

IN THE HIGH COURT OF DELHI AT NEW DELHI

COMPANY JURISDICTION

COMPANY PETITION No. 16 of 2008

CONNECTED WITH

COMPANY APPLICATION (M) No.153 of 2007

IN THE MATTER OF:

The Companies Act, 1956;

And

IN THE MATTER OF:

Petition under Sections 391-394 of the Companies Act, 1956;

And

IN THE MATTER OF:

Scheme of Arrangement and Demerger between Asian Hotels Limited, Chillwinds Hotels Limited and Vardhman Hotels Limited.

MEMO OF PARTIES

Asian Hotels Limited,  
having its Registered Office at  
Bhikaji Cama Place  
M.G. Marg,  
New Delhi-110607.

... Petitioner Company No.1/ Transferor Company

Chillwinds Hotels Limited  
having its Registered Office at  
D-4, Qutub Hotel & Apartments  
Shaheed Jeet Singh Marg  
New Delhi-110016.

... Petitioner Company No.2/ Transferee Company - I

Vardhman Hotels Limited  
having its Registered Office at  
145, Tribhuvan Complex  
Ishwar Nagar, Mathura Road  
New Delhi-110065.

... Petitioner Company No.3/ Transferee Company - II

FILED THROUGH:

(AMARCHAND & MANGALDAS & SURESH A. SHROFF & CO.)  
ADVOCATES FOR THE PETITIONER COMPANIES  
AMARCHAND TOWERS, 216, OKHLA INDUSTRIAL ESTATE,  
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PLACE: NEW DELHI  
DATED: 11<sup>th</sup> JANUARY, 2008

Examiner

of The Indian Companies Act

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**IN THE HIGH COURT OF DELHI**

COMPANY APPLICATION NO. 1743/2009 IN CP 16/2008

**Reserved on 18<sup>th</sup> December, 2009**

**Date of pronouncement: 13<sup>th</sup> January, 2010**

**In the matter of**

The Companies Act, 1956:

And

**Application under Sections 392  
of the Companies Act, 1956**

Amended Scheme of Arrangement and Demerger between:

M/s. Asian Hotels Limited .. Applicant Company-1/  
Transferor Company

M/s. Chillwinds Hotels Limited .. Applicant Company-2/  
Transferee Company-I

AND

M/s. Vardhman Hotels Limited .. Applicant Company-3/  
Transferee Company-II

**Through Mr. Rajiv Nayar, Sr. Adv.  
with Mr. Anirudh Das and  
Mr. Sahil Sharma, Advocates for  
the applicants  
Mr. Raisuddin, Dy. Registrar of  
Companies**

**SUDERSHAN KUMAR MISRA, J.**

1. By way of this application, the applicants are seeking sanction of the amended Scheme of Arrangement and Demerger annexed to the application.

2. The Scheme of Arrangement and Demerger was initially approved by this court vide order dated 29<sup>th</sup> February,

2008 passed in CP 16/2008. Thereafter, vide CA 383/2008, the applicants sought some modifications in Clauses 6.12 and 5.3.1 of the Scheme, and the same were allowed to be amended vide order dated 9<sup>th</sup> April, 2008. The applicants again sought an amendment in the Scheme of Arrangement and Demerger vide CA No. 721/2008 on the ground that redemption of preferential shares, which had become due, was overlooked and a modification was sought to the extent of taking into consideration the redemption of the preference shares which had been effected prior to the effective date of the Scheme. This application was also allowed on 18<sup>th</sup> August, 2008 and an additional Clause 5.9 was allowed to be added in the Scheme of Arrangement and Demerger.

3. Thereafter the applicant companies moved another application, viz. CA 793/2009, seeking amendment, for the third time, to the Scheme of Arrangement and Demerger. In the application, amendments were sought in Clauses 5.3.1, 6.12 and 5.9 and also insertion of Clause 1.1.7 in the Scheme, on the ground that in view of the prolonged delay in receiving the approval of the West Bengal Government to the transfer of the leasehold property, coupled with the fact that there was a material change in the economic and market situation which has necessitated a true reflection in the Scheme of values and

pricing, which are marked related. It was submitted by the learned counsel for the applicants that the amendments were necessary to be incorporated in the Scheme so that it may be effectively implemented and worked out.

4. Vide order dated 29<sup>th</sup> May, 2009 passed in CA 793/2009, this court stayed the implementation of the Scheme to which approval was accorded by this court on 29<sup>th</sup> February, 2008 and the amendments were approved vide order dated 9<sup>th</sup> April, 2008 and 18<sup>th</sup> August, 2008 and this court directed convening of the meeting of the equity shareholders of the applicant company-1 on 30<sup>th</sup> September, 2009 at 10.30 am for seeking their approval to the Amended Scheme. The court, however, dispensed with the requirement of convening and holding the meetings of the equity shareholders of applicant companies no. 2 & 3. The matter was directed to be listed in court on 28<sup>th</sup> October, 2009.

5. During the pendency of the said application, viz. CA 793/2009, the applicant companies filed their fourth application, viz. CA No. 1094/2009, seeking amendment to the appointed date of the Scheme to come into effect from 31.07.2009 to 15.10.2009 on the ground that two investors namely, M/s. Fineline Holdings Ltd. and M/s. Global Operations Pvt. Ltd., who

had invested an amount of Rs.3,41,00,100/- in applicant company-1 had expressed their inability to remit the moneys by 31.07.2009, but that they remained committed to bringing in the investments by 15.10.2009. Vide order dated 31<sup>st</sup> August, 2009, this court allowed CA No. 1094/2009 and the appointed date of the Scheme was amended from 31.07.2009 to 15.10.2009. The meeting of the equity shareholders of applicant company-1, which was directed to be held on 30<sup>th</sup> September, 2009, vide order dated 29.5.2009, was directed to be rescheduled for 28<sup>th</sup> January, 2010. The applicant company-1 was also directed to file its segmented balance sheet as on 15.10.2009 in this court as well as in the office of the Regional Director, Northern Region.

6. The applicants thereafter filed CA No. 1486/2009, seeking amendment to the Scheme for the fifth time, praying that due to certain exigencies of business, the appointed date, which was earlier fixed as 15.10.2009, be now varied to 31<sup>st</sup> October, 2009 and the meeting of equity shareholders of applicant company-1, which was to be held on 28<sup>th</sup> January, 2010, be now pre-poned to 11<sup>th</sup> December, 2009. In view of the new SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in place of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, the applicants also sought

amendment to the Scheme by incorporating Clause 1.2.4 in the amended Scheme of Arrangement and Demerger.

7. Vide order dated 10<sup>th</sup> November, 2009, this court allowed CA 1486/2009 and took on record the amended Scheme of Arrangement and Demerger and directed that the meeting of the equity shareholders of applicant company-1, that had been fixed for 28<sup>th</sup> January, 2010, shall now be convened on 11<sup>th</sup> December, 2009. Notice was also directed to be issued to the Regional Director, Northern Region. Mr. Raisuddin, appearing on behalf of the Regional Director, accepted notice and submitted that they have no objection to the proposed amendments in the Scheme of Arrangement and Demerger. The applicant companies were also permitted to file in this court their respective segmented balance sheets, as demerged in accordance with the Scheme, along with the Schedule of Assets, as prescribed in Form 42 of the Companies (Court) Rules, 1959. The applicants have filed a copy of the certified segmented undertaking-wise balance sheet of applicant company-1, as at 31<sup>st</sup> October, 2009.

8. The applicant companies have thereafter filed the present application seeking sanction of the amended Scheme of Arrangement and Demerger. Mr. Gaurav Liberhan, Chairperson

appointed for the meeting of the equity shareholders of applicant company-1, has filed his affidavit dated 26<sup>th</sup> November, 2009 submitting that the citations were published in Statesman (English) and Veer Arjun (Hindi) on 16<sup>th</sup> November, 2009. Copies of the newspaper clippings containing the publications have been filed along with the affidavit.

9. The chairperson of the ordered meeting of the equity shareholders of applicant company-1 has filed his report submitting that the meeting was duly held on 11<sup>th</sup> December, 2009, as directed. He has further submitted that the equity shareholders of applicant company-1, present and voting in the meeting, have approved the amended Scheme of Arrangement and Demerger by overwhelming majority.

10. No objection has been received to the amended Scheme of Arrangement and Demerger from any other party.

11. In view of the approval accorded by the equity shareholders of the applicant companies and the Regional Director, Northern Region, to the proposed amended Scheme of Arrangement and Demerger, there appears to be no impediment to the grant of sanction to the amended Scheme of Arrangement and Demerger. Consequently, sanction is hereby granted to the



amended Scheme of Arrangement and Demerger under Sections 391 and 394 of the Companies Act, 1956. The applicant companies will comply with the statutory requirements in accordance with law. Certified copy of this order be filed with the Registrar of Companies within five weeks. It is also clarified that this order will not be construed as an order granting exemption from payment of stamp duty as payable in accordance with law. Upon the sanction becoming effective from the appointed date of Arrangement, i.e. 31<sup>st</sup> October, 2009, the Mumbai Undertaking of the transferor company shall stand merged in the transferee company-I, and the Kolkata Undertaking of the transferor company shall stand merged in the transferee company-II.

12. The application stands allowed in the above terms.  
Dasti.

January 13, 2010  
sun

- Sd -  
SUDERSHAN KUMAR MISRA, J.

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Examiner of Companies  
Registrar of Companies  
Mumbai



IN THE HIGH COURT OF DELHI AT NEW DELHI  
(ORIGINAL JURISDICTION)

IN THE MATTER OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT AND DEMERGER

BETWEEN

COMPANY APPLICATION NO.1743/2009

IN

COMPANY PETITION NO.16/2008

CONNECTED WITH

COMPANY APPLICATION (M) NO.153/2007

IN THE MATTER OF M/s Asian Hotels Ltd.,  
having its Regd. Office at:  
Bhikaji Cama Place,  
M.G. Marg, New Delhi-110067

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Examiner Judicial Department  
High Court of Delhi  
Authorised Under Section 70  
of The Indian Evidence Act

Petitioner/Transferor Company

AND

IN THE MATTER OF M/s Chillwinds Hotels Ltd.,  
having its Regd. Office at:  
D-4, Qutub Hotel & Apartments,  
Shaheed Jeet Singh Marg, New Delhi-110016

Petitioner/Transferee Company No.1

IN THE MATTER OF M/s Vardhman Hotels Ltd.,  
having its Regd. Office at:  
145, Tribhuvan Complex, Ishwar Nagar,  
Mathura Road, New Delhi-110065

Petitioner/Transferee Company No.2

BEFORE HON'BLE MR. JUSTICE SUDERSHAN KUMAR MISRA

DATED THIS THE 13<sup>th</sup> DAY OF JANUARY, 2010

**ORDER UNDER SECTION 394 OF THE COMPANIES ACT, 1956**

The above petition came up for hearing on 13/01/2010 for sanction of Amended Scheme of Arrangement and Demerger proposed to be made between M/s Asian Hotels Ltd. (hereinafter referred to as the Transferor Company) and M/s Chillwinds Hotels Ltd. and M/s Vardhman Hotels Ltd. (hereinafter referred to as the Transferee Companies) in two stages: Stage-1 being the demerger of Mumbai Undertaking from Transferor Company and be vested in Transferee Company No.1 and Stage-2 being the demerger of Kolkatta Undertaking from Transferor Company and be vested in Transferee Company No.2. Subsequently, on 09/04/2008 on an application filed by the petitioners, this Court permitted modification of first paragraph of Clause 5.3.1, and Clause 6.12 of the Scheme. Subsequently, on 29/05/2008 and 18/08/2008 on applications filed by the Petitioners, this Court permitted further amendments to the Scheme of Arrangement and Demerger. The Petitioners further filed CA No.1094/2008 and CA No.1486/2009 proposing further amendments to the Scheme of Arrangement and Demerger whereby the requirement of convening and holding the meetings of the Equity Shareholders of the Transferor Company were ordered to be convened in CA No.793/2009 dated 29/05/2009 for the purpose of considering and if thought fit approving with or without modification, the Amended Scheme of Arrangement and Demerger and the publication in the newspapers namely (1) Statesman (English) and (2) Veer Arjun (Hindi) dt.

*(Signature)*

16/11/2009 containing the advertisement of the notice; the affidavits of Sh. Gaurav Liberhan, Chairperson filed on 26/11/2009 showing the publication and despatch of the notices convening the said meeting, the report of the Chairperson of the meeting as to the result of the meeting.

Upon hearing Sh. Rajiv Nayyar, Sr. Advocate with Mr. Anirudh Das and Mr. Sahil Sharma, Advocates for the Petitioner and Mr. Raisuddin, Dy. Registrar of Companies in person and it appearing from the reports that the Amended Scheme of Arrangement and Demerger has been approved unanimously without any modification by the said Equity Shareholders of the Transferor Company present and voting either in person or by proxy and Regional Director, Northern Region, Ministry of Company Affairs, Noida on behalf of Central Government stating inter-alia that the Central Government has no objection to the proposed Amended Scheme of Arrangement and Demerger and there being no investigation proceedings pending in relation to the Petitioner Companies under Section 235 to 251 of the Companies Act, 1956.

THIS COURT DOTH HEREBY SANCTION THE AMENDED SCHEME OF ARRANGEMENT AND DEMERGER set forth in Schedule-I annexed hereto and Doth hereby declare the same to be binding on all the Equity Shareholders and Creditors of the Transferor and Transferee Companies and all concerned and doth approve the said Scheme of Arrangement and Demerger with effect from the appointed date i.e. 31/10/2009.

AND THIS COURT DOTH FURTHER ORDER AS UNDER:

- 1(a). That all the property, rights and powers of the Bombay Undertaking of the Transferor Company specified in the First, Second and Third parts of the Schedule-II hereto and all other property, rights and powers of the Bombay Undertaking of the Transferor Company be transferred without further act or deed to the Transferee Company No.1 and accordingly the same shall pursuant to Section 394 (2) of the Companies Act, 1956 be transferred to and vest in the Transferee Company No.1 for all the estate and interest of the Bombay Undertaking of the Transferor Company therein but subject nevertheless to all charges now affecting the same; and
- 2(a). That all the liabilities and duties of the Bombay Undertaking of the Transferor Company be transferred without further act or deed to the Transferee Company No.1 and accordingly the same shall pursuant to Section 394 (2) of the Companies Act, 1956 be transferred to and become the liabilities and duties of the Transferee Company No.1; and
- 3(a). That all the proceedings now pending by or against the Bombay Undertaking of the Transferor Company be continued by or against the Transferee Company No.1; and
- 4(a). That the Transferee Company No.1 do without further application allot to such members of the Transferor Company as have not given such notice of dissent as is required by Clause 5.4 of Part-V of the scheme given in the Scheme of Arrangement and Demerger herein the shares in the

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Examiner, N.C.

Author, N.C.



Transferee Company No.1 to which they are entitled under the said Arrangement and Demerger; and

5(a). That the Transferor Company do within five weeks after the date of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration. It is clarified that this order will not be construed as an order granting exemption from payment of stamp duty, that is payable in accordance with law; and

1(b). That all the property, rights and powers of the Kolkatta Undertaking of the Transferor Company specified in the First, Second and Third parts of the Schedule-II hereto and all other property, rights and powers of the Kolkatta Undertaking of the Transferor Company be transferred without further act or deed to the Transferee Company No.2 and accordingly the same shall pursuant to Section 394 (2) of the Companies Act, 1956 be transferred to and vest in the Transferee Company No.2 for all the estate and interest of the Kolkatta Undertaking of the Transferor Company therein but subject nevertheless to all charges now affecting the same; and

2(b). That all the liabilities and duties of the Kolkatta Undertaking of the Transferor Company be transferred without further act or deed to the Transferee Company No.2 and accordingly the same shall pursuant to Section 394 (2) of the Companies Act, 1956 be transferred to and become the liabilities and duties of the Transferee Company No.2; and

3(b). That all the proceedings now pending by or against the Kolkatta Undertaking of the Transferor Company be continued by or against the Transferee Company No.2; and

4(b). That the Transferee Company No.2 do without further application allot to such members of the Transferor Company as have not given such notice of dissent as is required by Clause 5.4 of Part-V of the scheme given in the Scheme of Arrangement and Demerger herein the shares in the Transferee Company No.2 to which they are entitled under the said Arrangement and Demerger; and

5(b). That the Transferor Company do within five weeks after the date of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration. It is clarified that this order will not be construed as an order granting exemption from payment of stamp duty, that is payable in accordance with law; and

6. That any person interested shall be at liberty to apply to the Court in the above matter for any directions that may be necessary.

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**Examiner Judicial Department**  
High Court of  
Authorized Under  
of The Indian Evidence Act



"AMENDED SCHEME"

**SCHEME OF ARRANGEMENT AND DEMERGER**

**BETWEEN**

**ASIAN HOTELS LIMITED  
AND ITS SHAREHOLDERS AND CREDITORS**

**AND**

**CHILLWINDS HOTELS LIMITED  
AND ITS SHAREHOLDERS**

**AND**

**VARDHMAN HOTELS LIMITED  
AND ITS SHAREHOLDERS**



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High Court of Madras  
Authorized Under Section 70  
of The Indian Evidence Act

## 1. INTRODUCTION, DEFINITIONS AND INTERPRETATION

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## 1.1 Introduction

1.1.1 Asian Hotels Limited

- (i) Asian Hotels Limited ("AHL") is a public limited company incorporated under the Companies Act, 1956, having its registered office at Bhikaji Cama Place, M.G. Road, New Delhi- 110066.
- (ii) The main objects of AHL are as follows:
- (a) *To acquire by purchase, lease, exchange hire or otherwise, lands, plots, buildings and hereditaments of any tenure or description situated in Union Territory of Delhi or elsewhere in the Indian Union and any estate or interest and rights therein in particular by constructing, reconstructing altering, improving, decorating, furnishing and maintaining hotels, motels, restaurants, dining rooms, bars, catering rooms, garages, stables, lodging houses, commercial buildings, farm house, warehouses, clubs, health clubs, dressing rooms, beauty Saloons, baths, laundry rooms, reading, writing and library rooms, indoor and outdoor play grounds and stadiums, swimming pools, theatre, opera and Cinema houses, museum and Art rooms video and other fun game rooms, race courses, meditation centres, boating clubs, flying clubs, freezing-hot-preservation and baking chambers and other apartments, showrooms, shops and conveniences of all kinds and by consolidating or connecting or subdividing properties and by leasing, hiring and disposing of same.*
- (b) *To carry on the business of establishing and operating of hotels, restaurants Inns, Cinemas, Cafe, tavern, beerhouse, refreshment room and lodging house keepers, licensed, victuallers, wine, beer and spirit merchants, brewers, maltsters, distillers, importers and manufacturers of aerated, mineral and artificial waters and other drinks, purveyors, caterers, whether in meals provided door or outdoor, carriage, taxi, motor car and motor lorry proprietors, livery stable keepers job masters, farmers dairymen, Ice merchants, importers and dealers of all kinds of foods and foodstuffs, vegetarian or non-vegetarian, live and dead stocks, whether half prepared, fully prepared or in raw form, colniel and foreign produce of all descriptions, hotelware, hair dressers, perfumers, chemists, proprietors of clubs, night clubs health clubs seminar fashion show and cultural programme, bath, dressing rooms, laundries, reading, writing and newspaper*

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rooms, libraries, grounds, fun games, places of amusement, recreation, sports, games entertainments and instruction of all kinds, tobacco, cigar and cigarettes merchants, agents for railways, roadways, airways and shipping companies and transporters and carriers, the article and opera box office, proprietors.

- (c) To act as consultants, managers, operators, advisers, planners, valuers to and impart technical know in the field of planning construction, operation of hotels, restaurants, recreation entertainment centres and in the field of tourism industry whether in India or abroad.
  - (d) To subscribe for, acquire, hold, sell and otherwise deal in shares, stock, debentures, debenture-stock, bonds, mortgages, obligations and securities of any kind issued or guaranteed by any Company (body corporate or undertaking) of whatever nature and wheresoever constituted or carrying on business in shares, stocks, debentures, debenture-stock, bonds, mortgages, obligations and other securities issued or guaranteed by any government, sovereign, ruler, commissioners, trust, municipal, local or other authority or body of whatever nature, whether in India or elsewhere.
- (iii) AHL is presently engaged in three segmented businesses and runs and operates three distinct hotel undertakings. The three undertakings of AHL are as follows:
- (a) the hotel undertaking at Delhi ("**Delhi Undertaking**");
  - (b) the hotel undertaking at Kolkata, together with its investments ("**Kolkata Undertaking**"); and
  - (c) the hotel undertaking at Mumbai, together with its investments ("**Mumbai Undertaking**").
- (iv) The equity shares of AHL are listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited.

#### 1.1.2 Chillwinds Hotels Limited

- (i) Chillwinds Hotels Limited ("**Transferee Company- I**") is a company incorporated under the Companies Act, 1956 and having its registered office at D-4, Qutub Hotel and Apartments, Shaheed Jeet Singh Marg, New Delhi-16. Transferee Company-I is a wholly owned subsidiary of the Transferor Company.
- (ii) The main objects of Transferee Company-I are as follows:



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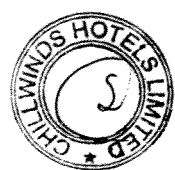
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- (a) To acquire by purchase, lease, exchange hire or otherwise lands, plots, buildings and hereditaments of any tenure or description situated in anywhere in India and any estate or interest and rights therein in particular by constructing, reconstructing, altering, improving, decorating, furnishing and maintaining hotels, motels, restaurants, reverts, dining rooms, bars, catering rooms, garages, stables, lodging houses, commercial buildings, farm house, warehouses, clubs, health clubs, dressing rooms, beauty saloons, , baths, laundry rooms, reading, writing and library rooms, indoor and outdoors play grounds and stadiums, swimming pool, theatre, opera and cinema houses, internet cafe, museum and art rooms, video and other fun games room, race courses, meditation centers, boating clubs, flying clubs, freezing hot-preservation and baking chambers and by consolidating or connecting or subdividing properties and by leasing hiring and disposing of same,
- (b) To carry on the business of establishing and operating of hotels, restaurants, inns, resorts, cinema, cafe, tavern, beerhouse, bars, business and commercial centers, refreshment rooms and lodging house keepers, licensed victuallers, wine, beer and, brewers, maltsters, distillers, importers and manufacturers of aerated mineral and artificial waters and other drinks, purveyors, caterers, whether in meals provided door or outdoor, carriage, taxi, motor car and motor lorry proprietors, livery stable keepers job masters, farmers dairymen, ice merchants, importers and dealers of all kinds of food and foodstuff, vegetarian and non vegetarian, live or dead stocks, whether half prepared, fully prepared or raw form, colonial and foreign produce of all descriptions, hotelware, hairdressers, perfumers, chemists, proprietors of clubs, night clubs, seminar, fashions shows and cultural programmes, bath, dressing rooms, grounds, places of amusements, recreation, sports, games, conduct tours and travels, entertainment and instruction of all kinds, tobacco, cigar and cigarettes merchants, agents for railways, roadways, airways and shipping companies and transporters and earners, the articles and opera box office proprietors.
- (c) To act as consultants, managers, trainers, operators, advisers, hotel management advisors, planners, valuers to and impart technical know-how, in the field of planning, construction, operations of hotels, restaurants, resorts, recreation and entertainment centres and in the field of hospitality and tourism industry whether in India or abroad.

Certified to be True (d) To deal with or to act as an investors by the way of acquiring, holding, selling, buying, transferring, subscribing any shares, bonds, stocks, debentures, or any other securities, of any kind, issued by or guaranteed by any government, public

Examiner, District Court, New Delhi  
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body, authority, state, sovereign, commissioners, trusts, provincial, municipal body, or otherwise, whether in India or elsewhere and to act as guarantors, financiers, underwriters, and to lend money or deal with money, either with or without interest to such individuals, firms, body corporates, and institutions and upon such terms and conditions as the Company may deem expedient but not amounting to banking business as defined under the Banking Regulations Act, 1949.

### 1.1.3 Vardhman Hotels Limited

(i) Vardhman Hotels Limited ("Transferee Company- II") is a company incorporated under the Companies Act, 1956 and having its registered office at 145, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi- 110065. Transferee Company-II is a wholly owned subsidiary of the Transferor Company.

(ii) The main objects of Transferee Company-II are as follows:

(a) To acquire by purchase, lease, exchange hire or otherwise lands, plots, buildings and hereditaments of any tenure or description situated in anywhere in India and any estate or interest and rights therein in particular by constructing, reconstructing, altering, improving, decorating, furnishing and maintaining hotels, motels, restaurants, reverts, dining rooms, bars, catering rooms, garages, stables, lodging houses, commercial buildings, farm house, warehouses, clubs, health clubs, dressing rooms, beauty saloons, , baths, laundry rooms, reading, writing and library rooms, indoor and outdoors play grounds and stadiums, swimming pool, theatre, opera and cinema houses, internet cafe, museum and art rooms, video and other fun games room, race courses, meditation centers, boating clubs, flying clubs, freezing hot preservation and baking chambers and by consolidating or connecting or subdividing properties and by leasing hiring and disposing of same,

(b) To carry on the business of establishing and operating of hotels, restaurants, inns, resorts, cinema, cafe, tavern, beerhouse, bars, business and commercial centers, refreshment rooms and lodging house keepers, licensed victuallers, wine, beer and, brewers, maltsters, distillers, importers and manufacturers of aerated mineral and artificial waters and other drinks, purveyors, caterers, whether in meals provided door or outdoor, carriage, taxi, motor car and motor lorry proprietors, livery stable keepers job masters, farmers dairymen, ice merchants, importers and dealers of all kinds of food and foodstuff, vegetarian and non vegetarian, live or dead stocks, whether half prepared, fully prepared or raw form, colonial and foreign produce of all

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descriptions, hotelware, hairdressers, perfumers, chemists, proprietors of clubs, night clubs, seminar, fashions shows and cultural programmes, bath, dressing rooms, grounds, places of amusements, recreation, sports, games, conduct tours and travels, entertainment and instruction of all kinds, tobacco, cigar and cigarettes merchants, agents for railways, roadways, airways and shipping companies and transporters and earners, the articles and opera box office proprietors.

- (c) To act as consultants, managers., trainers, operators, advisers, hotel management advisors, planners, valuers to and impart technical know-how, in the field of planning, construction, operations of hotels, restaurants, resorts, recreation and entertainment centres and in the field of hospitality and tourism industry whether in India or abroad.
- (d) To deal with or to act as an investors by the way of acquiring, holding, selling, buying, transferring, subscribing any shares, bonds, stocks, debentures, or any other securities, of any kind, issued by or guaranteed by any government, public body, authority, state, sovereign, commissioners, trusts, provincial, municipal body, or otherwise, whether in India or elsewhere and to act as guarantors, financiers, underwriters, and to lend money or deal with money, either with or without interest to such individuals, firms, body corporates, and institutions and upon such terms and conditions as the Company may deem expedient but not amounting to banking business as defined under the Banking Regulations Act, 1949.

1.1.4 The current economic buoyancy is likely to continue over the succeeding few years in relation to the hospitality industry considering the economic growth in all regions in India and this provides opportunity for growth in all states in India. The promoters of AHL are constituted in three major groups since inception as follows:

- (i) The Jatia group represented by Mr. Shiv Jatia;
- (ii) The Gupta group represented by Mr. Sushil Gupta; and
- (iii) The Saraf group represented by Mr. Umesh Saraf.

