

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
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**Dated:** March 29, 2014

**Appu Hotels Limited**

Incorporated as a public limited company under the Indian Companies Act, 1956

**Date of Incorporation:** 6<sup>th</sup> April 1983 **Registered Office:** No.59 (Old No.57) Sterling Road, Nungambakkam,  
Chennai – 600 034 (CIN –U92490TN1983PLC009942)

**Corporate Office (Address for Communication):** No.59 (Old No.57) Sterling Road, Nungambakkam,  
Chennai – 600 034

**Tel. No.:** 91-44-28254176, 28254609, 28311313

**Fax:** 91-44-28232076, 28232074 **Website:** www.pgpgroup.org

**Issue of 670 Rated, Secured, Redeemable, Non-Convertible Debentures of face value INR 10,00,000/- (Rupees Ten Lacs) each aggregating to INR 67,00,00,000/- (Rupees Sixty Seven Crores) (the Debentures) on a private placement basis (the Issue)**

**GENERAL RISKS**

Investment in debt and debt related securities involve a degree of risk and investors should not invest any funds in the debt instrument unless they can afford to take the risks attached to such investments. As the Issue is being made on a private placement basis, this Information Memorandum has not been submitted to or cleared by the Securities and Exchange Board of India (SEBI) or the Registrar of Companies (ROC). The Issue of Debentures has not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document. Investors are advised to take an informed decision before investing in this offering. For taking an investment decision, investors must rely on their examination of the Issuer and Issue including the risks involved in it. The attention of investors is drawn to the Cautionary Note on Page 8 and Risk Factors on Page 9 of the Information Memorandum.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Disclosure Document contains all information as required under Schedule I of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012, that the information contained in this Disclosure Document is true and fair in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Disclosure Document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**CREDIT RATING**

As at the date of this Information Memorandum, Credit Analysis and Research Limited (CARE) have assigned a rating of CARE B+ to the Debentures. This rating is not a recommendation to buy, sell, or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information or unavailability of information or any other circumstances. Please refer to Annexure – 'A' of this Information Memorandum for the credit rating rationale and further details.

**LISTING**

The Debentures proposed to be issued under this Disclosure Document will be listed on BSE Limited (BSE). The Issuer shall comply with the requirements of the Listing Agreement to the extent applicable to it on a continuous basis and shall complete all formalities relating to listing of the Debentures.

**NOTE**

This Disclosure Document is neither a prospectus nor a statement in lieu of a prospectus. This Disclosure Document has been prepared for the purpose of listing of Debentures. This Disclosure Document is only an information brochure intended for private use and should not be construed to be a prospectus and/or an invitation to the public for subscription to Debentures under any law for the time being in force.



**ISSUE SCHEDULE**

ISSUE OPENING DATE	ISSUE CLOSING DATE
March 29, 2014	June 20, 2014

Note: This Information Memorandum is as per Schedule I under SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time. This Information Memorandum is strictly for a private placement and is only an information brochure intended for private use. Nothing in this Information Memorandum shall constitute and/or deem to constitute an offer or an invitation to the Indian public or any section thereof to subscribe for or otherwise acquire the Debentures. This Information Memorandum should not be construed to be a prospectus or a statement in lieu of prospectus under the Companies Act. This Information Memorandum and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly and specifically through a communication by the Company and only such recipients are eligible to apply for the Debentures. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. Further, since the Issue is being made on a private placement basis, the provisions of Section 60 of the Companies Act shall not be applicable and accordingly, a copy of this Information Memorandum has not been filed with the ROC or the SEBI. Therefore, as per the applicable provisions of law, copy of this Information Memorandum has not been filed or submitted to the ROC or SEBI for their review and/or approval.

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
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The Issue will be open for subscription at the commencement of banking hours and close at the close of banking hours. The Issue shall be subject to the terms and conditions of this Information Memorandum filed with BSE and other documents in relation to the Issue.

<b>REGISTRAR &amp; TRANSFER AGENT</b>	<b>DEBENTURE TRUSTEE</b>
<p style="text-align: center;"> CAMEO Cameo Corporate Services Ltd No.1 Club House Road Chennai – 600 002 Tel: 91 44 28460390 Fax: 91 44 28460129 Email: <a href="mailto:cameo@cameoindia.com">cameo@cameoindia.com</a> Website: <a href="http://www.cameoindia.com">www.cameoindia.com</a> Contact Person: Mr R D Ramasamy, Director</p>	<p style="text-align: center;"> IDBI Trusteeship Services Limited Asian Building, Ground Floor 17, R. Kamani Marg Ballard Estate, Mumbai – 400 001 Tel: +91 22 40807000 Fax: +91 22 66311776 Email: <a href="mailto:ranveer.kumar@idbitrustee.com">ranveer.kumar@idbitrustee.com</a> Website: <a href="http://www.idbitrustee.co.in">www.idbitrustee.co.in</a> Contact Person: Mr. Ranveer Kumar</p>

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

**TABLE OF CONTENTS**

<b>Contents</b>	<b>Page No.</b>
1. Definitions and Abbreviations.....	4
2. Disclaimers And Risk Factor.....	6
3. General Information.....	12
4. Brief Summary of the Business/Activities And its line of Business of the Issuer.....	14
5. Material Contracts & Docuements.....	30
6. Issue Details.....	31
7. Issuer's Covenants & Undertakings.....	39
8. Other Information & Issue Procedure.....	40
Annexure A: Credit Rating Letter from Care.....	48
Annexure B: Consent Letter from Debenture Trustee.....	49
Annexure C: Application Form.....	50
Annexure D: Copies of Guarantee Agreements.....	53

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

**CHAPTER 1**

**DEFINITIONS AND ABBREVIATIONS**

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Information Memorandum.

Act	:	The Companies Act, 1956 as amended and/or re-enacted
Application Form	:	Form attached as <u>Annexure – ‘C’</u> to this Disclosure Document
BSE	:	Bombay Stock Exchange Ltd, Mumbai
Business Days	:	A day other than Saturday, Sunday and public holidays on BSE and the banks are normally open for business in Mumbai and Chennai
DDPL	:	means Dharani Developers Private Limited, a company incorporated under the Act, and having its registered office at No. 1, Venus Colony, 2nd Street, Alwarpet, Chennai - 600 018
Debenture Holder(s)	:	The investors who have been allotted the Debentures pursuant to this Disclosure Document and whose names are mentioned in the register of debenture holders and shall include the beneficial owners
Debenture Trust Deed	:	The Debenture Trust Deed cum Mortgage Deed to be executed by the Issuer with the Debenture Trustee
Debenture Trustee	:	Trustee for the Debenture Holders, in this case being IDBI Trusteeship Services Ltd
Debentures	:	The debentures issued pursuant to the terms and conditions set out in this Information Memorandum
Deemed Date of Allotment	:	The Issue Closing Date
Depository(ies)	:	National Securities Depository Limited / Central Depository Services (India) Limited
DP	:	Depository Participant
Disclosure Document <i>or</i> Information Memorandum	:	This Information Memorandum dated March 29, 2014 pursuant to which the Debentures are being offered for private placement
Final Maturity	:	The fifth anniversary date from the Deemed Date of Allotment

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

Date

Issuer *or* AHL : Appu Hotels Limited, the issuer company, having its registered office at No.59  
*or* Company (Old No.57) Sterling Road, Nungambakkam, Chennai – 600 034, Tamilnadu, India

Issue Closing : June 20, 2014  
Date

SEBI : Securities and Exchange Board of India constituted under the Securities and  
Exchange Board of India Act, 1992 (as amended from time to time)

SEBI : The Securities and Exchange Board of India (Issue and Listing of Debt Securities)  
Regulations : Regulations, 2008 issued by SEBI which are applicable to the private placement of  
debt securities, as amended from time to time

Transaction : Debenture Trust Deed, this Disclosure Document and any other agreement or  
Documents document executed / to be executed in connection with the issue and subscription of  
Debentures and any other agreement or document designated as such by the  
Debenture Trustee

WDM : Wholesale debt market segment of BSE

## **CHAPTER 2**

### **DISCLAIMERS & RISK FACTORS**

#### **ISSUER'S DISCLAIMER**

This Information Memorandum of private placement (hereinafter referred to as the “**Disclosure Document**” or “**Information Memorandum**”) is neither a prospectus nor a statement in lieu of a prospectus. The Issue of rated, secured redeemable non-convertible debentures (hereinafter referred to as “**Debentures**”) to be issued is being made strictly on a private placement basis. This Information Memorandum is not intended to be circulated to more than 49 (forty-nine) persons. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. It does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the Debentures to the public in general. Apart from this Disclosure Document, no offer document or prospectus has been prepared in connection with the offering of this issue or in relation to the Issuer nor is such a prospectus required to be registered under the applicable laws. Accordingly, this Disclosure Document has neither been delivered for registration nor is it intended to be registered.

This Disclosure Document has been prepared in conformity with the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012. This Disclosure Document has been prepared solely to provide general information about the Issuer to potential investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Information Memorandum does not purport to contain all the information that any such potential investor may require. Further, this Information Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Information Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt a recommendation to purchase any Debentures. Each investor contemplating purchasing any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances. By subscribing to the Issue, eligible investors shall be deemed to have acknowledged that the Issuer does not owe them a duty of care in this respect. Accordingly, none of the Issuer's officers or employees shall be held responsible for any direct or consequential losses suffered or incurred by any recipient of this Information Memorandum as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or any information received by the recipient in connection with this Issue.

The Issuer confirms that, as of the date hereof, this Information Memorandum (including the documents incorporated by reference herein, if any) contains all information that is material in the context of the Issue and issue of the Debentures, is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, and are not misleading. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the Issuer to any potential investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer. The Issuer certifies that the disclosures made in this Information Memorandum are adequate and in conformity with the SEBI Regulations. Further, the Issuer

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

accepts no responsibility for statements made otherwise than in the Information Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Information Memorandum would be doing so at his own risk.

**This Information Memorandum and the contents hereof are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Information Memorandum are intended to be used only by those investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.**

No invitation is being made to any persons other than those to whom Application Forms along with this Information Memorandum being issued have been sent. Any application by a person to whom the Information Memorandum has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Information Memorandum shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents without the consent of the Issuer. The recipient agrees to keep confidential all of such information provided (or made available hereafter), including, without limitation, the existence and terms of such transaction, any specific pricing information related to the transaction or the amount or terms of any fees payable to us or other parties in connection with such transaction. This Information Memorandum may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipient will promptly return all material received from the Issuer (including this Information Memorandum) without retaining any copies thereof, all in accordance with such confidentiality agreement. If any recipient of this Information Memorandum decides not to participate in the Issue, the recipient must promptly return this Information Memorandum and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the issue to the Issuer.

