

# Lakeland Hotels Limited

Registered Office: "Reliable House", A-6, Kohe-Fiza, Indore Road, Bhopal - 462 001, Madhya Pradesh (India).  
Tel. No.: (755) 540441/540715 Fax No.: (755) 540442  
Corporate Office: 104 A, Neelam Centre, Hind Cycle Road, Worli, Mumbai 400 025.  
Tel. No.: (022) 4923024 Fax No.: (022) 4950379

**Public Issue of 65,00,000 Equity Shares of Rs. 10/- each for cash at par aggregating Rs. 650.00 lacs (including 10,00,000 Equity Shares reserved for Firm Allotment to NRIs/OCBs/FIIs with repatriation benefits)**



## Highlights

- A Hotel Project classified by Department of Tourism, Government of India as "Heritage Hotel Project", offering 5 star facilities in the Cultural Capital of Madhya Pradesh, Bhopal.
- Income Tax benefits such as 80HHD, 80L, 80M, under the Income Tax Act, 1961 and Wealth Tax benefits.
- Listing at Indore, Mumbai and New Delhi Stock Exchanges.

## Risk Factors

This being the first issue of the Company, there has been no formal market for the securities of the Company. The issue price should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the Company nor regarding the price at which the equity shares will be traded after listing.

## Internal

- The promoters are first generation entrepreneurs in this type of industry.

## Management perception:

The promoters are first generation entrepreneurs in this type of industry. The promoters, Mr. Sikandar Hafiz Khan, Mr. Mohammed Hafiz Khan and their group of companies, the "Reliable Group", Bhopal have diverse interest in cigarette manufacturing, trading, exports and transport industries with a good track record and long experience of over 22 years which shall help making the present project a success.

- The Company is yet to receive sanction for power from the Madhya Pradesh Electricity Board (MPEB).

## Management Perception :

The Company foresees no problem in obtaining the sanction from MPEB

- The Company is yet to receive clearance for pollution control from Madhya Pradesh Pollution Control Board (MPPCB).

## Management Perception :

The Company foresees no problem in obtaining the NOC from MPPCB.

- Out of the total cost of plant and machinery i.e. Rs. 282.00 lacs, order for Rs. 53.00 lacs is yet to be placed.
- In the absence of financial stake in the proposed issue by a Bank or a Financial Institution, the deployment of funds collected in the proposed issue is left to the Management of the Company.
- Working Capital requirements have not been assessed by Bankers to the Company and same are not tied up on firm basis as yet.

## Management perception:

The Company does not foresee any problems in tying up of working capital facilities from the Company's Bankers and shall be obtaining the same as and when required.

- There has been a delay in the schedule of implementation of the project by 3 months.
- The Company has availed unsecured loans to the extent of Rs. 65.59 lacs as on 30/6/96 in which group cos/firm/director are interested.
- One of the Group Companies, M/s. Noor-Us-Sabah Hotels & Properties Pvt. Ltd., is interested in the premises known as "Kothi Noor-Us-Sabah" including land appurtenant covering an area of about 6 acres acquired on sublease by the Issuer Company for the proposed project, the deposit amount being Rs. 2 crores.
- M/s. Mandideep Engineering and Packaging Inds. P. Ltd. a group Company has incurred losses to the extent of Rs. 8.27 lacs during the year 1994-95.

LEAD MANAGER TO THE ISSUE

**KEYNOTE**  
CORPORATE SERVICES LIMITED  
403, Embassy Centre, Nariman  
Point, Mumbai - 400 021.  
Tel : 2841985, 2835463  
Fax : (022) 2835467

REGISTRARS TO THE ISSUE

**ONLINE SHARE MANAGEMENT**  
SERVICES LTD.,  
Sanjay Building No. 6,  
Mittal Industrial Estate, Gala No. 158,  
Near Marol Naka, Andheri Kurla Road,  
Andheri (East), Mumbai - 400 059.  
Tel : 850 2018  
Fax : (022) 850 8866

- M/s. Mandideep Engineering & Packaging Industries P. Ltd., a group Company has Income Tax liabilities to the extent of Rs. 13.39 lacs till the year ended 1993-94.
- M/s. Reliable Carriers P. Ltd., a group Company has incurred losses to the extent of Rs. 4.04 lacs during the year 1992-93.
- M/s. Reliable Carriers P. Ltd., a group Company has Income Tax liabilities to the extent of Rs. 22.10 lacs till the year 1994-95.
- M/s. Reliable Food Inds. P. Ltd. a group Company has incurred losses to the extent of Rs. 80.54 lacs and Rs. 68.84 lacs during the years 1992-93 and 1993-94 respectively.
- M/s. Western Tobacco P. Ltd., a group Company has incurred losses to the extent of Rs. 0.23 lacs during the year 1992-93.
- M/s. Rehbar Holdings & Finance P. Ltd., a group Company has incurred losses to the extent of Rs. 0.24 lacs and Rs. 0.08 lacs during the years 1993-94 and 1994-95 respectively.
- M/s. Raffels Invt. & Finance P. Ltd., a group Company has incurred losses to the extent of Rs. 0.01 lacs, Rs. 0.03 lacs and Rs. 0.02 lacs during the years 1992-93, 1993-94 and 1994-95 respectively.
- M/s. Fairfield Invt. & Finance P. Ltd., a group Company has incurred losses to the extent of Rs. 0.01 lacs, Rs. 0.03 lacs and Rs. 0.03 lacs during the years 1992-93, 1993-94 and 1994-95, respectively.
- M/s. Mach-Farm Invt. & Finance P. Ltd., a group Company has incurred losses to the extent of Rs. 0.01 lacs, Rs. 0.02 lacs and Rs. 0.02 lacs during the years 1992-93, 1993-94 and 1994-95 respectively.
- M/s. Noor-Us-Sabah Hotels & Properties P. Ltd., a group Company has incurred losses to the extent of Rs. 0.24 lacs and Rs. 0.17 lacs during the years 1993-94 and 1994-95 respectively.
- M/s. Reliable Cigarette & Tobacco Industries P. Ltd., a group Company engaged in manufacturing of cigarette on job work basis for I.T.C. Ltd., has an excise litigation on behalf of ITC by virtue of being a job worker, the Company has received a notice for Rs. 2660 lacs as excise duty and Rs. 82.00 lacs as penalty.

## Management perception :

An appeal and application for stay has been filed before Customs, Excise & Gold (Control) Appellate Tribunal, New Delhi (CEGAT) which came up for preliminary hearing on 25.03.96 before Bench "A" and on the grounds that the Company is only a job worker, not directly involved in valuation of goods and sales thereof, which activity is by M/s. ITC Ltd., the CEGAT :- (a) admitted the appeal by the Company for hearing (b) ordered for stay of the demand raised and (c) ordered to waive the requirement of pre-deposit to take up the appeal. The matter is now subjudiced, pending for hearing and final decision by the Appellate Tribunal.

- Safia Education Society has filed a civil suit for permanent/temporary injunction against one of the group companies viz. M/s. Noor-Us-Sabah Hotels & Properties Pvt. Ltd. for restraining the construction of a boundary wall. Application has also been made to Sub-Divisional Magistrate u/s. 145 Cr. P.C. in which Mr. S. C. Pradhan has been made a party.

- Listing in three stock exchanges does not necessarily ensure liquidity.

## External

- Hotel Industry is dependant upon tourist traffic. Any political or civil disturbance may have bearing on the inflow of tourist traffic thereby affecting the profitability of the project. Also any change in the policies of the Central/State government with regard to benefits to the tourism industry in general and hotel industry in particular shall have a bearing on the operations of the Company.
- The Company will be operating in a competitive market.

**Issue opens on 29th October, 1996**

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## PART I

### 1. GENERAL INFORMATION

# LAKELAND HOTELS LIMITED

**Registered Office :** 'Reliable House', A-6, Kohe-Fiza, Indore Road, Bhopal - 462001 Madhya Pradesh (India)  
Tel No : (755) - 540441/540715 Fax No : (755) - 540442

**Corporate Office :** 104 A, Neelam Centre, Hind Cycle Road, Worli, Mumbai 400 025.  
**Tel. No. :** 4923024 Fax : (022) 4950379

(Incorporated on 1st September, 1992 as Private Limited Company and converted into Public Limited Company by passing resolution in the Extra Ordinary General Meeting, held on 18th November, 1995 under the Companies Act, 1956 and obtained certificate from Registrar of Companies on 11th January, 1996.)

### GOVERNMENT APPROVALS

The Company has received approval from Government of India, Department of Tourism, New Delhi for setting up a 60 Rooms Heritage Hotel Project at Bhopal and has been classified as "Heritage Hotel Project" vide their letter No. 5.TH(22)/93 dated 20th September, 1993.

The Municipal Corporation of Bhopal has granted its permission vide letter No. 464 dated 11/11/94 for making alterations, modifications, renovations of the existing old heritage building. For the new constructions and separate buildings, the Company will have to take separate permissions as and when required as per the prescribed guidelines.

THE COMPANY CAN UNDERTAKE THE ACTIVITIES PROPOSED BY IT IN VIEW OF THE PRESENT APPROVALS AND NO FURTHER APPROVALS FROM THE GOVERNMENT AUTHORITIES ARE REQUIRED BY THE COMPANY TO UNDERTAKE THE PROPOSED ACTIVITIES.

COPIES OF THE LETTERS ARE KEPT OPEN TO THE PUBLIC FOR INSPECTION AT THE REGISTERED OFFICE OF THE COMPANY, ON ALL WORKING DAYS, UNTIL THE DATE OF CLOSING OF THE SUBSCRIPTION LIST.

IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THE ABOVE APPROVAL/PERMISSION, THE GOVERNMENT DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO THEM.

### DISCLAIMER CLAUSE

It is to be distinctly understood that the vetting of the offer document by SEBI should not, in any way, be deemed or construed that the same has been cleared or approved by SEBI.

SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made, or for the correctness of the statements made or opinions expressed in the offer document. SEBI has vetted the offer document filed with it for a limited purpose of overseeing, whether the disclosures contained therein are generally adequate and are in conformity with SEBI Guidelines for disclosure and investor protection for the time being in force. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue. It should also be clearly understood that while the issuer company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the Lead Manager is expected to exercise due diligence to ensure that the company discharges its responsibility adequately in this behalf and towards this purpose, the Lead Manager Keynote Corporate Services Ltd. has furnished to SEBI a Due Diligence Certificate dated 26.02.1996 reads as follows:

- (1) We have examined various documents including those relating to litigation like commercial disputes, patent disputes, disputes with collaborators etc. and other materials in connection with the finalisation of the draft prospectus/letter of offer pertaining to the said issue.
- (2) On the basis of such examination and the discussions with the company, its directors and other officers, other agencies, independent verification of the statements concerning the objects of the issue, projected profitability, price justification and the contents of the documents mentioned in the Annexure and other papers furnished by the company,

#### WE CONFIRM THAT :

- (a) the draft prospectus forwarded to SEBI is in conformity with the documents, materials and papers relevant to the Issue;
  - (b) all the legal requirements connected with the said issue as also the guidelines, instructions, etc. issued by SEBI, the Government and another competent authority in this behalf have been duly complied with; and
  - (c) the disclosures made in the draft prospectus are, true, fair and adequate to enable the Investors to make a well informed decision as to the investment in the proposed issue.
- (3) We confirm that besides ourselves, all the Intermediaries named in the prospectus are registered with SEBI and that till date such registration is valid."

### RESPONSIBILITY STATEMENT

The issuer company accepts no responsibility for statements made otherwise than in the prospectus or in the advertisement or any other material issued by or at the instance of the issuer and that anyone placing reliance on any other source of information would be doing so at his own risk.

### AUTHORITY FOR THE ISSUE

The issue is made pursuant to section 81(1A) of the Companies Act, 1956 by a special resolution passed by the members of the company at the Extra Ordinary General Meeting of the Company held on 27th November, 1995.

### LISTING

Applications have been made to the Regional Stock Exchange at Indore and the Stock Exchanges at Bombay and New Delhi for permission to deal in and for an official quotation of the Equity Shares now being issued in terms of this Prospectus.

### FILING

A copy of this Prospectus, having attached thereto, the documents as required to be filed under Section 60 of the Companies Act, 1956, (hereinafter referred to as "the Act") has been delivered for registration to the Registrar of Companies, Madhya Pradesh, Gwalior on 6th August, 1996.

**CAUTION**

Attention of the applicants is specifically drawn to the provision of Subsection (1) of the Section 68-A of the Companies Act, 1956, which is reproduced below:-

"Any person who -

1. Makes in a fictitious name an application to a Company for acquiring or subscribing for any Shares therein; or
2. Otherwise induces a Company to allot or register any transfer of shares therein to him, or, to any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

**MINIMUM SUBSCRIPTION**

IF THE COMPANY DOES NOT RECEIVE THE MINIMUM SUBSCRIPTION AMOUNT OF 90% OF THE ISSUE AMOUNT ON THE DATE OF CLOSURE OF THE ISSUE, THE COMPANY SHALL FORTHWITH REFUND THE ENTIRE SUBSCRIPTION AMOUNT RECEIVED. FOR DELAY BEYOND 78 DAYS, IF ANY, IN REFUND OF SUCH SUBSCRIPTION, THE COMPANY SHALL PAY INTEREST AS PER SECTION 73 OF THE COMPANIES ACT, 1956.

**OVER SUBSCRIPTION**

Investors may note that if the present issue is over subscribed by more than five times, a SEBI nominated public representative shall be associated in the process of finalisation of the basis of allotment. The allotment shall be finalised on a proportionate basis

**INTEREST ON EXCESS APPLICATION MONEY**

Payment of interest at the rate of 15% per annum on the excess application money will be made to the applicants for the delayed period beyond 10 weeks from the closing of the subscription list. The Company will make available adequate funds to the Registrars to the Issue for complying with requirement of despatch of allotment letters or refund orders and the Lead Managers will also ensure the availability of funds to the Registrars to the Issue.

**ISSUE DATES**

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS AND WILL CLOSE AT THE CLOSURE OF BANKING HOURS ON THE DAY MENTIONED UNDER THE CAPTION "ISSUE CLOSURES ON".

FOR INDIAN PUBLIC, MUTUAL FUNDS AND NON-RESIDENT INDIANS			
ISSUE OPENS ON	:	TUESDAY, 29TH	OCTOBER, 1996
ISSUE CLOSURES ON	:	MONDAY, 4TH	NOVEMBER, 1996

**LEAD MANAGERS TO THE ISSUE**

**KEYNOTE CORPORATE SERVICES LTD.**

403, Embassy Centre,  
Nariman Point,  
Bombay 400 021.  
Tel : 2841985, 2835468, 2025230  
Fax : (022) 2835467

**REGISTRARS TO THE ISSUE**

**ONLINE SHARE MANAGEMENT SERVICES LTD.,**

Sanjay Bldg. No.6, Mittal Industrial Estate,  
Gala No.158, Near Marol Naka,  
Andheri-Kurla Road, Andheri (E), Mumbai - 400 059.  
Tel: 850 2018  
Fax: (022) 850 8866

**TRUSTEES**

As the proposed issue is for Equity Shares, a Trustee is not required to be appointed.