Each of the three groups as mentioned above have independent interests in the hospitality industry, which may create potential conflicts of interest situations amongst the three groups inter-se, which could affect shareholders' interest. In view thereof and with the end and intent of (i) minimising the potential conflicts of interest within the three groups of promoters in AHL and (ii) maximizing growth and future prospects of all the undertakings of AHL, it is proposed that the Mumbai Undertaking and the Kolkata Undertaking be transferred and vested in Transferee Company-I and Transferee

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Company-II, respectively, through a scheme of arrangement and demerger.

1.1.5 The restructuring would result in enhancement of shareholder value, leading to operational efficiencies and synergies and enable each of the three promoter groups to vigorously pursue growth and acquisition opportunities for AHL Residual and the two resultant transferee companies.

1.1.6 The demerger, transfer and vesting of the Mumbai Undertaking and the Kolkata Undertaking in Transferee Company-I and Transferee Company-II, respectively, in accordance with this Scheme shall take place from the Effective Date but with effect from the Appointed Date and shall be in accordance with Section 2 (19AA) of the Income Tax Act, 1961.

**1.1.7 Conduct of Business Between Appointed Date and Effective Date**

- (i) With effect from the Appointed Date and up to the Effective Date, AHL shall carry on and shall be deemed to have carried on all its business and activities and shall hold and stand possessed of and shall be deemed to have held and stood possessed of all its assets on account of, and in trust for:
  - (a) AHL Residual Company with respect to the business and assets pertaining to AHL Residual Undertaking,
  - (b) Transferee Company-I with respect to the business and assets pertaining to Mumbai Undertaking, and
  - (c) Transferee Company-II with respect to the business and assets pertaining to Kolkata Undertaking.
- (ii) With effect from the Appointed Date and up to the Effective Date, all the profits or incomes accruing or arising to AHL, or expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by AHL shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses or taxes of:
  - (a) AHL Residual Company with respect to profits or incomes pertaining to AHL Residual Undertaking and the expenditure or losses pertaining to AHL Residual Undertaking,
  - (b) Transferee Company-I with respect to profits or incomes pertaining to Mumbai Undertaking and the expenditure or losses pertaining to Mumbai Undertaking, and



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- (c) Transferee Company-II with respect to profits or incomes pertaining to Kolkata Undertaking and the expenditure or losses pertaining to Kolkata Undertaking.
- (iii) AHL shall carry on the businesses pertaining to AHL Residual Undertaking, Mumbai Undertaking and Kolkata Undertaking with reasonable diligence and in the same manner as it had been doing hitherto.
- (iv) All debts, liabilities, duties and obligations which arise or accrue on or after the Appointed Date with respect to any of AHL Residual Undertaking or Mumbai Undertaking or Kolkata Undertaking, shall be deemed to be the debts, liabilities, duties and obligations of AHL Residual Undertaking or Mumbai Undertaking or Kolkata Undertaking, as the case may be, whether or not provided in the books of account of AHL.
- (v) Before the Appointed Date, AHL shall receive the share application money aggregating to Rs. 3,11,00,00,400/- from Fineline Holdings Limited or its nominees and/or associates for subscription of 57,59,260 FCPS in AHL and the share application money aggregating to Rs. 29,99,99,700/- from Global Operations Pte Ltd. or its nominees and/or associates, for subscription of 5,55,555 FCPS in AHL and then AHL shall issue and allot the requisite number of FCPS to Fineline Holdings Limited or its nominees and/or associates and Global Operations Pte Ltd. or its nominees and/or associates, respectively, prior to the Effective Date only in accordance with Clause 5.3 hereof, which will be deemed to have been allotted as of the Appointed Date. Such allotment would relate back to the Appointed Date and the allocation of FCPS, preference share capital and related securities premium account would be deemed to have been allocated as of the Appointed Date.

## 1.2 Definitions & Interpretations

- 1.2.1 In this Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meanings as set out hereinbelow:

“Act” means the Companies Act, 1956 (1 of 1956), the rules and regulations made thereunder and will include any statutory modifications or re-enactment thereof.

“AHL” has the meaning assigned to it in Clause 1.1.1(i) above.

“AHL Residual Company/ AHL Residual/ AHL Residual Undertaking” is the term used to refer to the residual AHL, as would emerge immediately after the transfer and vesting of the Mumbai Undertaking and the Kolkata Undertaking in Transferee Company-I and Transferee Company-II, respectively, including



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99,00,000 1% non-convertible redeemable preference shares of Rs. 10/- each issued in AHL at a premium of Rs. 80/- per share, for the aggregate value of Rs. 89,10,00,000/- and such residual company shall have the obligation to pay dividends and redeem such preference shares.

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**"Appointed Date"** means October 31, 2009.

**"Board of Directors"** in relation to each of AHL, Transferee Company-I and Transferee Company-II, as the case may be, shall, unless it be repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or such committee of directors.

**"Effective Date"** has the meaning assigned to it in Clause 6.12 hereof.

**"High Court"** mean the Hon'ble High Court of Delhi at New Delhi.

**"Kolkata Undertaking"** means and includes the following:

- (a) all assets whether movable or immovable, tangible or intangible, including all rights, title, interest, covenant, undertakings, including continuing rights, title and interest in connection with the land and the buildings thereon whether, corporeal or incorporeal, leasehold or otherwise, plant and machinery, fixed or moveable, and whether leased or otherwise, including inventory and work in progress, together with all present and future liability including contingent liabilities and debts appertaining thereto, of AHL all of which relate to the Kolkata Undertaking;

For the purpose of identification, the immovable properties of the Kolkata Undertaking are more fully set out in **Schedule I** hereof;

- (b) all investments (including the shares held in G.J.S. Hotels Limited and Regency Convention Centre and Hotels Limited), loans and advances (including accrued interest thereon, along with advances for purchase of certain shares of Regency Convention Centre and Hotels Limited from other shareholders thereof, and provisions against such advances) of AHL appertaining to the Kolkata Undertaking;
- (c) all debts, borrowings and liabilities, including contingent liabilities, present or future, whether secured or unsecured, pertaining to the Kolkata Undertaking;
- (d) all permits, quotas, rights, entitlements, licenses, approvals, consents, tenancies, offices and depots, trademarks,



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copyrights, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, easements, powers and facilities of every kind and description whatsoever appertaining to the Kolkata Undertaking;

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- (e) all employees and contract labour engaged in the Kolkata Undertaking at their respective offices, branches, depots, shops at their current terms and conditions; and
- (f) cash in bank of a minimum of Rs. 251 Crores and all earnest monies and/or security deposits, payment against warrants or other entitlements in connection with or relating to the Kolkata Undertaking.

"Mumbai Undertaking" means and includes the following:

- (a) all assets whether movable or immovable, tangible or intangible, including all rights, title, interest, covenant, undertakings, including continuing rights, title and interest in connection with the land and the buildings thereon whether, corporeal or incorporeal, leasehold or otherwise, plant and machinery, fixed or moveable, and whether leased or otherwise, including inventory and work in progress, together with all present and future liability including contingent liabilities and debts appertaining thereto, of AHL all of which relate to the Mumbai Undertaking;

For the purpose of identification, the immovable properties of the Mumbai Undertaking are more fully set out in **Schedule II** hereof;

- (b) all investments (including investments in Aria Consultancy Services India Private Limited\*), loans and advances, including accrued interest thereon, of AHL appertaining to the Mumbai Undertaking, including deposits/ advances paid towards acquisition of immovable property in Bangalore;
- (c) 99,00,000 1% non-convertible redeemable preference shares of Rs. 10/- each issued at a premium of Rs. 80/- per share, for the aggregate value of Rs. 89,10,00,000/- together with the obligation to pay dividends and redeem the said preference shares;
- (d) all debts, borrowings and liabilities, including contingent liabilities, present or future, whether secured or unsecured, pertaining to the Mumbai Undertaking (including debts,

\* Name being changed to "Aria Hotels and Consultancy Services Private Limited". All corporate actions required for change of name have been completed and requisite forms and applications are being filed with the Registrar of Companies for approval of change in name.



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borrowings and liabilities incurred in relation to Aria Consultancy Services India Private Limited\*);

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- (e) all permits, quotas, rights, entitlements, licenses, approvals, consents, tenancies, offices and depots, trademarks, copyrights, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, easements, powers and facilities of every kind and description whatsoever appertaining to the Mumbai Undertaking;
- (f) all employees and contract labour engaged in the Mumbai Undertaking at their respective offices, branches, depots, shops at their current terms and conditions; and
- (g) all earnest monies and/or security deposits, payment against warrants or other entitlements in connection with or relating to the Mumbai Undertaking.

"NCLT" has the meaning assigned to it in Clause 1.2.3 hereof.

"Record Date" has the meaning assigned to it in Clause 5.4.1 hereof.

"Scheme" means this Scheme of Arrangement and Demerger in its present form, with or without modifications, as may be approved for sanction by the Hon'ble High Court.

"Transferee Company-I" has the meaning assigned to it in Clause 1.1.2(i) above.

"Transferee Company-II" has the meaning assigned to it in Clause 1.1.3(i) above.

1.2.2 Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall mean the Effective Date.

1.2.3 The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the Regulations made thereunder), the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time. In particular, wherever reference is made to the Hon'ble High Court in this Scheme, the reference would include, if appropriate, reference to



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the National Company Law Tribunal ("NCLT") or such other forum or authority, as may be vested with any of the powers of a High Court under the Act.

- 1.2.4 The SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("DIP Guidelines") issued by the Securities and Exchange Board of India ("SEBI") have been rescinded and replaced by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") notified on August 26, 2009, circular no. SEBI/CFD/SCRR/01/2009/03/09, dated September 3, 2009 issued by the SEBI and certain other notifications issued by the SEBI. Therefore, all references to DIP Guidelines, wherever appearing in the Scheme, shall now be substituted by the corresponding provisions of the ICDR Regulations and/ or the applicable SEBI circulars/ notifications and shall be construed in the context and reference to the ICDR Regulations.

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## PART-II

## 2. SHARE CAPITAL

## 2.1 AHL

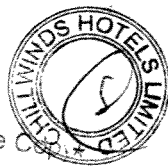
The capital structure of AHL, as on 1<sup>st</sup> September, 2007 is as under:

| Authorized Share Capital  | Amount in Rupees        |
|---|-------------------------|
| 4,00,00,000 equity shares of Rs. 10/- each  | 40,00,00,000            |
| 3,00,00,000 preference shares of Rs. 10/- each  | 30,00,00,000            |
| <b>Total</b>  | <b>70,00,00,000</b>     |
| <b>Issued and Subscribed share capital</b>  | <b>Amount in Rupees</b> |
| 2,28,03,564 equity shares of Rs. 10/- each  | 22,80,35,640            |
| 2,00,00,000 1% non-convertible redeemable preference shares of Rs. 10/- each  | 20,00,00,000            |
| <b>Total</b>  | <b>42,80,35,640</b>     |
| <b>Paid-up Share Capital</b>  | <b>Amount in Rupees</b> |
| 2,28,03,564 equity shares of Rs. 10/- each  | 22,80,35,640            |
| 1,00,00,000 1% non-convertible redeemable preference shares of Rs. 10/- each  | 10,00,00,000            |
| <b>Total</b>  | <b>32,80,35,640</b>     |
| <b>Share Application Money</b> – received from Magus Estates & Hotels Private Limited - in respect of 1,00,00,000 1% non- convertible redeemable preference shares of Rs. 10/- each, including securities premium of Rs. 80/- per share | <b>90,00,00,000</b>     |

**Note:** The share application money in respect of 1,00,00,000/- 1% non-convertible redeemable preference shares of Rs. 10/- each, has been received and shares have been allotted, and accordingly, the 'Paid Up Share Capital' and the 'Issued and Subscribed Share Capital' are identical.

## 2.2 Transferee Company-I

The capital structure of Transferee Company-I, as on June 30, 2007 is as under:



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| Authorized Share Capital            |                              |
|-------------------------------------|------------------------------|
| 50,000 equity shares of Rs. 10 each | Amount in Rupees<br>5,00,000 |
| Total                               | 5,00,000                     |

| Issued and Subscribed and Paid-up share capital |                              |
|---|------------------------------|
| 50,000 equity shares of Rs. 10 each             | Amount in Rupees<br>5,00,000 |
| Total   | 5,00,000                     |

### 2.3 Transferee Company-II

The capital structure of Transferee Company-II, as on June 30, 2007 is as under:

| Authorized Share Capital            |                              |
|-------------------------------------|------------------------------|
| 50,000 equity shares of Rs. 10 each | Amount in Rupees<br>5,00,000 |
| Total                               | 5,00,000                     |

| Issued and Subscribed and Paid-up share capital |                              |
|---|------------------------------|
| 50,000 equity shares of Rs. 10 each             | Amount in Rupees<br>5,00,000 |
| Total   | 5,00,000                     |



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## PART-III

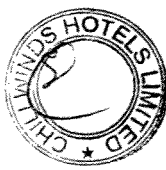
## 3. DEMERGER, TRANSFER AND VESTING OF THE MUMBAI UNDERTAKING IN TRANSFEREE COMPANY-I

- 3.1 Upon this Scheme becoming effective, the Mumbai Undertaking shall stand demerged from AHL and be vested in Transferee Company-I, without any further deed or act, together with all properties, assets, rights, benefits and interest therein, subject to existing charges or *lis pendens*, if any thereon, in favour of banks and financial institutions, with effect from the Appointed Date.
- 3.2 Without prejudice to the generality of the foregoing, upon the Scheme becoming effective with effect from the Appointed Date:
- (i) any and all assets relating to the Mumbai Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by vesting and recordal pursuant to this Scheme shall stand transferred and vested by AHL to Transferee Company-I and shall become the property and an integral part of Transferee Company-I. The transfer and vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery and possession or negotiation and endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred and vested accordingly. No stamp duty shall be payable on the transfer of such movable properties (including shares and other investments, which are in dematerialised form) upon its transfer and vesting in Transferee Company-I;
  - (ii) any and all movable properties of AHL relating to the Mumbai Undertaking, other than those specified in sub-clause (i) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, be transferred and vested as the property of Transferee Company-I;
  - (iii) any and all immovable properties (including land together with the buildings and structures standing thereon) of AHL relating to the Mumbai Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto, shall stand transferred to and be vested in Transferee Company-I, without any act or deed done by AHL or Transferee Company-I. **Schedule II** sets out the immovable properties pertaining to the Mumbai Undertaking.



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With effect from the Effective Date, Transferee Company-I shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of Transferee Company-I shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Hon'ble High Court and this Scheme becoming effective with effect from the Appointed Date, in accordance with the terms hereof without any further act or deed on part of Transferee Company -I (save and except for filing the sanction order relating to the Scheme with the Registrar of Companies, NCT of Delhi and Haryana);

- (iv) any and all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not or disclosed in the books of accounts of AHL relating to the Mumbai Undertaking, including those relating to EPCG licenses relating to the Mumbai Undertaking, shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of Transferee Company-I and Transferee Company-I undertakes to meet, discharge and satisfy the same.

It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause;

- (v) any and all contracts, agreements, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements and other instruments of whatsoever nature in relation to the Mumbai Undertaking, to which AHL is a party or to the benefit of which, the Mumbai Undertaking may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect, on or against or in favour of Transferee Company-I and may be enforced as fully and effectually as if, instead of AHL, Transferee Company-I had been a party or beneficiary or obligee thereto.

All contractors engaged by AHL for use of contract labourers in relation to the Mumbai Undertaking, shall be deemed to have been engaged by Transferee Company-I in the same manner as other contractual arrangements referred above;



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- (vi) all permits, no objection certificates, permission, approvals, consents quotas, rights, entitlements, licenses including those relating to trademarks, tenancies, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Mumbai Undertaking to which AHL is a party or to the benefit of which AHL may be eligible and which are subsisting or having effect immediately before the Effective Date, shall stand transferred to and vested in Transferee Company-I without any further act or deed done by AHL and Transferee Company-I and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Transferee Company-I upon the vesting and transfer of the Mumbai Undertaking pursuant to this Scheme, and shall be and remain in full force, operative and effectual for the benefit of the Transferee Company-I, and may be enforced by Transferee Company-I as fully and effectually as if, instead of AHL, Transferee Company-I had been the original party or beneficiary or obligee thereto;

Upon the Scheme becoming effective, with effect from the Appointed Date, any such statutory and regulatory no-objection certificates, licenses, permissions, consents, approvals, authorisations or registrations, as are jointly held for the Mumbai Undertaking and the AHL Residual Undertaking, including the statutory licenses, permissions or approvals or consents required to carry on the operations in the AHL Residual Undertaking, shall be deemed to constitute separate licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate or record the separation, pursuant to the filing of this Scheme as sanctioned by the Hon'ble High Court, with such authorities and licensors after the same becomes effective, so as to facilitate the continuation of operations in Transferee Company-I without hindrance or let from the Effective Date.

The benefit of all statutory and regulatory permissions, factory licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Mumbai Undertaking shall vest in and become available to Transferee Company-I pursuant to the Scheme;

- (vii) all permanent employees of AHL, engaged in or in relation to the Mumbai Undertaking shall be engaged by Transferee Company-I, with the benefit of continuity of service and on such terms and conditions, as are no less favourable than those on which they are currently engaged by AHL.



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With regard to provident fund, gratuity fund, superannuation fund or any other special fund or any other special scheme created or existing for the benefit of such employees of AHL, upon the Scheme becoming effective, the existing amounts, whether held by way of cash and/or investments, in the gratuity fund, provident fund and superannuation fund trusts, if any, created by AHL for its employees including employees of the Mumbai Undertaking shall be pro rata transferred to the gratuity fund, provident fund and superannuation fund schemes carried on by Transferee Company-I on the same terms and conditions in relation to the employees of AHL being transferred to Transferee Company-I. With effect from the Effective Date, Transferee Company-I shall make the necessary contributions for such transferred employees of AHL in relation to the existing gratuity fund, superannuation fund, provident fund benefits and benefits under any other special fund or scheme. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Mumbai Undertaking in relation to such schemes or funds shall become those of Transferee Company-I. It is clarified that the services of all transferred employees of AHL, to Transferee Company-I will be treated as having been continuous for the purpose of the aforesaid schemes or funds.

Transferee Company-I agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits to the permanent employees engaged in the Mumbai Undertaking, the past services of such employees with AHL shall also be taken into account and agrees and undertakes to pay the same as and when payable. Transferee Company-I shall continue to abide by any agreement(s)/ settlement(s) entered into with any labour unions/employees by AHL in relation to the Mumbai Undertaking;

- (viii) Transferee Company-I shall bear the burden and enjoy the benefits of any legal or other proceedings relating to or in connection with the Mumbai Undertaking, initiated by or against AHL. If any suit, appeal or other proceedings relating to the Mumbai Undertaking, of whatsoever nature by or against AHL be pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against Transferee Company-I in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against AHL, as if this Scheme had not been made. Transferee Company-I undertakes to have such legal or other proceedings relating to or in connection with the Mumbai Undertaking, initiated by or against AHL, transferred in its name and to have the same continued, prosecuted and



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enforced by or against Transferee Company-I to the exclusion of AHL. Transferee Company-I also undertakes to deal with all legal or other proceedings, which may be initiated by or against the Mumbai Undertaking or Transferee Company-I after the Effective Date, but relating to the Mumbai Undertaking, in respect of the period up to the Effective Date, in its own name and account and to the extent possible, to the exclusion of AHL. Transferee Company-I further undertakes to pay all amounts including interest, penalties, damages, etc., which may be called upon to be paid or secured in respect of any liability or obligation relating to the Mumbai Undertaking for the period up to the Effective Date. Any reasonable costs incurred by AHL, in respect of the proceedings started by or against it relating to the Mumbai Undertaking and for the period from the Appointed Date, up to the Effective Date shall be reimbursed by Transferee Company-I, upon submission of necessary evidence of having incurred such costs by AHL to Transferee Company-I; and

- (ix) all taxes, duties, cess payable by AHL relating to the Mumbai Undertaking for the period after the Appointed Date including all or any refunds/credit/claims relating thereto shall be treated as the liability or refunds/credit/claims, as the case may be, of Transferee Company-I, provided however that any direct and indirect taxes that cannot specifically be earmarked as the liability or refunds/credit/claims relating to the Mumbai Undertaking shall continue to be borne by the AHL Residual Undertaking.

3.3 The AHL Residual Undertaking and Transferee Company-I, as the case may be, shall at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or novation other writings or arrangements with any party to any contract or arrangement in relation to the Mumbai Undertaking to which AHL is a party as may be required to formalise the effectiveness of the Scheme. Provided however that execution of any confirmation or novation or other writings or arrangements shall in no event postpone the giving effect to the Scheme from the Appointed Date. Transferee Company-I shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of AHL and to carry out or perform all such formalities or compliances referred to above on part of AHL.

3.4 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, tax holidays, incentives, concessions and other authorizations, shall stand vested by the order of sanction of the Hon'ble High Court in Transferee Company-I, Transferee Company-I shall file the relevant intimations, for the record of the statutory authorities who shall take them on file



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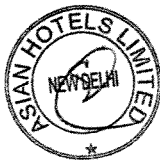
to mutate them in the name of Transferee Company-I without any further act or deed, provided however that for statistical purpose if any application has to be lodged with details of Transferee Company-I, Transferee Company-I shall do so and relevant statutory/ competent authorities shall continue the benefit of such permissions, approvals, permits, etc. to be provided to Transferee Company-I pursuant to the sanction order in relation to this Scheme without any reconsideration.

- 3.5 For the purpose of giving effect to the vesting order passed under Sections 391, 394 and other applicable provisions of the Act, in respect of this Scheme, Transferee Company-I shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the legal right(s) upon the vesting of such assets of the Mumbai Undertaking in accordance with the provisions of Sections 391, 394 and other applicable provisions of the Act. AHL and Transferee Company-I shall jointly and severally be authorised to execute any writings as are required to remove any difficulties and carry out any formalities or compliance for the implementation of this Scheme.

### 3.6 Conduct of business

- 3.6.1 With effect from the Effective Date, Transferee Company-I shall commence and carry on and shall be authorized to carry on the business of the Mumbai Undertaking, carried on by AHL.
- 3.6.2 Transferee Company-I unconditionally and irrevocably agrees and undertakes to pay, discharge and satisfy all the liabilities and obligations of the Mumbai Undertaking with effect from the Effective Date, in order to give effect to the foregoing provisions.
- 3.6.3 With effect from the Appointed Date and until occurrence of the Effective Date, the business of AHL pertaining to Mumbai Undertaking shall be carried on in the manner provided in Clause 1.1.7 hereof.

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PART-IV

4. **DEMERGER, TRANSFER AND VESTING OF THE KOLKATA UNDERTAKING IN TRANSFeree COMPANY-II**

4.1 Upon this Scheme becoming effective, the Kolkata Undertaking shall stand demerged from AHL and be vested in Transferee Company-II, without any further deed or act, together with all properties, assets, rights, benefits and interest therein, subject to existing charges or *lis pendens*, if any thereon, in favour of banks and financial institutions with effect from the Appointed Date.

4.2 Without prejudice to the generality of the foregoing, upon the Scheme becoming effective with effect from the Appointed Date:

- (i) any and all assets relating to the Kolkata Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by vesting and recordal pursuant to this Scheme shall stand transferred and vested by AHL to Transferee Company-II and shall become the property and an integral part of Transferee Company-II. The transfer and vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery and possession or negotiation and endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred and vested accordingly. No stamp duty shall be payable on the transfer of such movable properties (including shares and other investments, which are in dematerialised form) upon its transfer and vesting in Transferee Company-II;
- (ii) any and all movable properties of AHL relating to the Kolkata Undertaking, other than those specified in sub-clause (i) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, be transferred and vested as the property of Transferee Company-II;
- (iii) any and all immovable properties (including land together with the buildings and structures standing thereon) of AHL relating to the Kolkata Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto, shall stand transferred to and be vested in Transferee Company-II, without any act or deed done by



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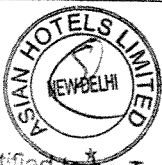
AHL or Transferee Company-II. **Schedule I** sets out the immovable properties pertaining to the Kolkata Undertaking. With effect from the Effective Date, Transferee Company-II shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties and transfer of the leasehold and other rights therein, as applicable, in the name of Transferee Company-II shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Hon'ble High Court and this Scheme becoming effective with effect from the Appointed Date, in accordance with the terms hereof without any further act or deed on part of Transferee Company -II (save and except for filing the sanction order relating to the Scheme with the Registrar of Companies, NCT of Delhi and Haryana);

- (iv) any and all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not or disclosed in the books of accounts of AHL relating to the Kolkata Undertaking, including those relating to EPCG licenses relating to the Kolkata Undertaking, shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of Transferee Company-II and Transferee Company-II undertakes to meet, discharge and satisfy the same.

It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause;

- (v) any and all contracts, agreements, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements and other instruments of whatsoever nature in relation to the Kolkata Undertaking, to which AHL is a party or to the benefit of which, the Kolkata Undertaking may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect, on or against or in favour of Transferee Company-II and may be enforced as fully and effectually as if, instead of AHL, Transferee Company-II had been a party or beneficiary or obligee thereto.

All contractors engaged by AHL for use of contract labourers in relation to the Kolkata Undertaking, shall be deemed to



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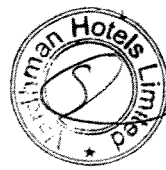
have been engaged by Transferee Company-II in the same manner as other contractual arrangements referred above;

- (vi) all permits, no objection certificates, permission, approvals, consents quotas, rights, entitlements, licenses including those relating to trademarks, tenancies, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Kolkata Undertaking to which AHL is a party or to the benefit of which AHL may be eligible and which are subsisting or having effect immediately before the Effective Date, shall stand transferred to and vested in Transferee Company-II without any further act or deed done by AHL and Transferee Company-II and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Transferee Company-II upon the vesting and transfer of the Kolkata Undertaking pursuant to this Scheme, and shall be and remain in full force, operative and effectual for the benefit of the Transferee Company-II, and may be enforced by Transferee Company-II as fully and effectually as if, instead of AHL, Transferee Company-II had been the original party or beneficiary or obligee thereto;

Upon the Scheme becoming effective, with effect from the Appointed Date, any such statutory and regulatory no-objection certificates, licenses, permissions, consents, approvals, authorisations or registrations, as are jointly held for the Kolkata Undertaking and the AHL Residual Undertaking, including the statutory licenses, permissions or approvals or consents required to carry on the operations in the AHL Residual Undertaking, shall be deemed to constitute separate licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate or record the separation, pursuant to the filing of this Scheme as sanctioned by the Hon'ble High Court, with such authorities and licensors after the same becomes effective, so as to facilitate the continuation of operations in Transferee Company-II without hindrance or let from the Effective Date.

The benefit of all statutory and regulatory permissions, factory licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Kolkata Undertaking shall vest in and become available to Transferee Company-II pursuant to the Scheme;

- (vii) all permanent employees of AHL, engaged in or in relation to the Kolkata Undertaking shall be engaged by Transferee Company-II, with the benefit of continuity of service and on



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such terms and conditions, as are no less favourable than those on which they are currently engaged by AHL.

