, 2007
Numerator used for calculating basic and diluted earnings per share – Profit for the Year	1,530.35	1,861.26
Weighted average number of equity shares used as denominator for calculating basic and diluted earnings per share	1085.46	1050.48
Nominal value per equity share (Rs)	1	1
Basic and diluted earnings per share (Rs)	1.41	1.77

9) Previous Year Comparatives

Previous year's figures have been regrouped/rearranged wherever necessary to conform to current year'sclassification and comparison.

Annual Report 2006-2007

Auditor's Report on Consolidated Financial Statements

To the Board of Directors

Arrow Webtex Limited

1. We have audited the attached consolidated balance sheet of Arrow Webtex Limited ("the **Company**") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March 2007 and the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Companies Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of one of the subsidiary, whose financial statements reflect total assets of Rs.10.94 Crores as at 31st March 2007, total revenue of Rs.0.39 Crore and Cash Flows for the year then ended. The financial statements have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of the other auditors.

4. We report that:

   a) The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard AS 21 on 'Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India and on the basis of separate financial statements and other information referred to in paragraph 3 above.

   b) Based on our audit and on consideration of the report of the other auditors on separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

   i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March, 2007;

   ii) in the case of the consolidated profit and loss account, of the profits of the Group for the year ended on that date; and

   iii) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor
M. No. 32926

Mumbai: Dated: 21st June, 2007

SCHEDULE NO. 21

Significant Accounting Policies & Notes to Accounts as at 31st March, 2007

1. **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.

▪ **Principles of consolidation**

a. The consolidated financial statements relate to Arrow Webtex Limited, its Subsidiary Companies. The consolidated financial statements have been prepared on the following basis:

i) The Financial statements of the company and its subsidiaries have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. All intra group balances and have been eliminated on consolidation as per Accounting Standard – AS 21 "Consolidated Financial Statements".

ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's financial statements.

b. The Subsidiary Companies considered in the consolidated financial statements are :

Name of the Company	Country of Incorporation	% voting power held as at March 31,2007
Fasttrack Impex Pvt. Ltd.	India	74%
Sailent Real Estate Dev. (I) Pvt. Ltd.	India	74%
Aryanish Finance and Investments Pvt. Ltd.	India	100%
Highstreet Cruises and Ent. Pvt. Ltd.	India	100%

▪ **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.
- Sales are generally accounted upon rendering services and are accounted net of sales tax, luxury tax and other allowances.

- **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 include 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. The Management has laid out guidelines for the purpose of assessing likely diminutions in Investments and accordingly made provisions for the same wherever required.

- **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.

Earnings in Foreign currency for Hotel Division are recorded at rate of exchange in force at the time of transaction.

- **Taxation**

Provision for current income tax is made on the basis of the results of the year although the actual liability will be computed at the time of preparing and filing return of income.
The deferred tax for timing difference between the book and tax profits for the year is accounted by using the tax rates and laws that have been enacted or substantively enacted as of balance sheet date. 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.

- **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.

2. **NOTES TO ACCOUNTS**

a. Figures for the previous year have been regrouped and/or reallocated wherever considered necessary.

b. The balances of Debtors, Creditors, Loans and Advances, and Deposit are taken as per the Books of Account, as the Company is in the process of obtaining confirmations of balances from the respective parties. In case of Hotel Division, in absence of availability of information it is not possible to quantify the amount due to SSI Units in sundry creditors.

c. Cash in Hand, Investments and Inventories are verified and valued by the Management on which the Aditors have kept reliance. No interest is charged on the business advances given to Subsidiary Company.

d. There is no contingent liability except on account of certain tax demand of Rs.107.18 Lakhs which are contested in appeal.

3. The Investment/Consultancy division of the company deals in buying and selling of shares and also consultancy for real estate and accordingly these items have been shown as Inventories / Stocks in Trade the books of account.