The Issuer does not undertake to update the Information Memorandum to reflect subsequent events after the date of the Information Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Information Memorandum nor any sale of Debentures made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Information Memorandum does not constitute, nor may it 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 an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Information Memorandum in any jurisdiction where such action is required. Persons into whose possession this Information Memorandum comes are required to inform themselves about and to observe any such restrictions. The Information Memorandum is made available to investors in the Issue on the strict understanding that it is confidential.

**DISCLAIMER CLAUSE OF THE STOCK EXCHANGE**

As required, a copy of this Information Memorandum has been filed with the BSE in terms of the SEBI Regulations. It is to be distinctly understood that submission of this information memorandum to the BSE should not in any way be deemed or construed to mean that this Information Memorandum has been reviewed, cleared or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum, nor does the

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
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BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

As per the provisions of the SEBI Regulations, a copy of this Information Memorandum has not been filed with or submitted to the SEBI. It is to be distinctly understood that this Information Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Information Memorandum.

## **LISTING**

The Debentures are proposed to be listed on the WDM segment of the BSE. BSE has vide its letter no. DCS/COMP/AD/IP-PPDI/367/13-14 dated March 25, 2014 granted its in-principle approval to list the Debentures to be issued and allotted in terms of this Disclosure Document. The Issuer shall comply with the requirements of the listing agreement to the extent applicable to it on a continuous basis and shall complete all formalities relating to listing of the Debentures.

## **DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is made in India to investors as specified under this Information Memorandum, who shall be specifically approached by the Issuer. This Information Memorandum does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the non-exclusive jurisdiction of the courts of Mumbai. This offer of Debentures is made in India to persons resident in India. This Information Memorandum does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

## **DISCLAIMER CLAUSE OF CREDIT RATING AGENCY**

As at the date of this Information Memorandum, CARE has assigned a rating of CARE B+ to the Debentures. A CARE B+ rating reflects CARE current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CARE. CARE ratings are based on information provided by the Issuer or obtained by CARE from sources it considers reliable. CARE does not guarantee the completeness or accuracy of the information on which the rating is based. CARE rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CARE ratings are under surveillance. Ratings are revised as and when circumstances so warrant. Please refer to Annexure – 'A' of this Information Memorandum for the credit rating rationale and further details.

## **CAUTIONARY NOTE**

This Information Memorandum is not intended to provide the sole basis of any credit decision or other evaluation and should not be considered as a recommendation that any recipients of this Information Memorandum should invest in the Debentures proposed to be issued by the Issuer. Each investor should make its own independent assessment of the investment merit of the Debentures and the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such investor's



**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

particular circumstance. This Information Memorandum is made available to potential investors on the strict understanding that it is confidential. Recipients shall not be entitled to use any of the information otherwise than for the purpose of deciding whether or not to invest in the Debentures.

No person including any employee of the Issuer has been authorized to give any information or to make any representation not contained in this Information Memorandum. Any information or representation not contained herein must not be relied upon as having being authorized by or on behalf of the Issuer. Neither the delivery of this Information Memorandum at any time nor any statement made in connection with the offering of the Debentures shall under the circumstances imply that any information/representation contained herein is correct at any time subsequent to the date of this Information Memorandum. The distribution of this Information Memorandum or the Application Forms and the offer, sale, pledge or disposal of the Debentures may be restricted by law in certain jurisdictions. This Information Memorandum does not constitute an offer to sell or an invitation to subscribe to the Debentures in any jurisdiction to any person to whom it is unlawful to make such offer or invitation in such jurisdiction. Persons into whose possession this Information Memorandum comes are required by the Issuer to inform themselves about and observe any such restrictions. The sale or transfer of these Debentures outside India may require regulatory approvals in India, including without limitation, the approval of the RBI.

### **ISSUE OF DEBENTURES IN DEMATERIALISED FORM**

The Debentures will be issued only in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The DP's name, DP ID and beneficiary account number must be mentioned at the appropriate place in the Application Form. The Issuer shall take necessary steps to credit the Debentures allotted to the depository account of the investor within 2 (two) days from the Deemed Date of Allotment. The Issuer will make the allotment of Debentures to investors on the Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

### **CONSENTS**

IDBI Trusteeship Services Limited has given its written consent for its appointment (annexed hereto as Annexure – 'B') as Debenture Trustee to the Issue and inclusion of its name in the form and context in which it appears in this Information Memorandum.

### **RISK FACTORS**

The investments in the Debentures are not free of risk. The investments in Debentures can be subject to investment risk including interest rate risk, credit risk, possible delays in repayment and loss of income and principal invested. The following are the risks envisaged by the management of the Issuer and investors should consider these risk factors carefully for evaluating the trading or profitability of the Issuer and its business before making any investment decision. Unless the context requires otherwise, the risk factors described below apply to the Issuer only.

The investors must rely on their own examination and investigation of the Issuer and its business, their promoters, associate companies and the issue of Debentures including the risks and uncertainties involved. The Issuer and its business are subject to risks, uncertainties and assumptions, internal as well as external, and could materially affect the performance of the Issuer. The following are some of the important factors that could cause actual results to differ materially from the Issuer's expectations. The Issuer believes that the risks described below are the principal ones inherent in this transaction for the

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

prospective investors and the Issuer does not represent that the statement of risks set out hereunder are exhaustive:-

**Limited Liquidity & Price Risk:**

There is no assurance that a deep secondary market will develop for the Debentures. This could limit the ability of the investor to resell them. This leads to liquidity and price risk on the Debentures. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the price (paid for the Debentures) due to changes in the interest rate structure.

**Risk in relation to the Security:**

Under the Transaction Documents, the Issuer is obliged to provide security by way of mortgage over the properties of the Issuer and DDPL. However, the value of the security may increase or decrease from time to time and may not at all times be sufficient to cover the liabilities of the Issuer under the Transaction Documents.

**Delay, Delinquency & Credit Risk:**

The Debentures represent an obligation of the Issuer and do not represent any other person associated with the issue. No financial recourse is available to the investors against any person other than the Issuer, the promoters of the Issuer and DDPL under the Transaction Documents.

Further, on default by the Issuer to repay its obligations, the Debenture Trustee may in terms of the Transaction Documents initiate legal proceedings for enforcement of the security interest. However, such proceedings are a long drawn process and fraught with litigation risk. Therefore, the enforcement of the security may not yield desired benefit to the investors. The investors may lose their investments in the Debentures on account of default by the Issuer.

**Regulatory Risks:**

Any change in the regulatory framework as applicable to the Issuer, may impact the Issuer which may in turn affect the investments of the investors in the Debentures.

**Business Risks:**

The primary business of the Issuer is the ownership and management of hotels, and therefore its business is subject to the general risks encountered in the hotel and travel industry.

A number of factors, many of which are common to the hotel and travel industries are beyond the control of the Issuer, and such factors could affect the business of the Issuer, including the following:

- Adverse effects of international market conditions, which may diminish the need for business travel or the demand for first-class and luxury leisure travel, as well as national, regional and local political, economic and market conditions where the hotels of the Issuer operate and where customers of the Issuer live could adversely affect travel related businesses;
- Increased competition and periodic local oversupply of guest accommodation, which may adversely affect occupancy percentages and room rates;
- Increases in operating costs due to the escalation of labour costs, utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs owing to acts of nature;
- Inflation, particularly in India, which could escalate Issuer costs and decrease Issuer operating margins;

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- Increases in transportation and fuel costs for sustained periods and impediments to means of transportation that could adversely affect domestic and international travel;
- The impact of acts of war or terrorism or increased tensions between certain countries, resulting in travel advisories by other countries, natural disasters, outbreaks of diseases and health concerns may adversely affect travel patterns and reduce the number of business and leisure travellers;
- Dependence on IT systems and electronic booking/reservation systems which could fail;
- Changes in interest rates and in the availability, cost and terms of financing;
- Changes in governmental laws and regulations, fiscal policies and incentives and the costs of compliance.

The business of the Issuer has in the past been affected by some of the risks stated above.

**CHAPTER 3**

**GENERAL INFORMATION**

**1. Issuer:**

Name: **Appu Hotels Limited**

Address of the Registered Office:

No.59 (Old No.57) Sterling Road,  
Nungambakkam, Chennai – 600 034

Tel: 91-44-28254176, 28254609, 28311313

Fax: 91-44-28232076, 28232074

Email: [secretarial@appuhotelsltd-pgp.com](mailto:secretarial@appuhotelsltd-pgp.com), [mpkaliannan@pgpgroup.in](mailto:mpkaliannan@pgpgroup.in)

Address of the Corporate Office:

No.59 (Old No.57) Sterling Road,  
Nungambakkam, Chennai – 600 034

Tel: 91-44-28254176, 28254609, 28311313

Fax: 91-44-28232076, 28232074

Email: [secretarial@appuhotelsltd-pgp.com](mailto:secretarial@appuhotelsltd-pgp.com), [mpkaliannan@pgpgroup.in](mailto:mpkaliannan@pgpgroup.in)

**2. Compliance Officer of the Issuer:**

Name: N Subramanian – President (Corporate Affairs)

No.59 (Old No.57) Sterling Road,  
Nungambakkam, Chennai – 600 034

Tel: 91-44-28254176, 28254609, 28311313

Fax: 91-44-28232076, 28232074

Email: [secretarial@appuhotelsltd-pgp.com](mailto:secretarial@appuhotelsltd-pgp.com), [mpkaliannan@pgpgroup.in](mailto:mpkaliannan@pgpgroup.in)

**3. Chief Financial Officer of the Issuer:**

Name: Mr M P Kaliannan – President (Corporate Finance)

No.59 (Old No.57) Sterling Road,  
Nungambakkam, Chennai – 600 034

Tel: 91-44-28254176, 28254609, 28311313

Fax: 91-44-28232076, 28232074

Email: [secretarial@appuhotelsltd-pgp.com](mailto:secretarial@appuhotelsltd-pgp.com), [mpkaliannan@pgpgroup.in](mailto:mpkaliannan@pgpgroup.in)

**4. Trustee of the Issue:**

Name: **IDBI Trusteeship Services Limited**

Address: Asian Building, Ground Floor,  
17, R, Kamani Marg, Ballard Estate,  
Mumbai – 400 001

Tel: +91 – 22 – 4080 7000

Fax: +91 – 22 – 6631 1776

Email: [ranveer.kumar@idbitrustee.com](mailto:ranveer.kumar@idbitrustee.com)

**5. Registrar of the Issue:**

Name: Cameo Corporate Services Limited

Address: No 1 Club House Road, Chennai – 600 002

Tel: 91 44 28460390

Fax: 91 44 28460129

Email: [cameo@cameoindia.com](mailto:cameo@cameoindia.com)

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
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- 6. Credit Rating Agency of the Issue:**  
Name: **Credit Analysis & Research Ltd**  
Address: Unit No. O-509/C Spencer Plaza, 5<sup>th</sup> Floor  
No.769 Anna Salai, Chennai – 600 002  
Tel: 91-44- 28497812/28490876  
Fax: 91-44- 28497812/28490876
- 7. Auditors of the Issuer:**  
Name: M/s Ramkrish & Co., Chartered Accountants  
Address: New No 19 (Old No .9A) Bagavantham Street  
T Nagar, Chennai 600 017  
Tel: 91-44-24329049  
Email: [rk1980@yahoo.co.in](mailto:rk1980@yahoo.co.in)

## **CHAPTER 4**

### **BRIEF SUMMARY OF THE BUSINESS / ACTIVITIES AND ITS LINE OF BUSINESS OF THE ISSUER**

#### **A. Overview:**

Appu Hotels Limited (“**Issuer**” or “**AHL**” or “**Company**”), a public limited company, registered under the Act, is engaged in the luxury segment of hospitality industry and owns five star category hotels with a complement of 494 rooms in aggregate located at Chennai and Coimbatore, Tamilnadu. The Company also manages a resort type hotel in Kumbakonam, Tamilnadu with a complement of 14 rooms taken on lease from the Tamilnadu Tourism Development Corporation Ltd.