With regard to gratuity fund, provident fund and superannuation fund or any other special fund or any other special scheme created or existing for the benefit of such employees of AHL, upon the Scheme becoming effective, the existing amounts, whether held by way of cash and/or investments, in the gratuity fund, provident fund and superannuation fund trusts created by AHL for its employees including employees of the Kolkata Undertaking shall be pro rata transferred to the gratuity fund, provident fund and superannuation fund schemes carried on by Transferee Company-II on the same terms and conditions in relation to the employees of AHL being transferred to Transferee Company-II. With effect from the Effective Date, Transferee Company-II shall make the necessary contributions for such transferred employees of AHL in relation to the existing gratuity fund, superannuation fund, provident fund benefits and benefits under any other special fund or scheme. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Kolkata Undertaking in relation to such schemes or funds shall become those of Transferee Company-II. It is clarified that the services of all transferred employees of AHL, to Transferee Company-II will be treated as having been continuous for the purpose of the aforesaid schemes or funds.

Transferee Company-II agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits to the permanent employees engaged in the Kolkata Undertaking, the past services of such employees with AHL shall also be taken into account and agrees and undertakes to pay the same as and when payable. Transferee Company-II shall continue to abide by any agreement(s)/ settlement(s) entered into with any labour unions/employees by AHL in relation to the Kolkata Undertaking;

- (viii) Transferee Company-II shall bear the burden and enjoy the benefits of any legal or other proceedings relating to or in connection with the Kolkata Undertaking, initiated by or against AHL. If any suit, appeal or other proceedings relating to the Kolkata Undertaking, of whatsoever nature by or against AHL be pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against Transferee Company-II in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or



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against AHL, as if this Scheme had not been made. Transferee Company-II undertakes to have such legal or other proceedings relating to or in connection with the Kolkata Undertaking, initiated by or against AHL, transferred in its name and to have the same continued, prosecuted and enforced by or against Transferee Company-II to the exclusion of AHL. Transferee Company-II also undertakes to deal with all legal or other proceedings, which may be initiated by or against the Kolkata Undertaking or Transferee Company-II after the Effective Date, but relating to the Kolkata Undertaking, in respect of the period up to the Effective Date, in its own name and account and to the extent possible, to the exclusion of AHL. Transferee Company-II further undertakes to pay all amounts including interest, penalties, damages, etc., which may be called upon to be paid or secured in respect of any liability or obligation relating to the Kolkata Undertaking for the period up to the Effective Date. Any reasonable costs incurred by AHL, in respect of the proceedings started by or against it relating to the Kolkata Undertaking and for the period from the Appointed Date, up to the Effective Date shall be reimbursed by Transferee Company-II, upon submission of necessary evidence of having incurred such costs by AHL to Transferee Company-II; and

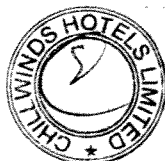
- (ix) all taxes, duties, cess payable by AHL relating to the Kolkata Undertaking for the period after the Appointed Date including all or any refunds/credit/claims relating thereto shall be treated as the liability or refunds/credit/claims, as the case may be, of Transferee Company-II, provided however that any direct and indirect taxes that cannot specifically be earmarked as the liability or refunds/credit/claims relating to the Kolkata Undertaking shall continue to be borne by the AHL Residual Undertaking.

- 4.3 The AHL Residual Undertaking and Transferee Company-II, as the case may be, shall at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or novation other writings or arrangements with any party to any contract or arrangement in relation to the Kolkata Undertaking to which AHL is a party as may be required to formalise the effectiveness of the Scheme. Provided however that execution of any confirmation or novation or other writings or arrangements shall in no event postpone the giving effect to the Scheme from the Appointed Date. Transferee Company-II shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of AHL and to carry out or perform all such formalities or compliances referred to above on part of AHL.



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4.4 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, tax holidays, incentives, concessions and other authorizations, shall stand vested by the order of sanction of the Hon'ble High Court in Transferee Company-II, Transferee Company-II shall file the relevant intimations, for the record of the statutory authorities who shall take them on file to mutate them in the name of Transferee Company-II without any further act or deed, provided however that for statistical purpose if any application has to be lodged with details of Transferee Company-II, Transferee Company-II shall do so and relevant statutory/ competent authorities shall continue the benefit of such permissions, approvals, permits, etc. to be provided to Transferee Company-II pursuant to the sanction order in relation to this Scheme without any reconsideration. 47 381

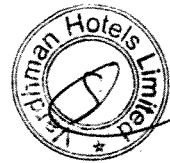
4.5 For the purpose of giving effect to the vesting order passed under Sections 391, 394 and other applicable provisions of the Act in respect of this Scheme, Transferee Company-II shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the legal right(s) upon the vesting of such assets of the Kolkata Undertaking in accordance with the provisions of Sections 391, 394 and other applicable provisions of the Act. AHL and Transferee Company-II shall jointly and severally be authorised to execute any writings as are required to remove any difficulties and carry out any formalities or compliance for the implementation of this Scheme.

#### 4.6 Conduct of business

4.6.1 With effect from the Effective Date, Transferee Company-II shall commence and carry on and shall be authorized to carry on the business of the Kolkata Undertaking, carried on by AHL.

4.6.2 Transferee Company-II unconditionally and irrevocably agrees and undertakes to pay, discharge and satisfy all the liabilities and obligations of the Kolkata Undertaking with effect from the Effective Date, in order to give effect to the foregoing provisions.

4.6.3 With effect from the Appointed Date and until occurrence of the Effective Date, the business of AHL pertaining to Kolkata Undertaking shall be carried on in the manner provided in Clause 1.1.7 hereof.



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| PART-V |
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**5. ENTITLEMENT OF MEMBERS OF AHL; INCREASE IN THE AUTHORISED CAPITAL OF TRANSFeree COMPANY-I AND TRANSFeree COMPANY-II, ACCOUNTING TREATMENT, AND MATTERS RELATING TO SHARE CAPITAL ETC.**

**5.1 Increase in authorized share capital of Transferee Company-I**

5.1.1 Upon this Scheme coming into effect and with effect from the Effective Date, the authorized share capital of Transferee Company-I of Rs. 5,00,000/- divided into 50,000 equity shares of Rs. 10/- each, in terms of Clause V of its Memorandum of Association shall stand enhanced to an amount of Rs. 14,00,00,000/- towards equity shares of Rs. 10/- each, and an amount of Rs. 11,00,00,000/- towards preference shares of Rs. 10/- each.

5.1.2 Accordingly, the words and figures in Clause V of the Memorandum of Association of Transferee Company-I shall stand modified and be substituted to read as follows:

*"The Authorized Share Capital of the Company is Rs. 25,00,00,000/- divided into 1,40,00,000 equity shares of Rs. 10/- each, and 1,10,00,000 preference shares of Rs. 10/- each."*

5.1.3 It is hereby clarified that for the purposes of this Clause, the consent of the shareholders of Transferee Company-I to this Scheme shall be deemed to be sufficient for the purposes of effecting this amendment and that no further resolution under Section 16, Section 81, Section 94 or any other applicable provisions of the Act, would required to be separately passed by Transferee Company-I.

5.1.4 In the event of any fees being required to be paid for increase in the authorized share capital of Transferee Company-I, Transferee Company-I is permitted to make such payments between the date of pronouncement of the sanction order in relation to this Scheme from the High Court and lodgment thereof with the Registrar of Companies, NCT of Delhi and Haryana.

**5.2 Increase in authorized share capital of Transferee Company-II**

5.2.1 Upon this Scheme coming into effect and with effect from the Effective Date, the authorized share capital of Transferee Company-II of Rs. 5,00,000/- divided into 50,000 equity shares of Rs. 10/- each, in terms of Clause V of its Memorandum of Association shall stand enhanced to an amount of Rs. 14,00,00,000/- towards equity



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Examiner, Income Tax Department  
Haryana  
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shares of Rs. 10/- each, and an amount of Rs. 1,00,00,000/- towards preference shares of Rs. 10/- each.

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- 5.2.2 Accordingly, the words and figures in Clause V of the Memorandum of Association of Transferee Company-II shall stand modified and be substituted to read as follows:

*"The Authorized Share Capital of the Company is Rs.15,00,00,000/- divided into 1,40,00,000 equity shares of Rs. 10/- each, and 10,00,000 preference shares of Rs. 10/- each."*

- 5.2.3 It is hereby clarified that for the purposes of this Clause, the consent of the shareholders of Transferee Company-II to this Scheme shall be deemed to be sufficient for the purposes of effecting this amendment and that no further resolution under Section 16, Section 81, Section 94 or any other applicable provisions of the Act, would be required to be separately passed by Transferee Company-II.
- 5.2.4 In the event of any fees being required to be paid for increase in the authorized share capital of Transferee Company-II, Transferee Company-II is permitted to make such payments between the date of pronouncement of the sanction order in relation to this Scheme from the High Court and lodgment thereof with the Registrar of Companies, NCT of Delhi and Haryana.

### 5.3 Raising of additional capital in AHL

- 5.3.1 Consent of the shareholders of AHL shall be deemed to be sufficient authority for the issuance of 63,14,815 1% fully convertible preference shares of Rs. 10/- each ('FCPS') at a premium of Rs. 530/- per preference share, i.e. at an issue price of Rs.540/- each by AHL for an aggregate amount of Rs.3,41,00,00,100/-, within 15 days after the receipt of the formal drawn up and sanction order in Form 42 of the Companies (Court) Rules, 1959 of the High Court in relation to the Scheme (as amended by the present amendment).

The objects of the aforesaid issue on preferential allotment basis are to facilitate the trifurcation of AHL as envisaged in this Scheme. The proceeds of the above issue may be allocated, for the purposes of utilization, by the Board of Directors of AHL, to the respective undertakings as per the expansion/financial plans of the three undertakings or otherwise.

The FCPS shall be convertible, in one or more tranches, into equity shares of face value of Rs. 10 each of the respective companies, i.e. AHL Residual Company, Transferee Company - I, or Transferee Company - II, as the case may be (based on allocation of FCPS in terms of the Scheme), any time during the period commencing seven months after the commencement of the trading of the equity shares of the respective companies by the Bombay Stock Exchange, being



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the designated stock exchange, and ending on the expiry of eighteen months from the date of issuance thereof, as may be decided by the respective subscribers to the FCPS from time to time. In the event any subscriber does not exercise the option to convert the FCPS into equity shares within the aforementioned period, the FCPS held by such subscriber would compulsorily get converted into equity shares at the end of eighteen months period from the date of issuance thereof.

The relevant date for the purposes of conversion of FCPS shall be a date 30 days prior to the date on which the holder of the FCPS becomes entitled to apply for conversion as above.

The FCPS shall be converted by AHL Residual, Transferee Company-I and Transferee Company-II into their respective equity shares at a price calculated in accordance with the formula prescribed in Clause 13.1.1.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("DIP Guidelines").

The FCPS referred to above shall be issued as follows:

- (i) 57,59,260 FCPS for an aggregate value of Rs. 3,11,00,00,400/- shall be issued by AHL to Fineline Holdings Limited, a company incorporated under the laws of Mauritius and having its registered office at 1<sup>st</sup> Floor, Manor House, Cnr St. George/Chazal Streets, Port Louis, Mauritius. It is a foreign corporate body wholly owned by the Jatia group, one of the promoter groups of AHL.

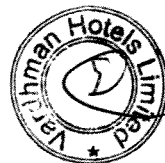
The said 57,59,260 FCPS may be issued either to Fineline Holdings Limited or its nominees and/or associates. Hence, all references in this Scheme relating to and in connection with issuance of the said FCPS to Fineline Holdings Limited or the subscription of the said FCPS by Fineline Holdings Limited shall be construed accordingly.

- (ii) 5,55,555 FCPS for an aggregate value of Rs. 29,99,99,700/- shall be issued by AHL to an independent private equity investor, namely Global Operations Pte. Ltd., a company incorporated under the laws of Singapore, having its registered office at 17, Philip Street # 05-01, Grand Building, Singapore 048695, or its nominees and/or associates, who are not promoters or persons acting in concert with the promoters, directly or indirectly.

While carrying out the share allotment in accordance with this Scheme, AHL shall not be required to reserve any shares in respect of the FCPS issued in accordance with this Clause 5.3.1.



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5.3.2 The conversion of the FCPS issued to Fineline Holdings Limited shall be subject to the condition that if the promoter equity shareholding in AHL Residual exceeds 75% of the total issued capital then the excess equity shareholding of the promoters and the persons acting in concert with them (upon conversion) in AHL Residual shall be reduced in accordance with one or more of the options presently provided in Clause 40A of the Equity Listing Agreement, including by way of private placement to dilute their shareholding or by sale of promoter shares to non-promoters and persons who are not acting in concert.

**5.4 Entitlement of members of AHL to receive shares of Transferee Company-I and Transferee Company-II**

5.4.1 Upon coming into effect of this Scheme and upon vesting of the Mumbai Undertaking in Transferee Company-I and Kolkata Undertaking in Transferee Company-II, AHL Residual shall determine a record date ("**Record Date**") being a date post filing of the sanction order of this Scheme with the Registrar of Companies, which it shall intimate to Transferee Company-I and Transferee Company-II for completion of all allotments of shares to the shareholders of AHL in accordance with this Scheme.

5.4.2 Upon coming into effect of this Scheme and upon vesting in and transfer of the Mumbai Undertaking in Transferee Company-I, and the Kolkata Undertaking in Transferee Company-II, with effect from the Appointed Date and after the appropriation of reserves as provided for in Clause 5.5.1:

- (i) for every 3 equity shares of Rs. 10/- held in AHL after appropriation of reserves as provided for in Clause 5.5.1, as on the Record Date, every equity shareholder of AHL shall be entitled to receive (a) 1 equity share of face value of Rs. 10/- each of Transferee Company-I, credited as fully paid-up, (b) 1 equity share of face value of Rs. 10/- each of Transferee Company-II, credited as fully paid-up, and (c) 1 equity share of face value of Rs. 10/- each of AHL Residual Undertaking, credited as fully paid-up.
- (ii) for every 1,00,00,000 1% non-convertible redeemable preference share of Rs. 10/- each held in AHL:
  - (a) Magus Estates and Hotels Private Limited shall be entitled to receive 1,00,000 1% non-convertible redeemable preference shares of face value of Rs. 10/- each of Transferee Company-I, credited as fully paid-up; 1,00,000 1% non-convertible redeemable preference shares of face value of Rs. 10/- each of Transferee Company-II, credited as fully paid-up; and 98,00,000 1% non-convertible redeemable preference



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shares of face value of Rs. 10/- each, credited as fully paid-up shall continue to be retained by Magus Estates and Hotels Private Limited in AHL Residual Undertaking.

- (b) Infrastructure Development Finance Company Limited shall be entitled to receive 98,00,000 1% non-convertible redeemable preference shares of face value of Rs. 10/- each of Transferee Company-I, credited as fully paid-up; 1,00,000 1% non-convertible redeemable preference shares of face value of Rs. 10/- each of Transferee Company-II, credited as fully paid-up; and 1,00,000 1% non-convertible redeemable preference shares of face value of Rs. 10/- each, credited as fully paid-up shall continue to be retained by Infrastructure Development Finance Company Limited in AHL Residual Undertaking.
- (iii) for 57,59,260 FCPS of an aggregate value of Rs. 311,00,00,400/- held in AHL, Fineline Holdings Limited shall be entitled to receive 18,520 FCPS of Transferee Company-I, credited as fully paid-up, the aggregate value of which is Rs. 1,00,00,800/-; 18,520 FCPS of Transferee Company-II, credited as fully paid-up, the aggregate value of which is Rs. 1,00,00,800/-; and 57,22,220 FCPS, credited as fully paid-up, the aggregate value of which is Rs. 3,08,99,98,800 shall continue to be retained by Fineline Holdings Limited in AHL Residual Undertaking.
- (iv) for 5,55,555 FCPS of an aggregate value of Rs. 29,99,99,700 held in AHL, Global Operations Pte. Ltd. or its nominees and/or associates, shall be entitled to receive 9,260 FCPS of Transferee Company-I, credited as fully paid-up, the aggregate value of which is Rs. 50,00,400/-; 9,260 FCPS of Transferee Company-II, credited as fully paid-up, the aggregate value of which is Rs. 50,00,400/-; and 5,37,035 FCPS, credited as fully paid-up, the aggregate value of which is Rs. 28,99,98,900 shall continue to be retained in AHL Residual Undertaking.

5.4.3 Each shareholder of AHL shall have the option, to be exercised by way of giving a notice to Transferee Company-I and Transferee Company-II, as applicable, on or before such date as may be determined by the board of directors of Transferee Company-I and Transferee Company-II, as applicable, in this regard, to receive the shares of Transferee Company-I and Transferee Company-II, either in certificate form or in dematerialized form. It is clarified that in the event of non-receipt of the aforesaid notice or in the event of such a notice being incomplete, the shareholders of AHL who hold their shares in a dematerialized form shall be issued the shares of



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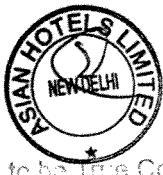
Transferee Company-I and Transferee Company-II, as may be applicable, in the dematerialized form as per the records maintained by the Depositories as on the Record Date and those who hold the shares in physical form shall be issued certificates. Wherever applicable, the certificates shall be sent by Transferee Company-I and Transferee Company-II to the shareholders of AHL at their respective registered addresses by insured post, as appearing in the register maintained by AHL with respect to its members (or in the case of joint holders to the address of that one of the joint holders whose name stands first in such registers in respect of such joint holding).

5.4.4 In the event the aforesaid allotment of shares result in fractional entitlements, the board of directors of AHL shall be empowered to nominate a committee of Board of Directors or any such person, as the Board of AHL may appoint in this behalf who shall be authorized to consolidate all such fractional entitlements of AHL equity shares into whole equity shares of AHL and seek resultant entitlements of equity shares in respect of those consolidated fractional shares from the board of directors of the AHL Residual Undertaking, Transferee Company-I and Transferee Company-II. On receipt of resultant entitlements of shares of AHL Residual Undertaking, Transferee Company-I and Transferee Company-II, such committee or such person acting as a trustee shall be bound by the express understanding to cause the sale of such equity shares at such price(s), at such time(s) and to such person(s), other than promoters and persons acting in concert with them, as the trustee may deem fit and the trustee shall deposit the net sale proceeds of such sale (after deduction therefrom the expenses incurred, if any, in connection with the sale) with the AHL Residual Undertaking, which shall be disbursed to the fractional entitlement holders, subject to withholding tax, if any.

5.4.5 The equity shares in the capital of Transferee Company-I and Transferee Company-II, issued to the shareholders of AHL, as aforesaid, shall rank *pari passu* in all respects, with the existing equity shares in Transferee Company-I and Transferee Company-II, as applicable, from the Effective Date, including payment of dividend, as applicable.

The terms and conditions of the non-convertible redeemable preference shares and FCPS to be issued by Transferee Company-I and Transferee Company-II and to be retained in AHL Residual Undertaking in accordance with Clause 5.4.2 above shall be same as those pertaining to the non-convertible redeemable preference shares and FCPS issued by AHL.

5.4.6 All shareholders of AHL whose names shall appear on the register of members of AHL as on the Record Date, shall surrender their share certificates for cancellation thereof to AHL in accordance with the



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procedure stipulated by AHL. AHL shall, on receipt of the share certificates from the shareholders, cancel the submitted share certificates and issue fresh share certificates to the shareholders for such number of shares as those shareholders are entitled to in the AHL Residual Undertaking. All such fresh share certificates shall be sent by AHL to the shareholders at their registered address as appearing in the said register of members and AHL shall not be responsible for any loss in transmission. In the event any shareholder of AHL fails to submit the share certificate(s) of AHL held by it to AHL, the said share certificate(s) of AHL shall be deemed to have been cancelled and fresh share certificate(s) shall be issued to such shareholder for such number of shares as the shareholder is entitled to in AHL Residual Undertaking. Such fresh share certificate(s) shall be sent by AHL to the shareholders at the registered address as appearing in the register of members and AHL shall not be responsible for any loss in transmission. The fresh share certificate(s) so issued to the shareholder of AHL shall be issued by AHL under a new range of distinctive numbers and the old range of distinctive numbers under which the cancelled share certificate(s) was issued shall automatically stand cancelled.

5.4.7 Share certificates in respect of the non-convertible redeemable preference shares and the FCPS issued by AHL shall stand cancelled in so far as and in respect of such number of shares, which are allocated, to the Transferee Company-I or the Transferee Company-II in pursuance of this Scheme and in respect of which the Transferee Company-I and the Transferee Company-II are required to issue fresh share certificates to the respective preference shareholders.

## 5.5 Accounting Treatment and Allocation of Reserves

5.5.1 The equity share allotment ratio stated in Clause 5.4.2 above has been determined by the board of directors of AHL, Transferee Company-I and Transferee Company-II, based on their independent judgment and taking into consideration the Capital Allocation Fairness Report provided by an independent valuer, i.e. S.S. Kothari Mehta and Company. The allocation of capital shall be deemed to be arrived at in the following manner:

- a) By appropriation of the general reserves of AHL as on the Appointed Date, to the extent of Rs.11,40,17,820/- to increase the deemed paid up equity share capital of AHL, pre-demerger, to Rs. 34,20,53,460/-;
- b) The deemed increased equity share capital of AHL shall be equally allocated to the three undertakings at demerger so that each of AHL Residual Undertaking, Transferee Company-I and Transferee Company-II shall have the paid up equity share



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capital of Rs. 11,40,17,820/- each at demerger as a result of this Scheme.

- 5.5.2 Transferee Company-I shall upon this Scheme coming into effect, with effect from the Appointed Date, record the assets and liabilities of the Mumbai Undertaking vested in it pursuant to this Scheme, at their respective book values provided by the statutory auditor of AHL.
- 5.5.3 Transferee Company-II shall upon this Scheme coming into effect, with effect from the Appointed Date, record the assets and liabilities of the Kolkata Undertaking vested in it pursuant to this Scheme, at their respective book values provided by the statutory auditor of AHL.
- 5.5.4 AHL shall upon this Scheme coming into effect, with effect from the Appointed Date, record the assets and liabilities of the AHL Residual Undertaking vested in it pursuant to this Scheme, at their respective book values provided by the statutory auditor of AHL.
- 5.5.5 Upon the Scheme coming into effect, with effect from the Appointed Date and subject to any corrections and adjustments as may, in the opinion of the board of directors of Transferee Company-I, and Transferee Company-II be required to be made, the individual reserves of AHL shall be accounted for and dealt with in the books of account of AHL, Transferee Company-I and Transferee Company-II in the following manner:
- The general reserve of AHL as on the Appointed Date, shall be diminished for a sum of Rs. 11,40,17,820/- to increase the deemed paid up equity share capital of AHL as on the Appointed Date.
  - Subject to (a) above, all reserves, other than securities premium reserve and revaluation reserve of AHL immediately prior to the Appointed Date, shall be divided in equal proportion between AHL Residual Undertaking, Transferee Company-I and Transferee Company-II. As regards the profits generated or losses incurred between the Appointed Date and the Effective Date, the credit or debit, as the case may be, for the same shall be passed on to the respective undertaking on actual accrual basis.
  - The securities premium account arising on the issue of 1,00,00,000 1% non-convertible redeemable preference shares in AHL to Infrastructure Development Finance Company Limited shall be transferred to Transferee Company-I, Transferee Company-II and AHL Residual Undertaking in the following proportions:



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Transferee Company-I : Rs. 78,40,00,000/-  
Transferee Company-II : Rs. 80,00,000/-  
AHL Residual Undertaking: Rs. 80,00,000/-

- (d) The securities premium account arising on the issue of 1,00,00,000 1% non-convertible redeemable preference shares in AHL to Magus Estates and Hotels Private Limited shall be transferred to Transferee Company-I, Transferee Company-II and AHL Residual Undertaking in the following proportions:

Transferee Company-I : Rs. 80,00,000/-  
Transferee Company-II : Rs. 80,00,000/-  
AHL Residual Undertaking: Rs. 78,40,00,000/-

- (e) The securities premium account arising on the issue of 57,59,260 FCPS in AHL to Fineline Holdings Limited shall be transferred to Transferee Company-I, Transferee Company-II and AHL Residual Undertaking in the following proportions:

Transferee Company - I : Rs. 98,15,600/-  
Transferee Company - II : Rs. 98,15,600/-  
AHL Residual : Rs. 3,03,27,76,600/-

- (f) The securities premium account arising on the issue of 5,55,555 FCPS in AHL to Global Operations Pte Limited or its nominees and/or associates, shall be transferred to Transferee Company-I, Transferee Company-II and AHL Residual Undertaking in the following proportions:

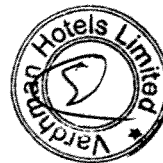
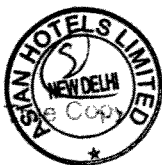
Transferee Company - I : Rs. 49,07,800/-  
Transferee Company - II : Rs. 49,07,800/-  
AHL Residual : Rs. 28,46,28,550/-

- (g) The revaluation reserves relating to the hotel land and buildings pertaining to the AHL Residual Undertaking shall be retained in AHL Residual Undertaking.

5.5.6 In each of Transferee Company-I and Transferee Company-II, the accounting shall respectively be as under:

- (a) all fixed and current assets, investments, loans and advances of the transferred undertaking will be accounted for at book value;  
(b) all liabilities taken over will be accounted for at book value;  
(c) all reserves as are allocated to them as detailed in Clause 5.5.5 above;

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- (d) the equity share capital, and preference share capital as detailed in the Scheme;
  - (e) the security premium account as detailed in Clause 5.5.5 above.
  - (f) the balance after deducting (b), (c), (d) and (e) from (a) shall be credited to general reserve of Transferee Company-I and Transferee Company-II, respectively.

In AHL Residual Undertaking, the loss arising from the restructuring and transfer of the Kolkata Undertaking and the Mumbai Undertaking shall be set off against revaluation reserve.

#### 5.6 Listing of securities

Equity shares issued and/or deemed to be reissued pursuant to the allocation under the Scheme by Transferee Company-I, Transferee Company-II and AHL Residual, shall, subject to applicable regulations, be listed and admitted to trading, without any lock-in conditions on the National Stock Exchange, and the Bombay Stock Exchange, where the securities of AHL are listed and are admitted to trading. Transferee Company-I and Transferee Company-II shall be constituted as public companies and their authorized capital would stand substantially enhanced pursuant to this Scheme. They shall also comply with the principles of corporate governance, applicable to directors, appointment of independent directors, audit committees and other relevant provisions, prior to listing.

However, FCPS issued pursuant to Clause 5.3.1 hereof and the equity shares resulting there from shall be subject to lock-in in accordance with the provisions of Chapter XIII of the DIP Guidelines.

#### 5.7 Change in name

Upon this Scheme becoming effective<sup>1</sup>:

- (i) the name of AHL shall be deemed to have been changed to "Asian Hotels (North) Limited" or "AHL (North) Limited", as may be permitted by the Registrar of Companies;
- (ii) the name of Transferee Company-I shall be deemed to have been changed to "Asian Hotels (West) Limited" or "AHL (West) Limited", as may be permitted by the Registrar of Companies; and

<sup>1</sup> The three original companies will reserve these names and such reserved names will be valid till the Effective Date of the Scheme.

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- (iii) the name of Transferee Company-II shall be deemed to have been changed to "Asian Hotels (East) Limited" or "AHL (East) Limited", as may be permitted by the Registrar of Companies.