**CREDIT RATING**

Credit rating is not applicable as the issue is of Equity Shares only.

**UNDERWRITERS TO THE ISSUE**

In terms of the latest rules governing as per press release No.123 dated 10.10.94 issued by primary market department of SEBI, the Company does not propose to get the issue underwritten.

Handwritten calculations:

$$27500 \times 1000 = 27,500,000$$

$$2750000 \times 10 = 27,500,000$$

$$\frac{27,500,000 + 27,500,000}{2} = 27,500,000$$

Final result: 27,500,000

## II. CAPITAL STRUCTURE OF THE COMPANY

SHARE CAPITAL	NOMINAL VALUE (RS)
<b>A. AUTHORISED CAPITAL</b>	
1,20,00,000 Equity Shares of Rs.10/- each	12,00,00,000
<b>B. ISSUED SUBSCRIBED AND PAID UP</b>	
33,71,706 Equity Shares of Rs.10/- each for cash at par	3,37,17,060
<b>C. PRESENT ISSUE</b>	
76,28,294 Equity Shares of Rs.10/- each for cash at par	7,62,82,940
<b>D. OUT OF THE ABOVE</b>	
i) 11,28,294 Equity shares of Rs. 10/- each for cash at par are reserved for firm allotment to Promoters, Friends relatives and their associates	1,12,82,940
<b>E. NOW OFFERED IN TERMS OF THIS PROSPECTUS</b>	
65,00,000 Equity Shares of Rs. 10 each at par	6,50,00,000
<b>OUT OF WHICH</b>	
i) 6,50,000 Equity Shares of Rs.10/- each at par are reserved for Indian MFs/IFIs/Banks on a competitive basis	65,00,000
ii) 10,00,000 Equity Shares of Rs.10/- each at par are reserved for firm allotment to NRIs/FIIs/OCBs with repatriation benefits	1,00,00,000
iii) 5,60,000 Equity Shares of Rs.10/- each at par are reserved for NRI's/FII's/OCB's with repatriation benefits on a competitive basis	56,00,000
<b>F. NOW OFFERED TO INDIAN PUBLIC</b>	
42,90,000 Equity Shares of Rs.10/- each for cash at par	4,29,00,000
<b>G. PAID UP CAPITAL AFTER PRESENT ISSUE</b>	
1,10,00,000 Equity Shares of Rs.10/- each	11,00,00,000

**NOTES :**

1) Promoters holding & lock in period are as under:

Date of Allotment	No. of Shares	Face Value Rs.	Issue Price Rs.	Lock in Period	%age to the total equity	Consideration
01.09.92	200	10/-	10/-	NIL	negligible	CASH
31.03.93	1300	10/-	10/-	NIL	0.01%	CASH
25.01.94	2500	10/-	10/-	NIL	0.02%	CASH
14.02.95	400	10/-	10/-	NIL	negligible	CASH
30.11.95	1745600	10/-	10/-	NIL	15.87%	CASH
30.11.95	1611706	10/-	10/-	5 years		CASH
30.03.96	10000	10/-	10/-	5 years	25.00%	CASH
To be allotted	1128294	10/-	10/-	5 years		CASH
	4500000				40.90%	

**Note :**

The above shares will be locked in for a period of 5 years from the date of allotment or from the last date of the month in which commercial operation is expected to commence in terms of this prospectus, whichever is later.

2) The present holding of the Promoters is 33,71,706 equity shares comprising 100 % of the present equity capital. Their holding after the public issue will be 40.90 % of the post issue Equity Share Capital.

a. Details of 10 largest shareholders on the date of filing the prospectus with the Registrar of Companies:

Sr.No.	Shareholders Name	No. of Shares	Face Value	Percentage
1.	M/s. Delmon Investments & Finance Pvt. Ltd.	832000	Rs.10/-	24.67
2.	M/s. Rehbar Holdings & Finance Pvt. Ltd.	830006	Rs.10/-	24.62
3.	M/s. Raffels Investments & Finance Pvt. Ltd.,	675700	Rs.10/-	20.04
4.	M/s. Mach-farm Investments & Finance Pvt. Ltd.	575600	Rs.10/-	17.07
5.	M/s. Fairfield Investments & Finance Pvt. Ltd.	421100	Rs.10/-	12.49
6.	Mr. Sikandar Hafiz Khan	31500	Rs.10/-	0.93
7.	Mrs. Sharifo Bano	5000	Rs.10/-	0.15
8.	Mr. Shahwar Hafiz Khan	200	Rs.10/-	0.01
9.	Mr. Mohammed Hafiz Khan	200	Rs.10/-	0.01
10.	Mr. Kaleem Ullah Khan	200	Rs.10/-	0.01
	<b>TOTAL</b>	<b>3371506</b>		<b>100.00</b>

July ppd 18000  
par 70,500

70,000 - PP  
+ 20,000 - FP

b. Details of the ten largest shareholders ten days prior to the date of filing of the Prospectus with the Registrar of Companies:

Sr.No.	Shareholders Name	No. of Shares
1.	M/s. Delmon Investments & Finance Pvt. Ltd.	832000
2.	M/s. Rehbar Holdings & Finance Pvt. Ltd.	830006
3.	M/s. Raffels Investments & Finance Pvt. Ltd.	675700
4.	M/s. Mach-farm Investments & Finance Pvt. Ltd.	575600
5.	M/s. Fairfield Investments & Finance Pvt. Ltd.	421100
6.	Mr. Sikandar Hafiz Khan	31500
7.	Mrs. Sharifo Bano	5000
8.	Mr. Shahwar Hafiz Khan	200
9.	Mr. Mohammed Hafiz Khan	200
10.	Mr. Kaleem Ullah Khan	200
<b>TOTAL</b>		<b>3371506</b>

c. Details of ten largest shareholders two years prior to filing the Prospectus with the Registrar of Companies :

Sr.No.	Shareholders Name	No. of Shares
1.	Mr. Sikandar Hafiz Khan	1400
2.	Mr. Shafi Ullah Khan	100
3.	M/s. Rehbar Holdings & Finance P. Ltd.	2500
<b>TOTAL</b>		<b>4000</b>

- 3) The Unsubscribed portion if any out of the E(i) & (iii) above will be added to the offer made to Indian Public under F
- 4) The Reserve Bank of India has given their "In principle" approval for issue of shares to NRIs/OCBs on repatriation basis vide their letter No. ECCO. FID (II)/3336/10.02.40/(7917)/95/96 dated 27th March, 1996.
- 5) The minimum promoters contribution from friends, relatives and business associates shall be Rs. 25,000/- and from firms and body corporates shall be Rs. 1,00,000/-.
- 6) The balance promoters contribution in D(i) and the firm allotment to NRIs/OCBs/FIIs in E(ii) above will be brought in atleast one day before the opening of the public issue and will be substantiated by the Auditor's Certificate. In case the portion of firm allotment in E(ii) is not brought in, the same shall be taken up by the promoters, their friends, relatives and business associates and shall be locked-in for period of three years from the date of allotment or from the last date of the month in which commercial operations is expected to commence in terms of the prospectus whichever is later.
- 7) The promoters post issue holding will be 40.90 %.
- 8) a) A minimum of 50% of the net offer of securities to the public made under F shall be made available for allotment to individual applicants who have applied for allotment of 1000 or less than 1000 shares.  
b) The balance 50% of the net offer of securities to the public made under F shall be made available for allotment to investors including corporate bodies/institutions and individual applicants who have applied for allotment of more than 1000 shares.  
c) The unsubscribed portion of the net offer to any one of the above categories specified above (a) and (b) shall/may be made available for allotment to applicants in other category, if so required.
- 9) In case of oversubscription, the allotment will be made on proportionate basis and the issue size may stand increased by 10% of the net public offer.

### III TERMS OF THE PRESENT ISSUE

The Equity Shares now being offered are subject to the provisions of the Act, Memorandum and Articles of Association of the Company (hereinafter referred to as the "Articles"), terms and conditions set out in this Prospectus, Memorandum containing salient features of the Prospectus appended to the Application Form, the guidelines issued by the SEBI, the provisions of the Act and such other applicable authorities and guidelines for listing of securities issued by the Government of India from time to time.

### FACE VALUE AND OFFER PRICE

The face value of each share is Rs.10/-. The shares are being offered at par i.e. Rs. 10/- per share.

### TERMS OF PAYMENT

	On Application	On Allotment
Indian Public	Rs. 2.50	Rs. 7.50
Others (NRIs/OCBs, MFs/IFIs)	Rs.10/-	

### ALLOTMENT MONEY

The Company shall ensure despatch of Refund Orders of value over Rs.1,500/- and Letter(s) of Allotment/Share Certificate(s), if any, by Registered Post within ten weeks from the closure of the subscription list. The Company shall make available adequate funds with the Registrars to the Issue for the above purpose. Despatch shall be made to the sole/first named applicant, at the applicant's sole risk. In case of delay in refunds beyond 8 days after 10 weeks from the closure of the Issue, the Company will pay interest as provided under Section 73 of the Companies Act, 1956 at the rate prescribed

thereunder. Letter(s) and Refund Order(s), if any, to be issued to NRIs shall be subject to the specific approval of RBI.

### RIGHTS OF THE EQUITY SHAREHOLDERS

The Shares being issued in terms of this Prospectus shall rank paripassu with the existing Shares of the Company, save and except that they will be entitled to dividend, if any, which may be declared or paid for the financial year in which they are allotted in proportion to the amount paid up on the Shares and pro-rata for the period for which such capital is paid up thereon.

### ADJUSTMENT OF EXCESS APPLICATION MONEY

Where an applicant is allotted lesser number of Shares than applied for, the excess amount paid on application will be adjusted towards the allotment money payable in the same proportion on the Shares allotted and the balance amount, if any, remaining thereafter will be refunded to the applicant as provided elsewhere in this Prospectus.

### FAILURE TO PAY AMOUNT DUE ON ALLOTMENT

Failure to pay the amount due on allotment within the stipulated period will make the allottee liable to pay interest thereon, at the rate of 15% p.a. or such lower rate as the Board may determine from the day appointed for such payment to the date of actual terms of the Articles of the Company and as per any other document issued by the Company and as per the provisions of the Act and rules framed thereunder. No dividend shall be payable on the Shares forfeited.

### RECKONING THE DATE OF PAYMENT OF ALLOTMENT MONEY

For the purpose of payment of dividend as aforesaid, the allotment money shall be deemed to have been paid on the last day on which

the allotment money is payable on the day of actual payment, whichever is later. Where the excess application money has been adjusted towards the balance due on allotment of the Shares, the dividend, if any, on such Shares shall accrue on the amount so adjusted from the date of allotment of the shares.

#### UTILISATION OF FUNDS

Subscription received against this issue will be kept in a specific Bank Account and the Company would not have access to such funds and no allotment or utilisation shall be made unless it has received an approval for allotment from the Regional Stock Exchange and also listing approvals from each of the other Stock Exchanges where listing is proposed.

#### AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS

Application Forms alongwith the Memorandum containing prescribed salient features of Prospectus and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Managers, Advisors, Brokers, Bankers to the Issue named herein and from branches of the Bankers to the Issue as stated in the Application Form.

#### PROCEDURE FOR APPLICATION AND PAYMENT OF MONEY

##### APPLICATION BY INDIAN PUBLIC

Application must be made only:

- i. On the prescribed Application Form (White Colour) for Indian Public accompanying this prospectus and completed in full in BLOCK LETTERS IN ENGLISH in accordance with the instructions contained herein and in the Application Forms and are liable to be rejected if not so made;
- ii. For a minimum of 500 shares and in multiples of 100 shares thereafter;
- iii. In single or joint names (not more than three); and
- iv. In the names of Individuals, Limited Companies, Statutory Corporations or Institutions and NOT in the names of Foreign Nationals, Non-Residents, Trusts (unless the Trust is Registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorised under its constitution to hold shares in a Company), minors, Hindu Undivided Families, partnership firms or their nominees or Agents. Applications made otherwise than as mentioned herein are liable to be rejected.

##### PAYMENTS - HOW TO BE MADE

###### a. INVESTORS RESIDING IN CITIES/TOWNS WHERE COLLECTING BANKERS ARE LOCATED

- i. Payment should be made in Cash or by Cheque or by Bank Draft or by Stockinvest. Money Orders and Postal Orders will not be accepted. Cheque or Bank Draft or Stockinvest should be drawn on any Bank, including a Co-operative Bank which is situated at and is member or sub-member of Bankers' Clearing House located at the place where the application is submitted.
- ii. Outstation Cheque or Bank Draft will not be accepted and applications accompanied by such Cheques or Bank Drafts will be rejected. All Cheques or Bank Drafts must be payable to any of the Bankers to the Issue and marked "A/c LAKELAND HOTELS PUBLIC ISSUE" and crossed "A/c Payee Only" (e.g. Dena Bank A/c. LAKELAND HOTELS PUBLIC ISSUE). A separate Cheque or Bank Draft or Stockinvest must accompany each Application.
- iii. Application Forms duly completed together with Cash/Cheque/Bank Draft/Stockinvest for the amount payable on application at the rate of Rs.2.50 per share must be delivered before the close of the Subscription List to any of the Bankers to the Issue or their branches mentioned on the reverse of the Application Form and not to the Company or to the Lead Managers to the Issue or the Registrars to the Issue.
- iv. No receipt will be issued for the application money. However, the Bankers to the Issue and/or their branches receiving application will acknowledge receipt by stamping and returning the acknowledgment slip at the bottom of the Application Form.
- v. For further instructions, please read the Application form carefully.

###### b. INVESTORS RESIDING IN CITIES/TOWNS OTHER THAN CITIES/TOWNS IN WHICH COLLECTING BANKERS ARE LOCATED

The investors applying for the equity shares may remit the amount net of bank commission and postal charges, if any, by demand draft payable at Bombay on a bank participating in the clearing along with the Application Form and lodge the same with the REGISTRAR TO THE ISSUE. The demand draft should be crossed and drawn favouring "Dena Bank - A/C LAKELAND HOTELS PUBLIC ISSUE."

##### APPLICATION BY NON - RESIDENT INDIANS/ FOREIGN FINANCIAL INSTITUTIONS/OVERSEAS CORPORATE BODIES

Application must be made:

- i. On the prescribed Application Form (COLOUR BLUE) accompanying this prospectus and completed in full in BLOCK LETTERS IN ENGLISH in accordance with instructions contained herein and in the Applications Forms and are liable to be rejected if not so made;
- ii. For a minimum of 500 shares and in multiples of 100 Shares thereafter.
- iii. In Single or joint names(not more than three); and
- iv. In the names of individuals (not minors) or their nominees of Indian nationality/origin and Overseas Companies, Trusts and Other Corporate Bodies owned predominantly, with a minimum ownership of 60% directly or indirectly by non resident individuals of Indian origin/nationality.

In case of application by overseas Companies and other Corporate bodies predominantly owned by non-resident individuals of Indian origin/nationality a certificate in the prescribed Form OAC/OAC - 1 from an Overseas Auditor/Chartered Accountant/Certified Public Accountant should be submitted.