The five star deluxe hotel properties, one at Chennai and the other at Coimbatore, both owned by AHL are operated under the brand name ‘Le Royal Meridien’ and ‘Le Meridien’ respectively.

Le Royal Meridien, (LRM) Chennai having a complement of 240 rooms is located at No. 1, GST Road, St.Thoms Mount, Chennai – 600 016. The Chennai property which began commercial operations in January 2000 is established on 3.5 acres of prime land on Anna Salai, a major arterial road of Chennai city. Located at the hub of the city, LRM is the gateway to Chennai City.

LRM is a multi-storied building RCC framed structure with 2 basements, lobby and 6 floors. The total built-up area is 370,278 sq.ft. The property has 3 restaurants besides a bar lounge and a cafe and has 9 banquet halls / meeting rooms.

Le Meridien, (LM) Coimbatore having a complement of 254 rooms is located at No.762, Avinashi Road, Coimbatore. Situated on the arterial Avinashi Road on NH 45, LM is just 5 kms from the Coimbatore Airport and is near major corporate hospitals, commercial and institutional establishments of Coimbatore city. It is also in proximity to the city of Tirupur known for export of processed textile products.

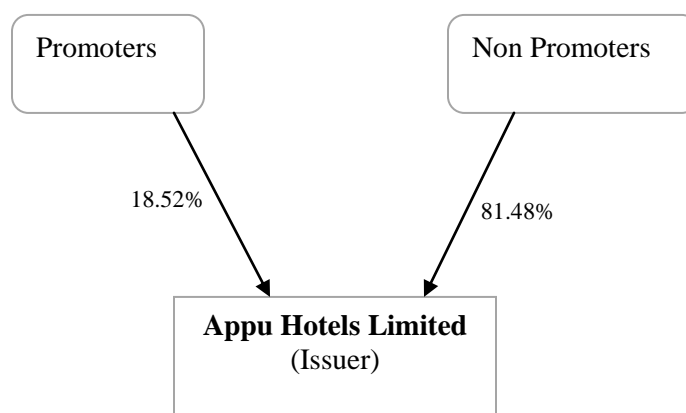
LM was operationalised in October 2010 and commenced full scale operations with commencement of international bookings from November 2011.

LM is a multi-storied building RCC framed structure with 2 basements, lobby and 9 floors established in 5.67 acres of freehold land. The total built-up area is 640,460 sq.ft. The property has 4 restaurants besides a bar lounge and Illy cafe and has a large banquet hall which can accommodate 1,500 persons in theatre style with a pre-function area of 21,400 sq.ft. and is the first international class 5 star hotel facility at Coimbatore.

AHL also operates the Hotel Riverside Resort & Spa having 14 rooms at Kumbakonam, a temple town on the sylvan banks of venerable River Cauvery in Tamil Nadu, taken on franchise lease from Tamil Nadu Tourism Development Corporation Ltd for a period of 15 years from May 2007. The renovated property was commissioned in October 2008.

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

**B. Corporate Structure:**



**C. Key Operational and Financial Parameters:**

Parameters	9MFY 2013-14	FY 12-13	FY 11-12	FY 10-11
<b>For Non-Financial Entities</b>				
Net worth	106.73	143.22	168.97	167.48
Total Debt				
of which				
- Non Current Maturities of Long Term Borrowing	223.16	231.76	218.87	182.62
- Short Term Borrowing	4.09	6.38	3.08	3.15
- Current Maturities of Long Term Borrowing	52.78	46.33	36.86	14.93
Net Fixed Assets	416.44	431.79	444.88	377.87
Non-Current Assets	0.73	0.60	0.32	0.32
Cash and Cash Equivalents	3.03	12.95	11.80	4.82
Current Investments	-	-	-	-
Current Assets	6.68	7.44	13.24	9.79
Current Liabilities	24.70	17.74	14.98	12.31

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

Parameters	9MFY 2013-14	FY 12-13	FY 11-12	FY 10-11
Net sales	50.66	84.59	75.98	76.02
EBITDA	6.08	17.17	26.66	31.92
EBIT	(13.42)	(8.51)	13.05	23.24
Interest	23.07	29.53	12.23	6.24
PAT	(36.49)	(25.75)	2.13	13.95
Dividend amounts	0	0	0.62	0.63
Current ratio	0.27	0.42	0.88	0.79
Interest coverage ratio	(0.58)	(0.29)	1.07	3.72
Gross debt/equity ratio	2.62	1.99	1.53	1.20
Debt Service Coverage Ratios	0.08	0.39	0.57	1.36

Gross Debt: Equity Ratio of the Company\*:-

Before the issue of debt securities	2.62
After the issue of debt securities	2.88

*\*Based on provisional financials as of December 31, 2013*

**D. Project cost and means of financing, in case of funding of new projects:**

NIL

**E. Brief history of the Issuer since its incorporation and the following details:**

- (i) Incorporation of the Issuer:  
The Issuer was incorporated on April 6, 1983 as a public limited company under the Act.
- (ii) Capital Structure of the Issuer as on March 1, 2014:

<b>Share Capital</b>	<b>Amount Rs.</b>
(A) <u>Authorized Share Capital</u>	
8,50,00,000 Equity Shares of Rs. 10 each	85,00,00,000
1,50,00,000 Preference Shares of Rs. 10 each	15,00,00,000
<b>Total</b>	<b>1,00,00,00,000</b>



**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

(B) Issued, Subscribed and Paid-up Share Capital	
8,11,55,718 Equity Shares of Rs. 10 each	81,15,57,180
90,00,000 Preference Shares of Rs. 10 each	9,00,00,000
<b>Total</b>	<b>90,15,57,180</b>

(iii) Changes in the capital structure of the Issuer as on March 1, 2014 for the last five years:

Date of Change (AGM/EGM)	Amount Rs.	Particulars
30.09.2008	1,00,00,00,000	Authorised Capital divided into Equity Share Capital of Rs. 85,00,00,000 (Rupees Eighty Five Crores) and Preference Share Capital of Rs. 15,00,00,000 (Rupees Fifteen Crores)

(iv) Equity Share Capital History of the Issuer as on March 1, 2014, for the last five years:

Date of Allotment	No. of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative			Remarks (Name of Shareholder)
						No. of Equity Shares	Equity Share Capital (Rs)	Equity Share Premium (in Rs)	
24.11.2010	1,50,00,000	10	20	Cash	Equity	8,11,55,718	81,15,57,180	467647485	1,50,00,000 shares issued to 102 shareholders

**Notes:** (if any)

(v) Details of any Acquisition or Amalgamation in the last 1 year:  
NIL

(vi) Details of any Reorganization or Reconstruction in the last 1 year:

Type of Event	Date of Announcement	Date of Completion	Details
NIL	NIL	NIL	NIL

(vii) Shareholding pattern of the Issuer as on March 1, 2014:

Sr. No.	Particulars	Total No. of Equity	No. of Shares in demat form	Total Shareholding as % of total no. of equity shares
1	Dr Palani G Periasamy	72,75,721	0	8.97
2	Mrs. Visalakshi Periasamy	77,57,703	0	9.56
3	Dharani Sugars and Chemicals Ltd	51,21,500	0	6.31

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

4	Dharani Credit and Finance (P) Ltd	44,41,356	0	5.47
5	Dharani Developers P Ltd	48,87,393	0	6.02
6	Other NRIs/Relatives / Associates	5,08,21,060	3,57,17,066	62.62
7	Other Residents	8,50,985	1,94,216	1.05
	<b>Total</b>	<b>8,11,55,718</b>	<b>3,59,11,282</b>	<b>100.00</b>

**Notes:** (Shares pledged or encumbered by the promoters, if any). Yes. The details of the shares pledged are as follows:

S.No	Particulars	Total No of Shares held	%	No of Shares pledged	%	Pledge With
1	Dr Palani G Periasamy	72,75,721	8.97	34,82,843	4.29	TFCI/IDBI/IB/CBI &HDFC
2	Mrs Visalakshi Periasamy	77,57,703	9.56	69,84,718	8.61	TFCI/IDBI/IB/CBI &HDFC
	<b>Total -A</b>	<b>1,50,33,424</b>	<b>18.52</b>	<b>1,04,67,561</b>	<b>12.90</b>	

Name of the Preference Shareholder	No. of Shares held	% to total equity
Tourism Finance Corporation of India Ltd	45,00,000	50.00%
Ananthi Developers Limited	45,00,000	50.00 %

(viii) List of top 10 holders of equity shares of the Issuer as on March 1, 2014:

Sr. No.	Name of the Shareholders	Total No. of Equity Shares	No. of Shares in demat form	Total Shareholding as % of total no. of equity shares
1	Mrs Visalakshi Periasamy	7,757,703	0	9.56
2	Dr Palani G Periasamy	7,275,721	0	8.97
3	Mr Pethinaidu Veluchamy/ Mrs Parameswari Veluchamy	6,393,756	0	7.88
4	Dharani Sugars and Chemicals Limited	5,121,500	0	6.31
5	Dharani Developers P Limited	4,887,393	0	6.02
6	Dharani Credit & Finance (P) Ltd	4,441,356	0	5.47
7	Mr Arunkumar Veluchamy	4,269,119	42,69,119	5.26

