Asian Hotels (East) Limited

Documents as per SEBI Circular No.CIR/CFD/DIL/5/2013 dated 4th February 2013 in respect of proposed Scheme of Amalgamation of Forex Finance Private Limited with Asian Hotels (East) Limited.

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Scheme of Amalgamation
(PURSUANT TO SECTION 391 OF THE COMPANIES ACT, 1956)
of

Forex Finance Private Limited
with
Asian Hotels (East) Limited

PART - I
(Preliminary)

1. DEFINITIONS:

In this Scheme, unless inconsistent with the meaning or context thereof, the following expressions shall have the following meanings:

i. "**Act**" means The Companies Act, 1956, including any statutory modifications, re-enactments or amendments thereof.

ii. "**Appointed Date**" means the 1st day of April, 2012.

iii. "**Transferor Company**" means Forex Finance Private Limited, a Company incorporated under the provisions of the Act and having its registered office at 15 India Exchange Place, Kolkata 700 001 in the State of West Bengal.

iv. "**Transferee Company**" means Asian Hotels (East) Limited, a Company incorporated under the provisions of the Act and having its registered office atHyatt Regency Kolkata, JA-1, Sector-3, Salt Lake City, Kolkata 700 098 in the State of West Bengal.

v. "**Scheme**" means this Scheme of Amalgamation of the Transferor Company with the Transferee Company in its present form or with such modifications as sanctioned by the Hon'ble High Court at Calcutta.

vi. "**Effective Date**" means the date or last of the dates on which certified copies of the order sanctioning this Scheme are filed by the Transferor Company and the Transferee Company with the Registrar of Companies.

vii. "**Record Date**" means the date fixed by the Board of Directors or a committee thereof of the Transferee Company for the purpose of determining the members of the Transferor Company to whom new shares will be allotted in terms of this Scheme.

viii. "**Undertaking of the Transferor Company**" means and includes:

Asian Hotels (East) Limited Kolkata

(i) All the properties, assets, rights and powers of the Transferor Company; and

(ii) All the debts, liabilities, duties and obligations of the Transferor Company.

Without prejudice to the generality of the foregoing clause the said Undertaking shall include all rights, powers, interests, authorities, privileges, liberties and all properties and assets, real or personal, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wherever situate including all office equipments, inventories, investments in shares, debentures, bonds and other securities, sundry debtors, cash and bank balances, loans and advances, leases and all other interests and rights in or arising out of such property together with all liberties, easements, advantages, exemptions, approvals, licenses, trade marks, patents, copyrights, import entitlements and other quotas, if any, held, applied for or as may be obtained hereafter by the Transferor Company or which the Transferor Company is entitled to together with the benefit of all respective contracts and engagements and all respective books, papers, documents and records of the Transferor Company.

ix. Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed thereto.

2. SHARE CAPITAL:

The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferor Company and the Transferee Company as on the date of the meetings of Board of Directors of the said Companies further considering and approving this Scheme, i.e. as on 23 May 2013,is as under:

i. The Transferor Company:

Authorised Share Capital:	(Rs.)
7,50,00,000 Equity Shares of Rs.10/- each	75,00,00,000/-
Issued, Subscribed and Paid up Share Capital:	
4,50,00,000 Equity Shares of Rs.10/- each	45,00,00,000/-

ii. The Transferee Company:

Authorised Share Capital:	(Rs.)
1,40,00,000 Equity Shares of Rs.10/- each	14,00,00,000/-
10,00,000 Preference Shares of Rs.10/- each	1,00,00,000/-
	15,00,00,000/-

Issued, Subscribed and Paid up Share Capital:

1,14,40,585 Equity Shares of Rs.10/- each fully paid up	11,44,05,850/-

At present, the Transferor Company holds 31,27,072 Equity Shares in the Transferee Company constituting 27.33% of the total Issued Equity Share Capital of the Transferee Company.

3. **DATE OF TAKING EFFECT AND APPOINTED DATE:**

The Scheme although operative from the Appointed Date, shall become effective on the Effective Date pursuant to filing of certified copies of the order sanctioning the same with the Registrar of Companies by the Transferor Company and the Transferee Company on such date.

4. **OBJECTS AND REASONS:**

i. The Transferee Company is engaged in the business of running a hotel, being the 'Hyatt Regency' hotel in Salt Lake in Kolkata. The Transferor Company is engaged in the business of investing in shares and securities of other bodies corporate. Two of its main investments are 31,27,072 Equity Shares held by it in the Transferee Company as aforesaid and 3,00,10,000 Equity Shares held by it in Robust Hotels Private Limited, another group Company which is running a hotel, viz the Hyatt Regency hotel in Mount Road in Chennai.

ii. In view, inter alia, of the commonality of interests of the Transferor Company and the Transferee Company in the business of hoteliering, it is considered desirable and expedient to amalgamate the Transferor Company with the Transferee Company in the manner and the terms and conditions stated in this Scheme of Amalgamation.

iii. The amalgamation will result in the formation of a larger and stronger Company having a core operating business with the backing and leverage of a sound financial asset base which is conveniently held and monitored as an incidental part of the entire undertaking and activities of the amalgamated entity without detracting from the operating business or diluting focus thereon. The same will provide greater depth to the asset and income base of the amalgamated entity with the asset base constituting of both operating and financial assets and income stream coming from two regional hotels, viz the said hotels at Kolkata and Chennai. The larger capital and asset base and will strengthen the balance sheet and fortify the position of the amalgamated entity to raise funds required for expansion of its business and interests more efficiently and adequately as also to conduct trade on more favourable terms.

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iv. The amalgamation will enable the business and interests of the Transferor Company and the Transferee Company to be held, managed and controlled more conveniently and advantageously. The same will also result in reduction in overheads and other expenses, and, will enable the undertakings concerned to rationalize and streamline their management, business and finances and to effect internal economies and eliminate duplication of work to their common advantage.

v. The Scheme is proposed accordingly and will have beneficial results for the said Companies, their shareholders, employees and all concerned.

PART - II

(The Scheme)

5. TRANSFER OF UNDERTAKING:

5.1 With effect from the Appointed Date, the Transferor Company shall stand amalgamated with the Transferee Company, as provided in the Scheme. Accordingly, the Undertaking of the Transferor Company shall, pursuant to the provisions contained in Section 394 and other applicable provisions of the Act and subject to the provisions of the Scheme in relation to the mode and manner of vesting, stand transferred to and vest in or be deemed to be transferred to and vested in the Transferee Company, as a going concern without any further act, deed, matter or thing (save as provided in Clause 5.2 below) so as to become on and from the Appointed Date the Undertaking of the Transferee Company.

5.2 It is expressly provided that in respect of such of the said assets as are movable in nature or otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company and shall become the property of the Transferee Company accordingly without requiring any deed or instrument of conveyance for the same.The Transferor Company does not have any immovable property whatsoever.

5.3 All debts, liabilities, duties and obligations of the Transferor Company shall be transferred to the Transferee Company, without any further act or deed, pursuant to the provisions of Section 394 of the Act, so as to become the debts, liabilities, duties and obligations of the Transferee Company.

5.4 The transfer of the Undertaking of the Transferor Company, as aforesaid, shall be subject to the existing charges, if any, over or in respect of any of the assets or any part thereof, provided however that such charges shall be confined only to the relative assets of the Transferor Company or part thereof on or over which they are subsisting on transfer of such assets to the Transferee Company and no such charges shall extend over or apply to

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any other asset(s) of the Transferee Company. Any reference in any security documents or arrangements (to which the Transferor Companyis a party) to any assets of the Transferor Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Transferee Company. Similarly, the Transferee Company shall not be required to create any additional security over assets acquired by it under this Scheme for any loans, debentures, deposits or other financial assistance already availed/to be availed by it and the charges in respect of such indebtedness of the Transferee Company shall not extend or be deemed to extend or apply to the assets so acquired by the Transferee Company.

5.5 Subject to the other provisions of this Scheme, all licenses, permissions, approvals, consents, registrations, eligibility certificates, fiscal incentives and no-objection certificates obtained by the Transferor Company for their operations and/or to which the Transferor Companyis entitled to in terms of the various Statutes and / or Schemes of Union and State Governments, shall be available to the Transferee Company, without any further act or deed and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company. Since the Undertaking of the Transferor Company will be transferred to the Transferee Company as a going concern without any break or interruption in the operations thereof, the Transferee Company shall be entitled to the benefit of all such licenses, permissions, approvals, consents, registrations, eligibility certificates, fiscal incentives and no-objection certificates and to carry on and continue the operations of the Undertaking of the Transferor Company on the basis of the same upon this Scheme becoming effective. Further, all benefitsto which the Transferor Company is entitled in terms of the various Statutes and / or Schemes of Union and State Governments,including MAT credit and other benefits under Income Tax Act and tax credits and benefits relating to Excise (including Modvat/Cenvat), Sales Tax, etcetera shall be available to the Transferee Company upon this Scheme becoming effective. It is clarified that the registrations which shall be so acquired by the Transferee Company from the Transferor Company shall not include the registration of the Transferor Company as a Non Banking Financial Company since the amalgamated Transferee Company will continue to carry and focus on its existing business of running a hotel as its principal business with assets and income from such principal business constituting major part of its total assets and income even after the amalgamation.

5.6 For the removal of doubts, it is clarified that to the extent that there are inter-company loans, deposits, obligations, balances or other outstandings as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.

6. LEGAL PROCEEDINGS:

If any suits, actions and proceedings of whatsoever nature (hereinafter called **"the Proceedings"**) by or against the Transferor Companyis pending on the Effective Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme, but the Proceedings may be continued and enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against the Transferor Company, in the absence of the Scheme.

7. CONTRACTS AND DEEDS:

Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements, engagements and other instruments of whatsoever nature to which the Transferor Companyis a party or to the benefit of which the Transferor Company may be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of the Transferee Company as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto.

8. SAVING OF CONCLUDED TRANSACTIONS:

The transfer of the Undertaking of the Transferor Company under Clause 5 above, the continuance of Proceedings under Clause 6 above and the effectiveness of contracts and deeds under Clause 7 above, shall not affect any transaction or Proceedings already concluded by the Transferor Company on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on its behalf.

9. EMPLOYEES:

On and from the Effective Date:

9.1 All the employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on the same terms and conditions on which they are engaged by the Transferor Company without treating it as a break, discontinuance or interruption in service on the said date.

9.2 Accordingly the services of such employees for the purpose of Provident Fund or Gratuity or Superannuation or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Company.

Asian Hotels (East) Limited Kolkata

9.3 It is expressly provided that the Provident Funds, Gratuity Funds, Superannuation Fund or any other Fund or Funds created or existing for the benefit of the employees, as applicable, of the Transferor Company shall be continued by the Transferee Company and the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such Fund or Funds shall become those of the Transferee Company.

10. DISSOLUTION OF THE TRANSFEROR COMPANY:

The Transferor Company shall be dissolved without winding up pursuant to the provisions of Section 394 of the Act.

11. CONDUCT OF BUSINESS TILL EFFECTIVE DATE:

11.1 With effect from the Appointed Date and up to the Effective Date:

i. The Transferor Company shall carry on and be deemed to have carried on all its business and activities and shall hold and stand possessed of and be deemed to have held and stood possessed of all its assets for and on account of and in trust for the Transferee Company.

ii. The Transferor Company shall carry on its businesses and activities with due diligence and business prudence and shall not charge, mortgage, encumber or otherwise deal with their assets or any part thereof, nor incur, accept or acknowledge any debt, obligation or any liability or incur any major expenditure, except as is necessary in the ordinary course of their business, without the prior written consent of the Transferee Company.

iii. All profits or income accruing or arising to the Transferor Company or expenditure or losses arising or incurred by the Transferor Company including accumulated losses shall for all purposes be deemed to have accrued as the profits or income or expenditure or losses, as the case may be, of the Transferee Company.

11.2 It is expressly clarified and provided that nothing in this Scheme shall prevent the Transferee Company from declaring and paying dividend at any rate, whether interim or final, to its Equity Shareholders for the period commencing on and from the Appointed Date. In the event the Transferee Company declares such dividend prior to the Record Date the shareholders of the Transferor Company as on the Record Date who are issued and allotted New Equity Shares of the Transferee Company shall also be eligible to receive an amount representing dividend at the same rate on such New Equity Shares in the Transferee Company. For this purpose, the Transferee Company shall, at the time of

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declaration of dividend as aforesaid, reserve for payment such amount representing dividend to the Transferor Company's shareholders.

12. ISSUE OF SHARES

12.1 Upon the Scheme coming into effect, and without any further application, act or deed, the Transferee Company shall, in consideration of the amalgamation, issue and allot to the members of the Transferor Company holding fully paid-up EquityShares in the Transferor Company and whose names appear in the Register of Members of the Transferor Company on such date ("the Record Date"), as the Board of Directors of the Transferee Company shall determine, EquityShares of Rs.10/- each in the Transferee Company credited as fully paid up with rights attached thereto as hereinafter mentioned (hereinafter referred to as the "**New Equity Shares**") in the following ratio:

1 (One) New Equity Share of Rs.10/- each in the Transferee Company credited as fully paid up for every 14(Fourteen) EquityShares of Rs.10/- each fully paid-up held by them in the capital ofthe Transferor Company.

12.2 No fractional shares shall be issued by the Transferee Company in respect of the fractional entitlements, if any, to which the members of the Transferor Company may be entitled to under the provisions of 12.1 above. Such fractional entitlements, if any, shall be ignored.