Application form from Non-resident Indian Investors properly completed together with cheques or bank drafts or Stockinvests for the amount payable on application calculated at the rate of Indian Rs. 10/- per share remitted through normal banking channels or funds held in Non-Resident (NRE) accounts or FCNR Accounts, along with documentary evidence for the remittance must be delivered before the close of the Subscription List, to the Bankers to the Issue mentioned in the application form or to the company at its Registered Office.

##### All cheques or Bank Drafts must be:

- i. Marked payable to any of the bankers to the issue with whom the application forms are lodged;
- ii. Marked A/c LAKELAND HOTELS Public Issue - NRI (e.g. Dena Bank - A/c. LAKELAND HOTELS Public Issue - NRI);
- iii. Crossed "Account Payee Only"; and
- iv. Separate cheque/bank draft/stockinvest must accompany each Application Form.

No receipt will be issued for the Application money. However, the bankers to the issue receiving the Application Form will acknowledge receipt by stamping and returning to the applicant the acknowledgment slip at the bottom of each Application Form.

Reserve Bank of India has permitted the Company 'In Principle' for issue of 15,60,000 Equity Shares of Rs. 10/- each for cash at par to Non-Resident Indians out of Public issue with repatriation benefits vide their letter No. EC.CO.FID(II)/3336/10.02.40(7917)/95/96 dated 27th March, 1996 and therefore there is no need for the Non-Resident Indian investors to make separate application seeking permission from Reserve Bank of India.

Under the existing control regulations such investment in Equity Shares by Non-Resident Indian Investors will be allowed to be repatriated along with the income earned thereon subject to deduction of Indian taxes provided the investment is made by inward remittance from abroad through normal banking channels or out of funds held in Non-Resident External (NRE) of FCNR Accounts. Payments out of Non-Resident Ordinary (NRO) account will not be accepted.

Refunds, dividends and other distribution, if any, will be payable in Indian Rupees only. In case of applicants who remit application amount from funds held in NRE / FCNR Accounts such payments shall be credited to their NRE / FCNR Accounts details of which should be furnished in the space provided for this purpose in the Application Form. In case of applicants who remit their money through Indian Rupee draft from abroad, such payments in Indian Rupees will

be converted into Dollars or any other convertible currency, as may be permitted by RBI at the rate of exchange prevailing at the time of remittance and will be despatched through registered post at the applicant's sole risk or at the request of the applicant will be credited to their NRE Account details of which should be furnished in the space provided for this purpose in the Application Form.

NRIs wishing to pay through NRO accounts shall not use the form meant for NRIs/OCBs and must apply in the form meant for Resident Indians.

Application forms for NRIs are available at the Registered office/ Corporate office of the company.

#### **APPLICATION BY INDIAN MUTUAL FUNDS/INDIAN FINANCIAL INSTITUTIONS/BANKS**

Application must be made only on the prescribed application forms (Yellow colour) completed in full in BLOCK LETTERS IN ENGLISH in accordance with the instructions contained herein and in the Application Forms and are liable to be rejected if they are defective. The application should be for a minimum of 10000 shares and in multiples of 1000 thereafter. The Cheque/Demand Drafts should be cross "A/c Payee only" and marked "A/c LAKELAND HOTELS PUBLIC ISSUE Indian Mutual Funds/IFI/BANK".

#### **GENERAL INSTRUCTIONS**

##### **PROCEDURE FOR PAYMENT OF APPLICATION MONEY BY STOCKINVEST**

Note : Only Individual Investors/Mutual Funds can apply through "Stockinvest".

1. The prospective investor, at the time of request for issue of STOCKINVEST to the issuing bank, may have to :
  - a. Indicate that he/she agrees to abide by the terms of issue and encashment of the STOCKINVEST.
  - b. Give irrevocable authority to his/her bank to mark a lien for the value of the STOCKINVEST against the balance held in his/her savings /current/ other deposit account.
  - c. Agree to lifting of the bankers lien on expiry of the currency of the STOCKINVEST or in case of intimation of partial/non-allotment of Equity Shares; and
  - d. Agree that the issuing bank will not be liable for any damages or consequences arising out of the loss of these instruments
  - e. Service charges, if any, for procuring the stockinvest shall be borne by the applicant .
2. Stockinvests issued by any Scheduled Commercial Bank including Co-operative Bank (even where the issuing Banker is not collecting Banker) will be accepted.
3. Stockinvests are to be used by the purchaser(s) within 10 days of its purchase . The last day for the use of stockinvest for submitting share application to the bank is indicated on the face value of the stockinvest with a notation " To be used before ———".
4. Stockinvest should be marked " A/c. Payee " and payable only to the company i.e. LAKELAND HOTELS LIMITED. The applicant shall provide necessary details, such as payee's name, amount, number of shares applied for, application form no. etc., in the left hand side portion of the stockinvest and his address in the box on the reverse of the stockinvest before depositing it with Bankers to the issue.

In case of a box is not provided on the reverse of the stockinvest for writing the name and address of the investors, an alonge may be obtained for the purpose and attached with the stockinvest. The alonge should be used to write the applicant's name(s) and full address to enable the Registrar to return the cancelled stockinvest directly to the applicants.
5. The currency of the STOCKINVEST shall not exceed 4 months.
6. The STOCKINVEST will be issued to the applicant in blank format after authentication of the date of issue by the designated branch. The STOCKINVEST duly completed would be submitted alongwith the share application to the bank branch handling the capital issue.
7. Stockinvest should be signed and dated by the appropriate authority of the issuing Bank. Investors has to fill in the Stockinvest
  - (a) name of collecting banker
  - (b) name of the company
  - (c) amount

(d) number of Shares applied for and submit the same to the Collecting Banker duly signed together with the application form.

8. Separate Stockinvests of suitable and appropriate denomination (wherever available) should be submitted with each application form for the shares applied for. In case of Stockinvest of fixed denomination , the investor can fill an amount less than the denomination amount depending upon the money required to be paid on application for the shares applied for.
9. The applicant should not hand over stockinvest taken against their own account to any third party. The stockinvest should be utilised by the purchaser(s) and the purchaser's name /name of one of the purchasers should be invariably indicated as the first applicant in the share application form. Thus, if the signature of the purchaser on the stockinvest and the signature of the first applicant on the application form do not tally, the application would be treated as having been accompanied by a third party stockinvest and shall be liable to be rejected.
10. In case of partial / full allotment, stockinvest will be sent to the issuing branch through the controlling branch of the stockinvest issuing bank after collection.
11. i. Investor(s) may please note that in case of partial or non-allotment, lien shall be lifted in the following manner :
  - a. in the case of non allotment, on presentation by the applicant to the issuing Bank branch of the stockinvest duly cancelled by the Registrar.
  - b. In case of partial allotment (for the unutilised amount), on receipt of advice from the controlling branch of the issuing bank as to the amount collected or surrender of unutilised cancelled stockinvests received by the investor(s) directly from the Registrars.
- ii. In case the cancelled or partially utilised stockinvest is not received by the investor(s) from the Registrars, lien will be lifted by the issuing branch on expiry of four months from the date of issue against an indemnity bond from the Investor.

The above information is given for the benefit of investors and the company is not liable for any modification of terms of STOCKINVEST or procedures thereof by issuing banks.

The Applicants should use only one Stockinvest alongwith each application for subscription to the Issue.

#### **QUOTING OF PAN/GIR NO. IN THE APPLICATION FORMS**

Where an application is for allotment of securities in response to

- i. a public issue through a prospectus or an offer for sale or
- ii. a rights issue, for a total value of Rs. 50,000/- or more i.e. the total number of securities applied for multiplied by the issue price, is Rs. 50,000/- or more the applicant or in the case of applications in joint names, each of the applicants, should mention his/her permanent account number allotted under the Income-Tax Act, 1961 or where the same has not been allotted, the GIR number and the Income-Tax Circle/Ward/District. In case where neither the permanent account number nor the GIR number has been allotted, the fact of non-allotment should be mentioned in the application forms. Application forms without this information will be considered incomplete and will be liable to be rejected.

#### **JOINT APPLICATION**

An application may be made in single or joint names (not more than three). In case of a joint application, refund/pay orders (if any), dividend warrants, etc. will be made out in favour of, and all communications will be addressed to the applicant whose name appears first and will be dispatched to the First Applicant's address stated in the Application Form.

#### **APPLICATION UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES**

In the case of applications signed by Constituted Attorney or by Limited Companies or Corporate Bodies, a copy of the relevant Power of Attorney or the relevant authority to make the application duly certified, must be attached to the Application Form or lodged separately at the office of Registrars to the Issue quoting the serial number simultaneously with the submission of the application, failing which the application is liable to be rejected.

#### **MULTIPLE APPLICATIONS**

An applicant should submit only one application (and not more than one) for the total number of Equity shares required. Two or more

applications in single and/or joint names will be deemed to be multiple applications, if the sole and/or the first Applicant is one and the same. The Board of Directors reserves the right to reject in its absolute discretion all or any multiple application(s). In case of firm allotments made, no further application from that person(s)/institutions(s) shall be entertained and in case of reservations to specified category(ies), no further application from that category(ies)/persons shall be entertained.

A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided that the applications made by the Asset Management Company (S)/Trustees/the Custodian clearly indicate their intention as to each scheme concerned for which applications has been made.

#### DISPOSAL OF APPLICATIONS AND APPLICATION MONEY

The Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case, without assigning any reason thereof. In case an Application is rejected in full, the whole of the application money received will be refunded and where an Application is rejected in part, the balance will be adjusted against the allotment money payable, and the balance if any of application money will be refunded to the applicant within 10 weeks from the date of closing of the Subscription List.

Allotment advice or Letter of Regret together with Refund Orders, if any, will be dispatched by registered post to both the allottees and non-allottees (under Certificate of Posting in the case of Refund Orders for amounts not exceeding Rs.1500/-) within 10 weeks of closure of the Subscription List for which funds will be made available to the Registrars to the Issue by the Company. In case of any delay in sending the Refund Orders by more than eight days beyond 10 weeks from the date closing of the Subscription List, interest will be paid at the rate prescribed under Section 73 of the Act to such applicants.

#### DISPOSAL OF APPLICATION MADE BY STOCKINVEST

1. In case of partial/full allotment, stockinvest will be sent to the issuing branch through the controlling branch of the Stockinvest issuing bank after collection .
2. In case of non-allottees/partially successful allottees with more than one stockinvest, the cancelled Stockinvests shall be returned to the applicants along with the relative advice. Stockinvest should bear stamps such as "CANCELLED" and "NOT ALLOTTED" across the face of the instrument.
3. In case of full or partial allotment, the right hand portion of the Stockinvest shall be filled in for the amount payable on the shares/debentures, etc., allotted and the Stockinvests shall be discharged on behalf of the issuer company for collection of proceeds.
4. (i) Investors may please note that in case of partial or non-allotment lien shall be lifted in the following manner -
  - a) In case of non-allotment on presentation by the applicant to the issuing bank branch of the stockinvest duly cancelled by the Registrar.
  - b) In case of partial allotment ( for the unutilised amount), on receipt of advice from the controlling branch of the issuing bank as to the amount collected or surrender of unutilised cancelled Stockinvests received by the investors directly from the Registrar.
- (ii) In case the cancelled/ partially Utilised Stockinvests is not received by an investor from the Registrar, lien will be lifted by the issuing branch on expiry of four months from the date of issue against an indemnity bond from the investor.
5. Multiple applications under a single Stockinvest will be rejected as each application is required to be accompanied by a separate instrument.
6. Enquiries relating to STOCKINVEST may be addressed only to the Registrars and not to the issuing bank.

REGISTRAR TO THE ISSUE HAVE BEEN AUTHORISED BY THE COMPANY (THROUGH RESOLUTION PASSED BY THE BOARD ON 4TH JANUARY, 1996 TO SIGN ON BEHALF OF THE COMPANY TO REALISE THE PROCEEDS OF THE STOCK INVEST FROM THE ISSUING BANKER TO AFFIX NON-ALLOTMENT ADVISE ON THE INSTRUMENT, OR CANCEL THE STOCKINVESTS OF NON-ALLOTTEES OR PARTIALLY SUCCESSFUL ALLOTTEES WHO

HAVE ENCLOSED MORE THAN ONE STOCK INVEST. SUCH CANCELLED STOCK INVESTS SHALL BE SENT BACK BY THE REGISTRAR DIRECTLY TO THE APPLICANTS.

#### TAX BENEFITS

The Directors of the Company have been advised by their Auditors Chandabhoj & Jassoobhoj, Chartered Accountants vide Report dated 6th December, 1995 that under the current provisions of the Income Tax Act, 1961, Wealth Tax Act, Gift Tax Act and the other applicable direct tax laws for the time being in force, the following tax benefits and deductions will, inter-alia, be available.

#### UNDER INCOME TAX ACT, 1961

##### A. TO THE COMPANY

1. After the public issue of equity shares in terms of this prospectus and the said shares, listed on stock exchanges, the company will, become a Company in which the Public are substantially interested as defined in section 2 (1B) (b) (A) of the Income Tax Act. However, there would not be any distinction in the rate of Income Tax between widely held or closely held domestic companies on and from assessment year 1995-96 as provided in the Finance bill, 1994 as uniform rate of tax of 40% would then apply in both the cases.
2. In accordance with and subject to the conditions as specified in section 80HHD of the Income Tax Act, 1961 the company would be entitled to deductions to the extent of profits derived from earnings in convertible foreign exchange.
3. The company will be entitled under section 35D of the Income Tax Act to amortise certain specified preliminary expenses (including expenditure incurred for the issue of shares) over a period of 10 successive years beginning with the previous year in which the company commences its business, subject to the stipulated limits.
4. The Company will be entitled to deduction under section 80M of the Income Tax Act, 1961 to the extent of so much of its income received by way of dividend from other domestic companies (excluding dividend received from UTI) as does not exceed the amount of dividend distributed by the company on or before the due date of filing the return of income. In respect of dividend received from UTI the amount of deduction allowable shall be limited to two-fifth of such dividend upto A.Y. 1995-96. No such deduction in respect of dividend income from units of UTI or any other subsequent previous year shall be available.
5. In accordance with and subject to the provisions of section 112 of Income Tax Act, 1961 long term capital gain to the Company will be subject to tax at 30% only instead of normal rate of tax applicable to the Company.
6. Under section 48 of Income Tax Act, 1961 the long term capital gain arising to the Company on the sale of capital assets will be computed after adjusting inflation index on the cost of acquisition/improvement.
7. The Company will be entitled to get depreciation at higher rate, for buildings and furniture & fittings used for the purposes of its business of hotels.

##### B. TO MEMBERS

###### (i) RESIDENT MEMBERS

Individuals, Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individuals (BOI).

A member being individual, HUF, AOP, BOI of specified Categories, will be entitled to deduction under section 80L of the Income Tax Act, 1961 from the gross total income, of an amount upto a maximum of Rs.13,000/- in aggregate per year, in respect of dividends received from the company together with any income of the nature specified in the said section.

2. Members, being individual resident of India, will be entitled to receive dividend without deduction of Income Tax at source provided.

- (a) the amount of such dividend distributed or paid during a financial year does not exceed Rs.2,500/- or
- (b) the member furnishes to the company a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner within prescribed time to the effect that his total income will be less than the minimum liable to Income Tax.