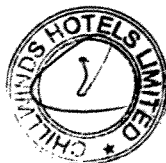
**5.8 Inter-se transfer of shares amongst groups of promoters or within promoter groups during pendency of Scheme and thereafter**

The shareholding of the promoters in AHL is more particularly described in Schedule III hereto. The shareholders of the Jatia Group at serial nos. 1 to 15 of Schedule III constitute a group in accordance with the provisions of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Takeover Code"). The shareholders of the Gupta Group at serial nos. 16 to 45 of Schedule III constitute a group in accordance with the provisions of Regulation 3(1)(e) of the Takeover Code. The shareholders of the Saraf Group at serial nos. 46 to 48 of Schedule III constitute a group in accordance with the provisions of Regulation 3(1)(e) of the Takeover Code. The cost of acquisition of the promoter shares in AHL shall be relevant for determination of the cost of acquisition of shares in Transferee Company-I and Transferee Company-II. Any inter-se transfer within or between the Jatia Group, Gupta Group and Saraf Group in any of AHL Residual, Transferee Company-I and Transferee Company-II shall constitute exempt transfers under the Takeover Code, subject to statutory filings under Regulation 3(3) and 3(4) of the Takeover Code, and other compliance requirements, if any, under the Takeover Code. The shareholding of the promoters in AHL listed in Schedule III and which have been held by qualifying promoters for more than 3 years shall be deemed to have been held for the same duration in Transferee Company-I and Transferee Company-II as these are resultant shareholdings and this recognition shall be available on the listing and/or inter-se transfer of securities of Transferee Company-I and Transferee Company-II. Statutory exemptions for inter-se transfer of promoter shareholding is deemed to be available for the shareholding of the Jatia Group, Gupta Group and Saraf Group in AHL Residual, Transferee Company-I and Transferee Company-II in relation to any transfer of shares between them.

**5.9 Effect of redemption of the non-convertible redeemable preference shares in terms of issuance thereof as amended :**

In the event,

- i. any of the 1,00,00,000 1% non-convertible redeemable preference shares of Rs.10/- each held in AHL by Magus Estates and Hotels Private Limited; and/or



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- ii. any of the 1,00,00,000 1% non-convertible redeemable preference shares of Rs.10/- each held in AHL by Infrastructure Development Finance Company Limited

are redeemed by AHL in terms of issuance thereof as amended, at any point in time prior to this Scheme becoming effective in terms of Clause 6.12 hereof, the entitlement to receive the non-convertible redeemable preference shares to be held by Magus Estates and Hotels Private Limited and/or Infrastructure Development Finance Company Limited, as the case may be, in Transferee Company-I, Transferee Company-II and AHL Residual Undertaking in terms of Clause 5.4.2 (ii) shall respectively stand reduced proportionately on the Effective date of the Scheme to the extent of such redemption.

Consequently, the aggregate value of non-convertible redeemable preference share capital, corresponding number of non-convertible redeemable preference shares and the value of related Securities Premium Account to be apportioned to Transferee Company-I, Transferee Company-II and AHL Residual Undertaking, wherever referred to/occurring in this Scheme shall stand modified/reduced proportionately, as above. Similarly, Capital Redemption Reserve Account created on redemption of non-convertible redeemable preference shares in pursuance of Section 80 of the Act, shall also be apportioned to Transferee Company-I, Transferee Company-II and AHL Residual Undertaking in proportion to the capital redeemed out of the capital allocated under Clause 5.4.2 (ii) hereof.

Similarly, appropriate adjustments shall be made in respect of redemption of non-convertible preference shares, if any, made between the Appointed Date and the Effective Date to achieve the essence of the foregoing provisions.

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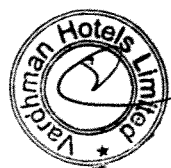
PART-VI

**6. GENERAL/RESIDUAL TERMS AND CONDITIONS**

- 6.1 The accounts of AHL as on the Appointed Date shall be reconstructed in accordance with the terms of the Scheme. The balance sheet of Transferee Company-I and Transferee Company-II shall also be reconstructed in accordance with the terms of this Scheme. The audited segmented balance sheet of AHL, as of March 31, 2007, as adopted by the Board of Directors of AHL, describing the assets and liabilities pertaining to the Delhi Undertaking, the Mumbai Undertaking and the Kolkata Undertaking, respectively, is enclosed herewith as Schedule IV. The certified segmented undertaking-wise balance sheet of AHL as on October 31, 2009 (the Appointed Date) after giving effect to the terms of this Scheme, shall be filed with the Hon'ble Delhi High Court and also dispatched to the equity shareholders of AHL seven days prior to the date of equity shareholders' meeting, as convened under the directions of the Hon'ble Delhi High Court, to approve the amendments to the Scheme. The certified segmented undertaking-wise balance sheet as on October 31, 2009 shall be incorporated in this Scheme as Schedule-V. Further, the audited balance sheets of AHL Residual Company, Transferee Company-I and Transferee Company-II, as reconstructed in accordance with this Scheme, shall also be filed with the Hon'ble Delhi High Court along with the Schedule of Assets as prescribed in Form-42 of the Companies (Court) Rules, 1959, and the same shall be incorporated and be an integral part of this Scheme, as Schedule-VI. Such accounts shall, post the sanction of this Scheme of Arrangement and Demerger, be dispatched by AHL, Transferee Company-I and Transferee Company-II to the equity shareholders who are eligible to receive separate balance sheets from each of the respective companies.
- 6.2 Upon the Scheme becoming effective and simultaneous with the issuance and allotment of the equity shares by Transferee Company-I in accordance with the Clause 5.4 of this Scheme, the initial issued and paid up equity share capital of Transferee Company-I, comprising of 50,000 equity shares of Rs. 10/- each, aggregating to Rs. 5,00,000/-, as was issued and paid up for the purposes of incorporation of Transferee Company-I and transferred to AHL Residual and its nominees by the initial promoters of Transferee Company-I, shall be cancelled. The share certificates held by AHL Residual representing the equity shares in Transferee Company-I shall be deemed to be cancelled and non-est and not tradable from and after such cancellation on the Record Date.
- 6.3 Upon the Scheme becoming effective and simultaneous with the issuance and allotment of the equity shares by Transferee Company-II in accordance with the Clause 5.4 of this Scheme, the initial issued



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and paid up equity share capital of Transferee Company-II, comprising of 50,000 equity shares of Rs. 10/- each, aggregating to Rs. 5,00,000/-, as was issued and paid up for the purposes of incorporation of Transferee Company-II and transferred to AHL Residual and its nominees by the initial promoters of Transferee Company-II, shall be cancelled. The share certificates held by AHL Residual representing the equity shares in Transferee Company-II shall be deemed to be cancelled and non-est and not tradable from and after such cancellation on the Record Date.

- 6.4 Transferee Company-I and Transferee Company-II shall not be required to add the words "and reduced" as part of their corporate name.
- 6.5 AHL, Transferee Company-I and Transferee Company-II are expressly permitted to revise their respective income tax returns and related TDS certificates and the right to claim refund, advance tax credits including MAT credit etc. upon this Scheme becoming effective and have expressly reserved the right to make such provisions in their respective income tax returns and related TDS certificates and the right to claim refund, advance tax credits including MAT credit etc. pursuant to the sanction of this Scheme.
- 6.6 In the event any lender of AHL requires satisfaction of the charge over AHL properties and recordal of a new charge with Transferee Company-I or Transferee Company-II, as the case may be, AHL and Transferee Company-I or Transferee Company-II, as the case may be, shall for good order and for statistical purposes, file appropriate forms with the Registrar of Company, NCT of Delhi and Haryana, as accompanied by the sanction order or a certified copy thereof and any deed of modification or novation executed by either AHL or Transferee Company-I or Transferee Company-II, as the case may be.
- 6.7 No stamp duty shall be payable in West Bengal and Delhi for vesting of the Kolkata Undertaking in Transferee Company-II, pursuant to this Scheme, as no stamp duty is payable in the States of West Bengal and Delhi on transfer of property through an order of the Hon'ble High Court sanctioning a scheme of arrangement under Sections 391-394 of the Act.

Furthermore, since all movable properties belonging to the Mumbai Undertaking and the Kolkata Undertaking shall be transferred by way of delivery and possession, no stamp duty shall be payable on transfer of such properties.

- 6.8 AHL, Transferee Company-I and Transferee Company-II shall, with all reasonable dispatch, make applications to the Hon'ble High Court under Sections 391 to 394 and other applicable provisions of the Act, seeking orders for dispensing with or convening, holding and



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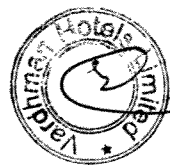
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conducting of the meetings of the classes of their respective members and/or creditors and for sanctioning this Scheme, with such modifications as may be approved by the Hon'ble High Court.

- 6.9 Upon this Scheme being approved to by the requisite majority of the members and creditors of AHL and of the members of Transferee Company-I and Transferee Company-II (as may be directed by the Hon'ble High Court), AHL, Transferee Company-I and Transferee Company-II shall, with all reasonable dispatch, apply to the Hon'ble High Court, for sanction of this Scheme under Sections 391 to 394 and other applicable provisions of the Act and for such other order or orders, as the said Hon'ble High Court may deem fit for carrying this Scheme into effect.
- 6.10 Upon this Scheme becoming effective, the shareholders of AHL, Transferee Company-I and Transferee Company-II shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in this Scheme.
- 6.11 This Scheme is conditional upon and subject to:
- (i) The Scheme being agreed to by the respective requisite majorities of the members (either by way of a meeting or a letter of consent) and the creditors of AHL, and the members of Transferee Company-I and Transferee Company-II in accordance with Section 391-394 and other applicable provisions of the Act;
  - (ii) The vesting of the leasehold property belonging to the Kolkata Undertaking shall be subject to the approval of the Government of West Bengal; and
  - (iii) The Scheme being sanctioned by the Hon'ble High Court and certified copy of the orders of the High Court sanctioning this Scheme being filed with the Registrar of Companies, National Capital Territory of Delhi and Haryana by AHL, Transferee Company-I and Transferee Company-II, respectively.
- 6.12 This Scheme shall become effective on the date of filing of Form 42 of the Companies (Court) Rules, 1959 of the High Court in relation to the Scheme (as amended by the present amendment) along with Form 21 with the Registrar of Companies, NCT of Delhi and Haryana. Such date shall be known as the "Effective Date".
- 6.13 Each of AHL, Transferee Company-I and Transferee Company-II (acting through their Boards of Directors) may assent to any modifications or amendments to this Scheme, which the Hon'ble High Court and/or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for



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implementing and/or carrying out this Scheme. Each of AHL, Transferee Company-I and Transferee Company-II (acting through their Board of Directors) be and is hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of the order of the Hon'ble High Court or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

- 6.14 AHL, Transferee Company-I and Transferee Company-II shall be at liberty to withdraw from this Scheme, in case any condition or alteration imposed by the Hon'ble High Court or any other authority is not on terms acceptable to them.
- 6.15 All costs, charges, taxes, duties, levies and fees and all other expenses, if any, arising out of or incurred in carrying out and implementing the terms and conditions or provisions of the Scheme and incidental thereto pertaining to this Scheme shall be borne by each of AHL, Transferee Company-I and Transferee Company-II.
- 6.16 Upon coming into effect of the Scheme, the past track record of AHL relating to the Mumbai Undertaking and the Kolkata Undertaking including without limitation, the profitability, sales and service volumes and market share shall be deemed to be the track record of Transferee Company-I and Transferee Company-II, respectively, for all commercial and regulatory purposes.
- 6.17 Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred with effect from the Appointed Date and become effective and operative only in the sequence and in the order mentioned hereunder, except that items (h) to (l) below shall be deemed to have occurred simultaneously:
- a) Increase in the authorized share capital of Transferee Company-I;
  - b) Increase in the authorized share capital of Transferee Company-II;
  - c) Increase in the issued and paid-up equity share capital of AHL as contemplated in Clause 5.5.1;
  - d) Allocation of the deemed increased equity share capital of AHL equally to Transferee Company-I, Transferee Company-II and AHL Residual Undertaking.
  - dd) Issue and allotment of FCPS in terms of Clause 5.3.1 and their allocation in terms of Clause 5.4.2.



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- e) Demerger of the Mumbai Undertaking and transfer and vesting thereof in Transferee Company-I;
  - f) Demerger of the Kolkata Undertaking and transfer and vesting thereof in Transferee Company-II;
  - g) Issuance of eligibility intimation for share entitlements for fully paid-up equity shares of AHL Residual, Transferee Company-I and Transferee Company-II as are to be reissued/ issued and allotted to the equity shareholders of AHL, as on the Record Date;
  - h) Cancel the original issued and paid-up share capital i.e. 50,000 equity shares of Rs. 10/- each held by AHL in both Transferee Company-I and Transferee Company-II and return the money to AHL Residual;
  - i) Reissue of new share certificates for fully paid-up 1% non-convertible redeemable preference shares and FCPS of Transferee Company-I and Transferee Company-II to the preference shareholders of AHL, as applicable;
  - j) Reissue of new share certificates for fully paid-up 1% non-convertible redeemable preference shares in AHL Residual for apportioned amount as per the Scheme;
  - k) Reissue of new share certificates for fully paid-up FCPS in AHL Residual for apportioned amount as per the Scheme.
  - l) Cancellation of the equity share certificates, non-convertible redeemable preference shares certificates and share certificates for FCPS issued by AHL prior to the Effective Date.
- 6.18 Upon this Scheme becoming effective, the Board of Directors of AHL Residual shall determine the Record Date, which shall be later than the Effective Date, for issue and allotment of fully paid-up equity shares to the shareholders of AHL Residual. The same shall also constitute Record Date for Transferee Company-I and Transferee Company-II. New equity shares allotted to the shareholders of AHL Residual pursuant to the Scheme shall remain frozen in the depositories system till listing/ trading permission is granted by the designated stock exchange.
- 6.19 On determination of the Record Date, AHL shall provide to Transferee Company-I and Transferee Company-II, the list of its shareholders as on the Record Date who are entitled to receive fully paid-up equity shares and/or preference shares of Transferee Company-I and Transferee Company-II, in terms of this Scheme in



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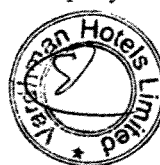
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order to enable Transferee Company-I and Transferee Company-II to issue and allot such fully paid-up equity shares and/ or preference shares, as applicable, to such shareholders. New equity shares allotted to the shareholders of AHL Residual in Transferee Company-I and Transferee Company-II pursuant to the Scheme shall remain frozen in the depositories system till listing/ trading permission is granted by the designated stock exchange.

- 6.20 The stock exchanges at which the securities of AHL are listed, being the National Stock Exchange and Bombay Stock Exchange, shall list the equity shares of both Transferee Company-I and Transferee Company-II, subject to compliance with Clause 8.3.5 of the DIP Guidelines, without either Transferee Company-I or Transferee Company-II making an initial public offer, since the requisite minimum of 25% of the paid-up share capital of each of Transferee Company-I and Transferee Company-II shall comprise of shares allotted to the public holders of shares in AHL. Accordingly, Transferee Company-I and Transferee Company-II shall be listed simultaneously on all such stock exchanges within a reasonable period of the receipt of the final order of the High Court sanctioning this Scheme, as accompanied by relevant listing applications and documents.
- 6.21 In case any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors and/or other persons entitled to or claiming any right to any equity shares in AHL or as to the construction thereof or as to any account, valuation or apportionment to be taken or made of any asset or liability transferred to Transferee Company-I and Transferee Company-II or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to the arbitration under the Arbitration and Conciliation Act, 1996, whose decision shall be final and binding on all concerned.
- 6.22 If any part of this Scheme is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits and obligations of this Scheme, including but not limited to such part.
- 6.23 The transfer of properties and liabilities to and the continuance of proceedings by or against Transferee Company-I and Transferee Company-II, with respect to the Mumbai Undertaking and the Kolkata Undertaking, respectively, shall not affect any transaction or proceedings already concluded by AHL on or before the Effective Date, to the end and intent that Transferee Company-I and

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Transferee Company-II accept and adopt all acts, deeds and things done and executed by AHL in respect thereto as done and executed on behalf of itself.

- 6.24 AHL, Transferee Company-I and Transferee Company-II shall make necessary applications before the Hon'ble High Court for sanction of this Scheme and any dispute arising out of this Scheme shall be subject to the jurisdiction of the Court located in Delhi only.

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Schedule I

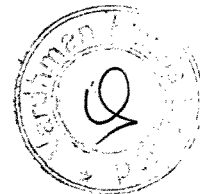
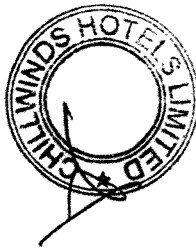
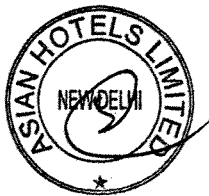
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**List of immovable properties pertaining to the Kolkata Undertaking**

All that leasehold land measuring 6.0047 acres bearing Plot No. I in Block JA in Sector-III of Bhidannagar in the District of North 24 Parganas, Police Station Bidhannagar, Registration Office Bidhannagar.

**Boundaries:**

|       |   |   |
|-------|---|---|
| North | : | Stadium Complex and Type II Road            |
| South | : | Stadium                                     |
| East  | : | Stadium                                     |
| West  | : | E.M. Bye Pass Road after 15 m strip of land |



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**of The Indian Evidence Act**

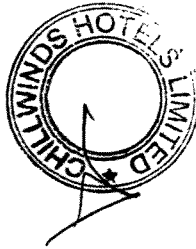
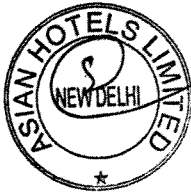
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**Schedule II**

**List of immovable properties pertaining to the Mumbai Undertaking**

All those pieces or parcels of land admeasuring 15,330 Sq. Mts. originally bearing C.T.S No. 47 (Part) of Village Bapnala and Survey No. 98(Part) / C.T.S No. 145 (Part) Survey No. 102 (Part) / C.T.S. No. 232 (Part) of Village Sahar and now bearing C.T.S. No. 145-B/1 of Village Sahar admeasuring 9,957.60 Sq. Mtrs and C.T.S No. 41-B/3C of Village Bapnala admeasuring 5,375.40 Sq.Mts. and aggregating to 15,333 Sq. Mts or thereabouts and bounded as herein: on or towards the North by C.T.S. No. 41 (Part), 47 (Part) and 48 of Village Bapnala; on or towards the East by C.T.S. No. 48 of Village Bapnala and Survey No. 98 (Part)/C.T.S. No. 145 (Part) of Village Sahar; on or towards the South by existing 27.45 M. wide Sahar Airport Road; and on or towards the West by proposed 13.40 M (44ft) wide D.P. Road as reflected in the sanctioned D.P.of K/East Ward.



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**Schedule III**

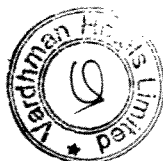
**Shareholding of the promoters of AHL in AHL**

**M/s R K Jatia & Shiv Jatia Group**

| S.No. | Name of Holder  | No. of Shares Held on 31.03.2007 | %             |
|-------|---|----------------------------------|---------------|
| 1     | Yans Enterprises (H.K.) Ltd   | 4960151                          | 21.752        |
| 2     | Shiv Kumar Jatia  | 226800                           | 0.995         |
| 3     | Archana Jatia   | 25900                            | 0.114         |
| 4     | Amritesh Jatia  | 8400                             | 0.037         |
| 5     | Shashi Jatia  | 29750                            | 0.130         |
| 6     | Adarsh Jatia  | 8400                             | 0.037         |
| 7     | Prarthana Jatia   | 3500                             | 0.015         |
|       | Subh Karan Jatia<br>[Deceased; shares yet to be transmitted to the legal heirs]   |                                  |               |
| 8     |   | 50300                            | 0.221         |
| 9     | Subhkaran Durgadutt HUF   | 16450                            | 0.072         |
|       | Subh Karan Jatia<br>[Deceased; shares yet to be transmitted to the legal heirs]   |                                  |               |
| 10    |   | 4000                             | 0.018         |
|       | Subh Karan Jatia ( shares pledged with Bank of Bahrain & Kuwait B S C)<br>[Deceased; shares yet to be transmitted to the legal heirs] |                                  |               |
| 11    |   | 15000                            | 0.066         |
|       | Ram Pyari Jatia<br>[Deceased; shares yet to be transmitted to the legal heirs]  |                                  |               |
| 12    |   | 4200                             | 0.018         |
| 13    | Mosaic Intertrade Ltd   | 41659                            | 0.183         |
| 14    | More Energy India Ltd   | 93335                            | 0.409         |
|       | Hermanos Zubadi Investments Pvt Ltd   |                                  |               |
| 15    |   | 119499                           | 0.524         |
|       | <b>TOTAL</b>  | <b>5607344</b>                   | <b>24.590</b> |

**M/s Gupta Group**

|    |   |         |        |
|----|---|---------|--------|
| 16 | D S O Ltd                               | 3335281 | 14.626 |
| 17 | Chaman Lal Gupta Sons HUF               | 32900   | 0.144  |
| 18 | Sushil Gupta                            | 78100   | 0.342  |
| 19 | Sushil Gupta                            | 33760   | 0.148  |
| 20 | Sushil Kumar Gupta                      | 10240   | 0.045  |
| 21 | Gunjan Jain                             | 31500   | 0.138  |
|    | Sushil Gupta/Vinita Gupta/Sandeep Gupta |         |        |
| 22 |   | 26180   | 0.115  |
|    | Brij Mohan Lal Agarwal/Nirmal Agarwal   |         |        |
| 23 |   | 40      | 0.000  |
|    | Brij Mohan Lal Agarwal/Nirmal Agarwal   |         |        |
| 24 |   | 100     | 0.000  |



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Judicial Department  
High Court  
of The Indian Exchequer, etc.

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|    |   |                |               |
|----|---|----------------|---------------|
| 25 | Gunjan Jain/Sushil Gupta/Vinita Gupta   | 20300          | 0.089         |
| 26 | S K Gupta & Son HUF                     | 14000          | 0.061         |
| 27 | Vinita Gupta                            | 70140          | 0.308         |
| 28 | Vinita Gupta                            | 2380           | 0.010         |
| 29 | Jyotsna Karl                            | 2800           | 0.012         |
| 30 | Sushil Gupta/Sandeep Gupta              | 2090           | 0.009         |
| 31 | Sushil Kumar Gupta/Vinita Gupta         | 60             | 0.000         |
| 32 | Sandeep Gupta                           | 1700           | 0.007         |
| 33 | Sandeep Gupta/Sudhir Gupta              | 920            | 0.004         |
| 34 | Vinita Gupta/Sushil Gupta/Sandeep Gupta | 17500          | 0.077         |
| 35 | Asha Kiran Gupta/Satish Kumar Gupta     | 22500          | 0.099         |
| 36 | Pankaj Gupta/Satish Kumar Gupta         | 30100          | 0.132         |
| 37 | Sushil Gupta/Sandeep Gupta              | 4950           | 0.022         |
| 38 | Sudhir Gupta                            | 100            | 0.000         |
| 39 | Sudhir Gupta                            | 125900         | 0.552         |
| 40 | Sonal Sharma / Subir Sharma             | 2000           | 0.009         |
| 41 | Madhu Jain                              | 16500          | 0.072         |
| 42 | Nikhlesh Jain                           | 8250           | 0.036         |
| 43 | Anubha Jain                             | 8250           | 0.036         |
| 44 | Renu Arun Agarwal                       | 33000          | 0.145         |
| 45 | Inovoa Securities Ltd                   | 2080           | 0.009         |
|    | <b>TOTAL</b>                            | <b>3933621</b> | <b>17.250</b> |

#### M/s Saraf Group

|    |                      |                |               |
|----|----------------------|----------------|---------------|
| 46 | Saraf Industries Ltd | 2378331        | 10.430        |
| 47 | Forex Finance Ltd    | 901188         | 3.952         |
| 48 | Forex Finance Ltd    | 179469         | 0.787         |
|    | <b>TOTAL</b>         | <b>3458988</b> | <b>15.169</b> |

#### Other Promoters\*\*

|    |  |        |       |
|----|--|--------|-------|
| 49 | Vinod Subhkaran Jatia                    | 88050  | 0.386 |
| 50 | Prateek Jatia                            | 22050  | 0.097 |
| 51 | Nita Jatia                               | 29400  | 0.129 |
| 52 | Vidip V Jatia                            | 8650   | 0.038 |
| 53 | Yardley Investment & Trading Co. Pvt Ltd | 54070  | 0.237 |
| 54 | Makalu Trading Ltd                       | 273208 | 1.198 |
| 55 | Helmet Traders Pvt Ltd                   | 81830  | 0.359 |
| 56 | Superways Enterprises Pvt Ltd            | 22480  | 0.099 |
| 57 | Superways Inv. & Finance Pvt Ltd         | 50     | 0.000 |
| 58 | Delaware Properties Pvt Ltd              | 56780  | 0.249 |
| 59 | Atishay Jatia                            | 8400   | 0.037 |
| 60 | Smita Jatia                              | 14700  | 0.064 |
| 61 | Ramesh Jatia                             | 10430  | 0.046 |



*Signature*

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|    |                    |               |              |
|----|--------------------|---------------|--------------|
| 62 | Ram Gopal Saraf    | 140           | 0.001        |
| 63 | Shyam Sunder Saraf | 630           | 0.003        |
|    | <b>TOTAL</b>       | <b>670868</b> | <b>2.942</b> |

|    |                         |                 |               |
|----|-------------------------|-----------------|---------------|
| 64 | Asian Holdings Pvt Ltd* | 824008          | 3.614         |
|    |                         |                 |               |
|    |                         |                 |               |
|    |                         |                 |               |
|    |                         |                 |               |
|    | <b>GRAND TOTAL</b>      | <b>14494829</b> | <b>63.564</b> |

\*Asian Holdings Pvt. Ltd. is a Company in which there is joint shareholding of Promoter groups of the Company and also of Mr. Vinod Kumar Jatia and Mr. Ramesh Kumar Jatia.

\*\* These persons/ entities are not under control of the Jatia Group, Saraf Group or the Gupta Group and not persons acting in concert with them.