12.3 The New Equity Shares of the Transferee Company to be issued and allotted in lieu of the EquityShares of the Transferor Company shall rank pari passu in all respects with the existing Equity Shares of the Transferee Company, including for dividend, if declared by the Transferee Company as provided in clause 11.2 above. Further such new Equity Shares shall, subject to compliance with requisite formalities, be listed and/or admitted to trading on the relevant stock exchange(s) where the existing Shares of the Transferee Company are listed and/or admitted to trading.

12.4 In respect of the shareholding of the members of the Transferor Company held in dematerialised form, the Equity Shares in the Transferee Company shall, subject to applicable regulations, also be issued to them in the dematerialised form pursuant to clause 12.1 above with such shares being credited to the existing depository accounts of the members of the Transferor Company entitled there, as per records maintained by the National Securities Depository Limited and / or Central Depository Services (India) Limited on the Record Date.

12.5 In respect of the shareholding of the members in the Transferor Company held in the certificate form, the Equity Shares in the Transferee Company shall be issued to such members in certificate form. Members of the Transferor Company desirous of receiving

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the new shares in the Transferee Company in dematerialised form should have their shareholding in the Transferor Company dematerialised on or before the Record Date.

12.6 For the purposes as aforesaid, the Transferee Company shall, if and to the extent required, apply for and obtain the requisite consent or approval of the Government of India and the Reserve Bank of India and other Appropriate Authorities concerned, for the issue and allotment by the Transferee Company to the respective non-resident members of the Transferor Company, of the New Equity Shares in the Share Capital of the Transferee Company in the ratio aforesaid.

12.7 Consequent to and as part of the amalgamation of the Transferor Company with the Transferee Company herein, the Authorised Share Capital of the Transferor Company shall stand merged into and combined with the Authorised Share Capital of the Transferee Company pursuant to the Scheme, without any further act of deed, and without payment of any registration or filing fee on such combined Authorised Share Capital under Section 611 of the Act, the Transferor Company and the Transferee Company having already paid such fees. Accordingly, the Authorised Share Capital of the Transferee Company resulting from the amalgamation of the Transferor Company with the Transferee Company shall be a sum of Rs.90,00,00,000/- divided into 8,90,00,000Equity Shares of Rs.10/- eachand 10,00,000Preference Shares of Rs.10/- each and Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Transferee Company shall stand altered accordingly.

13. CANCELLATION OF EXISTING SHARES OF TRANSFEREE COMPANY

All shares held by the Transferor Company in the share capital of the Transferee Company as on the Effective Date, shall stand cancelled,without any further act or deed, upon this Scheme becoming effective. In lieu thereof no allotment of any new shares or any payment shall be made to any person whatsoever.

14. ACCOUNTING:

14.1 The amalgamation shall be accounted for in the books of account of the Transferee Company according to the pooling of interests method under Accounting Standard (AS) 14, 'Accounting for Amalgamations' recommended by the Institute of Chartered Accountants of India and notified under Section 211(3C) of the Companies Act, 1956.

14.2 Accordingly on and from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required and except to the extent required otherwise by law, all assets and liabilities of the Transferor Company transferred to the Transferee Company under the Scheme shall be recorded in the books of accounts of the Transferee Company at the book value as recorded in the Transferor Company' books of accounts.

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14.3 All reserves of the Transferor Company, excluding Reserve Fund, shall be incorporated in the books of account of the Transferee Company in the same form in which they appear in the books of the Transferor Company. The Reserve Fund of the Transferor Company has been created under statute which is not applicable to the Transferee Company at present and will also not be applicable to after the amalgamation herein and hence such Reserve Fund is not required to be continued or maintained by such Transferee Company. Such fund was created out of profits and, accordingly, the amount thereof shall be credited to General Reserves in the books of the Transferee Company.

14.4 The difference between the carrying amount in the books of the Transferor Company of its investment in the shares of the Transferee Company which shall stand cancelled in terms of this Scheme and the aggregate face value of such shares shall, subject to the other provisions contained herein, be adjusted against and reflected in the Reserves of the Transferee Company as its Board of Directors may determine.

14.5 The difference between the amount recorded as additional share capital issued by the Transferee Company on amalgamation and the amount of share capital of the Transferor Companies in lieu whereof such additional share capital is issued shall, subject to the other provisions contained herein, be also adjusted against and reflected in the Reserves of the Transferee Company as its Board of Directors may determine.

15. APPLICATIONS:

The Transferee Company and the Transferor Company shall, with all reasonable dispatch, make necessary applications under Sections 391 to 394 of the Act, to the Hon'ble High Court at Calcutta for seeking shareholders' approvals in accordance with law and sanction and carrying out of the Scheme and for consequent dissolution of the Transferor Company without winding up. The said companies shall also apply for and obtain such other approvals, as required by law. Any such application shall, upon constitution of the National Company Law Tribunal under Section 10FB of the Act, be made and/or pursued before the National Company Law Tribunal, if so required. In such event references in this Scheme to the Hon'ble High Court at Calcuttashall be construed as references to the National Company Law Tribunal as the context may require. The Transferor Company and the Transferee Company shall also apply for such other approvalsas may be necessary in law, if any,for bringing the Scheme into effect. Further, the Transferor Company and the Transferee Company shall be entitled to take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

16. APPROVALS AND MODIFICATIONS:

The Transferor Company and the Transferee Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise) are empowered and authorised:

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16.1 To assent from time to time to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations which the Hon'ble High Court at Calcutta and / or any authorities under law may deem fit to approve or direct or as may be otherwise deemed expedient or necessary by the respective Board of Directors as being in the best interest of the said companies and their shareholders.

16.2 To settle all doubts or difficulties that may arise in carrying out the Scheme; to give their approval to all such matters and things as is contemplated or required to be given by them in terms of this Scheme; and to do and execute all other acts, deeds, matters and things necessary, desirable or proper for putting the Scheme into effect.

Without prejudice to the generality of the foregoing the Transferor Company and the Transferee Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise) shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any authority is unacceptable to them or as may otherwise be deemed expedient or necessary.

17. SCHEME CONDITIONAL UPON:

The Scheme is conditional upon and subject to the approval of the Scheme by the requisite majority of the members of the Transferor Company and the Transferee Company pursuant to Section 391(1) of the Act and Sanction of the same by the Hon'ble High Court at Calcuttapursuant to Section 391(2) of the Act.Accordingly, the Scheme although operative from the Appointed Date as specified herein, shall become effective pursuant to filing of certified copies of the order sanctioning the same with the Registrar of Companies by the Transferor Company and the Transferee Company.

18. COSTS, CHARGES AND EXPENSES:

All costs, charges and expenses, in connection with the Scheme, arising out of or incurred in carrying out and implementing the Scheme and matters incidental thereto, shall be borne and paid by the Transferee Company. In the event the Scheme does not take effect or stands withdrawn for any reason whatsoever, each Company shall pay and bear their own costs.

19. RESIDUAL PROVISIONS:

19.1 On the approval of the Scheme by the members of the Transferor Company and the members of the Transferee Company pursuant to Section 391 of the Act, it shall be deemed that the said members have also accorded all relevant consents under Section81(1-A), 100and any other provisions of the Act to the extent the same may be considered applicable.

19.2 Even after the Scheme becomes effective, the Transferee Company shall be entitled to operate all Bank Accounts of the Transferor Company and realise all monies and complete and enforce all pending contracts and transactions in respect of the Transferor Company in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme is formally accepted by the parties concerned.

19.3 In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights or liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.

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Valuation report on Share Exchange ratio on Merger of Forex Finance Private Limited into Asian Hotels (East) Limited

Prepared by:

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Asian Hotels (East) Kolkata

S.S. Kothari Mehta & Co. New Delhi Chartered Accountants

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Chapter 1: Disclaimer Clause & Preface

This valuation report ("Report") is being furnished on the request of the management of Forex Finance Private Limited ("FFPL") and Asian Hotels (East) Limited ("AHEL") for ascertaining the Equity Value of FFPL and AHEL in order to arrive at the Share Exchange Ratio that will be required for settling the consideration upon the merger of FFPL into AHEL in case it were to be proceeded upon with the Appointed date being 1st April, 2012. The Board of Directors of FFPL and the Committee/Board of Directors of AHEL, constituted for the purpose of restructuring, have appointed S. S. Kothari Mehta & Co. ("SSKM"), Chartered Accountants, to advise on the Share Exchange Ratio upon merger of FFPL into AHEL. The proposed Appointed Date for merger is 1st April, 2012.

The report has been prepared by SSKM from information extracted from desk research, published reports and other data supplied by the management of both the companies and other sources believed to be reliable and true. Our scope of work does not include verification of data submitted by management and we have relied upon the data so submitted. We have prima facie analysed the data and formed our views. The report cannot be distributed, published, reproduced or used, without the prior express written consent of SSKM, for any purpose except it is obligatory on the management under regulation to submit to court or Company Law Authorities or Stock Exchanges.

The management of FFPL and AHEL has provided the factual data, business details, market research report, and projected financial statements on which SSKM has relied. While the information provided herein is believed to be true and reliable to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information.

In furnishing the report, SSKM reserves the right to amend or replace the report at any time. The information contained herein is based on certain assumptions and management's analysis of information available at the time the report was prepared. SSKM does not purport to give any representation, warranty or other assurance in relation to this document.

The report highlights the alternative approaches to valuation, identifies various factors affecting the valuation, summarizes the methodology keeping in view the circumstances of the company and arrives at the value of the companies.

S. S. KOTHARI MEHTA & CO. NEW DELHI CHARTERED ACCOUNTANTS

Asian Hotels (East)

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The purpose of this report is to advise on Share Exchange Ratio upon merger of FFPL into AHEL, and values derived in this report cannot be used for any other purpose. This report is not valid for any other purpose.

S.S. KOTHARI MEHTA & CO. NEW DELHI CHARTERED ACCOUNTANTS

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Chapter 2: Scope of Work and Limitation

If the Board of Directors of Forex Finance Private Limited ("FFPL") and Asian Hotels (East) Limited ("AHEL") decide to merge FFPL into AHEL in a Scheme of Arrangement under Section 391-394 of the Companies Act, 1956 in compliance with conditions stipulated under Section 2(1B) of the Income Tax Act, 1961, the consideration for the merger shall be discharged by issue of Equity Shares of AHEL to the shareholders of FFPL. **The Appointed Date proposed for the merger is 1st April, 2012 from opening of business hours.**

The Board of Directors of FFPL and the Committee/Board of Directors of AHEL respectively have appointed S S Kothari Mehta & Co. ("SSKM") to furnish a report for considering the proposal of issue of merger and inter-alia ascertaining the Equity Value of FFPL and AHEL in order to arrive at the Share Exchange Ratio that will be required for settling the consideration upon the merger of FFPL into AHEL.

Limitation

It may be noted that valuation is a highly subjective exercise and the opinion on valuation may differ from valuer to valuer depending on the individual perception of the attendant circumstances. At best, it is an expression of opinion or a recommendation based on certain assumptions.

As specified by the ICAI Technical Guide on Valuation Page 64, we are to state that:-

(a) Valuation does not include the Auditing of Financial Data provided by management, and therefore we do not take any responsibility for its accuracy and completeness.

(b) Valuation should not be considered as an opinion on the achievability of Financial Projections either mentioned in, or relied upon for this Report.

(c) This Valuation Advisory is to be considered only and only for the purpose of this Share Exchange Report for Valuation for the aforesaid proposed merger and with the appointed date being 1st April, 2012.

(d) Our liability is only to the Board of Directors of the Companies which are parties to the Scheme.

(e) The performance of Robust Hotels Pvt. Ltd. does not have a past track record as it started operations only in 2012.

S. S. KOTHARI MEHTA & CO. NEW DELHI CHARTERED ACCOUNTANTS

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Chapter 3: Data Relied Upon

For the purpose of the report, the documents and/or information published or provided by management have been relied upon. We have not carried out any further verification of the same; but have carried out a prima facie review & formed our views regarding the projections. We also do not vouch for the accuracy of the forecast as is provided to us by the management of the companies or assume the achievement thereof.

We have relied upon management representation dated 19th November 2012 wherein company provided the following information to SSKM:

- Audited annual reports of FFPL, AHEL, RHPL and GJS Hotels Ltd ("GJS") for the financial years 2009-10, 2010-11 and 2011-12.
- Financial projections of next five years from 2012-13 to 2016-17 of RHPL and AHEL, duly adopted by Board of Directors.
- Shareholding Pattern of FFPL & AHEL as on 31st March, 2012.
- Memorandum & Articles of Association of FFPL & AHEL.
- Certified copies of Resolution of Board of Directors of FFPL and Committee/ Board of Directors of AHEL for recommending to Board of Directors and consequently to respective shareholders to approve merger of FFPL into AHEL.
- Various Certificates from management of FFPL and AHEL & letters of GJS & RHPL & Saraf Family regarding status of certain matters.
- Market Survey report about hospitality industry in Chennai from an Independent Consultant.

Wherever required, all the accounts, projections and schedules listed above have been certified by the management of the respective companies or AHEL.

We have also relied upon verbal explanations and information given to us by the management of these companies during the course of our exercise.

Some of the data required for the purpose of this exercise has been taken from Prowess Software (CMIE), Bombay Stock Exchange's website (www.bseindia.com), National Stock Exchange's website (www.nseindia.com).

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Chapter 4: Background of Companies

4.1 Forex Finance Private Limited ("FFPL")

FFPL is an investment and finance company. It is a holding company, and holds primarily investment in Group companies and a very small investment in mutual fund.

FFPL holds 27.33% stake in AHEL and Saraf Industries Ltd holds 31.73% stake in AHEL. They have been declared as promoter group in returns to Stock Exchanges.