- (c) the member avails of the facility of no tax deduction/tax being deducted at a lower rate, by furnishing certificate obtained from the Assessing Officer under Section 197 of the Income Tax Act, 1961.
3. If the company's shares are sold by a member after being held for a period of not less than twelve months, the gain if any, arising thereof, would be considered as a long term capital gain, and would be subject to tax at the following rates as per provisions of section 112 of the Income Tax Act, 1961.

The long term capital gain arising out of sale of shares by the resident shareholders will be computed after indexing the cost of acquisition/improvement as provided in section 48 of the Income Tax Act, 1961.

### (III) TO THE MUTUAL FUNDS

- Any income of Mutual Funds set up by public sector Banks or public financial institutions or Authorised by the Securities and Exchange Board of India or Reserve Bank of India will be exempt from Income Tax from their income from Investment in shares of the Company subject to the provisions of section 10(23D) of the Income Tax Act, 1961.
- Under section 196 of the Income Tax Act, The Mutual Fund specified under section 10 (23D) of Income Tax Act, will be entitled to receive dividend without deduction of tax at source.

### (IV) TO THE NON RESIDENT MEMBERS

- Non Resident Indian has an option to be governed by the provisions of chapter XII A of the Income Tax 1961 according to which :
  - Under section 115E of the Income Tax Act, 1961, the Investment income as defined in section 115 C(c) including dividend on shares of the company acquired out of convertible foreign exchange and long term capital gain as defined in section 115 C (d) shall be taxed at the rate of 20% subject to other provisions of the Act.
  - Any long term capital gain arising from the transfer of shares shall be exempted from Income Tax entirely/proportionately under section 115F of the Income Tax Act, 1961, provided that they are acquired out of convertible foreign exchange and amount of net consideration is invested wholly or in part in any of the specified assets within a period of six months after the date of transfer of assets, subject to other provision of section.
  - Under section 115 G of the Income Tax Act, 1961 a Non Resident Indian is not obliged to file a return of Income u/s 139 (1) where his total income consists only of investment income and/or income from long term capital gain and tax deductible at source has been deducted from such income.
  - Under section 115H of the Income Tax Act, 1961 where a shareholder who is a Non Resident Individual, in any previous year becomes assessable as resident in India in respect of Income from share of any subsequent year shall be chargeable to the tax according to the provisions of chapter XIIA of the Act, in relation to such income for that assessment year and for every subsequent year until the transfer or conversions (otherwise than by transfer) into money of such assets.
  - Under section 115 (1) of the Income Tax Act, 1961 a Non Resident Indian may elect not to be governed by the special provisions of Chapter XIIA for any assessment year and if he does so, his total income for that assessment year shall be computed and taxed in accordance with the other provisions of the Income Tax Act.
- Under section 48 of the Income Tax Act, 1961 in computing capital gains arising from transfer of shares of an Indian Company as also from every reinvestment thereafter in the sale of shares of an Indian Company shall be computed by calculating the cost price as well as sale price in the same foreign, currency in which the investment was initially made and Capital gain so computed will be reconverible in Indian Currency for Taxation purpose. However the benefit of indexing cost of acquisition/improvement will not be available.

### (V) TO OVERSEAS CORPORATE BODIES

Under Section 115A of the Income Tax Act, 1961 Income Tax would be levied at 20% on dividend income of Overseas Bodies Corporate.

Under Section 112 of the Income Tax Act, 1961 Income Tax at 20% would be levied on long term Capital gains of overseas corporate bodies.

### UNDER WEALTH TAX ACT, 1957

#### A. To Company

The Company will be liable to pay wealth tax at the rate of 1% in respect of non-productive assets, held by the company subject to basic exemption of Rs.15 lacs.

#### B. To Members

##### I) TO RESIDENT MEMBERS

The finance Act, 1992 has excluded shares within the meaning of the word "Assets" u/s 2 (e) (a) of the Wealth Tax Act, 1957. As a result shares subscribed in the company will not be liable to Wealth Tax.

- Individuals or HUF, being resident in India 20%
- The long term capital gain arising out of sale of shares by the resident shareholders will be computed after indexing the cost of acquisition/improvement as provided in section 48 of the Income Tax Act, 1961.

##### (II) DOMESTIC COMPANY

- Under section 80M of the Income Tax Act, 1961 where the gross total income of the members domestic company includes any income by way of dividends from other domestic company. They shall be allowed a deduction of an amount equal to :
  - In the case of scheduled bank or a public financial institution or a State Financial Corporation or a State Industrial Investment Corporation or a Company registered under Section 25 of the Companies Act, 60% of the Income by way of dividends from domestic Company.
  - Other domestic company will be entitled to deduction to the extent of so much of its income received by way of dividend of other domestic companies (excluding dividend received from UTI) as does not exceed the amount of dividend distributed by the company on or before the due date of filing the return of income. In respect of dividend received from UTI the amount of deduction allowed shall be limited to two-fifth of such dividend, upto A.Y. 1995-96. No such deduction in respect of dividend income from units in any other subsequent previous year shall be allowed.
- If the company's shares are sold by a member after being held for a period of not less than twelve months, the gain if any, arising thereof, would be considered as a long term capital gains, and would be subject to tax at the following rates as per provisions of section 112 of the Income Tax Act, 1961.

#### Rate of Income Tax

a) Venture Capital	20%
b) Others	30%

#### II) TO NON RESIDENT MEMBERS

Wealth tax shall not be payable in respect of shares held by an assessee being citizen of India or a person of Indian origin who is not a resident in India under section 5 (i) (xvic) and section 5 (i) (xxxiii) of the Wealth tax Act, 1957 as the same has been omitted from the definition of taxable assets for Wealth tax purpose.

#### GIFT TAX

##### A) TO NON RESIDENT MEMBERS

A member of the company being a citizen of India or a person of Indian origin who is not resident in India will be entitled to exemption under section 5(i) (ii) of the Gift Tax Act, 1958, in respect of gifts made to any of his/her relatives in India in the form of shares of the company if such shares have been acquired by him/her out of the convertible foreign exchange.

### IV PARTICULARS OF THE ISSUE

#### OBJECTS OF THE ISSUE

- To part finance the project for setting up an "Heritage Hotel" with 60 rooms and 5 star facilities at Bhopal.
- To provide margin money for working capital.
- To meet the Issue expenses, and
- To list the Equity Shares of the Company on recognised Stock Exchanges.

## PROJECT DETAILS

Lakeland Hotels Limited proposes to set up a "Heritage Hotel" with 60 rooms and 5 star facilities at Kothi Noor-U-Sabah Complex, Kohe-Fiza, Ahmedabad Palace Road, Bhopal.

The Company has already acquired the Heritage Building along with vacant land known as "Noor-U-Sabah Building" consisting of "Squash Court" servant quarters, garages, pump house, reservoirs etc. covering an area of about 6 acres, situated at Kohe-fiza, Ahmedabad Palace Road, Bhopal.

This property has been acquired on a sub-lease for 30 years from M/s. Noor-U-Sabah Hotels & Properties Pvt. Ltd., who had acquired the entire property known as Kothi Noor-U-Sabah Complex covering an area of 9.64 acres from Her Highness Begum Mehar Taj Sajida Sultan, daughter of His Highness Late Nawab Hameed Ullah Khan, Rulers of erstwhile state of Bhopal.

The property is thus a "Heritage Property" and has been classified so by the Department of Tourism, Government of India, as a Heritage Hotel Project vide letter No.5.TH.I(22)/93 dated 20.09.1993.

The hotel shall have a breathtaking view of the lake and the hills around it, and the entire structure would give an ambience of a castle with beautiful landscaping and fountain effects.

The proposed project will have Standard and Deluxe Rooms. The size of the Deluxe rooms would be befitting a palace. All the guest rooms will have an excellent view of either the internal court which will have a water cascade and fountain or the lake and the hills around it. The project would offer a variety of facilities befitting a 5 Star Resort such as choice speciality Restaurants, Conference/Banquet rooms, Health Club, Swimming Pool, Shopping Centre and a sports complex which would include Tennis Court, Squash Courts, Jogging Track etc.

## PROJECT COST AND MEANS OF FINANCE

The total cost of project has been estimated at Rs. 1310.11 lacs which is detailed as below :

	(Rs. in lacs)
Land & Building	200.00
Site Development	55.28
Civil Works	365.00
Plant and Machinery	
a) Airconditioning	130.00
b) Electricals/D.G. Set	84.00
c) Fire Detection & other Systems	15.00
d) Health Club & Swimming Pool	8.00
e) Laundry Equipment	3.00
f) Kitchen Equipment	20.00
g) Effluent Treatment Plant	10.00
h) Elevators	12.00
	282.00
Miscellaneous Fixed Assets	
a) Interiors	175.00
b) Operating Supplies	43.00
c) Office Equipment	8.00
d) Vehicles	10.00
	236.00
Preliminary & Pre-operative Expenses	125.00
Contingencies	31.83
Margin money for Working Capital	15.00
	1310.11

## MEANS OF FINANCE

	(Rs. in lacs)
<b>Equity Capital</b>	
Promoter	450.00
Public	650.00
<b>Lease Finance</b>	210.11
<b>TOTAL</b>	1310.11

## LEASE FINANCE

The Company has obtained sanction letter for lease finance of Rs.210.11 Lacs from Keynote Corporate Services Limited, Bombay

vide letter no.LAKE\LEA\224\VAN\96 dated 26th February, 1996. The terms and conditions of the lease sanction are as under :

1. Amount sanctioned : Rs.210.11 lacs
2. Details of Plant & Machinery : a) Air Conditioners Rs.130.00 lacs  
b) Electrical items etc. Rs. 84.00 lacs
3. Tenure of Lease : 5 Years
4. Lease rentals : 25% depreciable items Rs.28/- PTPM payable quarterly in advance.  
100% depreciable items Rs.25/- PTPM payable quarterly in advance.
5. Lease Management fees : 1 percent of the amount financed
6. Sales Tax : As applicable in the state where the equipment is to be installed.
7. Other terms and conditions :
  - \* Post dated cheques to be issued towards payment of lease rentals.
  - \* Personal Guarantee of the two Directors of the Company.
  - \* Collateral security to the satisfaction of the Board.
8. Due to delay in schedule of implementation, Keynote Corporate Services Ltd. vide their letter no. LAKE/LEA2/224/VAN/96 dated 1st August, 1996 has extended their consent for availing lease finance before March, 1997, all other terms and conditions remaining same.

## WORKING CAPITAL REQUIREMENTS

Margin Money requirement for working capital has been estimated on the basis of first year operations. The detailed estimates of Working Capital requirements & computation is as follows:

### i) COMPUTATION OF TOTAL AMOUNT

Particulars	No. of months	Amount (Rs. in lacs)
a) Raw Material	0.50	5.42
b) Consumables	0.00	0.00
c) Coal	0.00	0.00
d) Fuel	0.00	0.00
e) Power	1.00	2.92
f) Wages/Salary	1.00	2.94
g) Upkeep & Services	1.00	2.67
h) Factory Overheads	0.00	0.00
i) Finished Goods	0.00	0.00
j) Work in Process	0.00	0.00
k) Debtors	0.50	20.88
l) Expenses	0.00	0.24
<b>Total</b>		<b>35.07</b>

### ii) COMPUTATION OF WORKING CAPITAL FINANCE

Particulars	Margin Percent	Amount (Rs. in lacs)
a) Raw Material	75.00%	4.07
b) Consumables	0.00%	0.00
c) Coal	0.00%	0.00
d) Fuel	0.00%	0.00
e) Power	0.00%	0.00
f) Wages/Salary	0.00%	0.00
g) Repair and Maintenance	0.00%	0.00
h) Factory Overheads	0.00%	0.00
i) Finished Goods	0.00%	0.00
j) Work in Process	0.00%	0.00
k) Debtors	75.00%	15.66
l) Expenses	0.00%	0.00
<b>Total</b>		<b>19.73</b>

### iii) COMPUTATION OF MARGIN MONEY

Particulars	Margin Percent	Amount (Rs. in Lacs)
	25.00%	1.35
a) Raw Material	100.00%	0.00
b) Consumables	100.00%	0.00
c) Coal	100.00%	0.00
d) Fuel	100.00%	2.92
e) Power	100.00%	2.94
f) Wages/Salary	100.00%	2.67
g) Upkeep & Services	100.00%	0.00
h) Factory Overheads	100.00%	0.00
i) Finished Goods	100.00%	0.00
j) Work in Process	25.00%	5.22
k) Debtors	100.00%	0.24
l) Expenses	100.00%	15.34
<b>Total</b>		

Say Rs. 15 lacs.

On the above basis the working capital requirement is estimated at Rs.35.07 lacs requiring a margin of Rs.15 lacs.

### COMPANY MANAGEMENT & PROJECT HISTORY, MAIN OBJECTS & PRESENT BUSINESS OF THE COMPANY

Lakeland Hotels Limited was incorporated as a Private Limited Company under Companies Act, 1956 vide registration No.10-07295 on 1st September, 1992. The Company was converted into a public limited company on 18th November, 1995. The Company has its registered office at "Reliable House", A-6, Kohe-Fiza, Indore Road, Bhopal-462001 Madhya Pradesh (India).

The Company has been promoted by Shri Sikandar Hafiz Khan and Shri Mohammed Hafiz Khan of the "Reliable Group" of Bhopal.

The Company is setting up a "Heritage Hotel" with 60 rooms and 5 star facilities at Kothi Noor-Us-Sabah Complex, Kohe Fiza, Ahmedabad Palace Road, Bhopal.

### FINANCIAL HIGHLIGHTS OF THE COMPANY

As per the auditors of the Company M/s. Chandabhoj & Jassoobhoj, Chartered Accountants, the project is still under implementation stage and the Company has not started any commercial activity.

Hence no profit and loss account has been prepared.