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

8	Dr T R Shantha	4,175,684	41,75,684	5.15
9	Ms Anuradha Veluchamy	3,845,158	38,45,158	4.74
10	Dr V Janakiraman	3,706,902	37,06,902	4.57
	<b>Total</b>	<b>5,18,74,292</b>	<b>1,59,96,863</b>	<b>63.92</b>

(ix) Details of the current Directors of the Issuer:

<b>Name, Designation and DIN</b>	<b>Age</b>	<b>Address</b>	<b>Director of the Company since</b>	<b>Details of other directorship</b>
Dr Palani G Periasamy, Chairman, 00081002	75	4/A Dugar Apartments, 4th Seaward, III Floor, Valmigi Nagar, Thiruvanniyur Chennai 600 048	22.12.1992	1. Dharani Finance Ltd 2. Dharani Sugars & Chemicals Ltd 3. Dharani Credit & Finance (P) Ltd 4.PGP Hotels & Resorts India (P) Ltd
Mrs Visalakshi Periasamy, Vice Chairman & CEO, 00064517	67	4/A Dugar Apartments, 4th Seaward, III Floor, Valmigi Nagar, Thiruvanniyur Chennai 600 048	20.01.1995	1. Dharani Finance Ltd 2.PGP Hotels & Resorts India (P) Ltd 3. Dharani Credit & Finance (P) Ltd
Mr A Sennimalai, Managing Director, 00062791	72	Flat No.GD, 29 Barnaby Road Kilpauk, Chennai 600 010	29.07.1998	1. Dharani Sugars & Chemicals Ltd 2. Dharani Credit & Finance (P) Ltd
Mr K Kandasamy, Director, 00277906	57	Flat No.3C, 29 Barnaby Road Kilpauk, Chennai 600 010	27.12.1997	Dharani Finance Ltd
Dr V Janakiraman, Director, 02309788	66	149 Stratford Court, Hollidaysburgh PA - 16648, USA	06.09.1996	Nil
Dr M C Thirumoorthi, Director, 00129814	66	640 Canterbury Road,Grossee Pointee Woods,MI - 48236, USA	22.12.1992	Kovai Medical Center Limited
Dr A Sakthivel, Director, 00027485	67	No.6 SNVS, Layout, 3rd Street, Kongu Main Road,	29.06.2013	1. Poppys Knitwear P Ltd 2. Poppy's Hotel P Ltd

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

		Tirupur - 641 607		<p>3. Poppys Tours P Ltd</p> <p>4. Bay Resorts Ltd</p> <p>5. Tirupur Infra Development Co Ltd</p> <p>6. Netaji Apparel Park</p> <p>7. Tea –St.John Logistics P Ltd</p> <p>8. IL &amp; FS Cluster Develop.Init Ltd</p> <p>9. IL &amp; FS Skills Develp Corp Ltd</p> <p>10. Aptex Manpower Develo Ser.Ltd</p> <p>11.New Tirupur Area Develop.Ltd</p> <p>12. Air Vinayaga P Ltd</p> <p>13. Aishwarya Garden P Ltd</p> <p>14. Vedanta Academy</p>
Mr. Anoop Bali Nominee Director,(TFCI) 00302077	47	B-3/50 C, Lawrence Road, Delhi - 110035	01.04.2013	Starex Developers Ltd
Mr C Ramachandran Director, 00050893	75	F-108, Anna Nagar (East), III Street Chennai - 600 102	29.06.2007	<p>1. Tamil Nadu Petro products Ltd</p> <p>2.Tulsian NEC Limited</p> <p>3.Elnet Technologies Limited</p> <p>4.Elnet Software City Limited</p> <p>5. ETL Hospitality Services Ltd</p> <p>6. The Great Indian Linen &amp; Textiles 7. Infrastructure Company (P) Ltd</p> <p>8. ETL Corporate Services (P) Ltd</p> <p>9. ETL Power Services Ltd</p> <p>10.ETL Infrastructure Services Ltd</p>

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

**Note:** (Issuer to disclose name of the current directors who are appearing in the RBI defaulter list and / or ECGC default list, if any). NIL

(x) Details of change in Directors since last three years:

<b>Name, Designation and DIN</b>	<b>Date of Appointment / Resignation</b>	<b>Director of the Company since (in case of resignation)</b>	<b>Remarks</b>
Dr A Sakthivel, Director, 00027485	29.06.2013	N/A (Not Applicable)	Appointment
Mr. Anoop Bali Nominee Director (TFCI) 00302077	01.04.2013	N/A (Not Applicable)	Appointment
Mr Anilkumar Bhandari (00028049)	30.06.2013	29.06.1998	Resignation
Mr. B. M. Gupta (00065035) Nominee Director (TFCI)	01.04.2013	01.02.2012	Resignation
Mr P V Narasimham Nominee Director (TFCI)(00046977)	20.08.2010	24.01.2004	Resignation
Mr Pethinaidu Veluchamy, Director ( 00519416)	01.03.2012	10.03.1999	Resignation

(xi) Details of the Auditor of the Issuer:

<b>Name</b>	<b>Address</b>	<b>Auditor since</b>
K Ramkrish & Co.,	No.19 (Old No.9) Bagavantham Street, T Nagar, Chennai – 600 017	23.07.2010

(xii) Details of change in Auditor since last three years:

<b>Name</b>	<b>Address</b>	<b>Date of Appointment / Resignation</b>	<b>Auditor of the Company since (in case of resignation)</b>	<b>Remarks</b>
NIL	NIL	NIL	NIL	NIL

(xiii) Details of Secured Loan facilities as on 15.03.2014 (Rs in Crores):

<b>Lender's Name</b>	<b>Type of Facility</b>	<b>Amount Sanctioned</b>	<b>Principal Amount Outstanding</b>	<b>Repayment Date / Schedule</b>	<b>Security</b>
Indian Bank	Rupee Term Loan	40.00	26.64	16 quarterly instalments of Rs.1.67 crore each	First pari-passu charge on immovable properties at Neelambur, Kalapatti and Uppilpalayam,

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

					Coimbatore of the Company and Hypothecation of movables,
Indian Bank	Rupee Term Loan	20.00	16.67	20 quarterly instalments of Rs.0.834 crore each	First pari-passu charge on immovable properties at Neelambur, Kalapatti and Uppilipalayam, Coimbatore of the Company and Hypothecation of movables.
Indian Bank	Rupee Term Loan	25.00	25.00	72 equal monthly instalments from April,2015	(i) First pari-passu charge on immovable properties at Neelambur, Kalapatti and Uppilipalayam, Coimbatore of the Company and Hypothecation of movables. (ii) First pari-passu on the immovable properties at St.Thomas Mount, Chennai.
Indian Bank	Rupee Term Loan	15.00	9.50	38 equal monthly instalments from March, 2014	First pari-passu charge on the immovable properties at St.Thomas Mount, and Chithathur Hamlet Village No.68, Chennai and Hypothecation of movables.
State Bank of India	FCNRB Loan	25.00	12.78	16 quarterly instalments from June, 2014	First pari- passu charge on immovable properties at Neelambur, Kalapatti and Uppilipalayam, Coimbatore of the Company and Hypothecation of movables
State Bank of India	Rupee Term Loan	25.00	21.47	Rs.0.47 crores in March, 2014, 12 monthly instalments of Rs.0.25 crores in Financial Year (FY) 2014-15, 36 monthly instalments of	First pari passu charge on immovable properties at Neelambur, Kalapatti and Uppilipalayam, Coimbatore of the Company and Hypothecation of movables.

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

				Rs.0.375 in FY 2015-16 to FY 17-18 and 9 monthly instalments of Rs.0.45 crores and 1 instalment of Rs.0.448 crores in FY 2018-19	
State Bank of India	Rupee Term Loan	50.00	38.07	4 quarterly instalments of Rs.0.50 crore each in FY 2014-15, 4 quarterly instalments of Rs.0.75 crore each in FY 2015-16, 12 quarterly instalments of Rs.1.25 crore each in FY 2016-17 to FY 18-19, 12 quarterly instalments of Rs.2.50 crore each in FY 2019-20 to FY 21-22	(i) First pari passu charge on immovable properties at Neelambur, Kalapatti and Uppilipalayam, Coimbatore of the Company and Hypothecation of movables.  (ii) First pari-passu charge on the immovable properties at St.Thomas Mount, and Chithathur Hamlet Village No.68, Chennai and Hypothecation of movables.  (iii) Pledge of shares on pari-passu basis.
Tourism Finance Corporation of India Ltd	Rupee Term Loan	20.00	17.14	24 quarterly instalments of Rs.0.7143 crores from October,2013 and ending in September, 2019	(i) First pari passu charge on immovable properties at Neelambur, Kalapatti and Uppilipalayam, Coimbatore of the Company and Hypothecation of movables.  (ii) First pari-passu charge on the immovable properties at St.Thomas Mount, and Chithathur Hamlet Village No.68, Chennai and Hypothecation of movables.  (iii) Pledge of shares on

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

					pari-passu basis
Tourism Finance Corporation of India Ltd	Rupee Term Loan	20.00	16.11	29 monthly instalments of Rs.0.55 crore each from November, 2013 and ending in March, 2016	Exclusive first charge by way of EM on the vacant land at Jaffarkhanpet, Chennai and Kalapatti, Coimbatore belonging to Dharani Developers (P) Ltd, ((DDPL) a group Company.
IDBI Bank	Rupee Term Loan	10.00	8.22	3 instalments of Rs.0.10 crore each from January, 2014 to March, 2014, 9 instalments of Rs.0.10 crore each and 3 instalment of Rs.0.12 crore each in FY 2014-15, 9 instalments of Rs.0.12 crore each and 3 instalment of Rs.0.14 crore each in FY 2015-16, 9 instalments of Rs.0.14 crore each and 3 instalment of Rs.0.16 crore each in FY 2016-17, 9 instalments of Rs.0.16 crore each and 3 instalment of Rs.0.18 crore each in FY 2017-18, 8 instalments of Rs.0.18 crore each in FY 2018-19,	First pari passu charge on immovable properties at Neelambur, Kalapatti and Uppilpalayam, Coimbatore of the Company and Hypothecation of movables.
IDBI Bank	Rupee Term Loan	2.14	1.57	44 instalments of Rs.0.0357 crores from January, 2013	First pari-passu charge on the immovable properties at St.Thomas Mount, and Chithathur



**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

				to August, 2018.	Hamlet Village No.68, Chennai and Hypothecation of movables. (ii) Pledge of shares on pari-passu basis
Bank of India	ECB Loan	USD 10 million	USD 7.50 million	9 half yearly instalments of USD 0.83 million from June 2014 to June 2018	First pari passu charge on immovable properties at Neelambur, Kalapatti and Uppilpalayam, Coimbatore of the Company and Hypothecation of movables
Housing Development Finance Coporation Ltd (HDFC)	Rupee Term Loan	38.32	6.23	15 monthly instalments of Rs.0.42 crores from December, 2013 to February,2015	First pari-passu charge on the immovable properties at St.Thomas Mount, and Chithathur Hamlet Village No.68, Chennai and Hypothecation of movables. (ii) Pledge of shares on pari-passu basis
Indian Bank	Working Capital Borrowing Fund Based Non Fund Based (NFB)	5.00 9.00	4.22 1.80	Short Term Borrowing	(i) Hypothecation of Inventories, Stores and spares and Receivables.  (ii) First pari-passu charge on the immovable properties at St.Thomas Mount, and Chithathur Hamlet Village No.68, Chennai for performance guarantee limit of Rs.5 crores.  (ii) Second Charge on the immovable properties at St.Thomas Mount, and Chithathur Hamlet Village No.68, Chennai.