4.1.1 Capital Structure and Shareholding Pattern

FFPL is an unlisted company and has a paid up capital of Rs. 45 crores divided into 4,50,00,000 equity shares of Rs. 10/- each. The capital structure of the company as on 31st March, 2012 is as follows:

Table-1 "FFPL Capital Structure"

Rs. in Crores

Particular	Amount
Authorised Share Capital	
7,50,00,000 Equity Shares of Rs.10/- each	75.00
Issued, Subscribed & Paid up	
4,50,00,000 equity shares of Rs.10/- each	45.00

Besides this there is a Share Application Money of Rs. 6.47 crore, pending allotment, from a member of Saraf Group and the member has stated that he will not ask for its allotment during the pendency of the scheme of Arrangement for Merger.

4.1.2 Shareholding pattern as on 31st March, 2012 is as follows:-

Table-2 "FFPL: Shareholding Pattern"

Name of the shareholders	No. of shares	% holding
Saraf Family	4,47,74,700	99.50%
Samar Properties Pvt. Ltd	2,25,000	0.50%
Nepal Travel Pvt. Ltd	300	0.00%
TOTAL	4,50,00,000	100%

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4.1.3 Investment Schedule as on 31st March 2012

Table-3 "FFPL: Investment Schedule on 31.03.2012"

Particulars	No. Of Units held	Amount (In Cr)
Quoted Investments (Equity Shares)		
Asian Hotel (west) Ltd	458377	8.12
Asian Hotels (East) Ltd	3127072	102.91
Unquoted Investments (Equity Shares)		
Robust Hotels Pvt. Ltd (See Note)	30010000	30.02
Unquoted Mutual Fund Investment (Units)		
Kotak Floater Long Term Fund	318966	0.32
TOTAL		**141.37**

4.2 Asian Hotels (East) Limited ("AHEL")

Background:

During the year 2009-10, pursuant to a scheme of Arrangement and Demerger inter-alia between erstwhile Asian Hotels Ltd. and Vardhman Hotels Ltd., Kolkata Undertaking of erstwhile Asian Hotels Ltd. was demerged into Vardhman Hotels Ltd. w.e.f 1st November, 2009 and the name of the company was changed to Asian Hotels (East) Ltd., as a part of the scheme.

4.2.1 Capital Structure and Shareholding Pattern

AHEL is a public limited company and has a paid up capital of Rs. 11.44 crore divided into 1,14,40,585 equity shares of Rs. 10/- each. The capital structure of the company as on 31st March, 2012 is as follows:

Table-4 "AHEL Capital Structure"

Rs. In crores

Authorised Share Capital	Amount
1,40,00,000 equity shares of Rs.10/- each	14.00
10,00,000 preference shares of Rs.10/- each	1.00
Issued, Subscribed & Paid-up	**Amount**
1,14,40,585 equity shares of Rs.10/- each	11.44

AHEL is listed on National Stock exchange and Bombay Stock Exchange.

Shareholding pattern on as on 31st March, 2012 *(Source: BSE)* is as follows:-

Table-5 "AHEL Shareholding Pattern as on 31.03.2012" *Rs. In crores*

S. No.	Name of the Shareholder	No. of Shares	% Holding
1	Promoter & Promoter Group		
	Forex Finance Pvt Ltd	3127072	27.33%
	Saraf Industries Ltd	3630630	31.73%
2	Institutional Holding	860322	7.53%
3	Non-Institutional Holding	3822561	33.41%
	Total	**11440585**	**100.00%**

4.3 Regency Convention Centre & Hotels Limited (RCCHL)

RCCHL interest in a leasehold property at Sahar in Mumbai is in dispute on the appointed date with the Airport Authority of India (AAI), and it has paid the earnest money there against, and incurred some incidental expenses. However, the said land is under dispute with the Airport Authority of India (AAI) as on Valuation Date & has been so disclosed in the Annual Report.

4.4 Contingent Liabilities:

We have given effect of contingent liabilities in valuation, wherever applicable.

4.5 Deployment of Total Assets of AHEL

Total assets may be considered in the following light:

Particulars	As on 31.03.12 (INR Cr.)
(1) Total Assets	833.01
(2) Fixed Assets in Hospitality (of this Land and Buildings are Rs 109.28cr)	152.31
(3) Other Current & Non-Current Assets* in Hospitality	10.89
(4) Investments (Strategic & Non-Strategic)	524.04
(5) Other Current & Non- Current Assets* (Non Hospitality)	145.77

*Excluding Fixed Assets

It is clear that the Investments are in fact more than the direct deployment in Hospitality business. This fact has to be considered in various methodologies of Valuation. Further, in the

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hospitality business there are huge investments in land and buildings whose value appreciates. The Company is both a hotel property owning cum operating hotel business in nature, where hotel property values become significant. Therefore, equal importance has to be given to Asset Approach and Income Approach and hence we have considered Average of Discounted Cash flows, EV/EBITDA Multiple and Net Asset Value for the purposes of the Valuation irrespective of improvement in hotel profits, and depends on the GDP growth and investment growth in that region.

Chapter 5: Objective and Rationale of Merger

5.1. Objective of this report:

Share Exchange Ratio on Pooling of Interest Merger

As mentioned in previous chapters; FFPL is an investment and finance company of the Saraf Group and AHEL is a Hotel Owning cum Operating cum Investment Company.

If the Board of Directors of both the companies recommend for merger of FFPL into AHEL, the consideration of the merger is to be settled by AHEL by issuance of equity shares to shareholders of FFPL. The shares will be issued based on the fair value of both the companies.

SSKM has been appointed to determine the fair value of shares of two companies and determine the share exchange ratio accordingly.

5.2. Rationale of Merger:

a) Consolidation of group companies:
AHEL is an Operating cum Investment Company and FFPL is an investment company. Merger will help in consolidation of underlying group companies, thus concentrating the control in one entity as compared to present situation of segregated control. RHPL and AHEL, both are under Hyatt Regency license. Post merger of FFPL into AHEL, RHPL comes under full control of AHEL; it will increase the management synergy.

b) Optimization and better administration of group resources:
A mix of resources is needed for successful running of operations of group companies. Merger results in synergies, in terms of optimum utilization of resources and avoidance of duplication of costs.

c) Improves fund raising capacity:
Combined entity can leverage its Balance Sheet to propel growth. The leveraging in firm is dependent on the asset/ profitability position of the company. Merger of the two companies will result in strengthening the Balance Sheet, thus creating scope for raising additional funds.

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d) Use of Cash flow of AHEL by FFPL

FFPL has invested in RHPL and which was a 100% subsidiary company (until share allotment to GJS) and that is operating a hotel in Chennai since 2012 and this hotel will give opportunity to deploy resources for growth. AHEL is having a regular cash flow from its existing operations and it has surplus resources and it can easily meet the liquidity requirement of the investment business of FFPL once it becomes a division of AHEL. As a result both the businesses will be able to use the resources of each other divisions to achieve future growth.

Further, pursuant to the proposed merger, RHPL becomes a wholly owned subsidiary company of AHEL; partially by having direct holding and balance through GJS (wholly owned subsidiary of AHEL), and thus facilitate pumping in additional funds for growth. Further, it will bring more room inventory under the control of AHEL & thus help Valuation of AHEL in case of any future issue of shares.

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Chapter 6: Valuation Methodology

The valuation methodology to be adopted varies from case to case depending upon different factors affecting valuation. The basis of valuation would depend on the purpose of valuation, nature of business, future prospects of the company & industry and other attendant circumstances.

Different methodologies are adopted for valuation of manufacturing, investment, property and trading companies. Investment and property companies are valued based on the market value or fair value of their underlying assets while manufacturing companies are valued in relation to profits from business and relative value of assets. Different methodologies used for the purpose of valuation are explained subsequently:

6.1 ASSET APPROACH:

This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding and investment business. This method may also be appropriate for a business that is not making an adequate return on assets and for which a greater value can be realized by liquidating the business and selling its assets. This methodology can also assume the amount which can be realized by liquidating the business by selling off all the tangible assets of a company and paying off the liabilities. This methodology is appropriate for property holding and investment companies.

Net asset values, which are of great relevance in industries such as utilities, manufacturing and transport that are dependent on physical infrastructure and assets, may not have particular significance in industries such as information technology, pharmaceutical that are driven by intangibles not recorded in the books. The asset valuation is a good indicator of the entry barrier that exists in a business.

Some of the most common techniques of valuation considered under this approach are to value a business enterprise on the basis of book value of the assets or at Adjusted book value of the assets or at Replacement value.

i. Book value: This is simply a value based upon the accounting books of the business. In simple term, Assets less liabilities equals the owners' equity, which is the "Book Value" of the business. For mature firms with predominantly fixed assets, little or no growth opportunities and no potential for excess returns, the book value of the assets may yield a reasonable measure of the true value of these firms. For firms with significant growth opportunities in businesses where they can generate excess returns, book values will be very different from true value.

However, in case of strategic investments, the valuation is based at business value of the investee company. In case of strategic investments, the valuation will relate mainly to the business of the companies and not to the assets of the investee company unless it is a property or investment company. Further, the strategic investor is having control over the business or possesses valuable rights such as right to appoint nominee director, to block special resolution etc. So, valuing such kind of strategic investments at assets value will be erroneous, hence valued at business value of the underlying investment.

6.2 INCOME APPROACH

The Income Approach derives an estimation of value based on the sum of the present value of expected economic benefits associated with the asset or business (Economic benefits have two components: cash flow (or dividends) and capital appreciation). Under the Income Approach, the appraiser may select a single period capitalization method (Profit earning capacity value method) or a multi-period discounted future income method.

a) **Profit earning capacity value method:**

- The basic of this approach is to find the normalized earning capacity of the business and to capitalize it on the basis of appropriate rate considering the business fundamentals of safety, return and time. In this method, Earning before Interest, Depreciation and Tax ("EBIDTA") is considered of comparable businesses. Alternately, an appropriate multiple can be used with the normalized earnings to arrive at fair estimation of business value ("Enterprise Value" of "EV").
- The important task is to determine two factors (1) normalized earnings (EBIDTA) and (2) rate of capitalization or multiple for capitalization
- The average annual maintainable earnings should be representative and is generally determined based on average past earnings, or future projected earnings where the past earnings are not representative of the future earning potential of the business. Generally, when future projections of more than one financial year are used, present value of the future profits is calculated based on an appropriate discounting rate.
- The capitalization rate is taken based at EV/EBIDTA Multiple of the industry on the rate of return expected by the equity shareholders of the company.

Reason for selecting the EV/EBITDA Multiple Method

Mr. Aswath Damodaran, an authority on valuations, recommends that in a company where the infrastructure cost of land, buildings & equipment i.e. capital cost as compared to sales is very high & longer gestations periods are required, we should consider EV/EBITDA Multiple for the purposes of valuation.

It is to be noted that in a hotel, the infrastructure cost is very high & normally a hotel requires a gestation period of 1 trial and 3 to 4 operational years to have high book profits. Thus it falls within the conditions laid down by Mr. Aswath Damodaran in his book – The Dark Side on Valuations & We quote as under:

The Dark Side of Valuation by Aswath Damodaran, Chapter 9 – Earning Multiples Page 317

"In the last two decades, this multiple has acquired a number of adherents among analysts, for a number of reasons. First, there are far fewer firms with negative EBITDA than there are firms with negative earnings per share, and thus fewer firms are lost from the analysis. Second, differences in the depreciation methods across different companies – some might use straight line, while others use accelerated depreciation – can cause differences in operating income or net income but will not affect EBITDA. Third, this multiple can be compared far more easily across firms with different financial leverage – the numerator is firm value and the denominator is pre-debt earning – other than earnings multiple. For all these reasons, this multiple is particularly useful for firms in sectors that require large investments in infrastructure with long gestation period."

This view of Mr. Damodaran has been favorably recommended by WIRC of The Institute of Chartered Accountants of India Reference Manual 2011-12 Chapter Valuation of Business & Shares.

Furthermore, the Reference Manual of 2011-12 of WIRC of The Institute of Chartered Accountants of India in Chapter Valuation of Business & Shares recommends in para 5.2. The methodologies of valuation also depend on the purpose of valuation. If the Valuation is for the purpose of liquidation, the intrinsic value of the Net Assets of the company is more appropriate and not the earnings capacity. Similarly, during a merger, the valuer would want to value both concerned companies in similar manner to have a relative value.

Therefore following are the reasons for adopting simple average of EV/EBITDA Multiple Value along with DCF & NAV Method for the purpose of calculating Hospitality Business Value of AHEL & RHPL:-

1. Both are Infrastructure heavy Companies with 5 Star Hotels located in States of West Bengal & Tamilnadu respectively.
2. Robust is a newly launched hotel that has received a good trial opening as per Market Research Report by an Independent Consultant but has projected losses till FY 2014-15 due to high initial depreciation costs & finance charges.
3. Since both AHEL & RHPL are hotel owning & operating companies, we need to maintain consistency in the methods adopted for valuation as recommended by WIRC

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of The Institute of Chartered Accountants of India in Chapter Valuation of Business as quoted above and choose a method which suits the characteristics of the business. Accordingly, in our view the EV/EBITDA multiple would be a good system to follow.

b) <u>Discounted Free Cash Flow Method (DCF)</u>

- The Discounted Cash Flow (DCF) methodology expresses the present value of a business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. It recognizes that money has a time value by discounting future cash flows at an appropriate discount factor.
- **This method is used to determine the present value of a business on a going concern assumption.** The DCF methodology depends on the projection of the future cash flows and the selection of an appropriate discount factor.