However statement of Assets & Liabilities as on 31.03.96 and 30.06.96 as per Auditors Report are as follows:

Particulars	Rs. in lacs	
	As at 31.03.96	As at 30.06.96
<b>FIXED ASSETS (At Cost)</b>		
Gross Block	Nil	Nil
Less: Depreciation	—	—
<b>Net Block</b>	Nil	Nil
Capital work in progress (including incidental expenditure during construction period)	170.17	203.63
<b>INVESTMENTS</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>		
Cash & Bank balances	1.36	3.43
Loans & Advances	226.23	226.30
	227.59	229.73
<b>Less : CURRENT LIABILITIES AND PROVISIONS:</b>		
Current Liabilities	27.91	36.25
Provisions	—	—
<b>NET CURRENT ASSETS</b>	199.68	193.48
<b>TOTAL ASSETS</b>	369.85	397.11
<b>Less : Borrowings</b>		
Unsecured loans	38.33	65.59
<b>NET ASSETS</b>	331.52	331.52

### NET ASSETS REPRESENTED BY SHARE CAPITAL:

Issued, Subscribed and Paid up	337.17	337.17
<b>RESERVES &amp; SURPLUS</b>	Nil	Nil
	337.17	337.17
Less : Misc. expenditure (to the extent not written off)	5.65	5.65
<b>TOTAL</b>	<b>331.52</b>	<b>331.52</b>

### Notes

- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.245.00 lacs as on 30.06.96. (As on 31st March, 1996 Rs. 285.00 lacs net of advance)
- The Company was incorporated in 1st day of September, 1992 and has closed its books of account for the first time on 31st March, 1993.
- The Company in its Extra-Ordinary general meeting held on 18th November, 1995, has increased its authorised share capital and subdivided and nominal value of share from Rs.25.00 lacs comprised 250000 Equity Shares from Rs.100/- each to Rs.12.00 crores comprising 1,20,00,000 Equity Shares of Rs.10/- each. The Company has also in the aforesaid meeting converted itself to a public limited company from a private company by deleting from its Articles of Association Clause (iii) of Subsection (1) of Section 3 of the Companies Act, 1956.
- Since the project is under implementation and commercial operations are yet to be commence, profit and loss account has not been prepared.
- In the opinion of the Board of Directors of the Company the current assets, loans and advances have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet for the current period. Provisions has been made for all known liabilities.
- Out of the unsecured loans amounting to Rs.65.59 lacs, Rs. 51.09 lacs are due to Companies/Firms under the same management and/or Companies/Firms in which directors are interested either as shareholders and/or directors or partners. Rs.14.50 lacs has been received from NRI Director as an interest free deposit. Applications to relevant authorities for approval of the same have been made and approval is awaited.
- Current Liabilities and Current Assets includes Rs. 3,61,911 and Rs.2,09,925 respectively as on 30.06.1996 due to / from Companies under the same management (as on 31.03.96, Rs.3,07,545 and Rs.1,44,925 respectively).

### Dividends

The Company has not paid any dividend since incorporation.

### Details of Unsecured Loans from Director and Group Companies as on 30th June, 1996

(1) Unsecured Loan Received	Amount outstanding (Rupees)
(a) Noor Us Sabah Hotel (P) Ltd.	1,05,150.00
(b) Rehbar Holding & Finance	23,45,739.59
(c) Reliable Carrier's (P) Ltd.	21,90,079.30
(d) Bombay Stores (P) Ltd.	4,37,000.00
(e) Reliable Overseas	30,537.00
(f) Mr. Kaleem Ullah Khan	14,50,000.00
<b>TOTAL</b>	<b>65,58,505.89</b>

### THE MAIN OBJECTS OF THE COMPANY :

The main objects to be pursued by the Company upon its incorporation are :

- To acquire, construct, build, erect, reconstruct, renovate, rebuild, run operate, manage, lease, maintain hotels, restaurants, motels, bars, clubs, guest houses, Canteens, holiday resort beach, resorts, cafeterias, inns, lodges, and to run, operate, let on hire, manage various services like shopping centre, health club, beauty parlour, travels, swimming pool, sports and other services which could be carried on in hotels, resorts and motels.
- To purchase, sell, import, export, manufacture, process, provide and deal in raw materials, edibles, equipments, consumables and

supplied used and required in hotels, restaurants, food houses and to provide consultancy services to hotel and tourism industry.

The main object clause of the Memorandum of association of the Company enables the Company to undertake the activities for which the funds are being raised for the present issue and also the activities which the company has been carrying on till date.

#### PROMOTERS & THEIR BACKGROUND

The Promoters of the Company are Mr. Sikandar Hafiz Khan, Mr. Mohammed Hafiz Khan and their Companies known as "Reliable Group" which is one of the well known industrial groups of Bhopal.

The group was established in 1973 by Mr. Sikandar Hafiz Khan and started its activities by opening Bombay Stores Private Limited which deals in agencies of reputed companies like ITC, ITC Agrotech, Dhuseri Tea & Industry Limited, etc. Subsequently the group diversified into various business like Transport, Cigarette manufacturing, food processing, trading and export, etc.

Mr. Sikandar Hafiz Khan aged 47 years has a 22 years experience in various industries. He is associated with the following Companies/firms.

- 1) Reliable Cigarette & Tobacco Industries Pvt. Ltd.
- 2) Reliable Food Industries Pvt.Ltd.

- 3) Reliable Carriers Pvt.Ltd.
- 4) Rehbar Holdings & Finance Pvt. Ltd.
- 5) Western Tobacco Pvt. Ltd.
- 6) Shalimar Tours & Travels Pvt. Ltd.
- 7) Delmon Investments & Finance Pvt. Ltd.
- 8) Partner in Reliable Overseas

He is Chairman cum Managing Director of the Company and is an Income Tax as well as Wealth Tax assessee.

Mr. Mohammed Hafiz Khan, brother of Mr. Sikandar Hafiz Khan, aged 43 years has a 17 years of experience in various industries. He is associated with the following companies :

- 1) Reliable Food Industries Pvt.Ltd.
- 2) Reliable Carriers Pvt. Ltd.
- 3) Bombay Stores Pvt.Ltd.
- 4) Mach-farm Investments Finance Pvt. Ltd.
- 5) Partner in Reliable Overseas

He is the Managing Director of Reliable Carriers Pvt. Ltd. and looks after day to day affairs of the Company.

#### BOARD OF DIRECTORS

Name, Address, and Description	Qualification	Age	Other Directorship(s)
<b>Mr. Sikandar Hafiz Khan</b> <b>Chairman cum Managing Director</b> (S/o Mr. Hafiz Ullah Khan) "Sahil" 1-A, Ahmedabad Palace Road, Bhopal. <b>Industrialist</b>	B.Com.	47	Reliable Cigarette & Tobacco Industries Pvt. Ltd. Reliable Carriers Pvt. Ltd. Western Tobacco Pvt. Ltd. Reliable Food Inds. Pvt. Ltd. Rehbar Holdings & Finance Pvt. Ltd. Delmon Investments & Finance Pvt. Ltd. Shalimar Tours & Travels Pvt.Ltd.
<b>Mr. Mohammed Hafiz Khan</b> <b>Director</b> (S/o Mr. Hafiz Ullah Khan) 4, Karbala Road, Opp. Junagadh House, Bhopal. <b>Industrialist</b>	Short term course from National Dairy Research Institute, Bangalore.	43	Reliable Carriers Pvt. Ltd. Reliable Food Inds. Pvt. Ltd. Bombay Stores Pvt. Ltd. Mach-farm Investments & Finance Pvt. Ltd.
<b>Mr. Mohammed Mansur</b> <b>Ali Khan Pataudi</b> <b>Director</b> (S/o Nawab Iftikhar Ali Khan Pataudi) 1, K, Kamraj Road, New Delhi. <b>Professional</b>	Graduate from Oxford University	55	Abaskar Construction Ltd. Dolphin Fisheries & Trading Pvt. Ltd. Innovative Flowers Ltd. SWIL Ltd. Intel Travels Pvt. Ltd.
<b>Mr. Kaleem Ullah Khan, (NRI)</b> <b>Director</b> (S/o Mr. Sikandar Hafiz Khan) Office No.602, Al Maidan Towers P.O. Box 55312 Dubai, U.A.E. <b>Industrialist</b>	Graduate	25	Reliable Overseas Pvt. Ltd. Fairfield Investments & Finance Pvt. Ltd.
<b>Mr. S. Shankar Narayanan</b> <b>Director</b> (S/o Mr. C. Sundaram) A-16, Kohe-Fiza, Bhopal. <b>Professional</b>	B.Sc. CAIIB	43	Reliable Overseas Pvt. Ltd.

THERE ARE NO PENDING DISPUTES/LITIGATIONS, DEFAULTS TO FINANCIAL INSTITUTIONS/ BANK, NON-PAYMENT OF STATUTORY DUES, PROCEEDINGS INITIATED FOR ECONOMIC OFFENSES (INCLUDING THE PAST CASES) AGAINST THE INDIVIDUAL PROMOTER, DIRECTORS, PROMOTERS' COMPANIES AND OTHER VENTURES AND OTHER PROMOTERS WHICH ARE LIKELY TO AFFECT THE PROSPECTS AND OPERATIONS OF THE COMPANY OTHER THAN THOSE MENTIONED IN THE OFFER DOCUMENT.

#### MANAGEMENT

The Company has appointed Mr. Shekhar C. Pradhan, as Vice President cum General Manager for the project. Mr. Shekhar C. Pradhan is a qualified professional in Hotel Management from the Hotel Management of Catering Technology, Bombay and has over 16 years of experience in the Hotel Industry. He will supervise the construction and renovation of the Hotel and thereafter running the same under direct supervision of the Board of Directors who have wide experience in the fields of transport, food processing, trading, export, manufacturing etc.

The Company has also applied to the Select Hotels & Resorts International for management support services and advise for the hotel vide their letter dated 7th September, 1995. The enlisting of the Company as a member of the Select Hotels will give the Company a unique recognition in the Indian Hotel Industry and Travel Trade.

#### GROUP/ASSOCIATE COMPANIES MANDIDEEP ENGINEERING & PACKAGING INDUSTRIES PVT. LTD.

M/s. Mandideep Engineering & Packaging Industries Pvt.Ltd. was incorporated on 4th April, 1986. The Company is engaged in manufacturing, reconditioning, over-hauling, rebuilding of all types of machines with specialisation in Cigarette, Tobacco and Packaging machines, with technical guidance from International Tobacco Machinery, B-V, Holland.

The financial performance for the last 3 years of the company is as under :-

	1992-93	1993-94	1994-95	Rs.in lacs 1995-96 Provisional
Share Capital	50.00	50.00	50.00	50.00
Reserves & Surplus	129.51	129.82	121.56	116.05
Total Income	724.42	351.32	31.70	8.39
Expenditure	711.44	350.00	39.97	30.90
Profit Before Tax/(Loss)	12.98	1.31	(8.27)	(22.51)
Profit After Tax/(Loss)	1.48	0.31	(8.27)	(22.51)
EPS (Rs.)	0.30	0.06	—	—
Book Value (Rs.)	35.90	35.97	34.31	33.21

The Company has Income Tax liabilities to the extent of Rs.13.39 lacs till the year ended 1993-94.

#### RELIABLE CIGARETTE & TOBACCO INDUSTRIES PVT.LTD.

M/s. Reliable Cigarette & Tobacco Industries Pvt.Ltd. was incorporated on 20th October, 1984. The Plant is equipped with most modern machinery and manufactures 3600 million filter and non filter branded cigarettes per annum. The Company's plant is located at Mandideep Industrial Area near Bhopal.

The Financial performance of the company is as under :-

	1992-93	1993-94	1994-95	Rs.in lacs 1995-96 Provisional
Share Capital	42.15	42.15	42.15	42.15
Reserves & Surplus	90.55	93.16	100.45	106.75
Total Income	168.10	6913.96	11745.42	14556.70
Expenditure	149.35	6907.85	11729.53	14544.39
Profit Before tax	18.75	6.10	15.89	12.31
Profit After tax	11.99	2.60	7.29	7.57
EPS	2.85	0.61	1.73	1.79
Book Value	31.48	32.10	33.83	35.28

The Company has been engaged in manufacturing of cigarette on job

work basis for I.T.C. Limited. I.T.C. has excise litigation on behalf of I.T.C. by virtue of being a job-worker, the Company has received a notice for Rs.2660 lacs as Excise Duty and Rs. 82.00 lacs as Penalty. As per the agreement clause no. 11B with I.T.C. Limited, the liability is of I.T.C., and they are directly dealing with the case on behalf of the Company. The appeal and application for stay filed before Customs, Excise & Good (Control) Appellate Tribunal, New Delhi (CEGAT) came up for preliminary hearing on 25.03.96 before Bench 'A' and on grounds that RCTI is only a job worker, not directly involved in valuation of goods and sales thereof, which activity is by M/s. ITC Ltd., the CEGAT, a) admitted the appeal by the company for hearing b) ordered for stay of the demand raised and (c) ordered to waive the requirements of pre-deposit to take up the appeal. The matter now subjudiced, is pending for hearings and final decision by the Appellate Tribunal.

#### RELIABLE CARRIERS PVT.LTD.

M/s. Reliable Carriers Pvt.Ltd. was incorporated on 27th November, 1978. The Company provides transport services and has a fleet of the container trucks for this purpose, servicing various parts of the country. The financial performance of the company is as under :-

	1992-93	1993-94	1994-95	Rs.in lacs 1995-96 Provisional
Share Capital	15.86	15.86	15.86	15.86
Reserves & Surplus	21.50	21.66	31.38	40.38
Total Income	435.34	498.97	641.67	671.60
Expenditure	424.88	490.86	620.45	646.60
Profit Before tax	10.46	8.11	21.22	25.00
Profit After tax/(Loss)	(4.04)	0.15	9.72	9.00
EPS	—	0.95	61.29	56.25
Book Value	235.56	236.57	297.86	351.50

Note : The issued and subscribed capital consists of 15,860 equity shares of Rs.100/- each.

The Company has Income Tax liabilities to the extent of Rs.22.10 lacs till the year ended 1994-95.

#### RELIABLE OVERSEAS PVT.LTD.

M/s. Reliable Overseas Pvt.Ltd. was incorporated on 23rd March, 1988. This is an export based organization exporting Animal feed, fodder, Soyabean, Cashew Nuts, Spices, Rice, Dry fruits and Plants, Juice, Pulp, Frozen processed foods and Tobacco Products. The Financial performance of the Company is as under:-

	1992-93	1993-94	1994-95	Rs.in lacs 1995-96 Provisional
Share Capital	70.58	70.58	70.58	70.58
Reserves & Surplus	26.03	26.11	26.72	37.41
Total Income	16.15	29.75	2632.43	35.58
Expenditure	15.92	29.68	2631.46	24.89
Profit Before tax	0.23	0.07	0.97	10.69
Profit After tax	0.23	0.07	0.60	10.32
EPS	0.03	0.01	0.09	1.46
Book Value	13.69	13.70	13.80	15.30

Note: The issued, subscribed & paid up capital consists of 2,55,850 equity shares of Rs.10/- each and 45,000 10% non-accumulative redeemable preference shares of Rs.100/- each.

#### RELIABLE OVERSEAS

Reliable Overseas, a partnership concern is involved in export activities. The Company has received the Certificate of Excellence from Madhya Pradesh Importers & Exporters Association, Indore for the year 1994 vide their certificate dated 26/10/95. The Company has following financial results:

	1993-94	1994-95	Rs. in lacs 1995-96 Provisional
Share Capital	2.15	3.28	4.85
Sales	12.70	2680.49	949.63
Profit	0.87	0.73	45.23

**BOMBAY STORES PVT.LTD.**

M/s. Bombay Stores Pvt. Ltd was incorporated on 24th March, 1988. The main activity of the Company is trading. The company has agencies of reputed companies like ITC, ITC Agrotech, Dhunseri Tea & Industry Ltd. etc. It is the oldest trading company of the group. It look after the marketing of ITC products and has the largest hawker network in the country. The company is also a distributor of Cigarettes, edible oil, match boxes etc for the Bhopal region. The financial performance of the company is as under:-

	Rs.in lacs			
	1992-93	1993-94	1994-95	1995-96 Provisional
Share Capital	5.44	5.44	5.44	5.44
Total Income	1185.34	1151.76	1184.32	1474.78
Reserves & Surplus	8.39	21.74	24.06	26.64
Expenditure	1180.61	1147.24	1180.15	1470.02
Profit Before Tax	4.73	4.52	4.17	4.75
Profit After Tax	1.73	1.21	1.88	2.59
EPS	3.18	2.22	3.46	4.80
Book Value	25.42	49.96	54.23	59.41

**RELIABLE FOOD INDUSTRIES PVT.LTD.**

M/s. Reliable Food Industries Pvt.Ltd. was incorporated on 18th April, 1981. The main activity of the company is manufacturing of Extruded Pellets (Ready to Fry) and Ready to Eat Snacks. It has acquired technical know-how from Heinz Schaaf, West Germany and N.P.Food Ltd., Japan.