(xiv) Details of Unsecured Loan facilities as on 15.03.2014 (Rs in Crores):

<b>Lender's Name</b>	<b>Type of Facility</b>	<b>Amount Sanctioned</b>	<b>Principal Amount Outstanding</b>	<b>Repayment Date / Schedule</b>
Ananthi Developers Ltd	Inter	N/A (Not	18.72	N/A

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

	Corporate Deposits	applicable)		
Dr. Palani G.Periasamy, Chairman	Unsecured Loans	N/A	7.455	N/A
Mrs. Visalakshi G.Periasamy, Vice Chairman	Unsecured Loans	N/A	1.635	N/A
Mr. A. Sennimalai, Managing Director	Unsecured Loans	N/A	1.50	N/A
Mr. K. Kandasamy, Director	Unsecured Loans	N/A	1.00	N/A
Relatives of Directors	Unsecured Loans	N/A	3.21	N/A

(xv) Details of Non-Convertible Debentures:

Debenture Series	Tenor / Period of Maturity	Coupon	Amount	Date of Allotment	Redemption on Date / Schedule	Credit Rating	Secured / Unsecured	Security
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

(xvi) List of Top 10 Debenture Holders as on March 1, 2014:

Sr. No.	Name of Debenture Holders	Amount
NIL	NIL	NIL

**Note:** (The details of top 10 holders in value terms on cumulative basis for all outstanding debentures issues should be provided).

(xvii) Corporate Guarantee issued by the Issuer as on March 1, 2014:

(Insert name of the counterparty like subsidiary, JV entity, group company, etc on behalf of whom it is issued). NIL

(xviii) Details of Commercial Paper outstanding as on March 1, 2014:

Maturity Date	Amount Outstanding
NIL	NIL

(xix) Details of Rest of the Borrowings outstanding as on March 1, 2014:

Party Name / Instrument Name	Type of Facility / Instrument	Amount Sanctioned / Issued	Principal Amount Outstanding	Repayment Date / Schedule	Credit Rating	Secured / Unsecured	Security
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

(xx) Details of all default/s and/or delay in payments of the interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past 5 years:

There has been delay in payment of interest and principal to banks and financial institutions, the details of which are set out below:

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

Bank Name	Type of Facility (Secured/Unsecured)	As on 01.03.2014 Rs. crores		Overdue since
		Overdue Principal	Overdue Interest	
IDBI Bank	Secured Term Loan	0.41	0.37	01.01.2014
State Bank of India	Secured Term Loan	0.33	1.23	01.02.2014
Housing Development Finance Corporation Ltd	Secured Term Loan	1.25	0.23	01.01.2014
Indian Bank	Secured Term Loan	3.26	2.91	15.12.2013
Tourism Finance Corporation of India Ltd	Secured Term Loan	3.65	1.83	15.10.2013
<b>Total</b>		<b>8.90</b>	<b>6.57</b>	

(xxi) Details of any outstanding borrowings taken / debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option:

NIL

(xxii) Details of Promoter holding in the Issuer as on March 1, 2014:

Sr. No.	Name of the Shareholders	Total No. of Equity Shares	No. of Shares in demat form	Total Shareholding as % of total no. of equity Shares	No. of Shares Pledged	% of Shares Pledged with respect to shares owned
1	Dr Palani G Periasamy	7275721	0	8.97	3482843	47.86 %
2	Mrs Visalakshi Periasamy	7757703	0	9.56	6984718	90.03 %

(xxiii) Abridged version of Audited Consolidated (wherever available) and Standalone Financial Information (like Profit & Loss statement, Balance Sheet and Cash Flow statement) for at least last three years and auditor qualifications, if any:

Parameters	FY 12-13	FY 11-12	FY 10-11
Share Holders Funds			
a. Share Capital	90.16	90.16	90.16
b. Reserves & Surplus	53.07	78.82	77.32
Non- Current Liabilities	249.60	254.5	196.6
Current Liabilities	70.40	55.70	30.40
Non-Current Assets*	442.83	454.19	379.82
Current Assets	20.40	25.04	14.60
Revenue	84.60	75.98	76.00
Expenses	69.46	50.70	44.83
Profit before Tax	(38.04)	0.82	17.00
Profit after Tax	(25.75)	2.13	13.95

\*Including Net fixed assets and Capital Work -in-Progress

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

- (xxiv) Abridged version of Latest Audited / Limited Review Half Yearly Consolidated (wherever available) and Standalone Financial Information (like Profit & Loss statement, and Balance Sheet) and auditors qualifications, if any:

<b>Parameters</b>	<b>9M 13-14</b> (Rs. in Crores)
Share Holders Funds	
a. Share Capital	90.16
b. Reserves & Surplus	16.58
Non- Current Liabilities	250.34
Current Liabilities	81.57
Non-Current Assets*	428.95
Current Assets	9.71
Revenue	50.66
Expenses	45.24
Profit before Tax	(36.49)
Profit after Tax	(36.49)

\*Including Net fixed assets and Capital Work-in-Progress

- (xxv) Any material event/development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.. at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities:

Subject to the 'Risk Factors' mentioned in Chapter 2 of this Information Memorandum and circumstances/situations that may arise there from, in our opinion, there have been no circumstances that could materially and adversely affect, or likely to affect the trading or profitability of the Issuer or the value of its assets or its ability to pay its liabilities, within the next twelve months.

- (xxvi) Debenture Redemption Reserve:

The Issuer shall create and maintain the debenture redemption reserve as per the provisions of the Act or the guidelines issued by SEBI, as applicable.

- (xxvii) Debenture Trustee:

IDBI Trusteeship Services Limited has agreed to act as the debenture trustee for and on behalf of the Debenture holders. IDBI Trusteeship Services Limited vide their letter dated March 20, 2014 has given its written consent to the Issuer for its appointment as debenture trustee under Regulation 4 (4) of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008. Consent in writing of the IDBI Trusteeship Services Limited to act as the Debenture Trustee has been obtained and such consent has not been withdrawn up to the time of filing of this Disclosure Document with BSE.

The consent letter of the Debenture Trustee is annexed as Annexure-'B' to this Disclosure Document.

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(xxviii) Rating & Rating Rationale:

The Company proposes to raise an amount up to Rs. 67,00,00,000/- (Rupees Sixty Seven Crores only) by way of issue of 670 Secured Redeemable Non-Convertible Debentures of the face value of Rs. 10,00,000/- (Rupees Ten Lacs Only) each on a private placement basis not open for public subscription.

The Debentures are rated 'CARE B+' (Single B Plus) by CARE vide their letter dated March 19, 2014\*. Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.

Please note that the rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating obtained is subject to revision at any point of time in the future. The rating agencies have a right to suspend, withdraw the rating at any time on the basis of new information etc.

The rating rationale is annexed as Annexure-'A' to this Disclosure Document.

*\*Credit rating letter issued shall not be older than one month on the date of opening of the Issue.*

(xxix) Listing:

The Debentures are proposed to be listed on the WDM segment of BSE. BSE has vide its letter no. DCS/COMP/AD/IP-PPDI/367/13-14 dated March 25, 2014 granted its in-principle approval to list the Debentures to be issued and allotted in terms of this Disclosure Document. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

(xxx) If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document:

The copies of the promoters personal guarantee agreement and DDPL corporate guarantee are annexed as Annexure – 'D' to this Disclosure Document.

**CHAPTER 5**

**MATERIAL CONTRACTS & DOCUMENTS**

Set out below is the statement containing particulars of the dates of, and parties to all material contracts, agreements involving financial obligations of the Issuer:

1. Certified true Copy of the Memorandum and Articles of Association of the Issuer.
2. Copy of Certificate of Incorporation of the Issuer dated April 6, 1983.
3. Copy of last 3 years audited Annual Reports.
4. Copy of consent letter dated March 20, 2014 from IDBI Trusteeship Services Limited to act as debenture trustee for and on behalf of Debenture holders.
5. Copy of the letter dated March 19, 2014 from CARE assigning the credit rating to the Debentures.
6. Copy of the letter dated March 21, 2014 from Cameo Corporate Services Ltd to the Issuer giving their consent to act as the Registrar and Transfer Agent to the issue of Debentures.
7. Copies of the Transaction Documents.
8. Certified True Copy of the Resolutions of the Board of Directors for issuance of debentures, approving the draft Disclosure Document and other related matters.
9. List of authorized signatories under the resolutions.
10. Certified true copy of the tripartite agreement between the Issuer, the Registrar & Transfer Agent and the Depository.

The above material contracts and documents may be inspected at the registered office of the Issuer between 10.00 a.m. and 12.00 noon on working days.