- When valuing a business on a DCF basis, the objective is to determine a net present value of the cash flows ("CF") arising from the business over a future select period of time (say 5 years), which period is called the explicit forecast period. Free cash flows are defined to include all inflows and outflows associated with the project prior to debt service, such as taxes, amount invested in working capital and capital expenditure. Under the DCF methodology, value must be placed both on the explicit cash flows as stated above, and the ongoing cash flows a company will generate after the explicit forecast period. The latter value, also known as terminal value, is also to be estimated.

- The future cash flows can be projected, the less sensitive the valuation is to inaccuracies in the assumed terminal value. Therefore, the longer the period covered by the projection, the less reliable the projections are likely to be. For this reason, the approach is used to value businesses, where the future cash flows can be projected with a reasonable degree of reliability. For example, in a fast changing market like telecom or even automobile, the explicit period typically cannot be more than at least 5 years. Any projection beyond that would be mostly speculation.
- The discount rate applied to estimate the present value of explicit forecast period free cash flows as also continuing value, is taken at the "Weighted Average Cost of Capital" (WACC). One of the advantages of the DCF approach is that it permits the various elements that make up the discount factor to be considered separately and thus, the

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effect of the variations in the assumptions can be modelled more easily. The principal elements of WACC are cost of equity (which is the desired rate of return for an equity investor given the risk profile of the company and associated cash flows), the post-tax cost of debt and the target capital structure of the company (a function of debt to equity ratio). In turn, cost of equity is derived, on the basis of capital asset pricing model (CAPM), as a function of risk-free rate, Beta (an estimate of risk profile of the company relative to equity market) and equity risk premium assigned to the subject equity market.

- Value obtained by using DCF method gives us the Enterprise Value; and adjustment for the loans as on the valuation date gives us the Equity Value.

In case of FFPL, the major source of income is dividend/ interest income, etc and the same is contingent upon the financial performance of the underlying investment companies. Further, this investment company acts as holding company for group companies and makes mainly strategic investments. The sale of holding in group companies is a strategic decision and therefore cannot be predicted. Therefore, considering all these factors, the future earnings in case of property holding/investment companies cannot be ascertained with reliable accuracy, thus DCF method is not suitable to value Investment Company for strategic investments.

In case of RHPL, we have considered the growth rate on a higher side as compared to AHEL for the purpose of calculating the Terminal Value because it is a new hotel, the full potential cannot be tapped in the Explicit Period of 5 years but it is situated in Tamil Nadu whose GDP Growth Rate and Traffic Growth Rate is high; and the hotel is doing well in comparison to competition.
We quote from the Report on Market Research Report by a third party Consultant:
"It is expected to continue its growth despite new hotels opening up in the immediate scenario. This is mainly because of location, design and the brand image it has been able to create since its opening in Chennai last year.
We quote from the Market Research Report "Tamil Nadu is one of the two states with highest GDP growth in the last three years, which is better than India's cumulative GDP growth. The increasing industrial growth has resulted in high domestic commercial traffic.
For the purposes of Discounting Cash flow and EBITDA for the future years, we have considered WACC.
Technical Guide on Share Valuation from ICAI, Page 15 "2.22 Since the stream of profits are available in the future years and the valuation is normally done for determining the consideration as at present, many valuers use the technique of the discounted cash flow to

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work out the value of the business. In other words, the future maintainable profits are discounted to their present value before the average profit is worked out. The rate of discount is normally the average cost of capital to the purchaser".

The GDP growth rate over the last years has been low in West Bengal and there are other problems related to Industrial Development and Industrial Investment from FDIs and Domestic sources. This will affect the growth of hospitality business in the state of West Bengal.

6.3 Market Capitalisation Method:

This valuation method is applicable to quoted companies only. The market value is determined by multiplying the quoted share price of the company by the number of issued shares. This valuation reflects the price that the market at a point in time is prepared to pay for the shares. This valuation method broadly takes into account the investors' perceptions about the performance of the company and the management's capabilities to deliver a return on their investments.

However, in case of strategic investments, the valuation is based at business value of the investee company. In case of strategic investments, the valuation will relate mainly to the business of the companies and not to the market value of shares of the investee company. Further, the strategic investor is having control over the business or possesses valuable rights such as right to appoint nominee director, to block special resolution etc. So, valuing such kind of strategic investments at assets value will be erroneous, hence valued at business value of the underlying investment.

Chapter 7-Methodology adopted for Valuation of the Companies

7.1 Methods adopted for valuation:

For information to users of this report, SSKM has used the following methodology for computation of share exchange ratio:

a) Assets held by AHEL; an hotel owner cum operating cum investment company:
Strategic investments: Valued at their respective business value, and at book value in exceptional situations
Owning & Operating Hotel in Kolkata: - valued at Business Value

- **Investment in GJS Hotels Ltd.**, a 100% subsidiary of Asian Hotels (East) Limited. GJS Hotels Ltd. holds Investment in :
  a) RHPL which operates a 5 Star Hotel, Hyatt Regency, in Chennai.
- **Investment in Regency Convention Centre and Hotels Ltd.**: 58.99% subsidiary of AHEL

  Non -Strategic investments: Quoted Investments valued at their respective market value, unquoted at their intrinsic value, and other assets at their respective book value as on the valuation date.
- Investment in Mutual Funds.
- Loans & advances and fixed deposits
- Investment in Cumulative Redeemable Preference Shares

Valuation of the company as a whole: Value of Hotel plus value of Investments

The final valuation is worked out at average of 3 methods of valuation – DCF, EV/EBITDA Multiple and NAV. Further, we have assigned equal weights to all the three methods of Valuation. For reasons to assigning equal weightage to each method, please refer para 4.5 and para 7.4 of this report.

Further, the value of investments and loans and deposits will be added to the value of the hotel.

b) **Assets held by FFPL: an investment company:**

i) Strategic investments:

Strategic Investment in RHPL & AHEL

– based at its business value.

Business valuation has been computed based at average of 3 methods of valuation – DCF, EV/EBITDA Multiple and NAV. Further, we have assigned equal weightage to earnings method of Valuation i.e. DCF and EV/EBITDA Multiple for the reasons stated in para 4.5 and para 7.4 of the report.

It is to be noted that for the purposes of calculation of number of equity shares outstanding as on Appointed Date to arrive at the value per equity share of RHPL, we have considered the Cumulative Redeemable Optionally Convertible Preference Share Capital as converted into equity shares based on the terms & conditions mentioned in the Audited Balance Sheet of RHPL for the Financial Year 2011-12, Note-4, Clause –h. The Board of Directors of RHPL in their meeting held on 18th June 2012 have approved conversion of Cumulative Redeemable Optionally Convertible Preference Shares into Equity Shares as per Audited Balance Sheet of

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RHPL for the Financial Year 2011-12, Note-4, Clause –h. Subsequently, the conversion took place on 26th July 2012.

ii) **<u>Non -Strategic investments:</u> Quoted Investments valued at their respective market value, unquoted at their intrinsic value, and other assets at their respective book value as on the valuation date.**

- Investment in Quoted shares and units
- Loans & advances.

iii) <u>Valuation of FFPL:</u>

- Sum of value of strategic & non-strategic investments and current assets and after reducing liabilities including share application money.

Judicial Pronouncements and Eminent Authors' Views

Though there are no thumb rules of valuation, there are a few pointers/basis to valuation principles that may be applicable on a case depending upon the attendant circumstances relative to each case. Generally "Fair Value" is adopted for arriving at share values that takes into account multiple methods of valuation.

The erstwhile Controller of Capital Issue (C.C.I.) advocated the above methodology. There are a few major Court decisions, which throw light on the adoptable basis of valuation.

In India, the valuers generally follow the principle laid down by the Hon'ble Supreme Court of India in the landmark case of merger of Tata Oil Mills Co. Ltd. with Hindustan Levers Limited (Hindustan Lever Employees' Union vs. Hindustan Lever Limited and others (1995) 83 Comp. Cases 30 (SC))*(It may be noted that they were both manufacturing companies).* **It suggests that multiple methodologies are to be considered with stronger weightage to Profit Earning Capacity and Free Cash Flow based methods. The Court noted, "in the case of amalgamation, a combination of all or some of the methods of valuation may be adopted for the purpose of fixation of the exchange ratio of all the entities. It is to be noted that even in such a situation, the book value method has been described as "more of talking point than a matter of substance"**

The above general statement would apply to a manufacturing but not to an investment or property company; in the latter the underlying asset value will have importance.

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These approaches give a better picture of the value of the firm as they provide the value of the business on the basis of either the earning capacity of the business concerned (Income Approach) or on the basis of the value that a comparable asset (or property) has fetched in the market. (Market approach) or as to what should influence the adoption of weights.

In case of an operating Company (as in this case), it is always favoured to do the valuation of such a company on a going concern basis.

7.2 Premium on Controlling Stake:

We have applied a controlling premium of 25% on RHPL shares. Control premiums are based on the ability and willingness of the controlling shareholders to Influence management decisions & control the Board of Directors.

When valuing a controlling interest in a business, a premium may be appropriate to reflect the substantial influence the shareholder exerts over the company - influence that can be wielded to enhance the value of the investment. It can also be negative influence if they can block special resolutions or agitate certain matters. Even if they are not part of Promoters, if they hold over 25%, the Promoters will give due regard to this bulk shareholder.

This view is further supported by the valuation methodology prescribed by Department of Divestment, Ministry of Finance, Government of India mentions about controlling premium in para 2.3 (b), as under: (source: finmin.nic.in)

"Disinvestment Commission felt that the extent of disinvestment in core, non-strategic & non-core PSUs would have a bearing on the valuation process. The transfer of a controlling block may help to reduce the discount that has to be applied, as the prospective investor would be willing to pay a certain 'control premium' towards enhanced management participation, board control and majority shareholder rights".

The commission has further stated in para 2.6 that:

"Strategic sale implies sale of a substantial block of Government holdings to a single party which would not only acquire substantial equity holdings of upto 50% but also bring in the necessary technology for making the PSU viable and competitive in the global market. It should be noted that the valuation of the share would depend on the extent of disinvestment and the nature of shareholder interest in the management of the company. Where Government continues to hold

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51% or more of the share holding, the valuation will relate mainly to the shares of the companies and not to the assets of the company. On the other hand, where shares are sold through strategic sale and management is transferred to the strategic partner, the valuation of the enterprise would be different, as the strategic partner will have control of the management. In such cases, the valuation of land and other physical assets should also be computed at current market values in order to fix the reserve price for the strategic sale".

This is further supported by Technical Guidance note issued by ICAI, para 6.9, page 44, edition 2009:

"Controlling interest normally gives the right to the shareholder to appoint at least a majority of directors and to have the effective management of a company, besides advantages like taking a decision to expand or sell a business. The value of the control, therefore, has to be based on an analysis of these advantages. The seller, in such cases, parts not only with the shares of a company but also with its control and, therefore, has to be compensated for the loss of economic power".

Adamson & Adamson, in their Book on Valuation opine that even in case there is negative power because one Co. holds say over 25% of Equity then also there will be a premium, though at lower percentage.

Such compensation is termed as control premium.

7.3 <u>Methodology adopted In case of investment companies (such as FFPL).</u>

The investment companies are valued at Market Price adjusted NAV method of valuation. The choice of the NAV method for valuing investment companies is based on the following reasons which are supported by judicial precedents or observation of Research Committee of the Institute of Chartered Accountants of India:

1. <u>Assets (investment portfolio) are of prime importance in an investment company.</u>

   In an American case of **Edwin A Gallun v IRC (1974) 33 TCM 1316, (*in "Practical Share valuation" by Mr. Nigel A Eastaway and Mr. Harry Booth on Page 137*)**, where a company was primarily an investment company, it was observed.

   "Valuation was based largely on the considerable investment portfolio held by the company, albeit heavily discounted rather than on the capitalized value of the earnings or

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dividends which would have been more appropriate had the company been mainly a trading company."

The **"Study on Share Valuation"** by the Research Committee of the Institute of Chartered Accountants of India" has also observed that **"NAV method of valuation is more appropriate where the assets are of prime importance or ...."**

2. **Past Profits are not reflective of the fair value of the company and earning potential cannot be predicted based on past performance.**

In past many courts have ruled that the asset basis of valuation is the most appropriate method of valuation, where past profits are not reflective of the fair value of the company or it is difficult to estimate future profitability of the company on account of its business. In **Abraham vs. Federal Commissioner of Taxation (70 C.L.R. 23)** it was observed that-

" The final assessment of the value of the shares must be made principally on the basis of the income yield; but owing to ***exceptional circumstances*** *the valuation on this basis presents enormous difficulties,* ***it is legitimate to rely more than usual on the assets value."***

7.4 Assigning equal weights to different methods of valuation, and reasons thereof:

AHEL is an hotel owner cum operating cum Investment Company. As on the proposed appointed date, AHEL holds investments of Rs. 524.04cr in Strategic and Non-Strategic investments, 62.91% of the total assets of the Company and Rs. 152.31cr is invested in Hospitality Fixed Assets of which in Land and Building Rs 109.28cr. In other words, AHEL is an asset rich company. The Hotel Fixed Assets steadily rise in valuation depending on the location, the area's GDP growth and investment growth; this happens independent of the hotels business growth.

Further, FFPL is purely an investment company.

For the reasons stated above, and in paragraph 6.3 and Paragraph 7.3 of this report and especially because AHEL is a (a) Hotel owner, (b) Cum operator and (c) investment company, with very substantial proportion of assets as investments, and as RHPL has only recently started operations, we have assigned equal weightage to different methods of valuation.