The Company ran into financial losses and it approached BIFR for one time settlement with financial institutions/banks. As per the BIFR scheme approved on 26/06/95, the company has been given 9 months time period for making the payment to Financial Institutions and the bank (SBBJ) by 31/03/96. The Company has made part payments and are approaching the BIFR/Institutions/Bank for an extension of a further period of 6 months. Further as per BIFR Boards, the network of the Company is expected to become positive in the year 2000-01. The financial performance of the company for is as under:-

	Rs.in lacs			
	1992-93	1993-94	1994-95	1995-96 Provisional
Share Capital	149.60	149.60	149.60	149.60
Reserves & Surplus	13.35	14.79	14.79	14.79
Total Income	51.86	67.35	102.52	221.65
Expenditure	132.40	136.20	97.32	140.51
Profit Before tax/(Loss)	(80.54)	(68.84)	5.19	81.14
Profit After tax/(Loss)	(80.54)	(68.84)	5.19	81.14
EPS	—	—	34.69	540.93
Book Value	1089.24	1098.86	1098.86	1095.93

**Note :** The issued, subscribed and paid up capital of the company consists of 6503 equity shares of Rs.1000/- each & 8457 10% non-cumulative redeemable preference shares of Rs.1000/- each.

**WESTERN TOBACCO PVT.LTD.**

M/s. Western Tobacco Pvt.Ltd. was incorporated on 30th November, 1992. The main activity of the company is to manufacture Cigarettes. The financial performance of the company is as under:-

	Rs.in lacs			
	1992-93	1993-94	1994-95	1995-96 Provisional
Share Capital	1.61	1.61	54.01	54.01
Reserves & Surplus	-	0.23	12.35	158.80
Total Income	-	17.82	2645.99	711.66
Expenditure	0.23	17.03	2628.37	565.21
Profit Before tax/(Loss)	(0.23)	0.79	17.62	146.45
Profit After tax/(Loss)	(0.23)	0.23	12.12	146.45
EPS	-	1.43	2.24	27.11
Book Value	10.00	11.43	12.29	39.40

**REHBAR HOLDINGS & FINANCE PVT. LTD.**

M/s. Rehbar Holdings & Finance Pvt. Ltd., incorporated on 30th March, 1992 is involved in investment and finance.

	Rs.in lacs			
	1992-93	1993-94	1994-95	1995-96 Provisional
Share Capital	124.14	140.25	140.25	292.42
Reserves & Surplus	0.07	—	—	—
Total Income	0.39	0.74	—	—
Expenditure	0.14	0.98	0.08	0.09
Profit Before Tax/(Loss)	0.25	(0.24)	(0.08)	(0.09)
Profit After Tax/(Loss)	0.15	(0.24)	(0.08)	(0.09)
EPS	0.01	—	—	—
Book Value	10.00	10.00	10.00	10.00

**DELMON INVESTMENTS & FINANCE PVT. LTD.**

M/s. Delmon Investments & Finance Pvt. Ltd., incorporated on 30th March, 1992, is involved in investment and finance. The financial performance of the company is as under:-

	Rs.in lacs			
	1992-93	1993-94	1994-95	1995-96 Provisional
Share Capital	4.49	4.49	4.49	4.49
Reserves & Surplus	0.64	1.37	2.19	1.73
Total Income	1.83	2.10	2.33	0.46
Expenditure	1.19	1.37	1.50	0.92
Profit Before tax	0.64	0.73	0.83	(0.46)
Profit After tax	0.64	0.73	0.83	(0.46)
EPS	1.43	1.63	1.85	—
Book Value	11.43	13.05	14.88	13.82

**RAFFELS INVESTMENTS & FINANCE PVT. LTD.**

M/s. Raffels Investments & Finance Pvt. Ltd., incorporated on 30th March, 1992 is involved in Investment and Finance. The financial performance of the company is as under:-

	Rs.in lacs			
	1992-93	1993-94	1994-95	1995-96 Provisional
Share Capital	1.65	1.65	1.65	1.65
Total Income	—	—	—	—
Expenditure	0.01	0.03	0.02	0.03
Profit Before tax/(Loss)	(0.01)	(0.03)	(0.02)	(0.03)

**FAIRFIELD INVESTMENTS & FINANCE PVT. LTD.**

M/s. Fairfield Investments & Finance Pvt. Ltd., incorporated on 7th May, 1992 and is involved in Investment & Finance. The financial performance of the company is as under:-

	Rs.in lacs			
	1992-93	1993-94	1994-95	1995-96 Provisional
Share Capital	0.19	0.19	0.19	0.23
Total Income	—	—	—	—
Expenditure	0.01	0.03	0.03	0.03
Profit Before tax/(Loss)	(0.01)	(0.03)	(0.03)	(0.03)

**MACH-FARM INVESTMENTS & FINANCE PVT. LTD.**

M/s. Mach-Farm Investments & Finance Pvt. Ltd incorporated on 30th March, 1992 is involved in investment & finance. The financial performance of the company is as under:-

	Rs.in lacs			
	1992-93	1993-94	1994-95	1995-96 Provisional
Share Capital	1.74	1.74	1.74	1.74
Total Income	—	—	—	—
Expenditure	0.01	0.02	0.02	0.02
Profit Before tax/(Loss)	(0.01)	(0.02)	(0.02)	(0.02)

### NOOR-US-SABAH HOTELS & PROPERTIES PRIVATE LIMITED

The Company was incorporated on 9th April, 1987. The main activity of the Company is dealing in Real estate & properties.

The financial performance of the company is as under as

	1992-93	1993-94	1994-95	Rs.in lacs 1995-96 Provisional
Share Capital	3.58	7.16	7.16	8.65
Total Income	1.08	0.72	0.72	0.72
Expenditure	0.91	0.96	0.89	0.90
Profit Before Tax/(Loss)	0.17	(0.24)	(0.17)	(0.18)
Profit After Tax/(Loss)	0.17	(0.24)	(0.17)	(0.18)
EPS	0.49	—	—	—
Book Value	10.00	10.00	10.00	10.00

### SHALIMAR TOURS & TRAVELS PRIVATE LIMITED

The Company was incorporated on 4th August, 1979. The main activity is conducting Tours & Travels.

The financial performance of the Company is as under

	1992-93	1993-94	1994-95	Rs.in lacs 1995-96 Provisional
Share Capital	0.25	0.25	0.25	0.25
Total Income	22.43	7.77	3.88	23.68
Expenditure	22.35	7.73	3.86	23.17
Profit before Tax	0.08	0.04	0.03	0.51
Profit after tax	0.04	0.02	0.01	0.51
EPS	160	80	40	2040
Book Value	1000	1000	1000	1000

**Note :** The issue subscribed & paid up capital consists of 25 equity shares of Rs.1000/- each.

OTHER THAN AS STATED ABOVE THERE ARE NO OTHER VENTURES/ COMPANIES PROMOTED BY THE PROMOTERS/ DIRECTORS OF THE COMPANY IRRESPECTIVE OF THE FACT WHETHER THEY FALL UNDER THE PURVIEW OF SECTION 370 (1B) OF THE COMPANIES ACT, 1956. FURTHER, THERE ARE NO OUTSTANDING LITIGATIONS, DISPUTES, OVERDUES TO BANKS/ FIS BY ANY GROUP/ASSOCIATES COMPANY OTHER THAN THOSE MENTIONED IN THE OFFER DOCUMENT.

THERE ARE NO CONFLICTING INTERESTS AMONGST THE GROUP COMPANIES OTHER THAN THOSE MENTIONED IN THE OFFER DOCUMENT.

### PROJECT

As mentioned earlier, M/s. Lakeland Hotels Ltd. proposes to set up a "Heritage Hotel" with 60 rooms and 5 star facilities at Kothi Noor-US-Sabah Complex, Kohe-Fiza, Ahmedabad Palace Road, Bhopal.

### LAYOUT AND FACILITIES

The proposed project shall be an approved Heritage Category Hotel with facilities befitting a 5 star Hotel.

The concept for the proposed resort would resemble a castle with beautiful landscaping and fountain effect. The landscaping and fountains would enhance the general ambiance of the castle. The hotel shall be approached by way of a private road which connects the main road, known as the VIP Road.

The Proposed facilities would be as follows:

1. Guest Rooms 60 Nos.
2. Coffee shop for 70 persons
3. Speciality Restaurant for 40 persons
4. Bar for 30-40 persons
5. Banquet Hall for 250 persons
6. Conference Room
7. Open Air Party space for about 500-600 persons
8. Open Air Restaurant for 30-40 persons
9. Health Club
10. Swimming pool
11. Tennis Court, Squash Court, Jogging Track

M/s. SEMAC Pvt. Ltd., Bangalore has been retained by the Company as Architect & Engineering Services Consultant for the project.

### LOCATION OF THE PROJECT

Bhopal is a city having Industrial units and township of Bharat Heavy Electricals Ltd. a large Public Sector undertaking. Due to its importance in trade, commerce and industry, the city has the variety of traffic inflows. This has increased in the last two years since the State as well as city has experienced a rapid growth of trade, commerce and industry. The city of Bhopal is well known for its lakes and is also called the cultural capital of the country. Multi-art complex known as "Bharat Bhawan", the famous Stupas of Buddhas located at Sanchi (35 Kms from Bhopal) is an important Buddhist Pilgrimage popular amongst Japanese, Thai and the Burmese, the famous Pachmari Temple (200 kms from Bhopal) and Shivpuri which is famous for its National Park makes Bhopal a tourist attraction.

The project is being set up in Bhopal at Kothi Noor-US-Sabah, Ahmedabad Palace Road. The hotel is located on top of a hill with a panoramic view of the lake and the hills around it. It is 7 Kms from the main Railway Station and 5 Kms from the Bhopal Airport and about 2 Kms from the city centre where the commercial and business activities are located. The Hotel shall be connected by a private road which will join the road running along the lake known as VIP road, which will reduce traffic congestion. A common boundary wall separates the prestigious NRI Colony being developed by Bhopal Development Authority.

The location is suitable for foreign and domestic tourists, businessman and company executives. Raw materials, labour & power are easily available.

### LAND & BUILDING

The Company has already acquired on sub-lease for 30 years, premises known as Kothi Noor-US-Sabah building consisting of "Squash Court" with land and other premises including the surrounding servants quarters, garages, swimming pool, pump house, reservoirs etc. covering an area of about 6 acres, situated at Kohe-fiza, Ahmedabad Palace Road, Bhopal.

The abovementioned land has been acquired on sublease from M/s. Noor-US-Sabah Hotels & Properties Pvt. Ltd. which in turn acquired the land on lease from Her Highness Begum Mehar Taj Sajida Sultan who had inherited this property from her father His Highness Late Nawab Hameed Ullah Khan, Rulers of the erstwhile State of Bhopal. The acquired land is a thus a Heritage Property as classified by the Department of Tourism, Government of India.

### LEGAL STATUS ON THE PROPERTY, KOTHI NOOR-US-SABAH COMPLEX :

- (i) Kothi Noor-US-Sabah and its properties including land appurtenant was obtained on lease in 1987 by M/s. Noor-US-Sabah Hotels & Properties Private Limited, Bhopal from the recognised rulers of erstwhile state of Bhopal, Begum Mehar Taj Sajida Sultan, for the purpose to convert the Kothi Noor-US-Sabah into Heritage Hotel. The repair and renovation is continuing since 1987 to maintain the said building. Begum Suraiya Rasheed, Mr. Nadir Rasheed, Mr. Yawar Rasheed of Jehan Numa Palace Hotels Private Limited, Shamia Hills, Bhopal and others filed a petition in the Madhya Pradesh High Court alongwith an application to restrain M/s. Noor-US-Sabah Hotels Private Limited and Lakeland Hotels Limited from carrying out addition and alteration in the building. The said petition was dismissed by the Hon'ble High Court vide order dated 6th September, 1995 passed in Petition no. 42 of 95. Being dissatisfied the petitioners Begum Suraiya Rasheed and others filed a special leave petition to file appeal before Hon'ble Supreme Court, against the dismissal of the petition by the High Court. The said SLP no. 24660 of 1995 of the petitioners was against Mr. Mansoor Ali Khan of Pataudi and his sisters being Legal heirs of Late Begum Sajida Sultan who has expired recently. The petition for special leave has also been dismissed on 5th February, 1996 by the lordship of the Supreme Court.

In consequent upon the aforesaid decisions, the property of Kothi Noor-US-Sabah is not an injected property. The Kothi Noor-US-Sabah and its properties are also not the subject matter of the partition suit no. RCS 41-A-86 pending in the Court of Hon'ble IV Additional District Judge, Bhopal which is filed by the legal heirs of His Highness Late Nawab Hameed Ullah Khan, of Bhopal. The property, therefore, is now free from any encumbrance.

- (ii) Safia Education Society has filed a civil suit for permanent/temperory injunction against one of the group Company viz. M/s. Noor-U-Sabah Hotels & Properties Pvt. Ltd. for restraining the construction of a boundary wall. An application has also been made to Subdivisional Magistrate u/s. 145, Cr. Pc. in which Mr. S.C. Pradhan has been made a party.

#### SUB LEASE AGREEMENT :

As per the sub lease agreement the lessor, M/s. Noor-U-Sabah Hotels & Properties Pvt. Ltd., has let out the Noor-U-Sabah complex with open land of 6 acres on sub-lease to the lessee Lakeland Hotels Ltd. for a term of 30 years by way of a registered sub-lease renewable every 10 years dated 8th February, 1993.

The property is out of dispute and free from any encumbrances, the lease security deposit was increased from Rs.10,00,000/- (Rupees Ten Lacs only) to Rs.2,00,00,000/- (Rupees Two crores) as per the supplementary agreement entered into by both the parties vide the agreement dated 15th April 1995.

**The important terms and conditions of the sub-lease vide the agreement dated 8th February, 1993 are as follows :**

The Lessor, M/s. Noor-U-Sabah Hotels & Properties Private Limited, hereby agrees to sub-lease the premises to the Lessee, Lakeland Hotels Limited comprising of the Noor-us-Sabah Building, consisting of "Squash Court" with land and other premises including the surrounding, Servants Quarters, Garages, Swimming Pools, Pump House, Reservoirs, Passages etc., measuring and covering an area of about 6.00 acres situated at Kohe-i-Fiza, Ahmedabad Palace Road, Bhopal.

The Lessor agrees to let and the Lessee agrees to take all that brick build messuage, tenement or dwelling house and appurtenant thereto and all other appurtenances and all rights, easement and privileges belonging hereto, at the monthly rental of Rs.6000/- (Rupees Six Thousand only) per month.