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**CHAPTER 6**

**ISSUE DETAILS**

**PART A-TERM SHEET**

Security Name	Appu Hotels Limited Secured Redeemable NCD 2020
Issuer	Appu Hotels Limited
Type of Instrument	Secured Redeemable Non Convertible Debentures
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private Placement
Eligible Investors	Only the persons who are specifically addressed through a communication are eligible to apply for the Debentures. No other person can apply
Listing (including name of stock exchange(s) where it will be listed and timeline for listing)	To be listed at WDM segment of BSE Limited within 15 days from Deemed Date of Allotment
Rating of the Instrument	B+ by CARE
Issue Size	Rs. 67,00,00,000/- (Rupees Sixty Seven Crores only)
Option to retain oversubscription (Amount)	N/A (Not Applicable)
Objects of the Issue	The proceeds of the Debentures will be utilized towards: <ul style="list-style-type: none"> <li>• repayment of part of existing secured loans of the Issuer; and</li> <li>• financing the capital expenditure and long term working capital margin requirements of the Issuer</li> </ul>
Details of the utilization of the Proceeds	The proceeds realized out of the issue of Debentures, shall be utilized towards the Objects of the Issue as aforesaid and for no other purpose
Upfront Fee	Nil
Coupon Rate	The Issuer will pay Coupon on the Debentures at the following rates: <ul style="list-style-type: none"> <li>• on the first anniversary date from the Deemed Date of Allotment - 10.00% p.a.</li> <li>• on the second anniversary date from the Deemed Date of Allotment - 12.00% p.a.</li> <li>• on the third anniversary date from the Deemed Date of Allotment till the Final Maturity Date – 14.00% p.a.</li> </ul>

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	on the outstanding principal amount of the Debentures. Coupon shall be subject deduction of applicable taxes
Step Up/Step Down Coupon Rate	N/A
Coupon Payment Frequency	Annually. Provided that the majority Debenture Holders may require the Issuer to pay the Coupon more frequently subject to the condition that the Issuer shall not be required to pay any Coupon within 90 days from the Deemed Date of Allotment and that the interval between the successive Coupon payments shall not be less than 90 days. Provided further, the maximum Coupon payable by the Company shall not exceed 14% per annum in any given period of one year during the tenure of the Debentures
Coupon Payment dates	Coupon shall be payable on the first anniversary of the Deemed Date of Allotment and thereafter on every anniversary of the Deemed Date of Allotment till the Final Maturity Date
Coupon Type	Variable
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	N/A
Day Count Basis	Actual/Actual
Interest on Application Money	To be paid @ 20% p.a. (inclusive of Coupon Rate) from the date of realization of subscription money upto one day prior to the Deemed Date of Allotment. Such interest is payable within 7 Business Days from the Deemed Date of Allotment
Default Interest Rate	20% per annum (inclusive of Coupon Rate) for the period of default on the default amount
Tenor	5 years from the Deemed Date of Allotment
Redemption Date	Subject to the prepayment terms set out in the Debenture Trust Deed, the principal amount of the Debentures will be redeemed by the Issuer on a <i>pari passu</i> basis in the following manner, subject to any modifications, which may be agreed between the Issuer and the Debenture Holders: <ul style="list-style-type: none"> <li>• first anniversary date from Deemed Date of Allotment – the Issuer shall pay an amount of INR 6,70,00,000/- against the face value of the Debentures;</li> <li>• second anniversary date from Deemed Date of Allotment – the Issuer shall pay an amount of INR 15,07,50,000/- against the</li> </ul>



**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
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	<p>face value of the Debentures;</p> <ul style="list-style-type: none"> <li>• third anniversary date from Deemed Date of Allotment – the Issuer shall pay an amount of INR 15,07,50,000/- against the face value of the Debentures;</li> <li>• fourth anniversary date from Deemed Date of Allotment – the Issuer shall pay an amount of INR 15,07,50,000/- against the face value of the Debentures; and</li> <li>• fifth anniversary date from Deemed Date of Allotment – the Issuer shall pay an amount of INR 15,07,50,000/- against the face value of the Debentures</li> </ul>
Redemption Amount	Principal outstanding <i>plus</i> Redemption Premium <i>plus</i> outstanding interest, if any <i>plus</i> default interest, if any
Redemption Premium/Discount	<p>Subject to the Transaction Documents, the Redemption Premium(s) payable by the Issuer in relation to the Debentures will be as follows:</p> <ul style="list-style-type: none"> <li>• On or before the end of the 17<sup>th</sup> quarter from the Deemed Date of Allotment – the Issuer shall pay an amount of INR 5,40,46,667/- towards Redemption Premium;</li> <li>• On or before the end of the 18<sup>th</sup> quarter from the Deemed Date of Allotment – the Issuer shall pay an amount of INR 5,36,00,000/- towards Redemption Premium;</li> <li>• On or before the end of the 19<sup>th</sup> quarter from the Deemed Date of Allotment – the Issuer shall pay an amount of INR 5,36,00,000/- towards Redemption Premium; and</li> <li>• on or before Final Maturity Date – the Issuer shall pay the final redemption premium in terms of the Transaction Documents</li> </ul>
Issue Price	Rs. 10,00,000/- (Rupees Ten Lacs) each
Discount at which security is issued and the effective yield as a result of such discount	Nil. Instruments to be issued at par.
Put Option Date	N/A
Put Option Price	N/A
Call Option Date	N/A
Call Option Price	N/A
Put Notification Time	N/A
Call Notification Time	N/A

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

Face Value	Rs. 10,00,000/- (Rupees Ten Lacs) per Debenture
Minimum Application and in multiples of 1 Debt securities thereafter	1 Debenture
Issue Timing 1. Issue Opening Date 2. Issue Closing Date 3. Pay-in Date 4. Deemed Date of Allotment	March 29, 2014 June 20, 2014 Issue Closing Date Issue Closing Date
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	Payment of interest and principal will be made by way of cheques / DD's / electronic mode
Depository	National Securities Depository Limited
Business Day Convention	A day (other than a Saturday, Sunday or a Bank holiday) on which the banks are open for general business in Chennai and Mumbai
Record Date	7 days prior to each Coupon payment / Redemption Date
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security).	Refer paragraph 3 of Part B ( <i>General Terms</i> ) in Chapter 6 ( <i>Issue Details</i> ) of this Disclosure Document
Transaction Documents	Debenture Trust Deed, this Disclosure Document, and any other agreement or document executed / to be executed in connection with the issue and subscription of Debentures and any other agreement or document designated as such by the Debenture Trustee. Copies of such Transaction Documents shall be circulated separately
Conditions Precedent to Disbursement	As set out in the Debenture Trust Deed
Conditions Subsequent to Disbursement	As set out in the Debenture Trust Deed
Events of Default	The events as set out in the Debenture Trust Deed and not cured within 30 days from the occurrence thereof. However, there will be no cure period if default occurs in payment of principal amount, Coupon, Redemption Premium and other monies payable under the Transaction Documents. Pursuant to the occurrence of event of default, the Issuer shall

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
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	give 7 (seven) business days notice to the Trustee specifying the nature of event of default
Provisions related to Cross Default Clause	N/A
Role and Responsibilities of Debenture Trustee	As set out in the Act and Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993
Governing Law and Jurisdiction	The Debentures and the Transaction Documents will be governed by and construed in accordance with the laws of India and any disputes arising out of this issue will be subject to the non-exclusive jurisdiction of the Courts in Mumbai. The Issuer and the Issuer's obligations as regards the Debentures shall at all times, be subject to the directions of Department of Company Affairs, RBI, SEBI and stock exchanges and other applicable laws, regulations and guidelines and notifications issued thereunder from time to time.

**PART B –GENERAL TERMS**

**1. Issue Details**

Appu Hotels Limited proposes to issue 670 Secured Redeemable Non-Convertible Debentures (Debentures) of the face value of Rs. 10,00,000/- (Rupees Ten Lacs) each for cash aggregating to Rs. 67,00,00,000/- (Rupees Sixty Seven Crores) on a private placement basis. The Debentures are being issued in terms of this Disclosure Document and in pursuant to the resolution passed by the Board of Directors of the Issuer at its meeting held on March 14, 2014 and subject to the provisions of the Act and the Memorandum and Articles of Association of the Issuer.

**2. Issue of Debentures**

The Debentures shall be issued in a dematerialized form within 2 business days from the Deemed Date of Allotment.

**3. Security**

The following security is created / shall be created as security in favour of the Debenture Trustee to secure the Debentures and other monies payable thereon and under the Transaction Documents:

- (i) a first mortgage, on the Scheduled Property of the Issuer, more particularly set out in the Debenture Trust Deed;
- (ii) an unconditional and irrevocable personal guarantee of the promoters of the Issuer;
- (iii) an unconditional and irrevocable corporate guarantee of DDPL, an associate of the Issuer;
- (iv) a first mortgage by deposit of title deeds on pari passu basis, on the DDPL Properties, more particularly set out in the Debenture Trust Deed; and
- (v) a first pari passu charge, on the Hypothecated Assets of DDPL, more particularly set out in the Debenture Trust Deed.

The security set out in paragraph 3(i) to 3(iii) above shall be created before the Deemed Date of Allotment and all necessary filings and submissions as statutorily required in respect thereof shall be completed within 30 days from the Deemed Date of Allotment or statutorily stipulated period, whichever is earlier.

The security set out in paragraph 3(iv) to 3(v) above shall be created within 30 days from the Deemed Date of Allotment and all necessary filings and submissions as statutorily required in respect thereof shall be completed within 15 days from the date of creation of such security or statutorily stipulated period, whichever is earlier.

In addition to the security mentioned in paragraph 3(i) to 3(v) above, security on such other immovable and movable properties of the Issuer as may be required by the Debenture Trustee shall be created after obtaining all the necessary approvals and consents. Such security creation and all necessary filings and submissions as statutorily required in respect thereof shall be completed by the Issuer within 90 days from the Deemed Date of Allotment or statutorily stipulated period, whichever is earlier.

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The Issuer shall maintain a minimum security cover of 150% of the principal amount during the tenure of the Debentures which shall be increased upto 200% as and when required by the Debenture Trustee. In case of a proposal by the Issuer for replacement of security by alternate security acceptable to the Debenture Trustee, the Issuer shall ensure that additional security is created by them in a form and manner as may be acceptable to the Debenture Trustee such that the minimum security cover of 150% or 200%, as the case may be, of the principal amount is maintained.

**4. Tax Deduction at Source**

All payments made by the Issuer under the Debenture Trust Deed in relation to the Issue shall be made without any tax deduction excluding any withholding or similar taxes generally payable or charged in India on payment of interest made from India under the (Indian) Income Tax Act, 1961 and any applicable double taxation treaty.

For seeking TDS exemption/lower rate of TDS, relevant certificate / document must be lodged by the Debenture holders at the office of the Registrar & Transfer Agents of the Issuer at least 15 days before the relevant interest payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money, should be submitted along with the Application Form.

**5. Tax Benefits**

There are no specific tax benefits attached to the Debentures. Investors are advised to consider the tax implications of their respective investment in the Debentures.

**6. Market Lot**

The minimum lot size for trading of the Debentures on BSE is proposed to be one Debenture. Since the Debentures are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of Debentures.

**7. Future Borrowing**

The Issuer shall not, without prior consent of Debenture Trustee, raise any other debt or create any charge against any assets mortgaged or shares that are provided as security under the Transaction Documents for the issue of Debentures. Provided however, the Issuer shall be entitled to borrow monies from any financial institution / bank / or other persons for an amount not exceeding Rs. 5,00,00,000/- (Rupees Five Crores) on an annual basis, if such borrowings by the Issuer are made in the ordinary course of its business.