More importantly, it is under steady management of Hyatt in Calcutta; and they are also managing the Robust Hotel at Chennai. In Calcutta, the economy is not expected to grow fast.

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Hence, Asset approach and Income approach both will be important. Risk to income will be much lower than in a manufacturing company and will be offset by capital appreciation of property.

7.5 <u>Conclusion</u>

The above principles have been duly applied while valuing the equity shares of FFPL & AHEL & of their business units, strategic investments and non-strategic investments.

Asian Hotels (East) Limited Kolkata

S.S. Kothari Mehta & Co. New Delhi Chartered Accountants

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Chapter 8: Share Exchange Ratio & Recommendation

Based on the valuation elucidated in the previous chapters, the equity value per share of the two companies as on 1st April, 2012 is as follows:

Table 6

Particulars	FFPL	AHEL
Fair Equity Value (in Rs. crores)	205.37	743.63
No. of Equity shares (in crores)	**4.50**	1.14
Face Value (in Rs.)	10	10
Value per Equity share	45.64	649.99
Share Exchange Ratio	14.24	1
	~14	1
Say 14 Equity Shares of FFPL is equal to 1 Equity Share of AHEL		

Taking into consideration the value per equity share of both the companies, we recommend that share exchange ratio of 1 Equity Share of Rs. 10 fully paid up of AHEL against 14 Equity Shares of Rs. 10 fully paid of FFPL is fair and equitable for the equity shareholders of both the companies. In other words, the equity shareholder holding 14 shares of face value Rs. 10 each in FFPL would get 1 Equity shares of face value Rs. 10 each in AHEL post merger.

We opine that share exchange ratio of 1 equity share of AHEL of Rs. 10 each against 14 equity shares of FFPL of Rs. 10 each is fair to all stakeholders and justified on all the parameters specified in the report. The report is to be read in whole.

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

Date: 26th November 2012
Place: New Delhi

K S Mehta
Partner
Membership Number: 008883
Firm No: 000756N

S.S. KOTHARI MEHTA & CO. NEW DELHI CHARTERED ACCOUNTANTS

(East) Limited

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GLOSSARY

Following abbreviations are used in the report:

1) AHEL – Asian Hotels (East) Limited
2) FFPL - Forex Finance Private Limited
3) GJS- GJS Hotels Ltd.
4) RHPL - Robust Hotels Pvt. Ltd.
5) SSKM- S.S. Kothari Mehta and Co.

Report of Audit Committee recommending draft Scheme of Amalgamation

1. Draft of the Scheme of Amalgamation of Forex Finance Private Limited ("FFPL") with the Company with effect from 1st April 2012 was considered by the Audit Committee in its meeting held on 23rd May 2013.

2. The Committee noted the following:-

   i. The Board of Directors of the Company at its meeting held on 26th November 2012 had already approved the Scheme of Amalgamation with effect from 1st April 2012. Pursuant to such approval, various other issues connected with the Scheme were being examined.

   ii. In the meantime various developments, including the following had taken place:

      a. The Securities and Exchange Board of India ("SEBI") vide its circular No.CIR/CFD/DIL/5/2013 dated 4th February, 2013 read with SEBI circular No. CIR/CFD/DIL/8/2013 dated 21st May 2013, has revised the requirements for consideration and approval of Schemes of Arrangement by Stock Exchanges and SEBI. Such circulars now require a Scheme of Amalgamation to be also considered and recommended by the Audit Committee of the Company. In light of such circulars, the Audit Committee and the Board of Directors had accordingly reviewed the Scheme at their meetings held on 9th February 2013 and resolved to further consider the same at their next meeting after the Scheme was updated and fairness opinion on the valuation report was also obtained.

      b. The Scheme had been updated as per draft provided by M/s. Khaitan & Co., Advocates and fairness opinion on the valuation report of M/s. S.S. Kothari Mehta & Co., Chartered Accountants had also been furnished by SPA Capital Advisors Limited, Merchant Bankers, New Delhi.

3. The minutes of the meeting of the Board of Directors of the Company held on 26th November 2012 and 9th February 2013 and the following documents were placed before the Audit Committee:

   i. Draft of the updated Scheme of Amalgamation;

   ii. Report dated 26th November 2012 of M/s. S.S. Kothari Mehta & Co., Chartered Accountants on the exchange ratio of shares in consideration of the amalgamation; and

   iii. Fairness opinion of SPA Capital Advisors Limited, Merchant Bankers on the said valuation report.

4. The Committee has reviewed the Report dated 26th November 2012 of independent Chartered Accountants, M/s. S.S. Kothari Mehta & Co. on the exchange ratio of shares in consideration of the amalgamation. After appraisal of the methodology and basis followed by the said Chartered Accountants and going through the workings in detail, the Committee is satisfied with the report and finds the suggested exchange ratio of 1 (one) Equity Share of Rs.10/- each of the Company for every 14 (fourteen) Equity Shares of Rs.10/- each of FFPL to be fair and reasonable.

5. The Committee also confirms its concurrence with the rationale for amalgamation as already approved by the Board and recorded in the minutes of the Board meeting. The updated Scheme as placed before the meeting is in order.

6. The Committee hereby approves and recommends the Scheme.

By order of the Audit Committee
For Asian Hotels (East) Limited

R.S. Jhawar
Chairman

Date: 23rd May 2013
Place: Kolkata

[redacted]

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Submitted to

ASIAN HOTELS (EAST) LIMITED

FAIRNESS OPINION REPORT

ON VALUATION OF FOREX FINANCE PRIVATE LIMITED (FFPL) AND ASIAN HOTELS (EAST) LIMITED (AHEL) FOR DETERMINATION OF SWAP RATIO ON PROPOSED MERGER OF FFPL WITH AHEL

As On 01st April, 2012

BY

M/s SPA CAPITAL ADVISORS LTD.

25, C-Block, Community Centre,

Janak Puri, New Delhi.

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Website: www.spacapital.com

Asian Hotels (East) Limited Kolkata

April 30th, 2013

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Board of Directors

Date: April 30th, 2013

Asian Hotels (East) Limited

RE: Fairness Opinion on valuation of FFPL and AHEL for the purpose of merger of FFPL into AHEL.

PURPOSE

We have been engaged to give fairness opinion on the valuation of Business/ shares of FFPL and AHEL done by M/s S.S. Kothari Mehta & Co., Chartered Accountants (SSKM). This report should be read in conjunction with Business Valuation report as on November 26, 2012, prepared by SSKM.

We understand that AHEL proposes merger of FFPL in to AHEL under the provisions of Companies Act, 1956 with effect from April 01st 2012. This Fairness opinion report is required as per clause 24 (h) of listing agreement and in terms of SEBI circular no. CIR/CFD/DIL/5/2013 dated 04th February, 2013.

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[redacted]

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BACKGROUND

Forex Finance Pvt. Ltd. (FFPL)

Name Of the Company	Forex Finance Pvt. Ltd. (hereinafter referred to as "FFPL")
Activities	Investment Industry
Listing Status	Non Listed

We understand that, FFPL is a closely held non-banking financial company (non-deposit accepting company) registered with RBI, Kolkata and having major investments in AHEL and Robust Hotels Pvt. Ltd. (RHPL), is an unlisted company, which owns and operates "Hyatt Regency Chennai". RHPL is a subsidiary of GJS Hotels Ltd. (GJS), GJS is a wholly owned subsidiary of AHEL.

Asian Hotels (East) LIMITED (AHEL)

Name Of the Company	Asian Hotels (East) Ltd. (hereinafter referred to as "AHEL")
Activities	Hotel Industry
Listing Status	Listed at NSE & BSE

AHEL is a public Limited Company listed with BSE and NSE and is primarily engaged in the Hotel business through "Hyatt Regency Kolkata" a five-star Hotel situated in the city of Kolkata.

Asian Hotels (East) Ltd. Kolkata

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INDUSTRY SCENARIO

Tourism and Hospitality

India's rich cultural heritage and history, food, friendly people, architectural monuments, hospitality and services are positive strengths for its tourism sector.

Today, tourism is the most vibrant tertiary sector and has a strong hold on the economy. The sector contributes 6.23 per cent to the national gross domestic product (GDP) and 8.78 per cent of the total employment in India. Moreover, India stands 42nd in the world rankings in terms of foreign tourist arrivals (FTAs) in the country, as per a report titled 'Competitiveness of Tourism Sector in India with Selected Other Countries of the World' by Ministry of Tourism. The World Travel and Tourism Council (WTTC) named India along with China as one of the fastest growing tourism industries for the next 10 to 15 years, added the report.

India has won three prestigious awards—World's Leading Destination - India, World's Leading Tourist Board - Incredible India and World's Leading Tourist Attraction (Taj Mahal)—from World Travel Awards (WTA).

In addition, the Union Ministry of Tourism will organise an International Tourism Mart at Guwahati from January 18 to 20, 2013. This will not only be the first ever International Tourism event to be organised in the north-eastern region, but also the first International Tourism Mart to focus on a specific region of India, said Mr K Chiranjeevi, the Union Tourism Minister. He further added, "It will bring together the tourism business fraternity and entrepreneurs from the eight north eastern states of India and West Bengal. The event has been planned and scheduled to facilitate interaction between buyers, sellers, media, Government agencies and others."

"The demand for five-star hotels in the Indian market has been robust and we are delighted to have initiated the first phase of our expansion into India with this landmark project in Mumbai," said Mr Gerald Lawless, President and Group CEO of Jumeirah Group.

Market Size

The amount of foreign direct investments (FDI) inflow into the hotel and tourism sector during April 2000 to October 2012 was worth US$ 6,484 million, as per data provided by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce.

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Foreign Exchange Earnings (FEEs) from Tourism showed an increase of 21.8 per cent during 2012, as compared to FEEs of 2011. FTAs in India during 2012 were 6.65 million with a growth of 5.4 per cent as compared to the FTAs of 6.31 million during the year 2011.

FEEs from tourism in rupee terms during 2012 were Rs 94,487 crore (US$ 17.27 billion) with a growth of 21.8 per cent as compared to the FEEs of Rs 77,591 crore (US$ 14.18 billion) during the year 2011.

Visa on Arrival (VoA) scheme of India registered an increase of 26 per cent in 2012. A total number of 16,084 VoAs were issued during 2012 as compared to 12,761 VoAs issued during 2011.

Investments

- India plans to strengthen the engagement with Vietnam both bilaterally and within the framework of ASEAN. We have set a target of US$ 100 billion for India-ASEAN trade by 2015, as per Mr K Chiranjeevi, Union Minister for Tourism, Government of India
- The number of Indians visiting Vienna, known to be the city with the world's best quality of living, has doubled over the last six years, with an estimated 25,000 Indian tourists, according to Vienna Tourist Board, Austria
- India and Australia are important tourism markets for each other. Australia is one of top 10 tourist generating markets for India as far as inbound tourism is concerned. Mr Martin Ferguson, the Australian Energy, Resources and Tourism Minister during his discussion with Mr K Chiranjeevi, the Union Tourism Minister, Government of India, has called for direct air connectivity between India and Australia to boost tourism
- Kerala has emerged as number one travel destination in Google's search trends for India in 2012. "Kerala Tourism is a leader in online promotional activities of the State as a tourist destination," said Mr A P Anil Kumar, Minister for Tourism, Kerala
- Jumeirah Group, the global hospitality company and a member of Dubai Holding, has entered India with its maiden management agreement to operate a luxury hotel at Lower Parel in central Mumbai
- European hotel operator Accor is planning to buy another property in Ahmedabad. The Group, which has 19 hotels with 3,780 rooms and two convention centers in India, is looking at three or four more locations within Gujarat to set up the Accor range of hotels, according to Mr Philip Logan, Vice-President Formule1 Hotels, India
- MakeMyTrip India Pvt Ltd has acquired the Hotel Travel Group (HT Group) for US$ 25 million. "The acquisition will help to build a stronger presence in

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the South-East Asia region," said Mr Deep Kalra, Founder and Chief Executive Officer (CEO), MakeMyTrip.com

Government Initiatives

The Ministry of Tourism, Government of India has consistently been working on improving India as a prime destination for tourists. It further aims at promoting various Indian tourism products vis-à-vis competition faced from various destinations and to increase India's share of the global tourism market.

The Government of India allows 100 per cent foreign direct investment (FDI) in the hotel sector on automated basis.

As a facilitative measure to attract more foreign tourists to India, the Government launched the "Visa on Arrival" (VoA) Scheme in January 2010 for citizens of five countries, viz. Finland, Japan, Luxembourg, New Zealand and Singapore, visiting India for tourism purposes. The Government extended this Scheme to the citizens of six more countries, namely Cambodia, Indonesia, Vietnam, the Philippines, Laos and Myanmar in January 2011.

The Ministry of Tourism has also announced the setting up of the Southern Zonal Tourism Council (SZTC) comprising the States of Andhra Pradesh, Kerala, Karnataka, Tamil Nadu and the Union Territory of Puducherry. The Minister in his interaction with the office bearers of World Travel & Tourism Council - India Initiative (WTTCII) welcomed the idea. "The setting up of the Southern Zonal Tourism Council will help facilitate development of tourism and tourism products of Southern India in a holistic and comprehensive manner. Development of Integrated Tourism Circuits among the Southern states will be the way forward.

Road Ahead

The Ministry of Tourism has also played an important role in the development of the industry, initiating advertising campaigns such as the 'Incredible India' campaign, which promoted India's culture and tourist attractions in a fresh and memorable way. The Indian tourism industry has been witnessing an upswing for last few years partially due to an excellent 'Incredible India' campaign and is expected to increase up to US$ 431.7 billion by the end of 2020.