4. **Segment disclosures for the year ended 31/03/2007**

(Taken as certified by one of the Directors and relied upon by the Auditors)

Primary Segment (Business):

Sr. No	Particulars	Trim	Consultancy	Hotel Division	Lease Rental/ Other Services
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
I	Segment Revenue	12,76,99,087	16,02,08,465	38,80,741	10,13,04,864
	Others	14,48,075	2,52,200	NIL	8,794,392
II	Segment Results				
	(Profit/(Loss) before Interest and Tax)	1,10,24,202	13,27,97,563	(46,08,582)	10,21,40,584
	Less-Interest & Finance charges	69,34,676	34,181	11,144	33,412,381
	Profit before tax	40,89,526	13,27,63,382	(45,97,438)	6,87,28,203
	Profit after tax	40,89,526	9,15,52,948	(46,17,117)	5,21,29,014
III	Segment Fixed Assets	13,97,34,922	90,78,035	10,76,03,670	552,282
IV	Segment Liabilities	9,93,68,787	14,92,70,224	12,19,48,035	76,31,45,826
V	Cost incurred to acquire segment fixed assets during the year	11,89,60,972	31,10,697	2,82,65,976	NIL
VI	Depreciation	1,27,97,209	17,51,380	34,62,174	60,107

5. **Related Parties disclosures**

1. ***List of related parties:***

a) Parties where control exists : Nil

b) Other parties with whom the Company has entered in to transactions during the year.

i) Associates :

Peninsula Land Ltd.

ii) Key Management Personnel :

Mr. Jaydev Mody (Chairman)

Mr. C. V. Arora (Managing Director)

iii) Relatives of Key Management Personnel and their enterprises with whom transaction have taken place.

- Aarti Management Consultancy Pvt. Ltd.
- Aditi Management Consultancy Pvt. Ltd.
- Anjoss Trading Pvt. Ltd.
- Lark Enterprises.

Note: (1) Related parties relationship is as identified by the Company and relied upon by the Auditor.

(2) On May 4, 2007 Fasttrack Impex Pvt. Ltd. has sold its shareholding in Sailent Real Estate Developers (India) Pvt. Ltd. and it ceases to be the subsidiary of the company w.e.f. the said date

2. Transactions carried out with related parties referred in (1) above in ordinary course of business.

Sr. No.	**Nature of transactions**	**Referred** in 1 (a)	**Referred** in 1 b (i)	**Referred** in1 b (ii)	**Referred** in1 b (iii)
1	Purchase/Processing of goods	NIL	NIL	NIL	NIL
2	Sales	NIL	NIL	NIL	4,80,198
3	Expenses:				
	Interest paid	NIL	NIL	32,438	NIL
	Remuneration/ Fees	NIL	NIL	18,32,234	NIL
4	Income:				
	Dividend Received	NIL	24,000	NIL	NIL
	Agency/Consultancy Income	NIL	16,02,08,465	NIL	NIL
5	Outstanding as on 31/3/2007				
	Loans	NIL	NIL	NIL	10,00,000
	Advances given	13,06,68,710	25,00,000	NIL	4,41,28,057
	Debtors	Nil	10,25,15,962	NIL	2,10,198

6. **Details of payment made to Auditors during the year:**

Amount (in Rs.)

Particulars	**2006-2007**	**2005-2006**
1. Audit Fees	4,80,290	3,53,213
2. Tax Audit Fees	28,060	27,550
3. Taxation Matters	1,59,701	57,900
4. Certification	1,76,156	3,306
5. Out of Pocket Expenses	36,815	28,083
TOTAL	**8,81,022**	**4,70,052**

STATEMENT OF CHANGE IN STOCKHOLDER'S EQUITY

(Rs in Lakhs)