**8. Expenses**

All costs and expenses associated with the issue and allotment of Debentures including without limitation, expenses towards legal counsel, printing expenses, stamp duty, registration charges, auditor's fees, trustee fees and listing fees will be borne by the Issuer.

**9. Debentures to Rank Pari-Passu**

The Debentures issued hereunder shall rank pari-passu inter-se without preference or priority of one other or others.

**10. Representations**

The Issuer makes the representations and warranties set out in the Debenture Trust Deed to the Debenture Trustee, in accordance with the terms of the Transaction Documents.

**11. Effect of Holidays**

Should the interest or principal payment date fall on a Saturday, Sunday, Bank Holiday in Mumbai or any day on which high value clearing does not take place in Mumbai, or such other place as may be notified by the Debenture Trustee, then, the next Business Day shall be the due date for such payment. Provided that if the following due date falls within the next calendar month, the due date shall be the immediately preceding Business Day, so that the due date falls within the same calendar month. The interest payable shall not be adjusted due to the payment being made on the next Business Day.

**12. Loss of Letters of Allotment/Principal and Interest Payment Instruments**

Loss of letters of allotment and /or principal payable instrument/ interest payment instrument should be intimated to the Company along with the request for issue of duplicate letters of allotment/payment instruments. If any letter of allotment/payment instruments is lost, stolen, or destroyed, then upon production of proof thereof, to the satisfaction of the Company and upon furnishing such indemnity, as the Company may deem adequate and upon payment of any expenses incurred by the Company in connection thereof, new letter of allotment/payment instruments shall be issued. A fee will be charged by the Company, not exceeding such sum as may be prescribed by law.

**13. Underwriting of the Issue**

This issue of Debentures has not been underwritten.

**14. Conflict**

In case of any repugnancy, inconsistency or where there is a conflict between the conditions as are stipulated in the Debenture Trust Deed and this Information Memorandum or any of the Transaction Documents to be executed by the Company, the provisions as contained in the Debenture Trust Deed shall prevail and override the provisions of the Information Memorandum or such Transaction Documents, as the case may be.

**15. Debentures Subject to Transaction Documents**

Over and above the aforesaid terms and conditions, the Debentures, issued under this Disclosure Document shall be subject to the prevailing guidelines / regulations of the RBI, SEBI and other authorities and also be subject to the provisions of the Memorandum and Articles of Association of the Issuer and all documents to be entered into by the Company in relation to the issue of Debentures including this Disclosure Document and Transaction Documents.

**CHAPTER 7**

**ISSUER'S COVENANTS & UNDERTAKINGS**

**PART A–ISSUER COVENANTS**

The Issuer makes the following covenants:

- (i) **Security Creation**: If the Issuer fails to create the security contemplated in the Disclosure Document within the stipulated time frame, a penal interest of 20% p.a. (inclusive of the Coupon Rate) will be charged from the Deemed Date of Allotment till date of security creation at the option of the Debenture Holder.
- (ii) **Default in Payment**: In case of default in payment of interest and/or principal redemption on the due dates, interest of 20% p.a. (subject to deduction of applicable taxes) including the Coupon Rate will be payable by the Issuer for the defaulting period.
- (iii) **Delay in Listing**: In case of delay in listing of the Debentures beyond 15 days from the Deemed Date of Allotment, the Issuer will pay penal interest of 20% p.a (inclusive of the Coupon Rate) from the expiry of 30 days from the Deemed Date of Allotment till the listing of such Debentures to the Debenture holders.
- (iv) **Financial Covenants**: The Issuer shall at all times during the term of the Debentures comply with the financial covenants listed in the Debenture Trust Deed and other Transaction Documents.

**PART B–ISSUER UNDERTAKINGS**

The Issuer makes the following undertakings:

- (i) The Issuer shall comply with the covenants and undertakings set out in the Debenture Trust Deed and other Transaction Documents.
- (ii) The Issuer shall comply with the information undertakings set out in the Debenture Trust Deed and other Transaction Documents.
- (iii) The security proposed to be created in paragraph 3(i) in Part B (*General Terms*) in Chapter 6 (*Issue Details*) of this Disclosure Document is free from any encumbrances.
- (iv) The necessary documents for the creation of the charge, where applicable, including the Debenture Trust Deed would be executed within the time frame prescribed in the relevant regulations / act / rules etc., and the same would be uploaded on the website of the relevant stock exchange, where the Debentures have been listed, within 5 working days of execution of the same.
- (v) In case of rematerialization of Debentures and transfer thereof, the Issuer shall use a common transfer form.
- (vi) The Disclosure Document is compliant with all disclosures required to be made for listing of non-convertible debentures on a private placement basis on a recognized stock exchange, as specified in Schedule I of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012.
- (vii) The Issuer shall not, at any time and from time to time, purchase the Debentures at the price available in the debt market, and any such purchase shall lead to the cancellation of the purchased Debentures, in accordance with the applicable laws.
- (viii) There shall be no change in the shareholding structure of the Issuer without the prior consent of the Debenture Trustee.

## **CHAPTER 8**

### **OTHER INFORMATION AND ISSUE PROCEDURE**

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Information Memorandum, Application Form and other terms and conditions as may be incorporated in the Debenture Trust Deed.

#### **1. *Mode of Transfer/ Transmission of Debentures***

The Debentures shall be marketable and transferable freely to all classes of eligible investors. The Debenture(s) shall be transferred and/ or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The provisions relating to transfer, transmission and other related matters in respect of shares of the Issuer contained in the Articles of Association and the Act shall apply, *mutatis mutandis* (to the extent applicable to debentures), to the Debentures as well. The Debentures held in dematerialised form shall be transferred subject to and in accordance with the rules/ procedures as prescribed by Depository and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the record date. In the absence of the same, redemption premium will be paid/ redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

Investors may note that subject to applicable law, the Debentures would be issued and traded in dematerialised form only.

#### **2. *Debentures held in Dematerialised form***

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/fund transfer/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries provided by the Depositories to the Issuer. The names would be as per the Depositories' records on the relevant record date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the relevant record date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the Depositories to the Issuer and the Registrar. Based on the information provided above, the Issuer/Registrar will dispatch the cheque for redemption premium payments to the beneficiaries. If permitted, the Issuer may transfer payments required to be made in relation to any redemption payment, by electronic transfer of funds/RTGS to the bank account of the Debenture Holder(s).

#### **3. *Trustee for the Debenture Holder(s)***

The Issuer has appointed IDBI Trusteeship Services Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee intends to enter into the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the



**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
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Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to timely payment of interest and redemption of principal and they will take necessary action, subject to and in accordance with the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trust Deed shall more specifically set out rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

**4. *Sharing of Information***

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

**5. *Debenture Holder not a Shareholder***

Subject to the Debenture Trust Deed, the Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

**6. *Modification of Debentures/Information Memorandum***

The Issuer will, with the prior consent of the Debenture Trustee, agree to make any modifications in the Information Memorandum which is not prejudicial to the interest of the Debenture Holders, and which in the opinion of the Debenture Trustee is of a formal, minor or technical nature or is to correct a manifest error.

**7. *Right to Accept or Reject Applications***

The Board of Directors/ Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

**8. *Notices***

Any notice may be served by the Issuer upon the Debenture Holders through post addressed to such Debenture Holder at his registered address. All notice(s) to be given by the Debenture Holder(s) shall be sent by registered post or by hand delivery to the Issuer or to such persons at such address as may be notified by the Issuer from time to time through suitable communication. Notice(s) shall be deemed to be effective (a) in the case of email, upon the sending of the email by the author thereof; (b) in the case of registered mail, 3 (three) calendar days after posting, (c) in the case of facsimile at the time when dispatched with a report confirming proper transmission or (d) in the case of personal delivery, at the time of delivery.

**9. *Issue Procedure***

Only investors as given hereunder may apply for the Debentures by completing the Application Form in the prescribed format in BLOCK LETTERS in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the

**DISCLOSURE DOCUMENT / INFORMATION MEMORANDUM**  
*Private & Confidential (For Private Circulation only)*

applicant's own safety and these details will be printed on the refund orders and interest/redemption warrants.

The Application Form must be accompanied by either demand draft(s) or cheque(s) drawn or made payable in favour of the Issuer or otherwise as may be set out in the Application Form and crossed "Account Payee Only". Cheque(s) or demand draft(s) may be drawn on any bank including a co-operative bank, which is a member or a sub-member of the bankers clearing house located at Chennai. If permitted, the applicant may transfer payments required to be made in relation to any by electronic transfer of funds/RTGS, to the bank account of the Issuer as per details mentioned in the Application Form.

**10. *Application Procedure***

Potential investors will be invited to subscribe by way of the Application Form prescribed in the Information Memorandum during the period between the issue opening date and the issue closing date (both dates inclusive). The Issuer reserves the right to change the issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue will be open for subscription at the commencement of banking hours and close at the close of banking hours.

**11. *Fictitious Application***

As a matter of abundant caution and although not applicable in the case of debentures, attention of applicants is specially drawn to the provisions of subsection (1) of Section 68A of the Act:

**"Any person who: (a) makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or (b) otherwise induces a company to allot, or register any transfer of, shares therein, to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

**12. *Basis of Allotment***

Notwithstanding anything stated elsewhere, Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, priority will be given to investors on a first come first serve basis. The investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to Issuer by the Deemed Date of Allotment.

Deemed Date of Allotment for the Issue is the Issue Closing Date, by which date investors would be intimated of allotment.

**13. *Payment Instructions***

Upon receipt of intimation of allotment, Application Form along with cheque(s)/drafts favouring "Appu Hotels Limited", crossed Account Payee only should be tendered. The entire amount of INR 67,00,00,000/- (INR Sixty Seven Crores only) is payable on the application. Applicants can alternatively, remit the application amount through RTGS on Pay-In Date. The RTGS details of Issuer are as under:

**IFSC Code:** ICIC0000004

**Bank Account No.:** 000405105288

**Bank Name:** ICICI Bank

**Branch Name:** Nariman Point, Mumbai – 400021

**14. Eligible Investors**

The following categories of investors, when specifically approached, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/ rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form:

- a) Eligible Financial Institutions, Mutual Funds and Insurance Companies;
- b) Corporate Investors and Foreign Institutional Investors;
- c) Provident Funds, Gratuity, Superannuation & Pension Funds, subject to their Investment guidelines; and
- d) Any other investor authorised to invest in these Debentures.

All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Applications not to be made by person(s) or entity(ies) resident outside India (including NRIs, Overseas Corporate bodies, etc.)