Cruise shipping is one of the most dynamic and fastest growing components of the global leisure industry. India with a vast and beautiful coastline, virgin forests, and undisturbed idyllic islands can be a fabulous tourist destination for cruise tourists.

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On the other front, India has potential to develop the rural tourism industry. This can benefit the local community economically and socially, and enable interaction between tourists and locals for a mutually enriching experience.

INFORMATION RELIED UPON

- Business profile of AHEL & FFPL provided by AHEL.
- Audited financial statements for the year ended on 31st March 2012 of AHEL & FFPL;
- Shareholding pattern of the AHEL and FFPL as on 30th September 2012.
- Business valuation report of AHEL & FFPL prepared by SSKM
- Information and explanations given by management of AHEL

Disclaimer: The Final Report has been prepared for the internal and exclusive use of the Board of Directors of AHEL (the "Board of Directors") in support of the decisions to be taken by it. Therefore, the Final Report may not be disclosed, in whole or in part, to any third party or used for any purpose whatsoever other than those indicated in the Engagement and in the Final Report itself, provided that the Final Report may be transmitted to the experts appointed in compliance with the law and its content may be disclosed publicly where required by regulations of the Indian authorities. Any other use, in whole or in part, of the Final Report will have to be previously agreed and authorised in writing by SPA Capital Advisors Limited (SPA). In preparing the Final Report, SPA has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the financial data provided by AHEL. SPA has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information. Publicly available information deemed relevant for the purpose of the

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analyses contained in the Final Report has also been used. Therefore the Final Report is based on: (i) our interpretation of the information which AHEL, as well as their representatives and advisers, have supplied to us to date; (ii) our understanding of the terms upon which AHEL intends to consummate the Transaction (iii) the assumption that the Transaction will be consummated in accordance with the expected terms and within the expected time periods. In the execution of the Engagement, SPA has elaborated its own analyses based on the methodologies illustrated below, reaching the conclusions contained in the final paragraph of this Final Report.

The conclusions described in the Final Report have been prepared with the sole purpose of determining valuation of assets and business of AHEL & FFPL, for the purpose of proposed merger therefore; the values contained in this Final Report have no relevance for purposes other than that stated. The Final Report and the Opinion concern exclusively for the purpose of proposed merger and do not constitute an opinion by SPA as to the absolute value of the shares of AHEL & FFPL.

The conclusions contained in this Final Report are based on the whole of the valuations contained herein and therefore no part of the Final Report may be used apart from the document in its entirety.

The Final Report and the Opinion are necessarily based on economic, market and other conditions as on the date of valuation i.e. 26th November, 2012, and the written and oral information made available to us until 29th April, 2013. It is understood that subsequent developments may affect the conclusions of the Final Report and of the Opinion and that, in addition, SPA has no obligation to update, revise, or reaffirm the Opinion.

In addition, SPA is expressing no opinion as to the price at which any securities of AHEL & FFPL will trade on the stock market at any time. Other factors after the date

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hereof may affect the value of the businesses of AHEL & FFPL either before or after completion of the event. No opinion is expressed by SPA whether any alternative transaction might have been more beneficial to AHEL. It is understood that SPA or certain SPA affiliates, in the ordinary course of their activities, may actively trade, for their own account or for the account of customers, the equity and debt securities of AHEL & FFPL or companies directly or indirectly controlled by, affiliated with AHEL & FFPL or in which AHEL & FFPL holds securities, and, accordingly, may at any time hold long or short positions in such securities. It also remains understood that SPA or certain SPA affiliates may currently have and may in the future have commercial banking, investment banking, trust and other relationships and/or engagements with, Counterparties which may have interests with respect to AHEL & FFPL, or companies directly or indirectly, controlled by, affiliated with AHEL & FFPL or in which AHEL & FFPL holds securities. Finally, it remains understood that SPA or certain SPA affiliates may have fiduciary or other relationships and engagements whereby SPA or certain SPA affiliates may exercise voting power over securities of various persons, which securities may from time to time include securities of AHEL & FFPL, or companies directly or indirectly controlled by, affiliated with AHEL & FFPL, or in which AHEL & FFPL holds securities, or other parties with an interest in the Transaction.

APPROACH TO VALUATION

Income Approach

The *Income Approach* measures the value of an asset by calculating the present value of its future economic benefits. When used to determine *Business value*, the *Income Approach* develops an indication of value by discounting forecasted cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds plus the expected rate of inflation and the risks associated with the particular

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investment. The discount rate applied to these expected cash flows is generally based upon rates of return available from alternative investments of similar type and quality. Another discounting method calculates the company's *Weighted Average Cost of Capital ("WACC")* from its cost of debt and cost of equity. Forecasts typically cover three to five years, but the reliability of forecasts for valuation purposes in early stage enterprises depends upon many factors, such as the company's vulnerability to advances in technology, actions by competitors, changes in end-user requirements, and the availability of financing. Selecting the forecast period required our judgment.

The *Income Approach* works best when development stage companies have progressed to Stage five. Typically, companies in prior stages have limited operating histories and cash flow forecasts. Using the *Income Approach* when a company has not achieved profitability or positive cash flow, and therefore has negative flows/losses during some or all of the forecast years, results in an *equity Value* that consists mostly (if not entirely) of the *Terminal Value ("TV"* is the estimate of the *Company's* future value at the end of the forecast period).

Market Approach

The *Market Approach* measures the value of an asset through an analysis of recent sales of comparable property compared to the property being valued. When applied to the valuation of an equity interest, consideration is given to the financial condition and operating performance of the subject company compared to either publicly traded companies with similar lines of business or recent corporate acquisitions (*"Guideline Companies"*). Typically, the companies selected for comparison are subject to economic, political, competitive, and technological factors that correspond with those confronting the *Company*.

The *Market Approach* is conceptually preferable to the other two approaches both because it uses direct comparisons to similar enterprises and because the analysis is based upon actual market transactions. However, comparables that fit perfectly rarely exist. Privately held companies are compared to publicly traded ones that are typically further along in their stage of development, have superior access to capital, and have common stock that is readily marketable. Often historical results of public companies are being compared to projected results for the private company being valued. In order to reflect these differences, data from the *Guideline Companies* must be appropriately adjusted. Selecting the market multiple to apply to the *Company* required our judgment.

Asset Approach

The *Asset Approach* measures the value of an asset by the cost to reconstruct or replace it with another of like utility. When applied to the valuation of equity interests in businesses, value is based on the net aggregate *fair market value* of the entity's underlying assets. This approach basically entails a restatement of the balance sheet of the enterprise in which the *fair market value* of its assets and liabilities are substituted for their book values. This approach is frequently used to value holding companies or capital-intensive firms. It is typically not an appropriate valuation approach for growing operating companies which provide goods or services and which have significant intangible value.

SUMMARY OF VALUATION PERFORMED BY SSKM

FFPL

As FFPL is mere an investment company and having investments in RHPL, Asian Hotels (East) Ltd., Asian Hotels (West) Ltd. and some other investments in Mutual Funds, so its valuation is done as per asset approach with summation of value of strategic & non-strategic investments and current assets and after reducing liabilities including share application money.

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Business valuation of RHPL has been computed based at simple average of 3 methods of valuation-DCF, EV/EBITDA and NAV along with a control premium of 25%.

Business valuation of AHEL has been computed based at simple average of 3 methods of valuation-DCF, EV/EBITDA and NAV.

Investment in Asian Hotel (West) Ltd. (ASWL) was taken as Market value as on date on valuation.

Other values were taken at book value.

VALUATION OF FFPL

Particulars/INR in Lacs	Business Value/Market Value/Book Value
Value of RHPL	5,487
Value of AHEL	20,326
Value of AHWL	624
Current Investments	32
Net Current Assets	837
Unsecured Loans (Others)	(802)
Unsecured Loan (RHPL)	(5,320)
Advance Against Share Application	(647)
Equity Value	20,537
No. of Shares	450
Value per Equity Share	45.64

OUR OPINION

In our opinion keeping in mind purpose of the valuation and availability of information selection of method is justified.

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AHEL

As AHEL is an operating cum Investment Company, so Business valuation of AHEL has been computed based at simple average of 3 methods of valuation-DCF, EV/EBITDA Multiple and NAV.

AHEL is having investments in GJS hotels Ltd, RHPL and Regency Convention Centre and Hotels Ltd.

VALUATION OF AHEL

Particulars/INR in Lacs	Fair Value
DCF	18,096
EV/EBITDA	20,978
NAV	12,260
Simple Average Value	17,111
Add: Value of investments and Surplus Assets	57,252
Equity Value	74,363
No. of Shares	114.41
Value per Equity Share	649.99

OUR OPINION

In our opinion as AHEL is a listed company besides using DCF, EV/EBITDA and NAV, Market Capitalization Value of company might have been used for valuation purpose, but value derived in here is in any case is more than Market Value so shall not be unfair to minority shareholders and hence justified.

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CONCLUSION

SUMMARY OF SWAP RATIO DETERMINED BY SSKM

Shareholders of FFPL will be allotted equity shares in AHEL as consideration for the merger. SSKM has calculated number of shares to be allotted in AHEL for each equity shares in FFPL, as summarised follows:

Particulars	AHEL	FFPL
Value Per Share	649.99	45.64
SWAP Ratio	1	14.24

OUR OPINION

It is noted that the valuation was performed provided that the Companies will continue in operation in unhindered manner for the future as at present (going concern).

Subject to the assumptions presented herein, in our opinion the values derived by SSKM and approach considered by them are fair considering circumstances and purpose of valuation.

The fair value per equity share of AHEL is estimated at Rs. 649.99 and that of FFPL is estimated at Rs. 45.64. In our opinion the recommended swap ratio for 14 equity share of FFPL of Rs. 10 each is 1 equity shares of AHEL of Rs. 10 each is fair for the equity shareholders of FFPL & AHEL.

For SPA Capital Advisors Limited.

Chandi

(Sudhir Chandi)
Sr. Vice President

SPA Capital Advisors Limited New Delhi

(Sourabh Garg)
Asst. Vice President

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PRE-AMALGAMATION SHAREHOLDING PATTERN

(I) (a) STATEMENT SHOWING SHAREHOLDING PATTERN

NAME OF THE COMPANY : ASIAN HOTELS (EAST) LIMITED

SCRIP CODE :AHL EAST(533227) NAME OF THE SCRIP :ASIAN HOTELS (EAST) LIMITED CLASS OF SECURITY : EQUITY

QUARTER ENDED : 31.03.2013

Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the Company
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Outstanding convertible securities:	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the Company assuming full conversion of the convertible securities
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Warrants:	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the Company, assuming full conversion of warrants
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0

Total paid-up capital of the Company, 11440585 shares of Rs.10/- each

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NUMBER OF SHAREHOLDERS	TOTAL NUMBER OF SHARES	NUMBER OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A PERCENTAGE OF TOTAL NUMBER OF SHARES		SHARES PLEDGED OR OTHERWISE ENCUMBERED	
					AS A PERCENTAGE OF (A+B)[1]	AS A PERCENTAGE OF (A+B+C)	NUMBER OF SHARES	AS A PERCENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	PROMOTER AND PROMOTER GROUP[2]							
(1)	INDIAN							
(a)	Individuals /Hindu Undividend Family	0	0	0	0.00	0.00	0	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	1	3127072	3127072	27.33	27.33	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (1) :	1	3127072	3127072	27.33	27.33	0	0.00
(2)	FOREIGN							
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	1	3630630	3630630	31.73	31.73	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(2) :	1	3630630	3630630	31.73	31.73	0	0.00
	Total Shareholding of Promoter and Promoter Group	2	6757702	6757702	59.07	59.07	0	0.00
(B)	PUBLIC SHAREHOLDING[3]						NA	NA
(1)	INSTITUTIONS						NA	NA
(a)	Mutual Funds /UTI	8	425	195	0.00	0.00		
(b)	Financial Institutions /Banks	18	842777	836210	7.37	7.37		
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	0	0	0	0.00	0.00		
(f)	Foreign Institutional Investors	16	41328	40943	0.36	0.36		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(i)	Any Other (Specify)	0	0	0	0.00	0.00		
	Sub-Total (B)(1) :	42	884530	877348	7.73	7.73		

Asian Hotels (East) Limited

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NUMBER OF SHAREHOLDERS	TOTAL NUMBER OF SHARES	NUMBER OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A PERCENTAGE OF TOTAL NUMBER OF SHARES		SHARES PLEDGED OR OTHERWISE ENCUMBERED	
					AS A PERCENTAGE OF (A+B) [1]	AS A PERCENTAGE OF (A+B+C)	NUMBER OF SHARES	AS A PERCENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(2)	NON-INSTITUTIONS						NA	NA
(a)	Bodies Corporate	293	2174624	2169118	19.01	19.01		
(b)	Individuals							
	(i) Individual shareholders holding nominal share capital up to Rs.1	14131	1133636	876691	9.91	9.91		
	(ii) Individual shareholders holding nominal share capital in excess of	8	245478	245478	2.15	2.15		
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(d)	Any Other (Specify)							
	Non Resident Indians	519	199260	115911	1.74	1.74		
	FCB	2	38803	38803	0.34	0.34		
	Clearing Members	20	6274	6274	0.05	0.05		
	Trusts	1	278	278	0.00			
	Sub-Total (B)(2) :	14974	3798353	3452553	33.20	33.20		
	Total Public Share Holding (B)=(B)(1)+(B)(2)	15016	4682883	4329901	40.93	40.93	NA	NA
	Total (A)+(B)	15018	11440585	11087603	100.00	100.00		
(C)	Shares held by custodians and against which Depository Receipts	0	0	0	NA	0.00	NA	NA
(1)	Promoter and Promoter Group							
(2)	Public							
	GRAND TOTAL (A)+(B)+(C) :	15018	11440585	11087603	100.00	100.00	0	0.00