Particulars	31st March, 2008 (Audited)				31st March, 2009 (Audited)				30th June, 2009 (Unaudited)			
	Opening	Addition	Deletion	Closing	Opening	Addition	Deletion	Closing	Opening	Addition	Deletion	Closing
Share Capital												
Equity	1,050.48	304.80	-	1,355.28	1,355.28	-	-	1,355.28	1,355.28	-	-	1,355.28
Preference	1,223.85	-	-	1,223.85	1,223.85	-	-	1,223.85	1,223.85	-	-	1,223.85
Sub Total	**2,274.33**	**304.80**	**-**	**2,579.13**	**2,579.13**	**-**	**-**	**2,579.13**	**2,579.13**	**-**	**-**	**2,579.13**
Reserves And Surplus												
Share Premium	-	15,559.71	(541.85)	15,017.86	15,017.86	-	-	15,017.86	15,017.86	-	-	15,017.86
General Reserves	1,390.74	850.00	(12.18)	2,228.56	2,228.56	250.00	(364.63)	2,113.93	2,113.93	-	-	2,113.93
Capital Reserves	361.96	1,493.49	-	1,855.45	1,855.45	-	(98.95)	1,756.50	1,756.50	-	(81.05)	1,675.45
Capital Redemption Reserves	181.03	-	-	181.03	181.03	-	-	181.03	181.03	-	-	181.03
Foreign Currency Translation Reserves	-	126.15	-	126.15	126.15	503.00	-	629.15	629.15	-	(129.50)	499.65
Profit and Loss A/c	124.11	49.80	-	173.91	173.91	-	(57.16)	116.75	116.75	235.46	-	352.21
Sub Total	**2,057.83**	**18,079.15**	**(554.02)**	**19,582.96**	**19,582.96**	**753.00**	**(520.74)**	**19,815.22**	**19,815.22**	**235.46**	**(210.55)**	**19,840.13**
Grand Total	**4,332.16**	**18,383.95**	**(554.02)**	**22,162.09**	**22,162.09**	**753.00**	**(520.74)**	**22,394.35**	**22,394.35**	**235.46**	**(210.55)**	**22,419.26**

LIMITED REVIEW REPORT ON THE UNAUDITED UNCONSOLIDATED FINANCIAL RESULTS OF THE COMPANY FOR THE QUARTER ENDED 30 TH JUNE, 2009

We have reviewed the accompanying statement of unaudited financial results of Delta Corp Limited for the period ended 30th June, 2009. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/ Committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor
(Membership No. F 32926)

Mumbai: 28th July, 2009

Unaudited Financial Results for the Quarter ended 30th June, 2009

(Figures are Rupees in Lakhs unless specified)

	Standalone			Consolidated		
Particulars	**Quarter Ended 30.06.2009 (Unaudited)**	**Quarter Ended 30.06.2008 (Unaudited)**	**Year Ended 31.03.2009 (Audited)**	**Quarter Ended 30.06.2009 (Unaudited)**	**Quarter Ended 30.06.2008 (Unaudited)**	**Year Ended 31.03.2009 (Audited)**
1. Net Sales / Income from Operations	1,237.85	649.95	4,273.45	2,797.63	2,951.33	10,106.10
2. Other Operating Income	-	-	-	-	-	-
3. Total Income	**1,237.85**	**649.95**	**4,273.45**	**2,797.63**	**2,951.33**	**10,106.10**
4. Expenditure :						
a. (Increase) / Decrease in Stocks	-	-	-	-	-	-
b. Consumption of Raw Materials	-	-	-	108.95	1,429.40	2,680.11
c. Employee's Cost	43.87	29.01	100.89	381.43	38.65	702.88
d. Depreciation	10.07	20.81	69.48	140.85	28.19	331.09
e. Other Expenditure	117.93	89.64	503.73	1,067.17	143.07	2,443.29
f. Total	171.87	139.46	674.10	1,698.40	1,639.31	6,157.37
5. Profit from Operations Before Other Income, Interest and Exceptional Items	**1,065.98**	**510.49**	**3,599.35**	**1,099.23**	**1,312.02**	**3,948.73**
6. Other Income	5.05	92.89	116.19	11.87	225.62	756.66
7. Profit Before Interest and Exceptional Items	**1,071.03**	**603.38**	**3,715.54**	**1,111.10**	**1,537.64**	**4,705.39**
8. Interest (Net)	522.92	198.98	2,491.83	692.63	654.84	3,061.16
9. Profit After Interest and Before Exceptional Items	**548.11**	**404.40**	**1,223.71**	**418.47**	**882.80**	**1,644.23**
10. Exceptional Items	175.77	-	183.09	175.77	-	183.09
11. Profit From Ordinary Activities Before Tax	**372.34**	**404.40**	**1,040.62**	**242.70**	**882.80**	**1,461.14**
12. Tax Expenses :						
a. Income Tax and Fringe Benefit Tax	60.00	51.00	224.07	60.00	402.37	665.22
b. Deferred Tax	(13.53)	15.00	(19.78)	(47.86)	16.79	(104.21)
c. Total	46.47	66.00	204.29	12.14	419.16	561.01
13. Net Profit From Ordinary Activities After Tax	**325.87**	**338.40**	**836.33**	**230.56**	**463.64**	**900.13**