The lease shall commence from 10th February, 1993 and shall remain in force unless legally terminated under the law governing the rights of the parties. The parties agree that this is the essence of the contract. The Lease is for thirty years, renewable on same conditions, after every ten years.

The lessee shall operate "Kothi Noor-U-Sabah Complex" for Hotel and residential purposes and shall promote and carry on the business of Hotel Industries and/or other allied and ancillary activities proposed for the said activity without encumbering the right and title of the lessor in any manner whatsoever.

#### INTERIORS AND LANDSCAPING

Restoration would be a rich blend of hardwork and artwork, extensive research and creativity. Modern amenities will be introduced without spoiling the ambience of the bygone era.

The interiors for the hotel would be done by Mr. Deepak Jayakar, Mumbai.

The undulating character of the site of the Heritage Hotel situated along the highest Contours, with relatively flat land in the front and dramatic slopes on the rear, offers both potential and constraints for the development of any kind of activity. For the proposed development of the resort, major effort would be made to locate the functions and activities in a manner which would not only leave the terrain undisturbed in its natural state, but also to exploit the views and other intrinsic qualities of the landscape.

M/s Rajesh Shukla, New Delhi have been appointed as Landscaping Architect.

#### SITE DEVELOPMENT :

The site development cost is estimated at Rs.55.28 lacs as under :-

	(Rs. in lacs)
Internal Roads (2043 R.M. @ Rs. 650/RM)	13.28
Boundary wall including Gates 800 mtrs @ 1500/mtr.	12.00
Landscaping lawn, tennis court etc.	30.00
	<b>55.28</b>

The estimate for land development has been made by Architect M/s. Semac Pvt.Ltd. The landscaping is being done by Mr. Rajesh Shukla, New Delhi.

#### CIVIL WORKS :

The layout for new building and renovation of existing building has been prepared by M/s. Semac Pvt.Ltd., Bangalore. The total built-up area is 7349.00 sq.m. An amount of Rs. 365.00 lakhs has been estimated for civil construction and renovation based on Architect's estimate.

Detailed break-up of cost estimates under various heads

#### A. FOR CIVIL WORKS

i) Existing area to be renovated	2981 Sqm
ii) Proposed New Construction	4368 Sqm
	<b>7349 Sqm</b>
	<b>Rs. in lacs</b>
<b>I. NEW CONSTRUCTION</b>	
i) Hotel Building 4368 M <sup>2</sup> @ Rs.4000/- per Sqm	174.72
ii) Cost of Under Ground/Over Head Tanks 280000 ltrs. @ Rs.3.50 per ltr.	9.80
iii) Pump House 66 Sqm @ Rs.3000/- per Sqm	1.98
<b>Total I</b>	<b>186.50</b>
<b>II. RENOVATION OF EXISTING BUILDING</b>	
i) Brick Work 500 M <sup>3</sup> @ Rs.1110/- per cum	5.50
ii) Half Brick work 1500 M <sup>2</sup> @ Rs.127/-	1.90
iii) RCC Slab 20 M <sup>3</sup> @ Rs.4000/-	0.80
iv) Structural Steel work 60 mt @ Rs.19000/-	11.40
v) Plastering	
a) Walls 7555 M <sup>2</sup> @ Rs.50/-	3.78
b) Ceiling 4560 M <sup>2</sup> @ Rs.50/-	2.28
c) External plaster 4000 M <sup>2</sup> @ Rs.60/-	2.40
vi) Flooring	
a) IPS 1135 M <sup>2</sup> @ Rs.100/-	1.14
b) Kota 175 M <sup>2</sup> @ Rs.360/-	0.63
c) Terr 600 M <sup>2</sup> @ Rs.190/-	1.14
d) Red Sand Stone 1120 @ Rs.250/-	2.80
vii) Water Proofing	
a) Roof 2955 M <sup>2</sup> @ Rs.350/-	10.34
b) Toilet & Other areas 695 M <sup>2</sup> @ Rs.200/-	1.39
viii) Teak wood (Doors & Windows)	12.00
ix) Spectrum Paint on external wall 4000 M <sup>2</sup> @ 150/-	6.00
x) Miscellaneous & unforeseen including propping & supporting various portion of structure during dismantling & execution, cornice coping etc. for external finish, pillars etc.	6.00
<b>Total II</b>	<b>69.50</b>
<b>III. DISMANTLING WORKS</b>	
i) Masonry works 1460 M <sup>3</sup> @ Rs.130/-	1.90
ii) Dismantling slab including existing water proofing treatment 813 M <sup>3</sup> @ Rs.500/-	4.07
iii) Wall Plaster 16250 M <sup>2</sup> @ Rs.25/-	4.06
<b>Total III</b>	<b>10.03</b>
<b>IV. SWIMMING POOL (REPAIRS &amp; MODIFICATION)</b>	<b>2.25</b>
<b>V. PLUMBING &amp; SANITARY WORKS :</b>	
a) Bore well and Pumps	2.25
b) Softener Plant	1.00
c) Sanitary Fixtures and CP fitting with single lever system, bath tub etc.	16.00
d) Internal & External water supply work (Domestic and hot water distribution is included)	11.55
e) Domestic water supply pumps	2.50
f) Internal and External Drainage works (it includes construction of septic tank & soak pit)	12.92
g) Swimming pool filtration plant piping and pumps	3.00
h) Hot water boiler and tank and related works	6.00
i) Filtration unit for domestic use	1.50
<b>Total V</b>	<b>56.72</b>
<b>TOTAL COST OF CIVIL WORKS (I+II+III+IV+V)</b>	<b>325.00</b>
<b>ADD ARCHITECT'S &amp; INTERIOR DESIGNER FEE</b>	<b>40.00</b>
<b>TOTAL CIVIL WORKS</b>	<b>365.00</b>

## PLANT AND MACHINERY

The plant and machinery shall be procured from indigeneous reputed suppliers. The plant suppliers have been identified and firm orders shall be placed shortly. The suppliers have been selected taking into consideration their reputation, experience, price and delivery schedule. The total cost of Plant and machinery is estimated at Rs. 282.00 lakhs. Out of which order of Rs. 229.00 lacs which is inclusive of Items No.1, 2 and 3 below have been placed. However, no advances has yet been paid for the same. The Plant and Machinery consists of :

Sr. No.	Name of Machine	Name of Supplier	Value (Rs.inlacs)	Date of Finalisation	Installation & Commissioning
1.	Air Conditioners				
a)	vam	Thermax	130.00	Dec.95	Nov.96
b)	Low side				
2.	Electrical works including 500 KVA Transformer, H.T., L.T. cabling, lighting etc. including D.G. Set (250 KVA)	M/s G. Square	84.00	July 96	Oct.96
3.	Fire Detection System	Pyro Engineers (P) Ltd.	15.00	May. 96	Nov.96
4.	Laundry Equipment	Fabcare Equipments	3.00	Oct.96	Dec.96
5.	Kitchen Equipments		20.00	Sep.96 onwards	Oct.96 upto Dec.96
6.	Health Club & Swimming Pool		8.00	Aug.96	Nov.96
7.	Effluent Treatment Plant		10.00	Aug.96	Nov.96
8.	Elevators		12.00	Aug.96	Jan.97
<b>TOTAL</b>			<b>282.00</b>		

The cost of plant and machinery has been worked out taking into consideration, excise duty, CST, Packing, Transportation and Insurance etc.

## MISCELLANEOUS FIXED ASSETS

The cost of Misc. fixed assets is estimated at Rs. 236.00 lakhs. Details of which are as under :-

### (a) Interiors

The cost of interior includes civil works for Guest room, Deluxe room, restaurants, Corridors, Lobby, Banquet hall, Speciality restaurants, Health club, Barber shop etc. The Company proposes to place the orders approximately from May 96 and expects to complete the same in the month of Aug. 96. The details of interiors are as under:-

	(Rs. in lacs)
1. Guest Rooms	91.00
2. Deluxe Rooms	23.40
3. Restaurant	8.20
4. Corridors	8.40
5. Lobby	4.00
6. Reception/Lounge	5.00
7. Banquet Hall	9.50
8. Toilets	4.00
9. Speciality Restaurants	8.50
10. Open Air Restaurant	5.00
11. Health Club/Beauty Parlour	8.00
<b>TOTAL</b>	<b>175.00</b>

### (b) Operating Supplies

The Cost of operating supplies is estimated at Rs. 43.00 lacs, The Company proposes to place the orders approximately from June 96 onwards and expects the delivery by Nov. 96. The details of which are as under :-

	(Rs.in lacs)
1. Crockery	7.50
2. Cutlery	5.50
3. Glassware	4.50
4. Restaurant & Banquet lines	4.50
5. Staff Uniform	3.50
6. Room liner & House keeping items	4.50

7. Other Operating items	10.00
8. Misc Items	3.00
Total	43.00
(c) Office equipments	8.00
(d) Vehicles for transportation	10.00
<b>TOTAL a+b+c+d</b>	<b>236.00</b>

## PRELIMINARY & PRE-OPERATIVE EXPENSES

The preliminary & pre-operative expenses have been estimated on the basis of expenditure already incurred and likely to be incurred during the implementation of the project and includes project consultancy fees, interest during construction period, expenditure related to loan documentation, establishment expenses and public issue expenses, a provision of Rs.125.00 lacs has been made.

## CONTINGENCIES

A provision of Rs.31.83 lacs has been made towards contingencies expected for site development, civil works, plant & machinery, miscellaneous fixed assets and the same has been assumed @ 3.5 % of the total cost over these items.

## TECHNICAL KNOWHOW

M/s. SEMAC Pvt.Ltd., Bangalore has been retained by the Company as Architect & Engineering Services Consultant for the project. M/s. Semac Pvt. Ltd. are one of the leading Architect & Engineering firm for hotel project. They have successfully completed a number of hotel project which includes Jai Mahal Palace (Taj Group) at Jaipur, Rajputana (Welcome Group) at Jaipur, Mahindra Days Inn at Bangalore, Oberoi Novotel Hotel, Delhi, Hotel & Service Apartments at Ruwi in Oman etc.

M/s. Deepak Jayakar, Mumbai, an Interior Designer has been retained for interior designing for the hotel.

Mr. Rajesh Shukla, New Delhi, has been appointed as Landscaping Architect,

## RAW MATERIALS

The basic raw material for the proposed project can be categorised as below :

1. Food and beverages for the restaurant.
2. Beverages for the Bar including soft drinks etc.

All the above items are easily available and shall be purchased from the local market. No difficulty is envisaged towards availability of the above items.

## UTILITIES :

### POWER :

The estimated requirement of power would be around 500 KVA. Madhya Pradesh Electricity Board (MPEB) has acknowledged the application for power supply and the same is under active consideration. No difficulty is envisaged in obtaining the approval.

### WATER

The total requirement of water per day is estimated at 2.06 lac litres. Water shall be mainly required for drinking, sanitation, cooling and cleaning purposes. A tubewell is proposed to be dug at site to meet the requirement of water. In addition to the above, water shall also be supplied by the Municipal Corporation, Bhopal.

### POLLUTION CONTROL

The Company has applied for No objection certificate from the Madhya Pradesh Pollution Control Board and does not envisage any difficulty in obtaining the same.

### MANPOWER

The day to day affairs of the company shall be looked after by the Vice-President cum General Manager. He would be assisted by Food & Beverage Manager, Housekeeper, Maintenance Supervisor, Accountant and Health Club Manager. The other personnel required would be Restaurant & Banquet Manager, Restaurant Captain, Stewards, Assistant Stewards, Chef, Assistant Chef, Head Cook, Cooks, Assistant Cooks and other semi skilled workers. The total number of personnel required would be 162.

The Company has appointed Mr. Shekhar C. Pradhan, as Vice President cum General Manager for the project. Mr. Shekhar C. Pradhan is a qualified professional in Hotel Management, and has

over 16 years of experience in the Hotel Industry. Mr. Shekhar C. Pradhan, shall also be instrumental in appointment of other key personnel for the project. Recruitment of senior personnel shall also be done directly by way of advertisements. The Company does not foresee any problem in appointing the required personnel since Bhopal is a developed city.

#### SCHEDULE OF IMPLEMENTATION

The implementation schedule envisaged by the company for the project is as follows

	Commencement	Completion
Acquisition of Land	-----Already acquired-----	
Site Development	Commenced	Sept. 1996
Civil Works	Commenced	Sept. 1996
Plant and Machinery		
- Placement of order	April 1996	Oct. 1996
- Installation	Sept. 1996	Dec. 1996
Requirement of		
Key personnel	Oct. 1996	Dec. 1996
Soft launch	—	Jan. 1997
Grand Opening	—	Mar. 1997

**Note :** There has been a delay in the implementation of the schedule by three months.

#### EXPENDITURE INCURRED ON THE PROJECT

As per the Auditor's report dated 20th July, 1996 issued by M/s. Chandabhoj & Jassobhoj, Chartered Accountants, the Issuer Company have incurred the following expenditure till 30.06.1996 on the proposed project Heritage Hotel at Kothi Noor-Us-Sabah, Ahmedabad Palace, Bhopal.

Particulars	(Rs. in lacs)
Capital Work in Progress (including expenditure during construction period pending capitalisation)	203.63
Loans and Advances	226.30
Cash and Bank Balances	3.43
Misc. Expenses not written off	5.65
<b>TOTAL</b>	<b>439.01</b>
<b>SOURCE OF FUNDS</b>	
Share Capital	337.17
Unsecured Loan	65.59
Current Liabilities	36.25
<b>TOTAL</b>	<b>439.01</b>

#### PROJECTED BREAK UP OF EXPENDITURE PROPOSED TO BE INCURRED

Particulars	(Rs. in lacs)			
	July-Sept. 1996	Oct.-Dec. 1996	Jan.-Mar. 1997	Total
Site Development	15.20			15.20
Civil Work	42.81	161.00		203.81
Electric		54.00	30.00	84.00
Air Condition		67.50	62.50	130.00
Health Club/ Laundry/ Kitchen/ETP/Elevator		31.00	31.00	62.00
Interiors		41.24	133.76	175.00
Operating supplies		10.00	51.00	61.00
Preliminary exp.	5.00	24.76		29.76
Pre-operative exp.	10.00	53.50		63.50
Contingencies			31.83	31.83
Margin money W/C			15.00	15.00
<b>TOTAL</b>	<b>73.01</b>	<b>443.00</b>	<b>355.09</b>	<b>871.10</b>

#### MARKETING AND SELLING ARRANGEMENTS

##### THE INDUSTRY

The Hotel and Tourism industry is the third largest foreign exchange earner in the country. Hotel industry is an integral part of the tourism industry as it forms the most visible segment of the infrastructural facilities for the tourism development. The Indian hotel industry

comprises of both the public and private sector. In the public sector, the India Tourism Development Corporation (ITDC) runs two chains of hotels viz. Centaur and Ashok. The major players in the private sector are the Taj group of the Tatas, the Oberoi group and ITC Welcom Group. The Indian tourism has tremendous potential, with India's rich and exotic cultural heritage, natural beauty, historical and archeological monuments, spread across the country. All these make India a place of great attraction to the tourists the world over. Also, India being the land of Buddha, is of special attraction to the Japanese. (National Stock Exchange - Info Bank 1994)

Tourists traffic can be broadly classified as leisure travellers and business travellers. Again, this can be categorised into domestic tourist and foreign tourist. The liberalisation drive has led to hectic industrial activity. Consequently, the business travel segment has witnessed a big spurt recently. Even domestically, the increasing number of corporate entities and rapid industrialisation has lead to an increase in business travellers.