(I)(b) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group"

Sr.No	Name of the Shareholder	Details of Shares held		Encumbered shares (*)			Details of Warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A)+(B)+(C)	Pledge Shares	AS a percentage	AS a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the smae class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)*10	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1	SARAF INDUSTRIES LIMITED	3630630	31.73	0	0.00	0.00	0	0.00	0	0.00	0.00
2	FOREX FINANCE PRIVATE LIMITED	3127072	27.33	0	0.00	0.00	0	0.00	0	0.00	0.00
	TOTAL :	6757702	59.07	0	0.00	0.00	0	0.00	0	0.00	0.00

(I)(c)(i) Statement showing holding of securities (including shares, warrants,convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sr.No.	Name of the shareholder	Number of shares held	Shares as a percentage of total number of shares {i.e., Grant total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital)
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	JESMIN INVESTMENTS LIMITED	693851	6.06	0	0.00	0	0.00	0.00
2	AXIS BANK LIMITED	636065	5.56	0	0.00	0	0.00	0.00
3	WHITEPIN TIE UP LIMITED	482065	4.21	0	0.00	0	0.00	0.00
4	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	436799	3.82	0	0.00	0	0.00	0.00
5	MAKALU TRADING LTD	136604	1.19	0	0.00	0	0.00	0.00
6	LIFE INSURANCE CORPORATION OF INDIA	127599	1.12	0	0.00	0	0.00	0.00
	TOTAL :	2512983	21.97	0	0.00	0	0.00	0.00

(I)(c)(ii) Statement showing holding of securities (including shares, warrants,convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the company

Sr.No.	Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them	Number of shares held	Shares as a percentage of total number of shares {i.e., Grant total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital)
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	JESMIN INVESTMENTS LIMITED	693851	6.06	0	0.00	0	0.00	0.00
2	AXIS BANK LIMITED	636065	5.56	0	0.00	0	0.00	0.00
	TOTAL :	1329916	11.62	0	0.00	0	0.00	0.00

(I)(d) STATEMENT SHOWING DETAILS OF LOCKED-IN-SHARES

SR. NO.	NAME OF THE SHAREHOLDER	NUMBER OF LOCKED-IN SHARES		LOCKED-IN SHARES AS A PERCENTAGE OF TOTAL NUMBER OF SHARES {I.e., GRAND TOTAL (A)+(B)+(C) INDICATED IN STATEMENT AT PARA (I)(A) ABOVE}	Promoter/Promoter Group /Public
	N/A	0	0	0	
TOTAL					

(II)(a) STATEMENT SHOWING DETAILS OF DEPOSITORY RECEIPTS (DRs)

SR. NO.	TYPE OF OUTSTANDING DR (ADRS, GDRS, SDRS, ETC.)			NUMBER OF OUTSTANDING DRS	NUMBER OF SHARES UNDERLYING OUTSTANDING DRS	SHARES UNDERLYING OUTSTANDING DRS AS A PERCENTAGE OF TOTAL NUMBER OF SHARES {I.e., GRAND TOTAL (A)+(B)+(C) INDICATED IN STATEMENT AT PARA (I)(A) ABOVE}
1	Global Depository Receipts (GDRs)	NA	0	0		
	TOTAL		0	0		

(II)(b) STATEMENT SHOWING HOLDING OF DEPOSITORY RECEIPTS (DRs), WHERE UNDERLYING SHARES HELD BY "PROMOTER/PROMOTER GROUP" ARE IN EXCESS OF 1% OF THE TOTAL NUMBER OF SHARES

SR NO.	NAME OF THE DR HOLDER	TYPE OF OUTSTANDING DR (ADRS, GDRS, SDRS, ETC.)		NUMBER OF SHARES UNDERLYING OUTSTANDING DRS	SHARES UNDERLYING OUTSTANDING DRS AS A PERCENTAGE OF TOTAL NUMBER OF SHARES {I.e., GRAND TOTAL (A)+(B)+(C) INDICATED IN STATEMENT AT PARA (I)(A) ABOVE}
1	N/A	0	0		
	TOTAL	0	0		

(III)(a) STATEMENT SHOWING THE VOTING PATTERN OF SHAREHOLDERS, IF MORE THAN ONE CLASS OF SHARES/SECURITIES IS ISSUED BY THE ISSUER

CATEGORY CODE	CATEGORY OF SHAREHOLDERS	NUMBER OF VOTING RIGHTS HELD IN EACH CLASS OF SECURITIES			TOTAL VOTING RIGHTS (III+IV+V)	TOTAL VOTING RIGHTS I.E(VI)	
		CLASS X	CLASS Y	CLASS Z		AS A PERCENTAGE OF (A+B)	AS A PERCENTAGE OF (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VI1)	(VIII)
(A)	PROMOTER AND PROMOTER GROUP 2						
(1)	INDIAN						
(a)	Individuals /Hindu Undividend Family						
(b)	Central Government/State Government(s)						
(c)	Bodies Corporate						
(d)	Financial Institutions / Banks						
(e)	Any Other (Specify)						
	Sub-Total (A) (1) :						
(2)	FOREIGN						
(a)	Individuals (Non Resident Individuals/Foreign Individuals)						
(b)	Bodies Corporate						
(c)	Institutions						
(d)	Any Other (Specify)						
	Sub-Total (A)(2) :						
	Total Share Holding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)						
(B)	PUBLIC SHAREHOLDING 3						
(1)	INSTITUTIONS						
(a)	Mutual Funds /UTI						
(b)	Financial Institutions /Banks						
(c)	Central Government / State Government(s)						
(d)	Venture Capital Funds						
(e)	Insurance Companies						
(f)	Foreign Institutional Investors						
(g)	Foreign Venture Capital Investors						
(h)	Any Other (Specify)						
	Sub-Total (B)(1) :						
(2)	NON-INSTITUTIONS						
(a)	Bodies Corporate						
(b)	Individuals						
	(i) Individual shareholders holding nominal share capital up to Rs.1 lakh						
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh						
(c)	Any Other (Specify)						
	Clearing Members						
	Non Resident Indians						
	Sub-Total (B)(2) :						
	Total Public Share Holding (B)=(B)(1)+(B)(2) :						
	Total (A)+(B) :						
(C)	Shares held by custodians, against which Depository Receipts have						
	GRAND TOTAL (A)+(B)+(C) :						

NOT APPLICABLE

POST - AMALGAMATION SHAREHOLDING PATTERN

(I) (a) STATEMENT SHOWING SHAREHOLDING PATTERN

NAME OF THE COMPANY : ASIAN HOTELS (EAST) LIMITED

SCRIP CODE :AHL EAST(533227) NAME OF THE SCRIP :ASIAN HOTELS (EAST) LIMITED CLASS OF SECURITY : EQUITY

QUARTER ENDED : 31.03.2013

Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the Company
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Outstanding convertible securities:	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the Company assuming full conversion of the convertible securities
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Warrants:	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the Company, assuming full conversion of warrants
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Total paid-up capital of the Company,	11527797 shares of Rs.10/- each		

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NUMBER OF SHAREHOLDERS	TOTAL NUMBER OF SHARES	NUMBER OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A PERCENTAGE OF TOTAL NUMBER OF SHARES		SHARES PLEDGED OR OTHERWISE ENCUMBERED	
					AS A PERCENTAGE OF (A+B)[1]	AS A PERCENTAGE OF (A+B+C)	NUMBER OF SHARES	AS A PERCENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	PROMOTER AND PROMOTER GROUP[2]							
(1)	INDIAN							
(a)	Individuals /Hindu Undividend Family	2	17463	0	0.15	0.15	0	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (1) :	2	17463	0	0.15	0.15	0	0.00
(2)	FOREIGN							
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	2	3196821	0	27.73	27.73	0	0.00
(b)	Bodies Corporate	1	3630630	3630630	31.49	31.49	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(2) :	3	6827451	3630630	59.23	59.23	0	0.00
	Total Shareholding of Promoter and Promoter Group	5	6844914	3630630	59.38	59.38	0	0.00
(B)	PUBLIC SHAREHOLDING[3]						NA	NA
(1)	INSTITUTIONS						NA	NA
(a)	Mutual Funds /UTI	8	425	195	0.00	0.00		
(b)	Financial Institutions /Banks	18	842777	836210	7.31	7.31		
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	0	0	0	0.00	0.00		
(f)	Foreign Institutional Investors	16	41328	40943	0.36	0.36		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(i)	Any Other (Specify)	0	0	0	0.00	0.00		
	Sub-Total (B)(1) :	42	884530	877348	7.67	7.67		

Asian Hotels (East) Limited Kolkata

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NUMBER OF SHAREHOLDERS	TOTAL NUMBER OF SHARES	NUMBER OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A PERCENTAGE OF TOTAL NUMBER OF SHARES		SHARES PLEDGED OR OTHERWISE ENCUMBERED	
					AS A PERCENTAGE OF (A+B) [1]	AS A PERCENTAGE OF (A+B+C)	NUMBER OF SHARES	AS A PERCENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(2)	NON-INSTITUTIONS						NA	NA
(a)	Bodies Corporate	293	2174624	2169118	18.86	18.86		
(b)	Individuals							
	(i) Individual shareholders holding nominal share capital up to Rs.1	14131	1133636	876691	9.83	9.83		
	(ii) Individual shareholders holding nominal share capital in excess	8	245478	245478	2.13	2.13		
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(d)	Any Other (Specify)							
	Non Resident Indians	519	199260	115911	1.73	1.73		
	FCB	2	38803	38803	0.34	0.34		
	Clearing Members	20	6274	6274	0.05	0.05		
	Trusts	1	278	278	0.00			
	Sub-Total (B)(2) :	14974	3798353	3452553	32.95	32.95		
	Total Public Share Holding (B)=(B)(1)+(B)(2)	15016	4682883	4329901	40.62	40.62	NA	NA
	Total (A)+(B)	15021	11527797	7960531	100.00	100.00		
(C)	Shares held by custodians and against which Depository Receipts	0	0	0	NA	0.00	NA	NA
(1)	Promoter and Promoter Group							
(2)	Public							
	GRAND TOTAL (A)+(B)+(C) :	15021	11527797	7960531	100.00	100.00	0	0.00

(I)(b) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group"

Sr.No	Name of the Shareholder	Details of Shares held		Encumbered shares (*)			Details of Warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A)+(B)+(C)	Pledge Shares	AS a percentage	AS a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the smae class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)*10	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1	SARAF INDUSTRIES LIMITED	3630630	31.49	0	0.00	0.00	0	0.00	0	0.00	0.00
2	RADHE SHYAM SARAF	2712750	23.53	0	0.00	0.00	0	0.00	0	0.00	0.00
3	RATNA DEVI SARAF	484071	4.20	0	0.00	0.00	0	0.00	0	0.00	0.00
4	ARUN KUMAR SARAF	8732	0.08	0	0.00	0.00	0	0.00	0	0.00	0.00
5	UMESH SARAF	8731	0.08	0	0.00	0.00	0	0.00	0	0.00	0.00
	TOTAL :	6844914	59.38	0	0	0.00	0	0.00	0	0.00	0.00

Asian Hotels (East) Limited Kolkata

(I)(c)(i) Statement showing holding of securities (including shares, warrants,convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sr.No.	Name of the shareholder	Number of shares held	Shares as a percentage of total number of shares {i.e., Grant total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants: Number of warrants held	Details of warrants: As a % total number of warrants of the same class	Details of convertible securities: Number of convertible securities held	Details of convertible securities: % w.r.t total number of convertible securities of the same class	Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital)
1	JESMIN INVESTMENTS LIMITED	693851	6.02	0	0.00	0	0.00	0.00
2	AXIS BANK LIMITED	636065	5.52	0	0.00	0	0.00	0.00
3	WHITEPIN TIE UP LIMITED	482065	4.18	0	0.00	0	0.00	0.00
4	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	436799	3.79	0	0.00	0	0.00	0.00
5	MAKALU TRADING LTD	136604	1.18	0	0.00	0	0.00	0.00
6	LIFE INSURANCE CORPORATION OF INDIA	127599	1.11	0	0.00	0	0.00	0.00
	TOTAL :	2512983	21.80	0	0.00	0	0.00	0.00

(I)(c)(ii) Statement showing holding of securities (including shares, warrants,convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the company

Sr.No.	Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them	Number of shares held	Shares as a percentage of total number of shares {i.e., Grant total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants: Number of warrants held	Details of warrants: As a % total number of warrants of the same class	Details of convertible securities: Number of convertible securities held	Details of convertible securities: % w.r.t total number of convertible securities of the same class	Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital)
1	JESMIN INVESTMENTS LIMITED	693851	6.02	0	0.00	0	0.00	0.00
2	AXIS BANK LIMITED	636065	5.52	0	0.00	0	0.00	0.00
	TOTAL :	1329916	11.54	0	0.00	0	0.00	0.00

(I)(d) STATEMENT SHOWING DETAILS OF LOCKED-IN-SHARES

SR. NO.	NAME OF THE SHAREHOLDER	NUMBER OF LOCKED-IN SHARES		LOCKED-IN SHARES AS A PERCENTAGE OF TOTAL NUMBER OF SHARES {I.e., GRAND TOTAL (A)+(B)+(C) INDICATED IN STATEMENT AT PARA (I)(A) ABOVE}	Promoter/Promoter Group /Public
	N/A	0	0	0	
TOTA					