Unaudited Financial Results for the Quarter ended 30th June, 2009

(Figures are Rupees in Lakhs unless specified)

Particulars	Standalone			Consolidated		
	Quarter Ended 30.06.2009 (Unaudited)	Quarter Ended 30.06.2008 (Unaudited)	Year Ended 31.03.2009 (Audited)	Quarter Ended 30.06.2009 (Unaudited)	Quarter Ended 30.06.2008 (Unaudited)	Year Ended 31.03.2009 (Audited)
14. Prior Period Items	-	(1.55)	(4.96)	(23.69)	(1.55)	68.29
15. Net Profit Before Extraordinary Items and Minority Interest/Associate's Profit	325.87	336.85	831.37	206.87	462.09	968.42
16. Extraordinary Items	-	-	-	-	-	-
17. Net Profit After Extraordinary Items and Before Minority Interest/Associate's Profit	325.87	336.85	831.37	206.87	462.09	968.42
18. Minority Interest	-	-	-	28.62	(274.38)	(308.37)
19. Share of Profit /(Loss) of Associates	-	-	-	-	(0.29)	(0.45)
20. Net Profit After Minority Interest	**325.87**	**336.85**	**831.37**	**235.49**	**187.42**	**659.61**
21. Paid up Equity Capital (Face Value of Re.1/- each)	1,355.28	1,355.28	1,355.28	1,355.28	1,355.28	1,355.28
22. Reserves excluding Revaluation Reserves as per Balance Sheet of Previous Accounting Year	-	-	14,188.87	-	-	19,815.22
23. Earning Per Share (EPS):(Amount in Rs.)						
a. Basic EPS	0.24	0.25	0.53	0.17	0.14	0.40
b. Diluted EPS	0.22	0.22	0.48	0.16	0.12	0.36
24. Public Shareholding :						
a. Number of Shares	61,467,940	59,947,940	61,617,940	61,467,940	59,947,940	61,617,940
b. Percentage of Shareholdings	45.35	44.23	45.47	45.35	44.23	45.47
25. Shareholding a. Pledged/Encumbered - Number of shares - Percentage of	-	-	-	-	-	-

Unaudited Financial Results for the Quarter ended 30th June, 2009

(Figures are Rupees in Lakhs unless specified)

	Standalone			Consolidated		
Particulars	**Quarter Ended 30.06.2009 (Unaudited)**	**Quarter Ended 30.06.2008 (Unaudited)**	**Year Ended 31.03.2009 (Audited)**	**Quarter Ended 30.06.2009 (Unaudited)**	**Quarter Ended 30.06.2008 (Unaudited)**	**Year Ended 31.03.2009 (Audited)**
shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
b. Non-Encumbered						
- Number of Shares	74,060,190	75,580,190	73,910,190	74,060,190	75,580,190	73,910,190
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100	100
- Percentage of shares (as a % of the total share capital of the company)	54.65	55.77	54.53	54.65	55.77	54.53

DECLARATION

Our Company certifies that all relevant provisions of Chapter XIII-A of the SEBI Guidelines have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter XIII-A of the SEBI Guidelines. We further certify that all the statements in this Placement Document are true and correct.

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MR. JAYDEV M. MODY

____

MR. ASHISH KAPADIA

Date: September 3, 2009

Place: Mumbai

ISSUER
DELTA CORP LIMITED

REGISTERED OFFICE OF THE ISSUER

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