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High Court of Madras  
Authorized Officer  
of The Indian Evidence Act

|   | HEAD OFFICE<br>(UNALLOCABLE) | DELHI<br>UNDERTAKING | MUMBAI<br>UNDERTAKING | KOLKATA<br>UNDERTAKING | (Rs. in lakhs)<br>TOTAL |
|---|------------------------------|----------------------|-----------------------|------------------------|-------------------------|
| <b>SOURCES OF FUNDS</b>                     |                              |                      |                       |                        |                         |
| SH: UNHOLDERS' FUND                         |                              |                      |                       |                        |                         |
| Share Capital                               | 2,280.36                     |                      |                       |                        | 2,280.36                |
| Reserves and Surplus                        |                              |                      |                       |                        |                         |
| -Capital Reserve                            | 4.23                         |                      |                       |                        | 4.23                    |
| -General Reserve                            | 7,148.30                     |                      |                       |                        | 7,148.30                |
| -Tourism Development Unlied Reserves        | 15,996.06                    |                      |                       |                        | 15,996.06               |
| -Revaluation Reserve                        | 82,127.30                    |                      |                       |                        | 82,127.30               |
| -Surplus in Profit & Loss Account           | 11,892.55                    |                      |                       |                        | 11,892.55               |
|   | 117,168.44                   |                      |                       |                        | 117,168.44              |
| LOAN FUNDS                                  |                              |                      |                       |                        |                         |
| Secured Loans                               | 16,158.69                    | 4,426.10             | 198.33                | (8.07)                 | 20,776.10               |
| NET DEFERRED TAX LIABILITY                  | 4,648.24                     |                      |                       |                        | 4,648.24                |
| SHOP SECURITY DEPOSITS                      |                              | 206.88               |                       |                        | 206.88                  |
| HEAD OFFICE ACCOUNT                         |                              | 85,245.63            | 34,388.84             | 16,488.33              | 142,045.95              |
|   | 140,255.73                   | 93,878.60            | 34,588.32             | 16,389.32              | 287,125.97              |
| <b>APPLICATION OF FUNDS</b>                 |                              |                      |                       |                        |                         |
| <b>FIXED ASSETS</b>                         |                              |                      |                       |                        |                         |
| Gross Block                                 |                              | 95,610.70            | 30,083.56             | 15,840.45              | 150,544.70              |
| Less: Depreciation                          |                              | 5,080.81             | 3,887.80              | 2,876.34               | 11,844.94               |
| Net Block                                   |                              | 90,529.89            | 26,195.75             | 12,964.11              | 139,690.76              |
| Capital Work-in-Progress                    |                              | 1,551.65             | 1,066.62              | 15.72                  | 2,633.05                |
|   |                              | 92,081.54            | 27,271.38             | 13,079.83              | 141,332.81              |
| <b>INVESTMENTS</b>                          | 8.80                         | 258.60               | 1,468.08              | 248.88                 | 2,458.40                |
| <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b> |                              |                      |                       |                        |                         |
| Investments                                 |                              | 385.80               | 259.37                | 777.23                 | 831.40                  |
| Sundry Debtors                              |                              | 419.10               | 457.65                | 453.04                 | 1,329.79                |
| Cash and Bank Balances                      | 72.66                        | 3,058.27             | 196.70                | 47.85                  | 3,415.48                |
| Loans and Advances                          | 6,868.50                     | 342.34               | 1,225.06              | 696.87                 | 9,138.77                |
|   | 6,942.55                     | 4,246.51             | 2,151.38              | 1,274.95               | 14,715.44               |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>   |                              |                      |                       |                        |                         |
| Current Liabilities                         | 1,134.55                     | 2,443.46             | 1,253.68              | 686.25                 | 5,517.93                |
| Provisions                                  | 7,598.87                     | 255.99               | 29.75                 | 25.11                  | 7,909.68                |
|   | 8,733.38                     | 2,699.45             | 1,283.44              | 711.36                 | 13,427.63               |
| <b>NET CURRENT ASSETS</b>                   | (1,796.83)                   | 1,547.06             | 867.54                | 663.63                 | 1,287.81                |
| <b>UNDERTAKING BALANCES</b>                 | 142,045.95                   |                      |                       |                        | 142,045.95              |
|   | 140,255.73                   | 93,878.60            | 34,588.32             | 16,389.32              | 287,125.97              |

Notes:

- The Undertaking-wise Balance Sheet as at 31st March 2007 of Asian Hotels Limited has been prepared on the basis of the proposed scheme of Arrangement and Demerger (the scheme) and is duly reviewed by the Audit Committee and further approved and authenticated by the Corporate Restructuring Committee in their respective meetings held on 13th July, 2007.
- The Revaluation Reserve represents amount created on revaluation of land and building of Hyatt Regency Delhi and is a part of Delhi Undertaking.
- (a) In Secured Loans, all the vehicle loan has been allocated according to the undertaking liability.  
(b) Secured loans of Kolkata Undertaking is net of collection account amounting to Rs. 40.90 lakhs.
- Shop Security Deposits represents deposits received for shops in the Shopping Arcades under Delhi Undertaking.
- Fixed Assets including Capital Work in Progress has been allocated as identified to respective undertaking.
- Investments in Regency Convention Centre & Hotels Ltd., an associate company and GHS Hotels Ltd., a subsidiary company are part of Kolkata undertaking.
- Fixed Deposits amounting to Rs. 2300 lakhs is part of Delhi Undertaking along with secured loan liability of the same amount.
- Loans & Advances  
a) Amounts receivable from GHS Hotels Ltd. Regency Convention Centre & Hotels Ltd. is a part of Kolkata Undertaking.  
b) Claim in respect of stamp duty lodged with Maharashtra Tourism Development Corporation relating to land at Mumbai is part of Mumbai undertaking.  
c) Other loan and advances are allocated as identified to respective undertakings.
- Current liabilities in respect of sundry creditors-capital goods has been allocated to the units where the fixed assets are identified.
- Provisions  
a) Provisions for gratuity & leave encashment based on actuarial valuation in respect of three undertakings has been allocated based on employees in the undertaking.  
b) Income Tax provisions, deferred tax liability, long benefit tax payable, dividend payable, corporate dividend tax remains unallocable under Head Office.

|   | HEAD OFFICE | DELHI<br>UNDERTAKING | MUMBAI<br>UNDERTAKING | KOLKATA<br>UNDERTAKING | (Rs. in lakhs)<br>TOTAL |
|---|-------------|----------------------|-----------------------|------------------------|-------------------------|
| 11. Contingent Liabilities                        |             |                      |                       |                        |                         |
| a) Capital Expenditure Commitments                |             | 1,425.71             | 4.36                  |                        | 1,434.06                |
| b) Bank Guarantees                                |             |                      | 15.55                 |                        | 15.55                   |
| 12. Export Obligation in respect of EPCG Licenses |             | 6,448.00             | 4,667.23              | 12,462.86              | 23,578.12               |

FOR ASIAN HOTELS LIMITED

New Delhi  
Dated: July 13, 2007

Sunil Gupta - Sharma  
SUNIL GUPTA  
Managing Director (Head)  
SHY JATA  
Managing Director (Mumbai)  
UNESH SARAF  
Managing Director (Kolkata)



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of The Indian Evidence Act.

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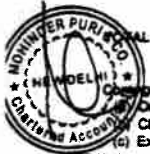
SCHEDULE - V

ASIAN HOTELS LIMITED  
CERTIFIED SEGMENTED UNDERTAKING-WISE BALANCE SHEET AS AT 31ST OCTOBER, 2009

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(Rs. in lakhs)

|  | ASIAN HOTELS<br>LIMITED<br>RESIDUAL | MUMBAI<br>UNDERTAKING | KOLKATA<br>UNDERTAKING | TOTAL             |
|--|-------------------------------------|-----------------------|------------------------|-------------------|
| <b>LIABILITIES</b>   |                                     |                       |                        |                   |
| <b>SHAREHOLDERS' FUND</b>  |                                     |                       |                        |                   |
| Equity Share Capital   |                                     |                       |                        | 2,280.36          |
| Add: Transferred from General Reserve as per contra<br>(Refer clause 5.5.5 (a) of the Scheme)                                  |                                     |                       |                        | 1,140.18          |
| Equity Share Capital allocated<br>(Refer clause 5.5.1 of the Scheme)   | 1,140.18                            | 1,140.18              | 1,140.18               | 3,420.53          |
| 1% Cumulative Redeemable Non-Convertible Preference Shares (NCPS) Capital<br>(Refer clause 5.4.2 of the Scheme)                | 495.00                              | 495.00                | 10.00                  | 1,000.00          |
| Fully Convertible Preference Share Capital (FCPS)-Pending allotment<br>Representing Capital (Refer clause 5.4.2 of the Scheme) | 625.93                              | 2.78                  | 2.78                   | 631.48            |
| Representing Share Premium (Refer clause 5.5.5.(e) and (f) of the Scheme)  | 33,174.05                           | 147.23                | 147.23                 | 33,468.52         |
|  | 33,799.98                           | 150.01                | 150.01                 | 34,100.00         |
| <b>RESERVES AND SURPLUS</b>  |                                     |                       |                        |                   |
| -Capital Reserve<br>(Refer clause 5.5.5 of the Scheme)   | 1.41                                | 1.41                  | 1.41                   | 4.23              |
| -Share Premium on NCPS (Refer clause 5.5.5.(c) and (d) of the Scheme)  | 3,960.00                            | 3,960.00              | 80.00                  | 8,000.00          |
| -General Reserve   |                                     |                       |                        | 8,810.00          |
| Less: Transferred to Equity Share Capital as per contra<br>(Refer clause 5.5.5 (a) of the Scheme)                              |                                     |                       |                        | (1,140.18)        |
| -General Reserve allocated (Refer clause 5.5.5.(b) of the Scheme)  | 2,556.61                            | 2,556.61              | 2,556.61               | 7,669.82          |
| Add: Transfer post de-merger being the excess of assets over liabilities<br>(Refer clause 5.5.6 of the Scheme)                 | 2,556.61                            | 9,853.98              | 55,117.30              | 62,414.67         |
| -Tourism Development Utilised Reserves<br>(Refer clause 5.5.5.(b) of the Scheme)   | 5,332.02                            | 5,332.02              | 5,332.02               | 15,996.06         |
| -Capital Redemption Reserve for redeemed NCPS<br>(Refer clause 5.5.5.(b) of the Scheme)  | 495.00                              | 495.00                | 10.00                  | 1,000.00          |
| -Capital Redemption Reserve for redeemable NCPS  | 498.32                              | 820.36                | 13.32                  | 1,332.00          |
| -Revaluation Reserve (Refer clause 5.5.5.(g) of the Scheme)  | 81,988.03                           | -                     | -                      | 81,988.03         |
| Less: Transfer post de-merger being the excess of assets over liabilities moving out<br>(Refer clause 5.5.6 of the Scheme)     | (62,414.67)                         | -                     | -                      | (62,414.67)       |
| -Surplus in Profit & Loss Account (Refer clause 5.5.5.(b) of the Scheme)   | 19,573.36                           | -                     | -                      | 19,573.36         |
|  | 9,339.40                            | 9,339.40              | 9,339.40               | 28,018.20         |
|  | 41,758.11                           | 29,802.17             | 72,450.05              | 144,008.34        |
| <b>LOAN FUNDS</b>  |                                     |                       |                        |                   |
| Secured Loans  | 16,184.36                           | 345.34                | -                      | 16,529.70         |
| <b>NET DEFERRED TAX LIABILITY</b>  | 1,266.41                            | 2,871.98              | 2,151.39               | 6,289.78          |
| <b>SHOP SECURITY DEPOSITS</b>  | 591.58                              | -                     | -                      | 591.58            |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>  |                                     |                       |                        |                   |
| -Current Liabilities   | 12,489.26                           | 3,090.87              | 1,297.80               | 16,877.93         |
| -Provisions  | 12,436.36                           | 211.21                | 102.70                 | 12,750.27         |
|  | 24,925.62                           | 3,302.08              | 1,400.50               | 29,628.20         |
| <b>TOTAL</b>   | <b>120,189.24</b>                   | <b>38,106.76</b>      | <b>77,302.14</b>       | <b>235,598.13</b> |
| <b>ASSETS</b>  |                                     |                       |                        |                   |
| <b>FIXED ASSETS</b>  |                                     |                       |                        |                   |
| Gross Block  | 105,072.53                          | 36,390.97             | 20,158.84              | 161,622.33        |
| Less: Depreciation   | 6,818.84                            | 6,448.43              | 4,694.76               | 17,962.03         |
| Net Block  | 98,253.68                           | 29,942.54             | 15,464.08              | 143,660.30        |
| Capital Work-in-Progress   | 553.24                              | 10.80                 | 163.57                 | 727.61            |
|  | 98,806.93                           | 29,953.35             | 15,627.65              | 144,387.92        |
| <b>INVESTMENTS (Including Subsidiaries)</b>  | -                                   | 2,506.00              | 26,963.61              | 29,469.61         |
| <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>  |                                     |                       |                        |                   |
| -Inventories   | 506.34                              | 221.63                | 183.43                 | 911.40            |
| -Sundry Debtors  | 1,041.78                            | 909.34                | 265.80                 | 2,216.92          |
| -Cash and Bank Balances  | 254.77                              | 587.13                | 32,758.17              | 33,600.08         |
| -Loans and Advances  | 19,549.41                           | 3,929.30              | 1,503.49               | 24,982.20         |
|  | 21,352.31                           | 6,647.41              | 34,710.88              | 61,710.60         |
|  | 120,189.24                          | 38,106.76             | 77,302.14              | 235,598.13        |
| <b>Contingent Liabilities:</b>   |                                     |                       |                        |                   |
| Outstanding Capital Expenditure Commitments  | 545.17                              | 172.93                | -                      | 718.10            |
| Claims against the Company not acknowledged as debts   | 617.18                              | -                     | -                      | 617.18            |
| (c) Export obligation in respect of EPCG Licenses  | 11,011.75                           | 833.16                | 243.01                 | 12,087.92         |



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High Court of Delhi  
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of The Indian Evidence Act.



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## DIRECTORS' CERTIFICATION

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Certified that the above mentioned Segmented Undertaking-wise Balance Sheet of Asian Hotels Limited as at October 31, 2009 ("the Appointed Date"), has been prepared duly considering inter alia the covenants of the Scheme of Arrangement and De-merger (the Scheme) after giving effect thereto and is based upon the following:

- The balances of the assets and liabilities of the respective undertakings as appearing in the books of account of the undertakings.
- The balances of assets and liabilities appearing in the books of accounts at the Head Office level duly apportioned to the respective undertakings as specifically related to the respective undertakings or related to the specific assets and liabilities or operations or employees of the respective undertakings.
- The balances of accounts relatable to the respective undertakings in accordance with the Scheme and in terms of the decisions of the Board of Directors of Asian Hotels Limited taken in this regard from time to time.
- Share Capital and Reserves, including Securities premium, after adjustments in terms of the Scheme.

The above balances as appearing in the Certified Segmented Undertaking-wise Balance Sheet of Asian Hotels Limited as at October 31, 2009 i.e effective close of business day as on the Appointed Date have been approved by the respective Board of Directors of Chillwinds Hotels Limited and Vardhman Hotels Limited, being the recipient of the Mumbai Undertaking and Kolkata Undertaking respectively, in its meetings held on 26<sup>th</sup> November, 2009 and by the Board of Directors of Asian Hotels Limited in its meeting held on 30<sup>th</sup> November, 2009.

On behalf of the Board of Directors

New Delhi

Dated: November 30, 2009

Sushil Gupta  
Managing

Director (West)

Shiv Jatia  
Managing

Director (North)

Umesh Saraf  
Managing

Director (East)



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Examiner Judicial Department  
High Court of Delhi  
Authorised Under Section 70  
of The Indian Evidence Act.

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## AUDITORS' CERTIFICATE

We, M/s Mohinder Puri & Co., Chartered Accountants, the Statutory Auditors of Asian Hotels Limited (the Company) have verified the information given in the Segmented Undertaking-wise Balance Sheet of Asian Hotels Limited as on October 31, 2009, as appended hereto, from the books of accounts maintained by Asian Hotels Limited.

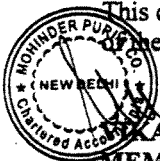
We also certify that we have received all information required by us for the purpose of verification.

We do hereby certify that in our opinion, and to the best of our knowledge and belief and according to the information and explanations given to us, the assets and liabilities of the respective undertakings of the Company as disclosed above in the Segmented Undertaking-wise Balance Sheet, duly certified by the Managing Directors of the Company, are based on and extracted from the books of accounts of the Company and adjusted in accordance with the Scheme of Arrangement and Demerger, as filed with the Hon'ble High Court of Delhi, which is also placed at and is the subject matter of the Court convened Meeting of the Equity shareholders of the Company to be held on December 11, 2009.

This Certificate is being issued at the specific request of the Board of Directors of the Company so as to provide the Certified Segmented Undertaking-wise Balance Sheet of the Company as at October 31 2009, after giving effect to the terms of the Scheme, to the Hon'ble Delhi High Court and also despatch to the equity shareholders of the Company.

The said Certified Segmented Undertaking-wise Balance Sheet of the Company shall form part of the Scheme as Schedule-V thereof.

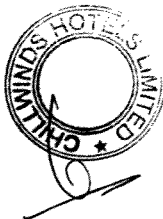
This certificate should be read along with the notes as given therein duly forming part of the said Segmented Undertaking-wise Balance Sheet.



*[Signature]*  
**AS VIG**  
**MEMBERSHIP NO. 16920**  
**PARTNER**  
**MOHINDER PURI & CO.,**  
**CHARTERED ACCOUNTANTS**

*[Signature]*

**New Delhi**  
**Dated: November, 30, 2009**



Certified to be True Copy

*[Signature]*  
Examiner  
of The Indian Companies Act, 1956

~~58~~ - 59 - 49 - SCHEDULE - VI

# MOHINDER PURI & COMPANY

CHARTERED ACCOUNTANTS

1A-D VANDHNA  
11 TOLSTOY MARG  
NEW DELHI 110 001

**PHONES :**

+ 91 11 47102200 (Tax & Advisory)  
+ 91 11 47103300 (Audit & Assurance)  
+ 91 11 47102250 (Legal & Consulting)  
E mail : [mpco@mpco.in](mailto:mpco@mpco.in)

**FAX :**

+ 91 11 23313908 (Tax & Advisory)  
+ 91 11 23731220 (Audit & Assurance)  
+ 91 11 47102290 (Legal & Consulting)  
Home page : [www.mpco.in](http://www.mpco.in)

## AUDITORS' REPORT

To the Members of **ASIAN HOTELS LIMITED**

We have audited the attached Balance Sheet of **ASIAN HOTELS LIMITED** as at 31<sup>st</sup> October, 2009 (Post Demerger) annexed thereto. The Balance Sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on the Balance Sheet based on our audit.

As per the Scheme of Arrangement and Demerger (the Scheme) referred to in Note 11 in the Schedule 12 of Notes Annexed to the Balance Sheet, the Kolkata Undertaking and Mumbai Undertaking have been demerged as of the Appointed Date i.e. 31<sup>st</sup> October, 2009. The necessary disclosures in terms of the Accounting Standards 24 (AS-24) on 'Discontinued Operations' are given in the said note.

This Balance Sheet of the Company has been prepared in terms of clause 6.1 of the Scheme post giving effect to the terms of the Scheme and will be filed with the Hon'ble High Court of Delhi and also be despatched to the equity shareholders of the Company.

This Balance Sheet of the Company shall form part of the Scheme as Schedule-VI thereof.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



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Examiner, Judicial Department  
High Court  
Authorized to certify under Section 70  
of The Indian Evidence Act.

Associate Offices : Ahmedabad • Bangalore • Chennai • Kolkata • Mumbai • Pune • Vadodara



Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books;
- (iii) The Balance Sheet dealt with by this report is in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> October, 2009 (Post Demerger), in conformity with the accounting principles generally accepted in India.

*Ray*



For MOHINDER PURI & COMPANY  
Chartered Accountants

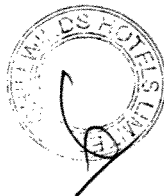
*Vikas Vig*  
VIKAS VIG  
PARTNER  
M NO: 16920

NEW DELHI  
DATED: 16<sup>th</sup> January 2010



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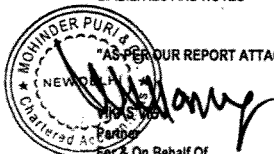
*M*  
Examiner Judicial Department  
High Court of Madras  
Authorised under Section 70  
of The Indian Evidence Act.



ASIAN HOTELS LIMITED  
BALANCE SHEET AS AT 31ST OCTOBER 2009  
(POST DEMERGER AS AHL RESIDUAL COMPANY)

51-54-55

|   | Schedule |                 | Rs in Lakhs     |
|---|----------|-----------------|-----------------|
| <b>SOURCES OF FUNDS</b>   |          |                 |                 |
| <b>SHAREHOLDERS' FUND</b>   |          |                 |                 |
| Share Capital   | 1        |                 | 1635.18         |
| Fully Convertible Preference Share Capital (FCPS) - Pending Allotment<br>(Refer Note 17 of schedule 12)   |          |                 |                 |
| Representing Capital  |          | 631.48          |                 |
| Less : Transferred on account of reorganisation pursuant to the Scheme<br>of Arrangement and Demerger (Refer clause 5.4.2 of the Scheme)          |          | 5.56            | 625.92          |
| Representing Securities Premium   |          | 33468.52        |                 |
| Less : Transferred on account of reorganisation pursuant to the Scheme<br>of Arrangement and Demerger (Refer clause 5.5.5(e) & (f) of the Scheme) |          | 294.46          | 33174.06        |
| Reserves and Surplus  | 2        |                 | 41756.12        |
| <b>LOAN FUNDS</b>   |          |                 |                 |
| Secured Loans   | 3        |                 | 16184.36        |
| <b>NET DEFERRED TAX LIABILITY</b>   | 4        |                 | 1266.41         |
| <b>SHOP SECURITY DEPOSITS</b>   |          |                 | 591.58          |
|   |          |                 | <b>95233.63</b> |
| <b>APPLICATION OF FUNDS</b>   |          |                 |                 |
| <b>FIXED ASSETS</b>   | 5        |                 |                 |
| Gross Block   |          | 105072.53       |                 |
| Less : Depreciation   |          | 6818.84         |                 |
| Net Block   |          | 98253.69        |                 |
| Capital Work-in-Progress  |          | 553.24          |                 |
|   |          |                 | <b>98806.93</b> |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>   |          |                 |                 |
| Inventories   | 6        | 506.34          |                 |
| Sundry Debtors  | 7        | 1041.78         |                 |
| Cash and Bank Balances  | 8        | 254.77          |                 |
| Loans and Advances  | 9        | 19549.42        |                 |
|   |          | <b>21352.31</b> |                 |
| Less:   |          |                 |                 |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>   |          |                 |                 |
| Current Liabilities   | 10       | 12489.25        |                 |
| Provisions  | 11       | 12436.36        |                 |
|   |          | <b>24925.61</b> |                 |
| <b>NET CURRENT ASSETS</b>   |          |                 | (3573.30)       |
|   |          |                 | <b>95233.63</b> |
| <b>SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES</b>  | 12       |                 |                 |



For & On Behalf Of  
Mohinder Puri & Company  
Chartered Accountants

NEW DELHI  
DATED: 16th January 2010

R.K. BHARGAVA  
Chairman

SUSHIL GUPTA  
Managing  
Director (West)

SHIV JATIA  
Managing  
Director (North)

UMESH SARAF  
Managing  
Director (East)

ON BEHALF OF THE BOARD OF DIRECTORS



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Examiner of Public Documents  
High Court of Delhi  
Authorised by Section 70  
of The Indian Evidence Act

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Rs in Lakhs

1. SHARE CAPITAL

AUTHORISED

40,000,000 Equity Shares of Rs.10 each

4000.00

30,000,000 Preference Shares of Rs. 10 each

3000.00

ISSUED, SUBSCRIBED & PAID-UP

22,803,564 Equity Shares of Rs.10 each fully paid

2280.36

Add: Transferred from General Reserve as per Contra

1140.18

(Refer clause 5.5.5(a) of the Scheme)

3420.54

Less : Transferred on account of reorganisation pursuant to the Scheme  
of Arrangement and Demerger (Refer clause 5.5.1 of the Scheme)

(2,280.36)

11,401,782 Equity Shares of Rs. 10 each fully paid reissued as per  
clause 5.4.6 of the Scheme

1140.18

10,000,000 1% Cumulative Redeemable Non-Convertible  
Preference Shares (NCPS) of Rs.10 each fully paid

1000.00

Less : Transferred on account of reorganisation pursuant to the Scheme  
of Arrangement and Demerger (Refer clause 5.4.2 of the Scheme)

(505.00)

4,950,000 1% Cumulative Redeemable

Non-Convertible Preference Shares (NCPS) of Rs.10 each fully paid  
(Refer Note 16 of schedule 12)

495.00

1635.18

2. RESERVES & SURPLUS

| 30.09.2009  | Additions /<br>(Deductions) | Deductions<br>(re-organisation as<br>per scheme) | 31.10.2009<br>Post-Demerger |
|---|-----------------------------|--|-----------------------------|
| Capital Reserve (Refer clause 5.5.5 of the Scheme)  | 4.23                        | 2.82   | 1.41                        |
| Capital Redemption Reserve for redeemed NCPS (Refer Note 16 of the Schedule 12)                 | 1000.00                     | 505.00   | 495.00                      |
| Capital Redemption Reserve for redeemable NCPS (Refer Note 16 of the Schedule 12)               | 1332.00                     | 833.68   | 498.32                      |
| Securities Premium on NCPS (Refer Note 16 of the Schedule 12)                                   | 8000.00                     | 4040.00  | 3960.00                     |
| General Reserve (Refer Note 1 below)<br>(Refer clause 5.5.5 (b) of the Scheme)                  | 8810.00                     | (1,140.18)                                       | 2556.61                     |
| Tourism Development Utilised Reserve (Refer clause 5.5.5 (b) of the Scheme)                     | 15996.06                    | 10,664.04  | 5332.02                     |
| Revaluation Reserve (Refer Note 2 below)  | 81992.52                    | (4.49)   | 19573.36                    |
| Surplus in Profit & Loss Account (Refer Note 3 below)<br>(Refer clause 5.5.5 (b) of the Scheme) | 28150.90                    | (132.69)   | 9339.40                     |
| 145285.71   | (1,277.36)                  | 102252.23  | 41756.12                    |

Note :

- 1) Rs. 1140.18 lakhs has been transferred from General Reserve to Equity Shares Capital as per Contra (Refer clause 5.5.5(a) of the Scheme)
- 2) Rs. 62414.67 lakhs has been transferred from Revaluation Reserve due to Loss on restructuring and transfer of Mumbai undertaking and Kolkata undertaking (Refer Note 15 of the Schedule 12)
- 3) Rs. 132.69 lakhs deduction from Profit & Loss Account relates to one month ending October 31, 2009

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of the Income Tax Act

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53 - 63

**LOAN FUNDS**

Rs in Lakhs

**SECURED LOANS**

**TERM LOANS**

From Banks

DBS Bank Limited

(Secured by exclusive equitable mortgage of Hotel Hyatt Regency Delhi property and Personal guarantee of one of the directors of the Company)

9000.00

- ICICI Bank Limited

Secured against hypothecation of certain vehicles

41.70

- Punjab National Bank

(For business of generation of electricity)

1373.75

Secured by first charge by way of mortgage of land and hypothecation of windmills situated at Sinner & Sangli, Maharashtra

- IDBI Bank Limited - Rupee Loan

(Secured by first pari passu charge (hypothecation) of whole of plant & machinery, construction material, equipments and other assets of the Company both present and future (save and except book debts) of Hotel Hyatt Regency Delhi)

5087.79

Interest accrued and due

140.40

**OTHER LOANS**

**Short Term Loans and Advances**

From IDBI Bank Limited

- Secured against hypothecation of inventories and book debts (both present & future)

229.36

- Secured against credit card collection\*

311.36

16184.36

\* net of balances in collection accounts

367.93

- Term loans due within one year

2681.25

**4 NET DEFERRED TAX LIABILITY**

Tax Liability (Asset) due to timing difference in respect of:

Depreciation

1852.46

Provision for Retirement Benefits

(224.89)

Provision for doubtful debts / advances

(1.63)

Statutory Dues

(359.53)

1266.41



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Examiner of Accounts  
of The Indian Companies Act





Rs in Lakhs

6. INVENTORIES

|   |               |
|---|---------------|
| Wines & Liquor                            | 146.66        |
| Provisions, Other Beverages and Smokes    | 97.22         |
| Crockery, Cutlery, Silverware, Linen etc. | 168.41        |
| General Stores and Spares                 | 94.05         |
|   | <b>506.34</b> |

7. SUNDRY DEBTORS

|                                     |                |
|-------------------------------------|----------------|
| Outstanding for over six months     | 0.00           |
| Others                              | 1046.58        |
|                                     | <b>1046.58</b> |
| Less : Provision for doubtful debts | 4.80           |
|                                     | <b>1041.78</b> |
| Unsecured considered good           | 1041.78        |
| Unsecured considered doubtful       | 4.80           |

8. CASH AND BANK BALANCES

|                                  |               |
|----------------------------------|---------------|
| Cash in hand                     | 29.33         |
| Cheques in hand                  | 42.16         |
| With Scheduled Banks :           |               |
| Current Accounts                 | 102.62        |
| Unpaid Dividend Current Accounts | 70.66         |
| Fixed Deposits *                 | 10.00         |
|                                  | <b>254.77</b> |

\* Include :

|   |       |
|---|-------|
| - under lien against overdraft facilities | 10.00 |
|---|-------|

9. LOANS & ADVANCES

|  |                 |
|--|-----------------|
| Advances recoverable in cash or in kind<br>or for value to be received | 6880.82         |
| Advance income tax   | 11931.88        |
| Fringe benefit tax (net)   | 17.91           |
| Security Deposits  | 718.76          |
| Interest accrued on Fixed Deposits                                     | 0.05            |
|  | <b>19549.42</b> |
| Provision for doubtful advances/deposits                               | 0.00            |
|  | <b>19549.42</b> |
| Unsecured considered good  | 19549.42        |
| Unsecured considered doubtful  | 0.00            |



*Handwritten signatures and initials.*



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Examiner (Joint) Department  
Finance  
Authorised under Section 70  
of The Indian Companies Act.