**Note: Participation by potential investors in the issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.**

**15. Procedure for applying for Dematerialised Facility**

1. The applicant must have at least one beneficiary account with any of the DPs of the Depository prior to making the application.
2. The applicant must necessarily fill in the details (including the beneficiary account number and DP's ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".
3. Debentures allotted to an applicant will be credited directly to the applicant's respective beneficiary account(s) with the DP.
4. For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
5. Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.
6. If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
7. For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
8. Interest or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to the Issuer as on the record date. In case of

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those Debentures for which the beneficial owner is not identified by the Depository as on the record date, the Issuer would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to the Issuer, whereupon the interest and benefits will be paid to the beneficiaries, as identified.

**16. *Depository Arrangements***

The Issuer shall make necessary depository arrangements with the Depository for issue and holding of Debentures in dematerialised form.

**17. *List of Beneficiaries***

The Issuer shall request the Depositories to provide a list of beneficiaries as at the end of the relevant record date. This shall be the list, which will be used for payments of interest or repayment of redemption monies, as the case may be.

**18. *Applications under Power of Attorney***

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/ or bye-laws along with other constitution documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed application.

**19. *Procedure for applications by Mutual Funds and Multiple Applications***

In case of applications by Mutual Funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund/ venture capital fund registered with the SEBI and such applications will not be treated as multiple applications, provided that the application made by the asset management company/ trustee/ custodian clearly indicates their intention as to the scheme for which the application has been made.

The applications forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of

- SEBI registration certificate
- Resolution authorizing investment and containing operating instructions
- Specimen signature of authorized signatories

**20. *Documents to be provided by Investors***

Investors need to submit the following documentation, as applicable

- Memorandum and Articles of Association or other constitutional documents
- Resolution authorising investment
- Certified true copy of the Power of Attorney

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- Specimen signatures of the authorised signatories duly certified by an appropriate authority
- SEBI registration certificate (for Mutual Funds)
- Copy of PAN Card to be submitted
- Application form (including RTGS details)
- Any other document required to satisfy the KYC norms

**21. *Applications to be accompanied with bank account details***

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of interest and all other amounts payable to the Debenture Holder(s) through electronic transfer of funds or RTGS.

**22. *Succession***

In the case the investor is an individual, in the event of the demise of a registered Debenture Holder or the first Debenture Holder in the case of joint Debenture Holders, the Company will recognize the executor or administrator of the deceased Debenture Holder of succession certificate or other legal representative of the deceased Debenture Holder as having title to the Debenture. The Company shall not be bound to recognize such executor, administrator or holder of the succession certificate unless such a person obtains probate or letter of administration or succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter and delivers a copy of the same to the Company. The Company may at its own discretion, where it thinks fit, dispense with the production of the probate or letter of administration or succession certificate or other legal representation in order to recognize such holder as being entitled to the Debenture standing in the name of the deceased Debenture Holder on production of sufficient documentary standing in the name of the deceased Debentures Holder on production of sufficient documentary proof or identity. In case the Debentures are held by a person other than an individual, the rights in the Debenture shall vest with the successor acquiring interest therein, including a liquidator or such any person appointed as per the applicable laws.

**23. *Mode of Payment***

All payments must be made through cheque(s)/draft(s)/transfers/RTGS as set out in the Application Form.

**24. *Deemed Date of Allotment***

All the benefits under the Debentures, including but not limited to the payment of interest, will accrue to the investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is the Issue Closing Date.

**25. *Record Date***

The Coupons required to be paid by the Issuer directly to the Debenture Holders in accordance with the terms of this Deed shall be made to such persons who are Debenture Holders as of the date falling 7 days prior to the due date for such payment.

**26. *Refunds***

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For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within [seven days] from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the Registrar shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

**27. *PAN Number***

Every applicant should mention its Permanent Account Number (**PAN**) allotted under Income Tax Act, 1961, on the Application Form and attach a self attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

**28. *Payment on Redemption***

Payment on redemption will be made by way of cheque(s)/ redemption warrant(s)/ demand draft(s)/ credit through RTGS system/ funds transfer in the name of Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the record date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the record date. Such payment will be a legal discharge of the liability of the Issuer towards the Debenture Holder(s). On such payment being made, the Issuer will inform the Depository and accordingly the account of the Debenture Holder(s) with the Depository will be adjusted.

The Issuer's liability to the Debenture Holder(s) towards all their rights including for payment or otherwise shall cease and stand extinguished from the Final Maturity Date of the Debentures subject to payment of all the obligations payable and due on the Debentures and the Transaction Documents.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

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**DECLARATION**

The Issuer declares that all the relevant provisions in the regulations/guidelines issued by SEBI and other applicable law have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable law, as the case may be. The information contained in this Information Memorandum is as applicable to privately placed debt securities and subject to information available with the Issuer. The extent of disclosures made in the Information Memorandum is materially consistent with disclosures permitted by regulatory authorities to the issue of securities made by companies in the past.

For **Appu Hotels Limited**

**(Authorised Signatory)**

**Place : Chennai**

**Date :**

**ANNEXURE A: CREDIT RATING LETTER FROM CARE**

*(Annexure A follows)*



**ANNEXURE B: CONSENT LETTER FROM DEBENTURE TRUSTEE**

*(Annexure B follows)*

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**ANNEXURE C: APPLICATION FORM**

Application No: \_\_\_\_\_

Date: \_\_\_\_\_

Dear Sirs,

Having read and understood the contents of the Information Memorandum dated March 29, 2014 we apply for allotment of Non-Convertible Debentures (NCDs) to us. The amount payable on application as shown below is remitted herewith. On allotment, please place our name(s) on the Register of Debenture holder(s). We bind ourselves to the terms and conditions as contained in the Information Memorandum.

**(Please read carefully the instructions on the next page before filling this form)**

No. of Debentures Applied for	No. in Figures	No. in Words
Amount (Rs) in figures:		
Amount (Rs) in words:		
Cheque/ Demand Draft/ RTGS Details	Date	Drawn on Bank

**Applicant's Name & Address in full (please use capital letters)**

		Pin Code:
Telephone:	Fax:	Email:

Status: Banking Company  Insurance Company  Others  specify

Name of Authorized Signatory	Designation	Signatures

**Details of Bank Account**

Bank Name & Branch	
Nature of Account	
Account No.:	
IFSC/NEFT Code	

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**Depository Details**

DP Name			
DP ID		Client ID	

(\*) We understand that in case of allotment of debentures to us/our Beneficiary Account as mentioned above would be credited to the extent of debentures allotted.

Taxpayers PAN / GIR No.	IT Circle/Ward/District		() Not Allotted	
Tax Deduction Status	( ) Fully Exempt	( ) Tax to be deducted at Source	( ) Yes	( ) No

We hereby agree that we (i) are knowledgeable and experienced in financial and business matters, have expertise in assessing credit, market and all other relevant risk and are capable of evaluating, and have evaluated, independently the merits, risks and suitability of purchasing the Debentures; (ii) understand that the Issuer have not provided, and will not provide, any material or other information regarding the Debentures, except as included in the Information Memorandum, (iii) have not requested the Issuer to provide it with any such material or other information, (iv) have not relied on any investigation that any person acting on their behalf may have conducted with respect to the Debentures, (v) have made our own investment decision regarding the Debentures based on our own knowledge (and information we have or which is publicly available) with respect to the Debentures or the Issuer (vi) have had access to such information as deemed necessary or appropriate in connection with purchase of the Debentures, and (vii) are not relying upon, and have not relied upon, any statement, representation or warranty made by any person, including, without limitation, the Issuer.

(Tear here)

**ACKNOWLEDGEMENT SLIP**

Application No: \_\_\_\_\_ Date: \_\_\_\_\_

Received From \_\_\_\_\_

INR \_\_\_\_\_/- By Cheque/ Demand Draft/ RTGS No \_\_\_\_\_

drawn on \_\_\_\_\_ towards application for \_\_\_\_\_ Debentures. (Cheques/ Demand Drafts are subject to realisation.)

For all further correspondence please contact:

Mr. M P Kaliannan – President (Corporate Finance)

No.59 (Old No.57) Sterling Road,

Nungambakkam, Chennai – 600 034

Tel: 91-44-28254176, 28254609, 28311313

Fax: 91-44-28232076, 28232074

Email: [secretarial@appuhotelsltd-pgp.com](mailto:secretarial@appuhotelsltd-pgp.com), [mpkaliannan@pgpgroup.in](mailto:mpkaliannan@pgpgroup.in)

Name: N Subramanian – President (Corporate Affairs)

No.59 (Old No.57) Sterling Road,

Nungambakkam, Chennai – 600 034

Tel: 91-44-28254176, 28254609, 28311313

Fax: 91-44-28232076, 28232074

Email: [secretarial@appuhotelsltd-pgp.com](mailto:secretarial@appuhotelsltd-pgp.com)

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**INSTRUCTIONS**

1. You must complete application in full in BLOCK LETTERS IN ENGLISH.
2. Your Signatures should be made in English or in any of the Indian languages
3. Application forms duly completed in all respects, together with high value Cheques/ Pay Order/ Demand Drafts must be lodged at the corporate office.
4. Payments through RTGS shall be made as follows:

Beneficiary	:	Appu Hotels Limited
Account name	:	Appu Hotels Limited
IFSC Code	:	ICIC0000004
Bank Account No:	:	000405105288
Bank	:	ICICI Bank
Branch	:	Nariman Point, Mumbai - 400021
5. The Cheque(s)/Demand Draft(s) of high value clearing zone should be drawn in favour of Appu Hotels Limited and crossed "A/c payee" only. Cheque(s)/Demand draft(s) may be drawn on any scheduled bank and payable at Chennai.
6. Outstation cheques, cash, money orders, postal orders and stock invest will NOT be accepted.
7. As a matter of precaution against possible fraudulent encashment of interest warrants due to loss/misplacement, you are requested to mention the full particulars of the bank account, as specified in the application form.
8. Interest warrants will then be made out in favour of the bank for credit to your account. In case the full particulars are not given, cheques will be issued in the name of the applicant at their own risk.
9. Mr. M P Kaliannan – President (Corporate Finance) in the “Acknowledgement Slip” appearing below the Application Form will acknowledge receipt of applications. No separate receipt will be issued.
10. You should mention your Permanent Account Number or the GIR number allotted under Income- Tax Act, 1961 and the Income-Tax Circle/Ward/District. In case where neither the PAN nor GIR number has been allotted, the fact of non-allotment should be mentioned in the application form in the space provided.
11. The application would be accepted as per the terms of the issue outlined in the Information Memorandum.

**ANNEXURE D: COPIES OF GUARANTEE AGREEMENTS**

*(Annexure D follows)*