(II)(a) STATEMENT SHOWING DETAILS OF DEPOSITORY RECEIPTS (DRs)

SR. NO.	TYPE OF OUTSTANDING DR (ADRS, GDRS, SDRS, ETC.)		NUMBER OF OUTSTANDING DRS		NUMBER OF SHARES UNDERLYING OUTSTANDING DRS	SHARES UNDERLYING OUTSTANDING DRS AS A PERCENTAGE OF TOTAL NUMBER OF SHARES {I.e., GRAND TOTAL (A)+(B)+(C) INDICATED IN STATEMENT AT PARA (I)(A) ABOVE}
1	Global Depository Receipts (GDRs)	NA	0	0		
	TOTAL		0	0		

(II)(b) STATEMENT SHOWING HOLDING OF DEPOSITORY RECEIPTS (DRs), WHERE UNDERLYING SHARES HELD BY "PROMOTER/PROMOTER GROUP" ARE IN EXCESS OF 1% OF THE TOTAL NUMBER OF SHARES

SR NO.	NAME OF THE DR HOLDER	TYPE OF OUTSTANDING DR (ADRS, GDRS, SDRS, ETC.)		NUMBER OF SHARES UNDERLYING OUTSTANDING DRS	SHARES UNDERLYING OUTSTANDING DRS AS A PERCENTAGE OF TOTAL NUMBER OF SHARES {I.e., GRAND TOTAL (A)+(B)+(C) INDICATED IN STATEMENT AT PARA (I)(A) ABOVE}
1	N/A	0	0		
	TOTAL	0	0		

Asian Hotels (East) Limited
Kolkata

(III)(a) STATEMENT SHOWING THE VOTING PATTERN OF SHAREHOLDERS, IF MORE THAN ONE CLASS OF SHARES/SECURITIES IS ISSUED BY THE ISSUER

CATE GORY CODE	CATEGORY OF SHAREHOLDERS	NUMBER OF VOTING RIGHTS HELD IN EACH CLASS OF SECURITIES			TOTAL VOTING RIGHTS (III+IV+V)	TOTAL VOTING RIGHTS I.E(VI)	
		CLASS X	CLASS Y	CLASS Z		AS A PERCENTAGE OF (A+B)	AS A PERCENTAGE OF (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VI1)	(VIII)
(A)	PROMOTER AND PROMOTER GROUP 2						
(1)	INDIAN						
(a)	Individuals /Hindu Undividend Family						
(b)	Central Government/State Government(s)						
(c)	Bodies Corporate						
(d)	Financial Institutions / Banks					NOT APPLICABLE	
(e)	Any Other (Specify)						
	Sub-Total (A) (1) :						
(2)	FOREIGN						
(a)	Individuals (Non Resident Individuals/Foreign Individuals)						
(b)	Bodies Corporate						
(c)	Institutions						
(d)	Any Other (Specify)						
	Sub-Total (A)(2) :						
	Total Share Holding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)						
(B)	PUBLIC SHAREHOLDING 3						
(1)	INSTITUTIONS						
(a)	Mutual Funds /UTI						
(b)	Financial Institutions /Banks						
(c)	Central Government / State Government(s)						
(d)	Venture Capital Funds						
(e)	Insurance Companies						
(f)	Foreign Institutional Investors						
(g)	Foreign Venture Capital Investors						
(h)	Any Other (Specify)						
	Sub-Total (B)(1) :						
(2)	NON-INSTITUTIONS						
(a)	Bodies Corporate						
(b)	Individuals						
	(i) Individual shareholders holding nominal share capital up to Rs.1 lakh						
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh						
(c)	Any Other (Specify)						
	Clearing Members						
	Non Resident Indians						
	Sub-Total (B)(2) :						
	Total Public Share Holding (B)=(B)(1)+(B)(2) :						
	Total (A)+(B) :						
(C)	Shares held by custodians, against which Depository						
	GRAND TOTAL (A)+(B)+(C) :						

Asian Hotels (East) Limited

FOREX FINANCE PRIVATE LIMITED

Pre-amalgamation shareholding pattern as on 31st March 2013

Name of Shareholder	No. of Shares held (Rs. 10 each)
Mrs. Ratna devi Saraf	67,77,000
Mr. Radhe Shyam Saraf & Mrs.Ratna Devi Saraf	3,79,78,505
Mr. Arun Kumar Saraf	1,22,248
Mr. Umesh Saraf	1,22,247
Total (No. of shares fully paid-up)	**4,50,00,000**

(East) Limited
Kolkata

ASIAN HOTELS (EAST) LIMITED

Registered Office : Hyatt Regency Kolkata, JA-1, Sector III, Salt Lake City, Kolkata - 700 098, India
Phone : 033 2517 1234/2517 1012 Fax : 033 2517 8246/2517 1235 **www.ahleast.com**

The financial details of the Transferee Company for the previous 3 years as per the audited statement of Accounts:

Name of the Company: Asian Hotels (East) Limited (Transferee Company)

(In Rs.)

Particulars	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 year prior to the last Audited Financial Year
	For the year ended 31st March 2013	For the year ended 31st March 2012	For the year ended 31st March 2011
Equity Paid up Capital	11,44,05,850	11,44,05,850	11,40,17,820
Reserves and surplus	8,06,71,47,284	7,80,96,60,563	7,58,92,33,062
Carry forward losses	-	-	-
Net Worth	8,17,94,12,091	7,92,19,25,370	7,70,13,87,638
Miscellaneous Expenditure	-	-	-
Secured Loans	-	-	-
Unsecured Loans	-	-	-
Fixed Assets	1,49,05,85,885	1,52,31,42,014	1,58,74,31,090
Income from Operations	90,24,13,272	85,41,37,865	82,60,67,194
Total Income	1,13,98,88,254	1,01,99,29,503	1,00,95,17,383
Total Expenditure	75,16,80,360	65,99,40,964	64,74,15,837
Profit before Tax	38,82,07,894	35,99,88,539	36,21,01,546
Profit after Tax	31,73,21,124	28,03,72,480	30,16,68,227
Cash profit	36,74,94,863	34,86,91,969	36,97,69,894
EPS - Basic	27.74	24.51	26.46
- Diluted	27.74	24.51	26.37
Book value	714.94	692.44	675.43

For Asian Hotels (East) Limited
Saumen Chattopadhyay
Saumen Chattopadhyay
Chief Legal Officer &
Company Secretary

Asian Hotels (East) Limited Kolkata

FOREX FINANCE PVT. LTD.

15, INDIA EXCHANGE PLACE, 1ST FLOOR, KOLKATA-700 001, PHONE: 22311636

The financial details of the Transferor Company for the previous 3 years as per the audited statement of Accounts:

Name of the Company: Forex Finance Private Limited (Transferor Company)

(In Rs.)

Particulars	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 year prior to the last Audited Financial Year
	For the year ended 31st March 2013	For the year ended 31st March 2012	For the year ended 31st March 2011
Equity Paid up Capital	45,00,00,000	45,00,00,000	45,00,00,000
Reserves and surplus	37,66,81,748	37,06,17,104	30,09,33,552
Carry forward losses	-	-	-
Net Worth	75,22,80,909	74,74,40,394	69,11,93,552
Miscellaneous Expenditure	-	2,50,000	5,00,000
Secured Loans	-	-	-
Unsecured Loans	61,22,00,000	61,22,00,000	53,21,46,170
Fixed Assets	-	-	2,750
Income from Operations	-	-	43,08,979
Total Income	1,60,14,916	1,76,59,507	29,46,07,206
Total Expenditure	98,94,272	75,27,449	26,57,856
Profit before Tax	61,20,644	1,01,32,058	29,19,49,350
Profit after Tax	61,20,644	6,96,83,552	22,93,60,096
Cash profit	63,70,644	6,93,65,306	22,96,11,929
EPS - Basic	0.14	1.55	5.10
- Diluted	0.12	1.27	4.59
Book value	16.72	16.61	11.30

For Forex Finance Private Limited

Pallab Kumar Chatterjee

Company Secretary

Forex Finance Private Limited Kolkata

ASIAN HOTELS (EAST) LIMITED
Registered Office: Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata-700 098
Phone: 033-23351234, Fax: 033-23358246

Annexure I B
Pursuant to Clause 49 (VI)(ii) of the Equity Listing Agreement

Quarterly Compliance Report on Corporate Governance

Name of the Company	**: Asian Hotels (East) Limited**
Type of Security	**: Equity**
NSE Symbol	**: AHLEAST**
BSE Scrip Code	**: 533227**
Quarter ending on	**: 31st March, 2013**

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
I. Board of Directors	49 I	Yes	--
(A) Composition of Board	49 (IA)	Yes	--
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes	--
(C) Other provisions as to Board and Committees	49 (IC)	Yes	During the current financial year upto 31st March 2013, 5 (Five) Board Meetings have been held on 11th May 2012, 4th August 2012, 5th November 2012, 26th November 2012 and 9th February 2013 which are in compliance with the provisions of Listing Agreement.
(D) Code of Conduct	49 (ID)	Yes	Complied in latest Annual Report for the financial year ended 2011-12.
II. Audit Committee	49 (II)	Yes	--
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	--
(B) Meeting of Audit Committee	49 (IIB)	Yes	Meetings of the Audit Committee are held within the prescribed time frame as specified in Clause 49(II)(B) of the Listing Agreement. During the current financial year upto 31st March 2013 the Audit Committee met five times 21st April 2012, 11th May 2012 , 4th August 2012, 5th November 2012 and 9th February 2013 and is in compliance with provisions of the Listing Agreement.
(C) Powers of Audit Committee	49 (IIC)	Yes	--
(D) Role of Audit Committee	49 (IID)	Yes	--
(E) Review of Information by Audit Committee	49 (IIE)	Yes	--

Asian Hotels (East) Limited Kolkata

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ASIAN HOTELS (EAST) LIMITED

Registered Office: Hyatt Regency Kolkata, JA-1, Sector-III, Salt Lake City, Kolkata-700 098
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Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
III. Subsidiary Companies	49 (III)	Yes	The Company has two subsidiaries, namely GJS Hotels Limited and Regency Convention Centre and Hotels Limited, amongst these two, GJS Hotels Limited is a material non-listed Indian Subsidiary.
Nomination of an Independent Director of the Company to the Board of material non listed Indian Subsidiary	49(III)(i)	Yes	--
Reviewing the financial statements, investments made by subsidiary companies.	49(III)(ii)	Yes	--
Minutes of Board Meetings of unlisted subsidiaries	49(III)(iii)	Yes	--
IV. Disclosures	49 (IV)	Yes	--
(A) Basis of related party transactions	49 (IV A)	Yes	--
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes	--
(C) Board Disclosures	49 (IV C)	Yes	–
(D)Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	N.A.	–
(E) Remuneration of Directors	49 (IV E)	Yes	Has been disclosed in the Annual Report 2011-2012.
(F) Management	49 (IV F)	Yes	Has been disclosed in the Annual Report 2011-2012.
(G) Shareholders	49 (IV G)	Yes	Has been disclosed in the Annual Report 2011-2012. Moreover, to expedite the process of share transfers, the Board at its meeting held on 4th August 2012 has constituted an Executive Share Transfer Committee which shall meet on a need basis.
V. CEO/CFO Certification	49 (V)	Yes	It is a part of Annual Report 2011-12
VI. Report on Corporate Governance	49 (VI)	Yes	--
Separate section on Corporate Governance in the annual Report	49(VI)(i)	Yes	It is a part of Annual Report 2011-12
Company to submit Quarterly Compliance Report to the Stock Exchanges in the format as per	49(VI)(ii)	Yes	The Company duly submits Compliance Status Report duly signed by its Chief Legal

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Particulars	**Clause of Listing agreement**	**Compliance Status Yes/No**	**Remarks**
Annexure 1B			Officer and Company Secretary to the Stock Exchanges in accordance with this sub-clause.
VII. Compliance	49 (VII)	Yes	--
Auditors Certificate regarding compliance of conditions of Corporate Governance	49(VII)(1)	Yes	Statutory Auditor's Certificate has been obtained and formed part of the Annual Report 2011-12.
Mandatory & Non-Mandatory requirements	49(VII)(2)	Yes	Disclosures regarding compliances with the mandatory requirements and non-mandatory requirements, if any, have been disclosed in the Annual Report 2011-12.

Note:

1. The details under each head shall be provided to incorporate all the information required as per the provisions of the Clause 49 of the Listing Agreement.

2. In the column No.3, compliance or non-compliance may be indicated by Yes/No/N.A.. For example, if the Board has been composed in accordance with the Clause 49 I of the Listing Agreement, "Yes" may be indicated. Similarly, in case the company has no related party transactions, the words "N.A." may be indicated against 49 (IV A).

3. In the remarks column, reasons for non-compliance may be indicated, for example, in case of requirement related to circulation of information to the shareholders, which would be done only in the AGM/EGM, it might be indicated in the "Remarks" column as – "will be complied with at the AGM". Similarly, in respect of matters which can be complied with only where the situation arises, for example, "Report on Corporate Governance" is to be a part of Annual Report only, the words "will be complied in the next Annual Report" may be indicated.

For and on behalf of
Asian Hotels (East) Limited

Saumen Chattopadhyay

Saumen Chattopadhyay
Chief Legal Officer &
Company Secretary

Place: Kolkata
Date : 3rd April, 2013