ASIAN HOTELS LIMITED  
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT  
31ST OCTOBER, 2009 (POST DEMERGER AS AHL RESIDUAL COMPANY)

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CURRENT LIABILITIES

Rs in Lakhs

|                                       |         |
|---------------------------------------|---------|
| Sundry Creditors                      |         |
| - for capital projects                | 192.07  |
| - others *                            | 1425.53 |
| Advances from Customers               | 7594.50 |
| Interest accrued but not due on loans | 0.32    |
| Security Deposits received            | 23.85   |
| Other Liabilities **                  | 3252.98 |

12489.25

\* includes due to Micro, Small & Medium Enterprises (Refer Note 25 of Schedule 12)

0.00

\*\*includes due to

- Unclaimed Dividends

70.66

- Directors (including commission)

359.58

11 PROVISIONS

|                                    |          |
|------------------------------------|----------|
| Gratuity                           | 526.31   |
| Leave Encashment                   | 135.34   |
| Income Tax                         | 11503.52 |
| Proposed dividend on Equity Shares | 228.04   |
| Dividend on Preference Shares      | 3.75     |
| Corporate Dividend Tax             | 39.40    |

12436.36

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Examined and found correct  
Authenticity of the documents  
of the company as per Act.



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**ASIAN HOTELS LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT**  
**31<sup>ST</sup> OCTOBER, 2009 (POST DE-MERGER AS AHL RESIDUAL COMPANY)**

**12. SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES**

1. (i) **Basis of Accounting**  
The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies Accounting Standards Rules, 2006 under the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
  - (ii) **Use of Estimates**  
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from the estimates.
  - (iii) **Revenue Recognition**  
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
    - (a) Revenue from rendering of hospitality services is recognized when the related services are performed and billed to the customer.
    - (b) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
    - (c) Dividend income from investments is recognized when the Company's right to receive payment is established.
    - (d) Income from generation of electricity is recognised when the actual generated units are transferred and billed to the buyer.
    - (e) Income from hiring of vehicles is recognized on accrual basis on the basis of agreed rate.
  - (iv) **Income in Foreign Exchange**  
The bills for services rendered are raised in Indian Rupees. The payment received in foreign currency against these bills, is credited and accounted for at the rate / rates prevalent on the date of receipt of payment. The gains / losses arising out of fluctuation in the exchange rates are accounted for on realization.
  - (v) **Interest on Income Tax Refunds / Demands**  
It is accounted for as income in the period/year when granted and as tax expense when determined by the Department.
  - (vi) **Claims Recoverable**  
Claims recoverable are accrued only to the extent as admitted by the parties.
  - (vii) **Expenses remittable in foreign exchange**  
These are charged based on invoices (including for earlier years) as approved and accepted by the appropriate authorities as applicable.
2. (i) **Foreign Exchange Transaction**  
Transactions in foreign currency are recorded at the exchange rates prevailing at the time of the transaction, while those remaining unsettled at the period/year end are translated at the period/year end rates resulting in exchange differences being recognized as income /expense (net).



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Examiner, Ministry of Department  
of the Indian Economy, Govt.



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ASIAN HOTELS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT  
31<sup>ST</sup> OCTOBER, 2009 (POST DE-MERGER AS AHL RESIDUAL COMPANY)

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- (ii) Foreign Currency Balances  
Foreign Currency balances at the period/year end have been converted at the period/year end rate of exchange except those covered by forward cover contracts in respect of foreign currency loans, which are converted at the contracted forward rates.
3. Employee Benefits
- (i) Provision for gratuity and leave encashment are based on actuarial valuation as on the date of the Balance Sheet.
- (ii) All employees are covered under contributory provident fund benefit of a contribution of 12% of salary. It is a defined contribution scheme and the contribution is charged to Profit and Loss Account of the period/year when the contributions to the respective funds are due. There are no obligations other than the contributions payable to the respective fund.
4. Taxation
- (i) Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current period/year timing differences between taxable income and accounting income for the period/year and reversal of timing differences of earlier years.
- (ii) Deferred Tax is provided during the period/year, using the liability method on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes in accordance with Accounting Standard 22 (AS-22).
- (iii) Deferred Tax asset is recognized only to the extent that there is a reasonable certainty that sufficient taxable profit will be available against which such deferred tax asset can be realized.
- (iv) Deferred Tax asset and liability are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the Balance Sheet date.
5. Fixed Assets and Depreciation
- (a) Fixed Assets  
Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/ amortisation. Cost represents the direct expenses incurred on acquisition /construction of the assets and the relative share of indirect expenses relating to construction allocated in proportion to the direct costs involved.
- (b) Depreciation
- (i) Depreciation as per straight line method has been charged in the accounts based on circular no 1/86 of the Department of Company Affairs;
- (ii) On the assets acquired on or after 2.4.87 at the rates as prescribed under Schedule XIV of the Companies Act, 1956 pro rata from the month of purchase. If purchased before or on 15<sup>th</sup> of the month, depreciation is charged from the month of purchase otherwise depreciation is charged from the month following the month of purchase.
- (iii) On the assets prior to 2.4.87 at the rates computed in the respective years of acquisition of those assets on the basis of rates specified by the Income Tax Act, 1961 and the rules made thereunder in terms of Section 205(2) (b) of the Companies Act, 1956 without making any adjustment in respect of excess depreciation provided for in the earlier years amounting to Rs.244.16 lakhs.



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Certified to be true and correct  
Examiner, Department of Company Affairs  
At New Delhi on 70  
of the month of October 2009



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ASIAN HOTELS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT  
31<sup>ST</sup> OCTOBER, 2009 (POST DE-MERGER AS AHL RESIDUAL COMPANY)

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- (iv) Depreciation on leasehold improvements is being charged equally over the period of the lease.
  - (v) Depreciation on the increased amount of assets due to revaluation is computed on the basis of residual life of the assets as estimated by the valuer on straight line method and charged to Revaluation Reserve Account.
  - (vi) No depreciation is charged on the assets sold/ discarded during the period/year.
  - (vii) The period in respect of leases of leasehold lands is either perpetual or for substantially long term and hence no depreciation has been charged on the premiums paid.
6. Investments
- Investments that are readily realisable and intended to be held for not more than a year are classified as current investments or short term investments. All other investments are classified as long-term investments. Current investments are valued at the lower of cost and fair value. Changes in the carrying amount of current investments are recognised in the Profit and Loss Account. Long-term investments are valued at cost, less any provision for diminution, other than temporary, in the value of such investments; decline, if any, is charged to the Profit and Loss Account. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.
7. Inventory
- (a) Inventory is valued at cost or net realizable value whichever is lower
  - (b) Operating equipment in circulation is valued at weighted average cost less estimated diminution in value on account of usage.
8. Impairment
- The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures its 'value in use' on the basis of undiscounted cash flows of next five years projections estimated based on current prices.
9. Earnings per share
- Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period/year.
10. Provisions
- A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
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Examiner, Audit Department  
Haryana Sahakar Board  
Audit Section  
of The Industrial Development Act

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**ASIAN HOTELS LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT**  
**31ST OCTOBER, 2009 (POST DEMERGER AS AHL RESIDUAL COMPANY)**

Rs in Lakhs

11. A Scheme of Arrangement and Demerger (the Scheme) was approved by the Board of Directors of the Company on 14th May, 2007. The Scheme envisaged the trifurcation of the Company in the following manner:-

- i) Kolkata Undertaking as defined in clause 1.2.1 of the Scheme, comprising, interalia of Hotel Hyatt Regency Kolkata and investment in the shares held in GJS Hotels Limited and Regency Convention Centre and Hotels Limited and, appropriate cash liquidity.
- ii) Mumbai Undertaking as defined in clause 1.2.1 of the Scheme, comprising, interalia of Hotel Hyatt Regency Mumbai, investment in the shares held in Aria Hotels & Consultancy Services Private Limited and deposits/advances paid towards acquisition of immovable property in Bangalore.
- iii) AHL Residual as would emerge immediately after the transfer of and vesting in of Mumbai undertaking and the Kolkata undertaking in Chillwinds Hotels Limited (Transferee Company-I) and Vardhman Hotels Limited (Transferee Company-II) respectively.

The Scheme, which was approved by the High Court of Delhi vide its order dated 29th February, 2008 and amended vide Orders dated 9th April, 2009 and 18th August, 2009, was filed with the Registrar of Companies, NCT of Delhi & Haryana, but could not take effect as certain conditions precedent could not be fulfilled. In order to overcome the impediments in implementation of the Scheme and to determine a fixed date which should be the Appointed Date for the purpose of drawing up the undertaking wise balance sheets in terms of the Scheme, the Company made an application to the Hon'ble Court in May 2009, introducing 'the Appointed Date' and incorporated certain clauses to define how the business of the three undertakings would be conducted between 'the Appointed Date' and 'the Effective Date'. The Hon'ble High Court vide its order dated 29th May, 2009, stayed the effect and implementation of the Scheme, as approved earlier and directed the Company to obtain the approval of its equity shareholders for the amended Scheme. However, before the equity shareholders' meeting could be convened in terms of Order dated 29th May, 2009, the Company made additional applications in August 2009 and November 2009, for further amendments, and accordingly, the Hon'ble Court vide its Order dated 10th November, 2009, directed the Company to convene a meeting of its equity shareholders on 11th December, 2009, to obtain their approval for the amended Scheme, before it could be considered by the Hon'ble Court. Pursuant to the directions of the Hon'ble Court, the Company had called its equity shareholders meeting on 11th December, 2009 and the amended Scheme was approved by the equity shareholders and sanctioned by the Hon'ble Court. The amended Scheme is expected to be implemented by the end of January 2010 having retrospective effect from 'the Appointed Date' i.e., '31st October, 2009'. Subsequent thereto, the Promoter Groups intend to transfer their shareholding interse in the three demerged entities as provided in Clause 5.8 of the Scheme.

In view of the above, the operations of Kolkata undertaking and Mumbai undertaking constitute discontinued operations within the meaning of Accounting Standard (AS) 24. As at 31st October, 2009, the carried amount of the assets of the Kolkata undertaking were Rs 77302.14 Lakhs and of the Mumbai undertaking were Rs 38106.76 Lakhs and their liabilities were Rs 22184.84 Lakhs and Rs 30809.39 Lakhs respectively.

12. Proposed Dividend on equity shares payable, if any, is subject to pending approval at the Annual General Meeting.

13. Contingent Liabilities :

- (a) Outstanding Capital Expenditure Commitments
- (b) Claims against the Company not acknowledged as debts
- (c) Export obligation in respect of EPCG Licenses

545.17  
617.18  
11011.75

14. Capital Work-in-Progress consists of:

- (a) Renovation/refurbishing work / other work in progress
- (b) Advances for capital contracts (unsecured, considered good)

465.61  
87.63

553.24

15. The Company, based on the report by a Certified Valuer, had revalued land and building of Hotel Hyatt Regency Delhi, one of the units of the Company, on 28th February 2007 at Rs 85,700.00 lakhs, thereby increasing the value of land and building by an amount of Rs 82,131.81 lakhs, and therefore an equivalent amount had been credited to the Revaluation Reserve Account. The method adopted by the Certified Valuer for revaluation purpose, was the Cost of Contractor's method. Consequently, there was an additional charge of Rs 143.78 on account of depreciation on increase in value of assets due to revaluation and accordingly, an equivalent amount had been withdrawn from the Revaluation Reserve Account and credited to the Profit & Loss Account upto 31st October 2009.

The Loss arising to the Company from restructuring and transfer of the Kolkata undertaking and the Mumbai undertaking has been set off against the Revaluation Reserve mentioned above (Refer clause 5.5.5(g) of the Scheme).



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of The Income Tax Act

16. During the prior year, the Company with an object to facilitate trifurcation under the Scheme had allotted 2 crores 1% Cumulative Redeemable Non Convertible Preference Shares (NCPS) of Rs 10/- each at a premium of Rs 80/- per share. As per the respective Subscription Agreement with Infrastructure Development Finance Company Limited (IDFC) and Magus Estate and Hotels Limited (Magus), a Company in which two of the directors are interested for subscription to the said preference shares, the Company is to redeem the said Preference Shares in three instalments of 25%, 25% and 50% (including premiums) respectively as under:

| Date of Redemption | Amount of Redemption including Redemption Premium (Rs in lakhs) |                                     |
|--------------------|---|-------------------------------------|
|                    | IDFC  | MAGUS (as per agreed revised terms) |
| June 30, 2008      | 3303.00   | 2250.00                             |
| June 30, 2009      | 2989.00   | 2250.00                             |
| June 30, 2010      | 4832.00   | 4500.00                             |

Upto the appointed date, 50% of such NCPS have already been redeemed.

An amount of Rs 17,458 lakhs, out of the proceeds from the above said preference shares had been subscribed as equity in GJS Hotels Ltd, a subsidiary of the Company which is a part of the Kolkata undertaking as per the terms of the Scheme.

Securities Premium on NCPS represents premium received on issue of above said NCPS.

Capital Redemption Reserve for redeemed NCPS represents redeemed 1% Cumulative Redeemable Non-Convertible Preference Shares

Capital Redemption Reserve for redeemable NCPS represents the value of redemption of 1% Cumulative Redeemable Non-Convertible Preference Shares and for the premium payable on their redemption over and above the amount available in Securities Premium Account.

The above said NCPS, Securities premium on NCPS, Capital Redemption Reserve for redeemed NCPS and Capital Redemption Reserve for redeemable NCPS, have been allocated to AHL Residual Company, Transferee Company-I and Transferee Company-II as per the terms of the Scheme (Refer clause 5.4.2 (ii) and also clause 5.5.5.(c) and (d) of the Scheme).

17. The Company had received Rs 34,100 lakhs as subscription money against the Fully Convertible Preference Shares (FCPS) pursuant to the Scheme from Finline Holdings Limited and Global Operations Pte. Ltd.

An amount of Rs 3000 lakhs, proceeds from the above said FCPS had been subscribed as equity in GJS Hotels Ltd, a subsidiary of the Company and Rs 31100 lakhs has been kept under escrow account, which are the parts of the Kolkata undertaking as per the terms of the Scheme.

The above said FCPS (pending allotment) has been allocated to AHL Residual Company, Transferee Company-I and Transferee Company-II as per the terms of the Scheme (Refer clause 5.3, clause 5.4.2 (iii) & (iv) and also clause 5.5.5.(e) and (f) of the Scheme).

The FCPS shall be convertible, in one or more tranches, into equity shares of face value of Rs 10/- each of the respective companies, i.e. AHL Residual Company, Transferee Company-I, or Transferee Company-II, as the case may be (based on allocation of FCPS in terms of the Scheme).

18. The Company has not recognised any loss on impairment in respect of assets of the Company as is required in terms of Accounting Standard (AS) 28 on "Impairment of Assets" since in the opinion of the Management, as considered by the Audit Committee, the reduction in value of any asset, to the extent required.

19. The Company has received notices with regard to Service Tax demands on certain services aggregating to Rs 467.96 Lakhs considered to be not tenable in the opinion of the Company. These are thus included under "Contingent Liabilities" as "Claims against the Company not acknowledged as debts" as no provision has been made against the same.

20. Post effectiveness of the Scheme, the Company would be operating in hotel business at only one geographical location namely Hotel Hyatt Regency Delhi. During the prior years, the Company had altered its object clause of memorandum of association and entered into a different business segment, viz., power generation, governed by different risks and returns. However, it is not a reportable segment as defined under the said Accounting Standard, hence no separate disclosures have been made. The assets and liabilities relating to the said business have however, been disclosed in the accounts separately.

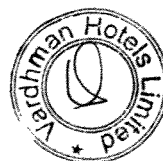
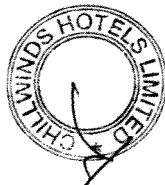


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Examiner of Accounts  
Auditor General  
of The Ministry of Tourism, Govt of India



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**ASIAN HOTELS LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT**  
**31<sup>ST</sup> OCTOBER, 2009 (POST DE-MERGER AS AHL RESIDUAL COMPANY)**

21. The Company has classified the various benefits provided to employees as under:-

- (a) Defined contribution plans
  - i) Provident fund
- (b) Defined benefit plans
  - a) Contribution to Gratuity funds
  - b) Compensated absences – Earned leave

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plans based on the following assumptions-

**Economic Assumptions**

The discount rate and salary increases assumed are the key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

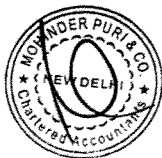
**Discount Rate**

The discounting rate is based on the gross redemption yield on medium to long term risk free investments. The estimated term of the benefit obligations works out to 0 years. For the current valuation a discount rate of 8 % p.a. compound, has been used in consultation with the employer.

**Salary Escalation Rate**

The salary escalation rate usually consists of at least three components, viz. Regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the company's philosophy towards employee remuneration are also to be taken into account. Again a long-term view as to the trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors. The assumptions used are summarised in the following table:

|  | Gratuity (Unfunded)         | Compensated absences Earned leave (Unfunded) |
|--|-----------------------------|--|
| Discount rate (per annum)              | 8%                          | 8%   |
| Future salary increase                 | 7%                          | 7%   |
| Expected rate of return on plan assets | 0%                          | 0%   |
| In service mortality                   | LIC (1994-96) duly Modified | LIC (1994-96) duly modified                  |
| Retirement age                         | 58 years                    | 58 years                                     |
| Withdrawal rates:                      | Upto 30 years 3%            | Upto 30 years 3%                             |
|  | Upto 44 years 2%            | Upto 44 years 2%                             |
|  | Above 44 years 1%           | Above 44 year 1%                             |



S L B Singh



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 High Court  
 Authority  
 of The Income Tax Act 1961



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**ASIAN HOTELS LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT**  
**31ST OCTOBER, 2009 (POST DEMERGER AS AHL RESIDUAL COMPANY)**

22. Related Party Disclosures

- a) Parties which significantly influence the Company (either individually or with others)
- (i) Yans Enterprises (H.K.) Ltd.
  - (ii) DSO Ltd.
  - (iii) Saraf Industries Ltd.

b) Related Parties

- Key Management Personnel

Mr. Sushil Gupta  
 Mr. Shiv Jatia  
 Mr. Umesh Saraf

Managing Director (West)  
 Managing Director (North)  
 Managing Director (East)

- Relatives of Key Management Personnel

Mr. Sandeep Gupta

Son of Mr. Sushil Gupta

- Entities controlled by Directors or their relatives

Bell Ceramics Ltd  
 M/s Bhasin & Co  
 Choice Hospitality (India) Pvt Ltd  
 Energy Infrastructure (I) Limited  
 Godfrey Philips Ltd  
 Juniper Hotels Pvt Ltd

Magus Estates & Hotels Ltd  
 Nepal Travel Agency Pvt Ltd  
 Ram Pyari Devi Charitable Trust  
 WEL Intertrade Ltd  
 Eden Park Hotels Pvt. Ltd

c) Disclosure in respect of balances of transactions with related parties are as follows:

| Particulars                         | Rs in Lakhs |
|-------------------------------------|-------------|
| <b>Outstanding Payables</b>         |             |
| - Mr. Shiv Jatia (as commission)    | 339.58      |
| - M/s Bhasin & Co.                  | 0.50        |
| <b>Outstanding Receivables</b>      |             |
| - Magus Estates & Hotels Ltd.       | 11.13       |
| - Mr. Sandeep Gupta                 | 2.47        |
| - WEL Intertrade Ltd.               | 0.03        |
| - Energy Infrastructure (I) Limited | 5.73        |



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 High Court of India  
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## ASIAN HOTELS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT  
31ST DECEMBER, 2009 (POST DEMERGER AS AHL RESIDUAL COMPANY)

Rs in Lakhs

23. Municipal Corporation of Delhi introduced a new method for payment of property tax under 'Unit Area Scheme' w.e.f. 1st April, 2004. The Federation of Hotels and Restaurants Association of India (FHRAI) and the Company filed a writ petition in the High Court of Delhi against the said new method, which is still pending. However, in terms of the interim order dated 10th September, 2004 passed by the Hon'ble High Court, the Company has been paying a sum of Rs 54.52 Lakhs per annum based on the Ratable Value method then existing. As a matter of abundant caution, and based on the legal opinion obtained by the Company, the Company has provided for the difference in property tax as per Unit Area Scheme and the payments made since introduction of the said new method, alongwith interest thereon. Such calculations are based on usage factor of 10.

|  |   |       |
|--|---|-------|
| 24 (a). Future commitments in respect of assets acquired under Finance Schemes   |   |       |
| Minimum installments   | payable within one year                           | 31.80 |
|  | later than one year but not later than five years | 13.56 |
| Present value of minimum installments  | payable within one year                           | 28.69 |
|  | later than one year but not later than five years | 13.01 |
| (b). Future minimum lease payments receivable by the Company in respect of non-cancellable operating leases (other than land) for shops and vehicles entered into by the Company : |   |       |
| (i) Not later than one year  |   | 82.56 |
| (ii) Later than one year and not later than five years   |   | 62.41 |

25. In the previous year, Government of India had promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) which came in to force with effect from October 2, 2006. The Company had sent letters to its suppliers for confirmations of their registration in MSMED Act, 2006 and on the basis of reply received from suppliers the disclosure is given below.


The Disclosure relating to Micro and Small Enterprises are as follows:


|   |      |
|---|------|
| a) Principal amount remaining unpaid to any supplier as at the period end   | 0.00 |
| b) Interest due thereon   | 0.00 |
| c) Amount of interest due and payable for the period of delay in making payment ( which have been paid but beyond the appointed day during the period ) but without adding the interest specified under the MSMED | 0.00 |
| d) Amount of interest accrued and remaining unpaid at the end of the period   | 0.00 |

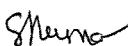
26. This Balance Sheet of the Company has been prepared in terms of Clause 6.1 of the Scheme, post giving effect to the terms of the Scheme and will be filed with Hon'ble High Court of Delhi and also be despatched to the equity shareholders of the Company.


Schedules 1 to 12 form an integral part of the Balance Sheet

ON BEHALF OF THE BOARD OF DIRECTORS

  
R.K. BHARGAVA  
Chairman

  
SUSHIL GUPTA  
Managing  
Director (West)


  
SHIV JATIA  
Managing  
Director (North)

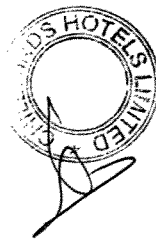
  
UMESH SARAF  
Managing  
Director (East)



NEW DELHI  
DATED: 16th January 2010



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High Court of Delhi  
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of The Indian Evidence Act



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***SS KOTHARI MEHTA & CO***  
**CHARTERED ACCOUNTANTS**

146-149 Tribhuvan Complex  
 Ishwar Nagar  
 Mathura Road  
 New Delhi-110065  
 Phones : +91-11-4670 8888  
 Fax : +91-11-6662 8889  
 E-mail : delhi@sskmin.com

**AUDITORS' REPORT**

To the Members of **CHILLWINDS HOTELS LIMITED**

We have audited the attached reconstructed Balance Sheet of **CHILLWINDS HOTELS LIMITED** as at 1<sup>st</sup> November, 2009 (Post De-Merger and beginning of business hours of the day) annexed thereto. The Balance Sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on the Balance Sheet based on our audit.

As per the Scheme of Arrangement and Demerger (the Scheme) referred to in Note 3 in Schedule 12 Notes to Accounts annexed to the Balance Sheet, the Mumbai Undertaking has been demerged from Asian Hotels Limited as of the Appointed Date i.e. 31<sup>st</sup> October, 2009.

This Balance Sheet of the Company has been prepared after giving effect to the terms of the Scheme, to be filed with the Hon'ble Delhi High Court and also to be dispatched to the equity shareholders of the Company.

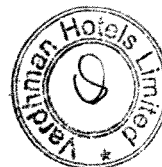
This Balance Sheet of the Company shall form part of the Scheme as Part-VI thereof.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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Examiner of Accounts  
 of The Indian Evidence Act

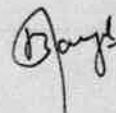


**S S KOTHARI MEHTA & CO**

We report that:

- (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books. The books have incorporated the assets, liabilities and reserves as transferred to and vested in the company in terms of the provisions of the Scheme;
- (iii) The Balance Sheet dealt with by this report is in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet dealt with by this report complies with the Accounting Standards referred to in Section 211 (3C) of the Companies Act 1956;
- (v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in the case of Balance Sheet, of the state of affairs of the Company as at 1<sup>st</sup> November, 2009 (Post De-Merger and beginning of business hours of the day), in conformity with the accounting principles generally accepted in India.

**For S.S. KOTHARI MEHTA & CO.**



Chartered Accountants

  
**ARUN K. TULSIAN**  
 PARTNER  
 M No: 89907





New Delhi

DATED: 16-1-2010



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Examined by Judicial Department  
 Court of Delhi  
 Authorized Under Section 70  
 of The Indian Evidence Act.



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**CHILLWINDS HOTELS LIMITED**  
**BALANCE SHEET AS AT 1ST NOVEMBER, 2009**

|  | Schedule | As at 1st November, 2009<br>Amount (Rs. Lacs) |
|--|----------|---|
| <b>SOURCES OF FUNDS</b>  |          |   |
| Share Capital  | 1        | 1,637.96                                      |
| Reserves & Surplus   | 2        | 29,872.22                                     |
| Secured Loans  | 3        | 345.34  |
| Net Deferred Tax Liability                                     |          | 2,871.98                                      |
|  |          | <b>34,727.50</b>                              |
| <b>APPLICATION OF FUNDS</b>                                    |          |   |
| <b>FIXED ASSETS</b>  | 4        |   |
| Gross Block  |          | 36,390.97                                     |
| Less: Depreciation   |          | 6,448.43                                      |
| Net Block  |          | 29,942.54                                     |
| Capital Work-in-Progress                                       |          | 10.80   |
|  |          | <b>29,953.35</b>                              |
| <b>INVESTMENTS</b>   | 5        | 2501.00                                       |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>                      |          |   |
| Inventories  | 6        | 221.63  |
| Sundry Debtors   | 7        | 909.34  |
| Cash and Bank Balances   | 8        | 588.04  |
| Loans and Advances   | 9        | 3,856.63                                      |
|  |          | <b>5,575.64</b>                               |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>                      |          |   |
| Liabilities  | 10       | 3,091.28                                      |
| Provisions   | 11       | 211.21  |
|  |          | <b>3,302.49</b>                               |
| <b>NET CURRENT ASSETS</b>                                      |          | 2,273.15                                      |
| <b>Profit &amp; Loss Account</b>                               |          |   |
|  |          | <b>34,727.50</b>                              |
| <b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b> | 12       |   |

As per our report of even date

For and on behalf of the Board

FOR S.S. KOTHARI MEHTA & CO.  
 CHARTERED ACCOUNTANTS

ARUN K. TULSIAN  
 (Partner)  
 Membership No. 89907



(DIRECTOR)

(DIRECTOR)

Place: New Delhi  
 Dated: 16-11-2010

Certified to be

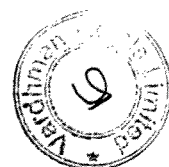
Examiner, Income Tax Department  
 Authorised under Section 70  
 of The Indian Evidence Act.



**CHILLWINDS HOTELS LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**  
**AS AT 1ST NOVEMBER, 2009**

|   | As at 1st November, 2009<br>Amount (Rs. Lacs) |
|---|---|
| <b>SCHEDULE-1</b>   |   |
| <b>SHARE CAPITAL</b>  |   |
| <b>AUTHORISED</b>   |   |
| 1,40,00,000 Equity Shares of Rs.10 each   | 1,400.00                                      |
| 1,10,00,000 Preference Shares of Rs. 10 each  | 1,100.00                                      |
|   | <b>2,500.00</b>                               |
| <b>SUBSCRIBED &amp; PAID UP SHARE CAPITAL</b>   |   |
| 11401782 Equity Shares of Rs. 10 each fully paid up<br>(Refer clause 5.5.1 of the Scheme)   | 1,140.18                                      |
| 4950000 1% Cumulative Redeemable Non-Convertible Preference Shares<br>(NCPS) of Rs.10 each<br>(Refer clause 5.4.2 of the Scheme)  | 495.00  |
| Fully Convertible Preference Share Capital (FCPS)-Pending allotment<br>Representing Capital (Refer clause 5.4.2 of the Scheme)  | 2.78  |
|   | <b>1,637.96</b>                               |
| <b>SCHEDULE-2</b>   |   |
| <b>RESERVES &amp; SURPLUS</b>   |   |
| <b>Capital Reserve</b>  |   |
| Allocated to demerged undertaking<br>(Refer clause 5.5.5 of the Scheme)   | 1.41  |
| <b>Capital Redemption Reserve</b>   |   |
| For redeemed NCPS (Refer clause 5.5.5.(b) of the Scheme)  | 495.00  |
| For redeemable NCPS   | 820.36  |
| <b>Security Premium</b>   |   |
| on 1% Cumulative Redeemable Non-Convertible Preference Shares (NCPS)<br>(Refer clause 5.5.5.(c) and (d) of the Scheme)  | 3,960.00                                      |
| on Fully Convertible Preference Share Capital (FCPS)-Pending allotment<br>(Refer clause 5.5.5.(e) and (f) of the Scheme)  | 147.23  |
| <b>Tourism Development Utilised Reserve</b><br>(Refer clause 5.5.5.(b) of the Scheme)   | 5,332.02                                      |
| <b>General Reserve</b>  |   |
| Allocated to demerged undertaking (Refer clause 5.5.5.(b) of the Scheme)  | 2,556.61                                      |
| Add: Transfer of excess of assets over liabilities (post demerger)<br>(Refer clause 5.5.6 of the Scheme)  | 7,297.37                                      |
| <b>Surplus in Profit &amp; Loss Account</b> (Refer clause 5.5.5.(b) of the Scheme)  | 9,262.22                                      |
|   | <b>29,872.22</b>                              |
| <b>SCHEDULE-3</b>   |   |
| <b>SECURED LOANS</b>  |   |
| <b>Short term loans</b>   |   |
| Overdraft from Banks<br>(Secured against hypothecation of inventories)  | 345.34  |
|   | <b>345.34</b>                                 |
| <b>SCHEDULE-5</b>   |   |
| <b>INVESTMENTS - LONG TERM</b>  |   |
| <b>Trade, Unquoted</b>  |   |
| 25,010,000 equity shares of Rs.10/-each in Aria Hotels & Consultancy Services<br>Pvt. Ltd.(a subsidiary company)  | 2,501.00                                      |
| This investment is pledged as security for certain term loan taken from<br>bank and financial institution by Aria Hotels and Consultancy Services<br>Private Limited, a subsidiary company. |   |
|   | <b>2,501.00</b>                               |

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**CHILL WINDS HOTELS LIMITED**  
**SCHEDULE - 4**  
**FIXED ASSETS**

**ADDITIONS PURSUANT TO SCHEME OF ARRANGEMENT & DEMERGER**

| GROUP OF ASSETS          | GROSS BLOCK              |  | DEPRECIATION |                          |                          | NET BLOCK                |                          |
|--------------------------|--------------------------|--|--------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                          | AS AT 31st October, 2009 | ADDITIONS PURSUANT TO SCHEME OF ARRANGEMENT & DEMERGER | SALES/TFR    | AS AT 1st November, 2009 | AS AT 31st October, 2009 | AS AT 1st November, 2009 | AS AT 31st October, 2009 |
| Land - freehold          |                          | 9,287.31   |              | 9,287.31                 |                          | 9,287.31                 |                          |
| Building                 |                          | 14,808.78  |              | 14,808.78                | 1,574.06                 | 13,234.72                |                          |
| Plant & Machinery        |                          | 9,099.66   |              | 9,099.66                 | 3,058.58                 | 6,041.08                 |                          |
| Furniture & Fixtures     |                          | 2,750.83   |              | 2,750.83                 | 1,605.45                 | 1,145.38                 |                          |
| Vehicles                 |                          | 444.39   |              | 444.39                   | 210.34                   | 234.05                   |                          |
| <b>TOTAL</b>             |                          | <b>36,390.97</b>                                       |              | <b>36,390.97</b>         | <b>6,448.43</b>          | <b>29,942.54</b>         |                          |
| Capital Work in Progress |                          |  |              | <b>10.80</b>             |                          | <b>10.80</b>             |                          |

**Note**

1. Asia Hotels and Consultancy Services Private Limited, a subsidiary company has taken a term loan from banks and financial institutions for which a security is mortgaged by way of second pari passu charge created by the Company on its immovable property situated at Mumbai namely Hyatt Regency, Mumbai.
2. Land - Freehold includes 50% of 1056.64 lacs stamp duty on land & building at Mumbai, which was earlier shown as recoverable from Maharashtra Tourism Development Corporation under the head loans & advances. The Maharashtra Tourism Development Corporation has agreed and admitted for Rs. 528.32 lacs as to be refunded back to the company.

3. Building includes leasehold improvement

Gross Block  
Net Block

Rs. In Lacs  
12.66  
12.64

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**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 1ST NOVEMBER, 2009**

|   | As at 1st November, 2009 |
|---|--------------------------|
|   | Amount (Rs. Lacs)        |
| <b>SCHEDULE-6<br/>INVENTORIES</b>   |                          |
| Wines & Liquor  | 56.07                    |
| Provisions, Other Beverages and Smokes  | 11.88                    |
| Crockery, Cutlery, Silverware, Linen etc.   | 104.05                   |
| General Stores & Spares   | 49.62                    |
|   | <b>221.63</b>            |
| <b>SCHEDULE-7<br/>SUNDRY DEBTORS</b>  |                          |
| Outstanding for a period exceeding six months   | 24.37                    |
| Other debts   | 890.56                   |
|   | <b>914.93</b>            |
| Less: Provision for doubtful debts  | 5.59                     |
|   | <b>909.34</b>            |
| Unsecured considered good   | 909.34                   |
| Unsecured considered doubtful   | 5.59                     |
| <b>SCHEDULE-8<br/>CASH AND BANK BALANCES</b>  |                          |
| Cash in hand  | 7.96                     |
| Cheques in hand   | 81.37                    |
| With Scheduled Banks :  |                          |
| in Current Accounts   | 248.71                   |
| in Fixed Deposits   | 250.00                   |
|   | <b>588.04</b>            |
| <b>SCHEDULE-9<br/>LOANS AND ADVANCES</b>  |                          |
| Loan to subsidiary companies  |                          |
| Aria Hotels & Consultancy Services Pvt Ltd  | 12.17                    |
| Advances recoverable in cash or in kind or for value to be received                   | 3,285.29                 |
| Balances with Govt. departments & others  | 528.32                   |
| Security Deposits   | 26.96                    |
| Interest accrued on loans, deposits and investments (net of tax)                      | 5.34                     |
|   | <b>3,858.07</b>          |
| Less: Provision for doubtful advances/deposits  | 1.45                     |
|   | <b>3,856.63</b>          |
| Unsecured considered good   | 3,929.30                 |
| Unsecured considered doubtful   | 1.45                     |
| <b>SCHEDULE-10<br/>CURRENT LIABILITIES</b>  |                          |
| Sundry Creditors  |                          |
| Due to Micro, Small and Medium Enterprises  | -                        |
| Other Creditors*  | 801.15                   |
| Advance from Customers  | 218.13                   |
| Security Deposits   | 1,200.80                 |
| Other Liabilities   | 871.21                   |
|   | <b>3,091.28</b>          |
| * Includes commission payable to directors Rs. 359.58 lacs                            |                          |
| <b>SCHEDULE-11<br/>PROVISIONS</b>   |                          |
| Provision for Gratuity  | 175.05                   |
| Provision for Leave Encashment  | 31.77                    |
| Proposed Dividend (including corporate dividend tax)                                  | 4.39                     |
|   | <b>211.21</b>            |
| (Proposed dividend includes dividend on pref Shares - 3.75 & dividend on NCPS - 0.64) |                          |



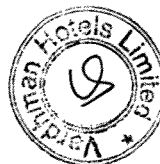
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**CHILLWINDS HOTELS LIMITED****SCHEDULE: 12****SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES:****i) Basis of Accounting**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies Accounting Standard Rules, 2006 under the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**ii) Use of Estimates**

The preparation of financial statement is in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from the estimates.

**iii) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- (a) Revenue from rendering of hospitality services is recognized when the related services are performed and billed to the customer.
- (b) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- (c) Dividend income from investments is recognized when the Company's right to receive payment is established.
- (d) Income from hiring of vehicles is recognized on accrual basis on the basis of agreed rate.

**iv) Income in Foreign Exchange**

The bills for services rendered are raised in Indian Rupees. The payment received in foreign currency against these bills is credited and accounted for at the rate / rates prevalent on the date of receipt of payment. The gains / losses arising out of fluctuation in the exchange rates are accounted for on realization.

**v) Claims Recoverable**

Claims recoverable are accrued only to the extent as admitted by the parties.

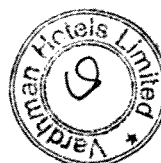
**vi) Expenses remittable in foreign exchange**

These are charged based on invoices (including for earlier years) as approved and accepted by the appropriate authorities as applicable.



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vii) (a) **Foreign Exchange Transactions**

Transactions in foreign currency are recorded at the exchange rates prevailing at the time of the transaction, while those remaining unsettled at the year end are translated at the year end rates resulting in exchange differences being recognized as income /expenses (net).

(b) **Foreign Currency Balances**

Foreign Currency balances at the year end are converted at the year end rate of exchange except covered by forward cover contracts in respect of foreign currency loans, which are converted at the contracted forward rates.

viii) **Employee Benefits**

(a) Provision for gratuity and leave encashment are based on actuarial valuation as on the date of the Balance Sheet.

(b) All employees are covered under contributory provident fund benefit of a contribution of 12% of salary. It is a defined contribution scheme and the contribution is charged to Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contributions payable to the respective fund.

ix) **Taxation**

(a) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

(b) Deferred Tax is provided during the year, using the liability method on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes in accordance with mandatory Accounting Standard (AS-22).

(c) Deferred Tax asset is recognized only to the extent that there is a reasonable certainty that sufficient taxable profit will be available against which such deferred tax asset can be realized.

(d) Deferred Tax asset and liability are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

x) **Fixed Assets and Depreciation**

(a) **Fixed Assets**

Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/ amortization. Cost represents the direct expenses incurred on acquisition /construction of the assets and the relative share of indirect expenses relating to construction allocated in proportion to the direct costs involved.

(b) **Depreciation**

(i) Depreciation as per straight line method has been charged in the accounts.

(ii) The charge is on the basis of rates as prescribed under Schedule XIV of the Companies Act, 1956 pro rata from the month of purchase. If purchased before or on 15th of month depreciation is charged from the month of purchase otherwise depreciation is charged from the month following the month of purchase.

(iii) No depreciation is charged on the assets sold/ discarded during the year.



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**xi) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments or short term investments. All other investments are classified as long-term investments. Current investments are valued at the lower of cost and fair value. Changes in the carrying amount of current investments are recognised in the Profit and Loss Account. Long-term investments are valued at cost, less any provision for diminution, other than temporary, in the value of such investments; decline, if any, is charged to the Profit and Loss Account. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.

**xii) Inventory**

- (a) Inventory is valued at cost or net realizable value whichever is lower  
 (b) Operating equipment in circulation is valued at weighted average cost less estimated diminution in value on account of usage.

**xiii) Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures its 'value in use' on the basis of undiscounted cash flows of next five years projections estimated based on current prices.

**xiv) Cash and cash equivalents**

Cash and cash equivalents in the cash flow comprise cash at bank and cash/ cheques in hand and short term deposits with Banks less short term advances from Banks.

**xv) Provisions and Contingent liabilities**

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.



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## B. NOTES TO ACCOUNTS

1. This Balance Sheet of the Company has been prepared after giving effect to the terms of the Scheme, to be filed with the Delhi High Court and also to be dispatched to the equity shareholders of the Company.
2. Contingent Liabilities not provided for in respect of:
  - a) Estimated amount of contracts remaining to be executed on capital account (net of advances): Rs. 172.93 Lacs.
  - b) Export obligation in respect of EPCG Licenses: Rs. 833.16 Lacs.
3. Pursuant to the Scheme of Arrangement & Demerger (the Scheme) under section 391-394 of the Companies Act, 1956 and approved by the Hon'ble High Court of Delhi vide its Order dated 13<sup>th</sup> January' 2010, the Mumbai undertaking of the Asian Hotels Ltd. as defined in clause 1.2.1 of the Scheme comprising interalia of hotel Hyatt Regency, Mumbai and related assets & liabilities stands transferred to & vested in the Company w.e.f the appointed date, 31<sup>st</sup> October, 2009.  
  
All fixed and current assets, investments, loans & advances and debts & liabilities taken over have been accounted for at book values. Accounting treatment and allocation of reserves has been carried out in accordance with the provisions in the Scheme.  
  
Excess of assets over debts & liabilities taken over has been credited to General Reserve in accordance with clause 5.5 of the Scheme.
4. Capital Work in Progress consists of:
 

|                                |            |
|--------------------------------|------------|
| Advances for capital contracts | 10.80 Lacs |
|--------------------------------|------------|
5. The Company has not recognised any loss on impairment in respect of assets of the Company as is required in terms of Accounting Standard 28 on "Impairment of Assets" since in the opinion of the Management, the reduction in value of any asset, to the extent required, has already been provided for in the books. In respect of subsidiaries such decision is based on the management accounts/audited accounts of the subsidiaries, as available on the basis of the information and explanations available.
6. Loans and advances include a claim in respect of stamp duty lodged with Maharashtra Tourism Development Corporation by the company of Rs 528.32 Lacs relating to land at Mumbai, considered to be fully recoverable in the opinion of the management.
7. Out of Service Tax demand for Rs. 146.11 Lacs, Rs. 95.94 Lacs had been paid under protest. In the opinion of the management, amount paid under protest is not liable to be paid and hence has been included under "Loans & Advances" as "Claims Recoverable". Refund of the amount has been applied for vide application dated May 9, 2008.



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8. As the company is engaged in only one segment of Hotel business, therefore, the disclosure requirements of Accounting Standard (AS-17) on "Segment Reporting" are not applicable.
9. The Company has classified the various benefits provided to employees as under:-
- a) Defined contribution plans
    - i. Provident fund
  - b) Defined benefits plans
    - i. Contribution to Gratuity funds
    - ii. Compensated absences – Earned leave

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined plans based on the following assumptions:-

#### Economic Assumptions

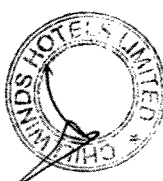
The discount rate and salary increases assumed are key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

#### Discount Rate

The discounting rate is based on the gross redemption yield on medium to long term risk free investments. The estimated term of the benefit obligations works out to 0 years. For the current valuation a discount rate of 8 % p.a. compound, has been used in consultation with the employer.

#### Salary Escalation Rate

The salary escalation rate usually consists of at least three components, viz. Regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the company's philosophy towards employee remuneration are also to be taken into account. Again a long- term view as to the trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors. The assumptions used are summarized in the following table:



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|  | Gratuity (Unfunded)         | Compensated absences<br>Earned leave (Unfunded) |
|--|-----------------------------|---|
| Discount Rate (per annum)              | 8%                          | 8%  |
| Future salary increase                 | 8%                          | 8%  |
| Expected rate of return on plan assets | 0%                          | 0%  |
| In service mortality                   | LIC (1994-96) duly modified | LIC (1994-96) duly modified                     |
| Retirement age                         | 58 years                    | 58 years  |
| Withdrawal rates:                      | Upto 30 years 3%            | Upto 30 years 3%                                |
|  | Upto 44 years 2%            | Upto 44 years 2%                                |
|  | Above 44 years 1%           | Above 44 years 1%                               |

Pursuant to the Scheme of Arrangement & Demerger (the Scheme), liabilities on account of gratuity and leave encashment benefit which have been transferred to & vested in the company are Rs.175.05 lacs and Rs.31.76 lacs respectively. The plan assets are held in the respective trusts maintained by Asian Hotels Ltd. prior to the Scheme which will be appropriated in future.

10. In accordance with the Accounting Standard on "Related Party Disclosures" (AS-18), the disclosures in respect of Related Parties and transactions with them, as identified and certified by the management, are as follows :-

|  |   |
|--|---|
| Subsidiaries   | Aria Hotels & Consultancy Pvt. Limited  |
| Associates   | None  |
| Key Management Personnel   | Mr. Sushil Gupta (Managing Director)  |
| Relatives of Key Management Personnel  | Mr. Sandeep Gupta<br>(Son of Mr. Sushil Gupta)  |
| Entities over which Directors and their relatives can exercise significant influence | M/s. Bhasin & Co<br>Choice Hospitality (India) Pvt Ltd.<br>Godfrey Philips Ltd.<br>Eden Park Hotels Pvt. Ltd. |

#### Transactions with related parties

| Particulars | Subsidiaries | Associates | Relatives of<br>Key<br>Management<br>Personnel | Key<br>Management<br>Personnel | Entities<br>controlled by<br>Directors or<br>their relatives |
|-------------|--------------|------------|--|--------------------------------|--|
| Receivables | 1,217,234    | -          | -  | -                              | 265,897  |



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For Investment in Subsidiaries, refer schedule-5.

11. Net deferred tax liability is on account of the following:

Timing difference in respect of:

(Rs. in Lacs)

|   |                |
|---|----------------|
| Depreciation                            | 2944.67        |
| Provision for retirement benefits       | (70.30)        |
| Provision for doubtful debts / advances | (2.39)         |
|   | <u>2871.98</u> |

12. Future commitments in respect of minimum lease payments payable for non cancellable operating leases (other than land) entered into by the company:

|  |            |
|--|------------|
| a) Not later than one year                           | 33.00 Lacs |
| b) Later than one year and not later than five years | 41.25 Lacs |

13. 1% Cumulative Redeemable Non-Convertible Preference Shares (NCPS) were redeemable in three installments of 25%, 25% and 50% (including redemption premium) on 30<sup>th</sup> June 2008, 30<sup>th</sup> June 2009 and 30<sup>th</sup> June 2010 respectively.

| Amount of Redemption pending (in Rs. lacs) |         |         |
|--|---------|---------|
| Date of Redemption                         | IDFC    | MAGUS   |
| 30 <sup>th</sup> June, 2010                | 2391.84 | 2227.50 |

The amounts are in accordance with the ratios of allocation mentioned in clause 5.5 of the Scheme of Arrangement & Demerger.

14. The company has received Rs 150.01 Lacs as subscription money against the Fully Convertible Preferences Shares (FCPS) to be issued pursuant to the Scheme.
15. Disclosure of other items as required by Part –II of Schedule –VI to the Companies Act, 1956 is not applicable.
16. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006.

The Company had sent letters to its suppliers for confirmation of their registration in MSMED Act, 2006 and on the basis of reply received from suppliers the disclosure is given below:-

| Particulars  | Current year | Previous year |
|--|--------------|---------------|
| a) Principal amount remaining unpaid to any supplier as at date  | 0.00         | 0.00          |
| b) Interest due thereon  | 0.00         | 0.00          |
| c) Amount of interest paid by the company in terms of section 16 of the MSMED, along with amount of the payment made | 0.00         | 0.00          |



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|---|------|------|
| to supplier beyond the appointed day  |      |      |
| d) Amount of interest due and payable for the period of delay in making payment ( which have been paid but beyond the appointed day during the year ) but without adding the interest specified under the MSMED | 0.00 | 0.00 |
| e) Amount of interest accrued and remaining unpaid  | 0.00 | 0.00 |

17. Term Loans taken by Aria Hotels and Consultancy Services Private Limited, a subsidiary company, from a financial institution and bank are secured by way of:-
- Mortgage by way of second pari passu charge created by the company on its immovable property situated at Mumbai namely Hotel Hyatt Regency, Mumbai.
  - First pari passu charge created by the Company on credit card receivables of Hyatt Regency, Mumbai.
  - Pledge of Investment of the Company in Aria Hotels and Consultancy Services Private Limited, a subsidiary company.
  - Personal Guarantees of two of the directors of the Company.
18. There are no foreign currency exposures with the company.
19. Schedules 1 to 12 form an integral part of the Balance Sheet as at 1st November, 2009.

As per our report of even date

For and on behalf of the Board

For S. S. Kothari Mehta & Co.  
Chartered Accountants

Arun K. Tulsian  
Partner  
Membership No. 89907



(Director)

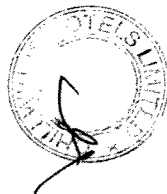
(Director)

Place: New Delhi  
Dated: 16-1-2010



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**AUDITORS' REPORT**

To the Members of **VARDHMAN HOTELS LIMITED**

We have audited the attached reconstructed Balance Sheet of **VARDHMAN HOTELS LIMITED** as at 1<sup>st</sup> November, 2009 (Post De-Merger and beginning of business hours of the day) annexed thereto. The Balance Sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on the Balance Sheet based on our audit.

As per the Scheme of Arrangement and Demerger (the Scheme) referred to in Note 4 in Schedule 11 Notes to Accounts annexed to the Balance Sheet, the Kolkata Undertaking has been demerged from Asian Hotels Limited as of the Appointed Date i.e. 31<sup>st</sup> October, 2009.

This Balance Sheet of the Company has been prepared after giving effect to the terms of the Scheme, to be filed with the Hon'ble Delhi High Court and also to be dispatched to the equity shareholders of the Company.

This Balance Sheet of the Company shall form part of the Scheme as Part-VI thereof.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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We report that:

- (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books. The books have incorporated the assets, liabilities and reserves as transferred to and vested in the company in terms of the provisions of the Scheme;
- (iii) The Balance Sheet dealt with by this report is in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet dealt with by this report complies with the Accounting Standards referred to in Section 211 (3C) of the Companies Act 1956;
- (v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in the case of Balance Sheet, of the state of affairs of the Company as at 1<sup>st</sup> November, 2009 (Post De-Merger and beginning of business hours of the day), in conformity with the accounting principles generally accepted in India.

**For S. S. KOTHARI MEHTA & CO.**

Chartered Accountants

**ARUN K. TULSIAN**  
PARTNER  
M No: 89907



**New Delhi**

**DATED: 16-1-2010**



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**VARDHMAN HOTELS LIMITED**

**BALANCE SHEET AS AT 1ST NOVEMBER, 2009**

|   | Schedule | As at 1st November, 2009<br>Amount (Rs. in Lacs) |
|---|----------|--|
| <b>SOURCES OF FUNDS</b>                   |          |  |
| Share Capital                             | 1        | 1,152.96   |
| Reserves & Surplus                        | 2        | 72,526.94  |
| <b>NET DEFERRED TAX LIABILITY</b>         |          | 2,151.39   |
|   |          | <b>75,831.29</b>                                 |
| <b>APPLICATION OF FUNDS</b>               |          |  |
| <b>FIXED ASSETS</b>                       | 3        |  |
| Gross Block                               |          | 20,158.84  |
| Less: Depreciation                        |          | 4,694.76   |
| Net Block                                 |          | 15,464.08  |
| Capital Work-in-Progress                  |          | 163.57   |
|   |          | <b>15,627.65</b>                                 |
| <b>INVESTMENTS</b>                        | 4        | 26,958.61  |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b> |          |  |
| Inventories                               | 5        | 183.43   |
| Sundry Debtors                            | 6        | 265.80   |
| Cash and Bank Balances                    | 7        | 32,758.68  |
| Loans and Advances                        | 8        | 1,438.04   |
|   |          | <b>34,645.95</b>                                 |
| <b>CURRENT LIABILITIES AND PROVISIONS</b> |          |  |
| Liabilities                               | 9        | 1,298.21   |
| Provisions                                | 10       | 102.70   |
|   |          | <b>1,400.91</b>                                  |
| <b>NET CURRENT ASSETS</b>                 |          | 33,245.03  |
| <b>Profit &amp; Loss Account</b>          |          |  |
|   |          | <b>75,831.29</b>                                 |
| <b>SIGNIFICANT ACCOUNTING POLICIES</b>    | 11       |  |
| <b>NOTES ON ACCOUNTS</b>                  |          |  |

As per our report of even date

For and on behalf of the Board

**FOR S.S. KOTHARI MEHTA & CO.  
CHARTERED ACCOUNTANTS**

**ARUN K. TULSIAN**  
(Partner)  
Membership No. 8990



Place: New Delhi  
Dated: 16.1.2010

(DIRECTOR)

(DIRECTOR)



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Examiner  
Author  
of

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**VARDHMAN HOTELS LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE**  
**SHEET AS AT 1ST NOVEMBER, 2009**

|   | As at 1st November, 2009<br>Amount (Rs. Lacs) |
|---|---|
| <b>SCHEDULE-1</b>   |   |
| <b>SHARE CAPITAL</b>  |   |
| <b>AUTHORISED</b>   |   |
| 14000000 (previous period 14000000) Equity Shares of Rs.10 each   | 1,400.00                                      |
| 1000000 (previous year 1000000) Preference shares of Rs. 10 each  | 100.00  |
|   | <b>1,500.00</b>                               |
| <b>SUBSCRIBED &amp; PAID UP SHARE CAPITAL:</b>  |   |
| 11401782 Equity Shares of Rs. 10 each fully paid up<br>(Refer clause 5.5.1 of the Scheme)                                       | 1,140.18                                      |
| 100000 1% Cumulative Redeemable Non-Convertible Preference Shares<br>(NCPS) of Rs.10 each<br>(Refer clause 5.4.2 of the Scheme) | 10.00   |
| Fully Convertible Preference Share Capital (FCPS)-Pending allotment<br>Representing Capital (Refer clause 5.4.2 of the Scheme)  | 2.78  |
|   | <b>1,152.96</b>                               |
| <b>SCHEDULE-2</b>   |   |
| <b>RESERVES &amp; SURPLUS</b>   |   |
| <b>Capital Reserve</b>  |   |
| Allocated to demerged undertaking<br>(Refer clause 5.5.5 of the Scheme)   | 1.41  |
| <b>Capital Redemption Reserve</b>   |   |
| For redeemed NCPS (Refer clause 5.5.5.(b) of the Scheme)  | 10.00   |
| For redeemable NCPS   | 13.32   |
| <b>Security Premium</b>   |   |
| on 1% Cumulative Redeemable Non-Convertible Preference Shares<br>(NCPS)<br>(Refer clause 5.5.5.(c) and (d) of the Scheme)       | 80.00   |
| on Fully Convertible Preference Share Capital (FCPS)-Pending allotment<br>(Refer clause 5.5.5.(e) and (f) of the Scheme)        | 147.23  |
| <b>Tourism Development Utilised Reserve</b><br>(Refer clause 5.5.5.(b) of the Scheme)   | 5,332.02                                      |
| <b>General Reserve</b>  |   |
| Allocated to demerged undertaking (Refer clause 5.5.5.(b) of the Scheme)  | 2,556.61                                      |
| Add: Transfer of excess of assets over liabilities (post demerger)<br>(Refer clause 5.5.6 of the Scheme)                        | 55,117.30                                     |
| <b>Surplus in Profit &amp; Loss Account (Refer clause 5.5.5.(b) of the Scheme)</b>  | <b>9,269.05</b>                               |
|   | <b>72,526.94</b>                              |
| <b>SCHEDULE-4</b>   |   |
| <b>INVESTMENTS - LONG TERM</b>  |   |
| <b>Trade, Unquoted</b>  |   |
| 91652 Equity shares of Rs.10/- each of Regency Convention Centre and<br>Hotels Limited (a subsidiary company)                   | 2,579.02                                      |
| 10,961,000 Equity shares of Rs.10/- each of GJS Hotels Limited (a subsidiary<br>company)  | 23,463.65                                     |
| <b>INVESTMENTS - CURRENT</b>  |   |
| <b>Non-Trade, Quoted</b>  |   |
| 91,55,421.38 units of Rs. 10 each of LIC MF Income Plus Fund - Weekly<br>Dividend Plan  | 915.94  |
| <b>NAV as on 31st October 2009 Rs. 916.05 lacs</b>  |   |
|   | <b>26,958.61</b>                              |

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 High Court of Delhi  
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 or The Indian Civil Service

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 High Court of Delhi  
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 of The Indian Evidence Act

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**VARDHMAN HOTELS LIMITED**  
**SCHEDULE - 3**  
**FIXED ASSETS**

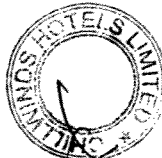
| GROUP OF ASSETS          | GROSS BLOCK              |                    |           | DEPRECIATION             |                    |           | NET BLOCK                |                          |
|--------------------------|--------------------------|--------------------|-----------|--------------------------|--------------------|-----------|--------------------------|--------------------------|
|                          | AS AT 31st October, 2009 | ADDITIONS PURSUANT | SALES/TFR | AS AT 1st November, 2009 | ADDITIONS PURSUANT | SALES/TFR | AS AT 1st November, 2009 | AS AT 31st October, 2009 |
| Land - Leasehold         | -                        | 1,467.71           | -         | 1,467.71                 | -                  | -         | 1,467.71                 | -                        |
| Building                 | -                        | 9,848.36           | -         | 9,848.36                 | 1,090.72           | -         | 8,757.65                 | -                        |
| Plant & Machinery        | -                        | 6,991.81           | -         | 6,991.81                 | 2,476.97           | -         | 4,514.84                 | -                        |
| Furniture & Fixtures     | -                        | 1,716.97           | -         | 1,716.97                 | 1,072.97           | -         | 644.00                   | -                        |
| Vehicles                 | -                        | 133.98             | -         | 133.98                   | 54.11              | -         | 79.88                    | -                        |
| <b>TOTAL</b>             |                          | <b>20,158.84</b>   |           | <b>20,158.84</b>         | <b>4,694.76</b>    |           | <b>15,464.08</b>         |                          |
| Capital Work in Progress |                          |                    |           | <b>163.57</b>            |                    |           | <b>163.57</b>            |                          |



# VARDHMAN HOTELS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 1ST NOVEMBER, 2009

|   | As at 1st November, 2009<br>Amount (Rs. Lacs) |
|---|---|
| <b>SCHEDULE-5<br/>INVENTORIES</b>                                   |   |
| Wines & Liquor  | 90.96   |
| Provisions, Other Beverages and Smokes                              | 29.21   |
| Crockery, Cutlery, Silverware, Linen etc.                           | 44.35   |
| General Stores & Spares   | 18.90   |
|   | <b>183.43</b>                                 |
| <b>SCHEDULE-6<br/>SUNDRY DEBTORS</b>                                |   |
| Outstanding for a period exceeding six months                       | 38.82   |
| Other debts   | 255.85  |
|   | <b>294.67</b>                                 |
| Less: Provision for doubtful debts                                  | 28.87   |
|   | <b>265.80</b>                                 |
| Unsecured considered good   | 265.80  |
| Unsecured considered doubtful                                       | 28.87   |
| <b>SCHEDULE-7<br/>CASH AND BANK BALANCES</b>                        |   |
| Cash in hand  | 11.50   |
| Share transfer Stamps   | 2.00  |
| With Scheduled Banks :  |   |
| Cash Credit Accounts*   | 0.14  |
| Current Accounts  | 134.31  |
| Fixed Deposits  | 32,610.74                                     |
|   | <b>32,758.68</b>                              |
| *Secured against hypothecation of inventories                       |   |
| <b>SCHEDULE-8<br/>LOANS AND ADVANCES</b>                            |   |
| Loan to subsidiary companies  |   |
| -GJS Hotels Limited   | 535.27  |
| -Regency Convention Centre & Hotels Limited                         | 55.82   |
| Advances recoverable in cash or in kind or for value to be received | 611.26  |
| Balances with Govt. Departments & others                            | 140.00  |
| Security Deposits   | 14.95   |
| Interest accrued on loans, deposits and investments (net of tax)    | 80.74   |
|   | <b>1,438.04</b>                               |
| Unsecured considered good   | 1,503.49                                      |
| Unsecured considered doubtful                                       | -   |
| <b>SCHEDULE-9<br/>CURRENT LIABILITIES</b>                           |   |
| Sundry Creditors  |   |
| Micro, Small and Medium Enterprises                                 |   |
| Other Creditors*  | 579.92  |
| Advance from Customers  | 174.09  |
| Security Deposits   | -   |
| Other Liabilities   | 544.21  |
|   | <b>1,298.21</b>                               |
| * Includes commission payable to directors Rs. 359.58 lacs          |   |
| <b>SCHEDULE-10<br/>PROVISIONS</b>                                   |   |
| Provision for Gratuity  | 82.46   |
| Provision for Leave Encashment                                      | 20.24   |
|   | <b>102.70</b>                                 |



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Authorized Signatory  
of The Indian Companies Act

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**VARDHMAN HOTELS LIMITED** 95

**SCHEDULE: 11**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

- i) **Basis of Accounting**  
The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies Accounting Standard Rules, 2006 under the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- ii) **Use of Estimates**  
The preparation of financial statement is in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from the estimates.
- iii) **Revenue Recognition**  
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
  - (a) Revenue from rendering of hospitality services is recognized when the related services are performed and billed to the customer.
  - (b) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
  - (c) Dividend income from investments is recognized when the Company's right to receive payment is established.
  - (d) Income from hiring of vehicles is recognized on accrual basis on the basis of agreed rate.
- iv) **Income in Foreign Exchange**  
The bills for services rendered are raised in Indian Rupees. The payment received in foreign currency against these bills is credited and accounted for at the rate / rates prevalent on the date of receipt of payment. The gains / losses arising out of fluctuation in the exchange rates are accounted for on realization.
- v) **Claims Recoverable**  
Claims recoverable are accrued only to the extent as admitted by the parties.
- vi) **Expenses remittable in foreign exchange**  
These are charged based on invoices (including for earlier years) as approved and accepted by the appropriate authorities as applicable.



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~~96~~vii) (a) **Foreign Exchange Transactions**

Transactions in foreign currency are recorded at the exchange rates prevailing at the time of the transaction, while those remaining unsettled at the year end are translated at the year end rates resulting in exchange differences being recognized as income /expenses (net).

(b) **Foreign Currency Balances**

Foreign Currency balances at the year end are converted at the year end rate of exchange except covered by forward cover contracts in respect of foreign currency loans, which are converted at the contracted forward rates.

viii) **Employee Benefits**

(a) Provision for gratuity and leave encashment are based on actuarial valuation as on the date of the Balance Sheet.

(b) All employees are covered under contributory provident fund benefit of a contribution of 12% of salary. It is a defined contribution scheme and the contribution is charged to Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contributions payable to the respective fund.

ix) **Taxation**

(a) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

(b) Deferred Tax is provided during the year, using the liability method on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes in accordance with mandatory Accounting Standard (AS-22).

(c) Deferred Tax asset is recognized only to the extent that there is a reasonable certainty that sufficient taxable profit will be available against which such deferred tax asset can be realized.

(d) Deferred Tax asset and liability are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

x) **Fixed Assets and Depreciation**(a) **Fixed Assets**

Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/ amortization. Cost represents the direct expenses incurred on acquisition /construction of the assets and the relative share of indirect expenses relating to construction allocated in proportion to the direct costs involved.

(b) **Depreciation**

(i) Depreciation as per straight line method has been charged in the accounts.

(ii) The charge is on the basis of rates as prescribed under Schedule XIV of the Companies Act, 1956 pro rata from the month of purchase. If purchased before or on 15th of month depreciation is charged from the month of purchase otherwise depreciation is charged from the month following the month of purchase.



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(iii) No depreciation is charged on the assets sold/ discarded during the year.

**xi) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments or short term investments. All other investments are classified as long-term investments. Current investments are valued at the lower of cost and fair value. Changes in the carrying amount of current investments are recognised in the Profit and Loss Account. Long-term investments are valued at cost, less any provision for diminution, other than temporary, in the value of such investments; decline, if any, is charged to the Profit and Loss Account. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.

**xii) Inventory**

(a) Inventory is valued at cost or net realizable value whichever is lower

(b) Operating equipment in circulation is valued at weighted average cost less estimated diminution in value on account of usage.

**xiii) Impairment**

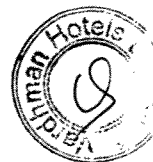
The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures its 'value in use' on the basis of undiscounted cash flows of next five years projections estimated based on current prices.

**xiv) Cash and cash equivalents**

Cash and cash equivalents in the cash flow comprise cash at bank and cash/ cheques in hand and short term deposits with Banks less short term advances from Banks.

**xv) Provisions and Contingent liabilities**

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.



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Examiner, Income Tax Department  
 Authorised Signatory No. 70  
 of The Income Tax Act.

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2. NOTES TO ACCOUNTS

1. This Balance Sheet of the Company has been prepared after giving effect to the terms of the Scheme, to be filed with the Delhi High Court and also to be dispatched to the equity shareholders of the Company.
2. Estimated amount of contracts remaining to be executed on capital account (net of advances): Rs. Nil
3. Contingent Liabilities not provided for in respect of:
  - a) Claims against the company not acknowledged as debts: Rs. 14.58 lacs.
  - b) Export obligation in respect of EPCG Licenses: Rs. 243.01 lacs.
4. Pursuant to the Scheme of Arrangement & Demerger (the Scheme) under section 391-394 of the Companies Act, 1956 and approved by the Hon'ble High Court of Delhi vide its Order dated 13<sup>th</sup> January 2010, the Kolkata undertaking of the Asian Hotels Ltd. as defined in clause 1.2.1 of the Scheme comprising interalia of hotel Hyatt Regency, Kolkata and related assets & liabilities stands transferred to & vested in the company w.e.f the appointed date, 31<sup>st</sup> October, 2009.

All fixed and current assets, investments, loans & advances and debts & liabilities taken over have been accounted for at book values. Accounting treatment and allocation of reserves has been carried out in accordance with the provisions in the Scheme.

Excess of assets over debts & liabilities taken over has been credited to General Reserve in accordance with clause 5.5 of the Scheme.

5. Capital Work in Progress consists of:

|   |             |
|---|-------------|
| Renovation/refurbishing work/other work in progress | 157.75 Lacs |
| Advances for capital contracts                      | 5.82 Lacs   |

6. As on date company held 91,652 Equity Shares of Rs 10/- each of its subsidiary, Regency Convention Centre and Hotels Limited (RCC), representing 58.99% of the paid up capital of RCC. Apart from the above the company had also made an advance of Rs. 334 lacs for acquiring further shares of RCC from their existing shareholders.

The principal assets of RCC comprise of an interest in a parcel of land at Mumbai, such interest being the subject matter of dispute pending in the Bombay High Court. However, RCC has been legally advised by its lawyers that it has a good chance of success. An independent broker has also made an indicative offer to the Company for its interest in RCC at a value which is higher than the related book value in the books of the Company. Such assets form part of the company's undertaking at book values.

The value of the above assets is primarily dependent on the legal dispute and is, therefore, subject matter of significant uncertainty at this juncture. As such, the ultimate outcome of the matter and, therefore, whether there is impairment, if any, in the value of the aforesaid assets cannot be reasonably determined at present.



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High Court of Delhi  
Authorized Signatory  
of the Indian Evidence Act



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7. The Company has not recognised any loss on impairment in respect of assets of the Company as is required in terms of Accounting Standard 28 on "Impairment of Assets" since in the opinion of the Management, the reduction in value of any asset, to the extent required, has already been provided for in the books. In respect of subsidiaries such decision is based on the management accounts/audited accounts of the subsidiaries, as available on the basis of the information and explanations available.
8. The Company has received notices with regard to Service Tax demand on certain services aggregating to Rs 14.58 Lacs considered to be not tenable in the opinion of the Company. These are thus included under "Contingent Liabilities" as "Claims against the company not acknowledged as debts" and no provision has been made against the same.
9. As the company is engaged in only one segment of Hotel business, therefore, the disclosure requirements of Accounting Standard (AS-17) on "Segment Reporting" are not applicable.
10. The Company has classified the various benefits provided to employees as under:-
- a) Defined contribution plans
    - i. Provident fund
  - b) Defined benefits plans
    - i. Contribution to Gratuity funds
    - ii. Compensated absences – Earned leave

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined plans based on the following assumptions:-

#### Economic Assumptions

The discount rate and salary increases assumed are key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

#### Discount Rate

The discounting rate is based on the gross redemption yield on medium to long term risk free investments. The estimated term of the benefit obligations works out to 0 years. For the current valuation a discount rate of 8 % p.a. compound, has been used in consultation with the employer.

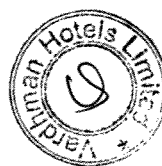
#### Salary Escalation Rate

The salary escalation rate usually consists of at least three components, viz. Regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the company's philosophy towards employee remuneration are also to be taken into account. Again a long- term view as to the trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors. The assumptions used are summarized in the following table:



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Head Office  
Authorized under Section 70  
of The Indian Evidence Act

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|  | Gratuity (Unfunded)         | Compensated absences<br>Earned leave (Unfunded) |
|--|-----------------------------|---|
| Discount Rate (per annum)              | 8%                          | 8%  |
| Future salary increase                 | 8%                          | 8%  |
| Expected rate of return on plan assets | 0%                          | 0%  |
| In service mortality                   | LIC (1994-96) duly modified | LIC (1994-96) duly modified                     |
| Retirement age                         | 58 years                    | 58 years  |
| Withdrawal rates:                      |                             |   |
|  | Upto 30 years 3%            | Upto 30 years 3%                                |
|  | Upto 44 years 2%            | Upto 44 years 2%                                |
|  | Above 44 years 1%           | Above 44 years 1%                               |

Pursuant to the Scheme of Arrangement & Demerger (the Scheme), liabilities on account of gratuity and leave encashment benefit which have been transferred to & vested in the company are Rs.82.46 lacs and Rs.20.24 lacs respectively. The plan assets are held in the respective trusts maintained by Asian Hotels Ltd. prior to the Scheme which will be appropriated in future.

11. In accordance with the Accounting Standard on "Related Party Disclosures" (AS-18), the disclosures in respect of Related Parties and transactions with them, as identified and certified by the management, are as follows :-

|  |  |
|--|--|
| Subsidiaries   | a) Regency Convention Centre and Hotels Limited<br>b) GJS Hotels Limited |
| Associates   | None   |
| Key Management Personnel   | Mr. Umesh Saraf (Managing Director)                                      |
| Relatives of Key Management Personnel  | Mr. R.G.Saraf (Uncle of Mr. Umesh Saraf)                                 |
| Entities over which Directors and their relatives can exercise significant influence | Juniper Hotels Pvt. Ltd.<br>Nepal Travel Agency Pvt. Ltd.                |

#### Transactions with related parties

| Particulars | Subsidiaries | Associates | Relatives of Key Management Personnel | Key Management Personnel | Entities controlled by Directors or their relatives |
|-------------|--------------|------------|---------------------------------------|--------------------------|---|
| Receivables | 59,108,879   | -          | -                                     | -                        | -   |

For Investment in Subsidiaries, refer schedule-4.



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*Handwritten signature.*



Certified to be a true and correct copy of the original as shown to me by the company.  
Examiner, Judicial Department  
High Court of Delhi  
At New Delhi on 10.10.2017  
By the Indian Evidence Act.

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12. Net deferred tax liability is on account of the following:

| Timing difference in respect of:        | (Rs. in lacs)  |
|---|----------------|
| Depreciation                            | 2196.12        |
| Provision for retirement benefits       | (34.91)        |
| Provision for doubtful debts / advances | (9.82)         |
|   | <u>2151.39</u> |

13. 1% Cumulative Redeemable Non-Convertible Preference Shares (NCPS) were redeemable in three installments of 25%, 25% and 50% (including redemption premium) on 30<sup>th</sup> June 2008, 30<sup>th</sup> June 2009 and 30<sup>th</sup> June 2010 respectively.

| Amount of Redemption pending (in Rs. lacs) |       |       |
|--|-------|-------|
| Date of Redemption                         | IDFC  | MAGUS |
| 30 <sup>th</sup> June, 2010                | 48.32 | 45.00 |

The amounts are in accordance with the ratios of allocation mentioned in clause 5.5 of the Scheme of Arrangement & Demerger.

14. The company has received Rs 150.01 Lacs as subscription money against the Fully Convertible Preferences Shares (FCPS) to be issued pursuant to the Scheme.
15. Disclosure of other items as required by Part –II of Schedule –VI to the Companies Act, 1956 is not applicable.
16. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006.

The Company had sent letters to its suppliers for confirmation of their registration in MSMED Act, 2006 and on the basis of reply received from suppliers the disclosure is given below:-

| Particulars   | Current year | Previous year |
|---|--------------|---------------|
| a) Principal amount remaining unpaid to any supplier as at date   | 0.00         | 0.00          |
| b) Interest due thereon   | 0.00         | 0.00          |
| c) Amount of interest paid by the company in terms of section 16 of the MSMED, along with amount of the payment made to supplier beyond the appointed day   | 0.00         | 0.00          |
| d) Amount of interest due and payable for the period of delay in making payment ( which have been paid but beyond the appointed day during the year ) but without adding the interest specified under the MSMED | 0.00         | 0.00          |
| e) Amount of interest accrued and remaining unpaid  | 0.00         | 0.00          |



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Examiner Judicial Department  
Section 70  
of the Indian Evidence Act.

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17. There are no foreign currency exposures with the company.

18. Schedules 1 to 11 form an integral part of the Balance Sheet as at 1st November, 2009.

As per our report of even date

For and on behalf of the Board

For S. S. Kothari Mehta & Co.  
Chartered Accountants

Arun K. Tulsian  
Partner  
Membership No. 89907



Place: New Delhi  
Dated: 14-11-2010

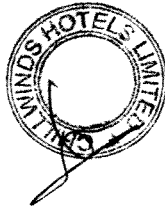
*[Signature]*

(Director)

*[Signature]*

(Director)

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Examiner, Indian Department  
of The Indian Companies Act

93 SCHEDULE-II  
+  
IN THE HIGH COURT OF DELHI AT NEW DELHI  
COMPANY JURISDICTION

COMPANY PETITION NO. 16 OF 2008

**IN THE MATTER OF:**

The Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Petition under Sections 391-394 of the Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Scheme of Arrangement and Demerger between Asian Hotels Limited, Chillwinds Hotels Limited and Vardhman Hotels Limited.

**AND**

**IN THE MATTER OF:**

|  |  |
|--|--|
| <b>ASIAN HOTELS LIMITED</b> , having its Registered Office at Bhikaji Cama Place, M.G. Marg, New Delhi-110607.                               | <b>...Petitioner Company No.1/<br/>Transferor Company</b>    |
| <b>CHILLWINDS HOTELS LIMITED</b> , having its Registered Office at D-4, Qutub Hotel & Apartments, Shaheed Jeet Singh Marg, New Delhi-110016. | <b>...Petitioner Company No.2/<br/>Transferee Company-I</b>  |
| <b>VARDHMAN HOTELS LIMITED</b> , having its Registered Office at 145, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110065.       | <b>...Petitioner Company No.3/<br/>Transferee Company-II</b> |

**SCHEDULE**

**Short description of the properties, assets and liabilities of the Transferor Company to be transferred to Transferee Company – I as part of the “Mumbai Undertaking” and Short description of the properties, assets and liabilities of the Transferor Company to be transferred to Transferee Company – II as part of the “Kolkata Undertaking”.**

**PART I**

**Short description of the freehold property of the Transferor Company to be transferred to Transferee Company – I**

All those pieces or parcels of land admeasuring 15,330 Sq. Mts. originally bearing C.T.S No. 47 (Part) of Village Bapnala and Survey No. 98(Part) / C.T.S No. 145 (Part) Survey No. 102 (Part) / C.T.S. No. 232 (Part) of Village Sahar and now bearing C.T.S. No. 145-B/1 of Village Sahar admeasuring 9,957.60 Sq. Mtrs and C.T.S No. 41-B/3C of Village Bapnala admeasuring 5,375.40 Sq.Mts. and aggregating to 15,333 Sq. Mts or thereabouts and bounded as herein: on or towards the North by C.T.S. No. 41 (Part), 47 (Part) and 48 of Village Bapnala; on or towards the East by C.T.S. No. 48 of Village Bapnala and Survey No. 98 (Part)/C.T.S. No. 145 (Part) of Village Sahar; on or towards the South by existing 27.45 M. wide Sahar Airport Road; and on or towards the West by proposed 13.40 M (44ft) wide D.P. Road as reflected in the sanctioned D.P.of K/East Ward.

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High Court of Delhi  
Authorized Under Section 70  
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**Short description of the freehold property of the Transferor Company being transferred to Transferee Company – II**

Nil

**PART II**

**Short description of the leasehold property of the Transferor Company to be transferred to Transferee Company – I**

Nil

**Short description of the leasehold property of the Transferor Company being transferred to Transferee Company – II**

All that leasehold land measuring 6.0047 acres bearing Plot No. I in Block JA in Sector-III of Bhidannagar in the District of North 24 Parganas, Police Station Bidhannagar, Registration Office Bidhannagar.

**Boundaries:**

|       |   |   |
|-------|---|---|
| North | : | Stadium Complex and Type II Road            |
| South | : | Stadium                                     |
| East  | : | Stadium                                     |
| West  | : | E.M. Bye Pass Road after 15 m strip of land |

**PART III**

**Short description of all stocks, shares, debentures, charges in action and licenses, permissions, approvals, exemption certificates, entitlements and statutory approvals under various applicable laws of the Transferor Company being transferred to the Transferee Company – I**

- (a) all assets whether movable or immovable, tangible or intangible, including all rights, title, interest, covenant, undertakings, including continuing rights, title and interest in connection with the land and the buildings thereon whether, corporeal or incorporeal, leasehold or otherwise, plant and machinery, fixed or moveable, and whether leased or otherwise, including inventory and work in progress, together with all present and future liability including contingent liabilities and debts appertaining thereto, of the Transferor Company all of which relate to the Mumbai Undertaking;
- (b) all investments (including investments in 2,50,10,000 equity shares of the face value of Rs. 10/- each credited as fully paid-up, of Aria Hotels and Consultancy Services Private Limited\* bearing distinctive numbers from 001 to 2,50,10,000 including 10 shares held jointly with a nominee of the Company), loans and advances, including accrued interest thereon, of the Transferor Company appertaining to the Mumbai Undertaking, including deposits/ advances paid towards acquisition of immovable property in Bangalore;

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High Court  
Authors  
of The Indian Evidence Act



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- (c) all debts, borrowings and liabilities, including contingent liabilities, present or future, whether secured or unsecured, pertaining to the Mumbai Undertaking (including debts, borrowings and liabilities incurred in relation to Aria Hotels and Consultancy Services Private Limited\*);
  - (d) all permits, quotas, rights, entitlements, licenses, approvals, consents, tenancies, offices and depots, trademarks, copyrights, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, easements, powers and facilities of every kind and description whatsoever appertaining to the Mumbai Undertaking;
  - (e) all earnest monies and/or security deposits, payment against warrants or other entitlements in connection with or relating to the Mumbai Undertaking.

**Short description of all stocks, shares, debentures, charges in action and licenses, permissions, approvals, exemption certificates, entitlements and statutory approvals under various applicable laws of the Transferor Company being transferred to the Transferee Company – II**

- (a) all assets whether movable or immovable, tangible or intangible, including all rights, title, interest, covenant, undertakings, including continuing rights, title and interest in connection with the land and the buildings thereon whether, corporeal or incorporeal, leasehold or otherwise, plant and machinery, fixed or moveable, and whether leased or otherwise, including inventory and work in progress, together with all present and future liability including contingent liabilities and debts appertaining thereto, of the Transferor Company all of which relate to the Kolkata Undertaking;
- (b) all investments (including 1,09,61,000 equity shares of Rs. 10/- each credited as fully paid-up, held in GJS Hotels Limited bearing distinctive numbers from 001 to 10961000 including 60 shares jointly held with the nominees of the Company; and 91,652 equity shares of Rs. 10/- each credited as fully paid-up of Regency Convention Centre and Hotels Limited bearing distinctive numbers from 70001 to 145000; 14751 to 23076; and 53751 to 62076), loans and advances (including accrued interest thereon, along with advances for purchase of certain shares of Regency Convention Centre and Hotels Limited from other shareholders thereof, and provisions against such advances) of the Transferor Company appertaining to the Kolkata Undertaking;
- (c) all debts, borrowings and liabilities, including contingent liabilities, present or future, whether secured or unsecured, pertaining to the Kolkata Undertaking;

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- (d) all permits, quotas, rights, entitlements, licenses, approvals, consents, tenancies, offices and depots, trademarks, copyrights, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, easements, powers and facilities of every kind and description whatsoever appertaining to the Kolkata Undertaking;
  - (e) cash in bank of Rs. 327.58 Crores and all earnest monies and/or security deposits, payment against warrants or other entitlements in connection with or relating to the Kolkata Undertaking.

Dated this the 13<sup>th</sup> January, 2010.

(By order of the Court)

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NK 3/1/10

Examiner Judicial Department  
High Court of Calcutta  
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For Registrar General.

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