There has also been a steady inflow of overseas business delegations to explore business potential here. The number of foreign tourists has already reached near 2 million-mark. The demand for hotel rooms is expected to exceed 11 million hotel nights next year and against this, the total availability will be 14 million hotel nights (the no. of hotel nights multiplied by 330 working days). (Fortune India, 30th November, 1995.)

On the domestic front also, there has been a significant change in spending pattern due to the rising incomes of the upper middle class and the rich. The pleasure tourist segment, both domestic as well as foreign, also shows steady increase. The developments such as bringing the service sector on par with the manufacturing sector in imports of capital goods under the EPGC scheme and allowing palaces, havelis and castles built before 1950 converted into hotels have added further glamour, which made the investment in this sector more attractive. As the prevalent tariff system allows hotels to receive payments from foreigners and non-resident Indians in dollars, and anywhere between 40 and 50 percent of the revenues of top hotels is in foreign exchange, the depreciation of the rupee will lead to windfall gains for the hotel industry. (Fortune India, 30th November, 1995)

##### THE COMPANY

The Company has already acquired on sub-lease for 30 years, premises known as Kothi Noor-Us-Sabah building consisting of "Squash Court" with land and other premises including the surrounding servants quarters, garages, swimming pool, pump house, reservoirs, etc. situated at Kohe-fiza, Ahmedabad Palace Road, Bhopal.

The acquired land is a Heritage Property as classified by the Department of Tourism, Government of India, since it originally belonged to Her Highness Begum Mehar Taj Sajida Sultan (who inherited this property from her father His Highness Nawab Hameed Ullah Khan, Rulers of erstwhile state of Bhopal). Though palaces were being converted into hotels since 1950, the concept of "Heritage Hotel", came in over two years ago. It is gaining popularity and tourist traffic in such hotels is higher than in other hotels of the area, says reports from Press Trust of India, New Delhi, 24th December, 1995. Bhopal is a city having Industrial units and township of Bharat Heavy Electricals Ltd. a large Public Sector undertaking. Due to its importance in trade, commerce and industry, the city has the variety of traffic inflows. This has increased in the last two years since the State as well as city has experienced a rapid growth of trade, commerce and industry. The city of Bhopal is well known for its lakes and also called the cultural capital of the country. It has a multi-art complex known as "Bharat Bhawan". The famous Stupas of Buddhas are located at Sanchi (35 Kms from Bhopal) an important Buddhist Pilgrimage for tourist coming from Japan, Thailand and Burma etc., the famous Pachmari temple (200 kms from Bhopal) and Shivpuri which is famous for its National Park.

Since the hotel is located on top of a hill it will get a panoramic view of the lake and the hills around it. It is 7 Kms from the main Railway Station and 5 Kms from the Bhopal Airport and about 2 Kms from the city centre where the commercial and business activities are located, which will cater to upper middle class occupants. The Hotel shall be connected by a private road which will join the road running along the lake known as VIP road, which will reduce traffic congestion. A common boundary wall separates the prestigious NRI Colony being developed by Bhopal Development Authority.

Rapid industrialisation and liberalisation has resulted in the growth of corporate entities thereby showing increase in business travellers apart from leisure travellers. The location is suitable for foreign and domestic tourists, businessman and company executives. Since the project would offer value added services like better in room facilities like ticket confirmation, appointments, phone, fax and other facilities like Restaurants, Speciality Restaurants, one of the largest Banquet Halls, Health Club, Swimming Pool, Shops, Squash court, jogging track etc. which would attract more travellers resulting in increased room occupancy rates. Raw materials, labour & power are easily available.

Small Luxury Hotels of the World is an exclusive international marketing company specifically created to represent the interests of the very small independent luxurious hotels and resorts around the world. It provides a range of marketing services targeted at the discerning guests and tailored to meet the needs of hotels; these activities are designed to provide economies of sale achieved by the multinational hotel chains, but with even better results.

Thus, the Company with the good track record of the promoters who have managed various business ventures successfully and professionally in India and overseas such as cigarette manufacturing, transport, export of spices, food products etc. is all set to see boom times ahead.

#### VI PARTICULARS IN REGARD TO THE COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1-B) OF THE ACT.

There are no other companies under the same management within the meaning of section 370 (1B) of the act.

#### VII OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS

M/s. Reliable Cigarette & Tobacco Ind. Pvt. Ltd., one of the group Company, has been engaged in manufacturing of cigarette on job work basis for I.T.C. has excise litigation on behalf of ITC by virtue of being a job-worker, the Company has also received a notice for Rs.2660 lacs Excise as Duty and Rs.82.00 lacs as Penalty. As per the agreement clause no 11B with I.T.C. Limited, the liability is of I.T.C. , and they are directly dealing with the case on behalf of the Company. The appeal and application for stay filed before Customs, Excise & Gold (Control) Apellate Tribunal, New Delhi (CEGAT) came up for preliminary hearing on 25.03.96 before Bench 'A' and on the grounds that RCTI is only a job worker, not directly involved in valuation of goods and sales thereof, which activity is by M/s. ITC Ltd., the CEGAT; a) admitted the appeal by the Company for hearing b) ordered for stay of the demand raised and (c) ordered to waive the requirement of pre-deposit to take up the appeal. The matter is now subjudiced, pending for hearing and final decision by the Apellate Tribunal.

M/s. Reliable Food Inds. Pvt. Ltd. ran into financial losses and it approached BIFR for one time settlement with financial institutions/banks. As per the BIFR scheme approved on 26.6.95, the company has been given 9 months time period for making the payment to Financial Institutions and the bank (SBBJ) by 31.3.96. The Company has made part payments and are approaching the BIFR/Institutions/Bank for an extension of a further period of 6 months.

Safia Education Society had filed a civil suit for permanent/temporary injunction against one of the group company viz. M/s. Noor Us-Sabah Hotels & Properties Pvt. Ltd. for restraining the construction of a boundary wall. An application has also been made to subdivisional magistrate u/s. 145 cr. pc. in which Mr. S.C. Pradhan has been made a party. M/s. Reliable Carriers Pvt. Ltd., one of the group company has tax liabilities to the extent of Rs.22.10 lacs till the year 1994-95. M/s. Mandideep Engineering and Packaging Inds. P. Ltd., a group Company has Income Tax liabilities to the extent of Rs.13.38 lacs till the year ended 1993-94.

There are neither any outstanding litigation pertaining to matters likely to adversely affect the operations and finances of the Company including disputed tax liabilities of any nature. There is no criminal prosecution launched against the Company and the directors for alleged offences under the enactment specified in paragraph I of Part I of Schedule XIII of the Companies Act, 1956 as amended up to date. There has been no material developments after the date of the latest balance sheet affecting the financial performance and prospect of the Company.

All known and identified liabilities have been acknowledged and accounted for and necessary disclosures made in this offer document.

#### INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The Company will ensure that the Managing Director of the Company, in co-ordination with the Registrars, shall expeditiously attend to every grievance and complaint received in respect of the present issue.

#### RISK FACTORS :

##### Internal

- The promoters are first generation entrepreneurs in this type of industry.

##### Management perception:

- The promoters, Mr. Sikandar Hafiz Khan, Mr. Mohammed Hafiz Khan and their group of companies, the "Reliable Group", Bhopal have diverse interest in cigarette manufacturing, trading, exports and transport industries with a good track record and long experience of over 22 years which shall help making the present project a success.

- The Company is yet to receive sanction for power from the Madhya Pradesh Electricity Board. (MPEB).

##### Management perception:

- The Company foresees no problem in obtaining the sanction from MPEB.

- The Company is yet to receive clearance for pollution control from Madhya Pradesh Pollution Control Board. (MPPCB).

##### Management perception:

- The Company foresees no problem in obtaining the NOC from MPPCB.

- Out of the total cost of plant and machinery i.e. Rs.282.00 lacs, order for Rs.53.00 lacs is yet to be placed.

- In the absence of a financial stake in the proposed issue by a Bank or a Financial Institution, the deployment of funds collected in the proposed issue is left to the Management of the Company.

- Working Capital requirements have not been assessed by Bankers to the Company and same are not tied up on firm basis as yet.

##### Management perception:

- The Company does not foresee any problems in tying up of working capital facilities from the Company's Bankers and shall be obtaining the same as and when required.

- There has been a delay in the schedule of implementation of the project by 3 months.

- The Company has availed unsecured loans to the extent of Rs.65.59 lacs as on 30/6/96 in which the group cos/firm/director are interested.

- One of the Group Companies, M/s. Noor-Us-Sabah Hotels & Properties Pvt. Ltd., is interested in the premises known as "Kothi Noor-Us-Sabah" including land appurtenant covering an area of about 6 acres acquired on sublease by the Issuer Company for the proposed project, the deposit amount being Rs. 2 Crores.

- M/s. Mandideep Engineering and Packaging Inds. P. Ltd., a group Company has incurred losses to the extent of Rs.8.27 lacs during the year 1994-95.

- M/s. Mandideep Engineering & Packaging Industries P. Ltd. a group Company has Income Tax liabilities to the extent of Rs.13.39 lacs till the year ended 1993-94.

- M/s. Reliable Carriers P. Ltd., a group Company has incurred losses to the extent of Rs.4.04 lacs during the year 1992-93.

- M/s. Reliable Carriers P. Ltd. a group Company has Income Tax liabilities to the extent of Rs.22.10 lacs till the year 1994-95.

- M/s. Reliable Food Inds. P. Ltd., a group Company has incurred losses to the extent of Rs. 80.54 lacs and Rs. 68.84 lacs during the years 1992-93 and 1993-94 respectively.

- M/s. Western Tobacco P. Ltd., a group Company has incurred losses to the extent of Rs. 0.23 lacs during the year 1992-93.

- M/s. Rehbar Holdings & Finance P. Ltd., a group Company has incurred losses to the extent of Rs. 0.24 lacs and Rs.0.08 lacs during the years 1993-94 and 1994-95 respectively.

- M/s. Raffels Invt. & Finance P. Ltd., a group Company has incurred losses to the extent of Rs. 0.01. lacs, Rs. 0.03 lacs and Rs.0.02 lacs during the years 1992-93, 1993-94 and 1994-95 respectively.

- M/s. Fairfield Invt. & Finance P. Ltd., a group Company has incurred losses to the extent of Rs.0.01 lacs, Rs.0.03 lacs and Rs. 0.03 lacs during the years 1992-93, 1993-94 & 1994-95 respectively.

- M/s. Mach-Farm Invt. & Finance P. Ltd., a group Company has incurred losses to the extent of Rs.0.01 lacs, Rs. 0.02 lacs and Rs.0.02 lacs during the years 1992-93, 1993-94 and 1994-95 respectively.
- M/s. Noor-Us-Sabah Hotels & Properties P. Ltd., a group Company has incurred losses to the extent of Rs.0.24 lacs and Rs.0.17 lacs during the years 1993-94 and 1994-95 respectively.
- M/s. Reliable Cigarette & Tobacco Industries P. Ltd., a group Company engaged in manufacturing of cigarette on job work basis for I.T.C. Ltd., has an excise litigation on behalf of ITC by virtue of being a job worker, the Company has received a notice for Rs.2660 lacs as excise duty and Rs.82.00 lacs as penalty.

**Management perception:**

- An appeal and application for stay has been filed before Customs. Excise & Gold (Control) Apellate Tribunal, New Delhi (CEGAT) which came up for preliminary hearing on 25.03.96 before Bench 'A' and on the grounds that the Company is only a job worker, not directly involved in valuation of goods and sales thereof, which activity is by M/s. ITC Ltd., the CEGAT :- (a) admitted the appeal by the Company for hearing (b) ordered for stay of the demand

raised and (c) ordered to waive the requirement of pre-deposit to take up the appeal. The matter is now subjudiced, pending for hearing and final decision by the Apellate Tribunal.

- Safia Education Society has filed a civil suit for permanent/ temporary injunction against one of the group companies viz. M/s. Noor-Us-Sabah Hotels & Properties Pvt. Ltd. for restraining the construction of a boundary wall. Application has also been made to Sub-Divisional Magistrate u/s. 145 Cr. Pc. in which Mr. S.C. Pradhan has been made a party.
- Listing in three stock exchanges does not necessarily ensure liquidity.

**External**

- Hotel Industry is dependent upon tourist traffic. Any political or civil disturbance may have bearing on the inflow of tourist traffic thereby affecting the profitability of the project. Also any change in the policies of the Central/State Government with regard to benefits to the tourism industry in general and hotel industry in particular shall have a bearing on the operations of the Company.
- The Company will be operating in a competitive market.

## PART II

### A. GENERAL INFORMATION

#### CONSENTS

Consents in writing from the Directors, Company Secretary, Auditors, and Legal Advisors, Bankers to the Company, Lead Managers to the Issue, Advisors to the Issue, Bankers to the Issue and Registrars to the issue to act in their respective capacities have been obtained and filed alongwith the copy of this Prospectus with the Registrar of Companies, Madhya Pradesh, Gwalior, as required under Section 60 of the Act, and none of them have withdrawn the said consents upto the time of delivery of the copy of this Prospectus for registration with the Registrar of Companies, Gwalior.

Chandabhoy & Jassobhoy, Chartered Accountants, the Auditors of the Company, have also given their written consent for inclusion of their Report and also the Tax Benefits accruing to the Company and to the members of the /company in the form and content in which it appears in the Prospectus and such consent and report have not been withdrawn upto the time of delivery of this Prospectus for registration with the Registrar of Companies, Madhya Pradesh, Gwalior.

#### Opinions

Save and except as stated elsewhere in this Prospectus no opinion has been sought from any experts.

#### CHANGE IN DIRECTORS & AUDITORS OF THE COMPANY

The following changes have taken place during last three years.

##### Change in Directors :

Name of the Director	Date of appointment	Date of Resignation	Reasons
Mr. Shafi Ullah Khan	01.09.92	04.10.93	Pre-occupation
Mr. Sikandar Hafiz Khan	01.09.92		
Mr. Mohammed Hafiz Khan	04.10.93		
Mr. Syed Saadat Ali Hashmi	04.11.95	03.01.96	Pre-occupation
Mr. S. Shankar Narayanan	04.11.95		
Mr. Mohammed Mansur Ali Khan Pataudi	06.12.95		
Mr. Kaleem Ullah Khan (NRI)	27.03.96		
Mr. J.L. Ajmani, IAS	08.07.96	01.08.96	Pre-occupation

##### Change in Auditors

There has been no change in the Auditors of the Company since the date of incorporation of the Company. M/s. Chandabhoy & Jassobhoy, Chartered accountants, 10-L, 10th floor, Gopala Towers, 25 Rajendra Place, New Delhi - 110 008, are the auditors of the Company since the date of incorporation.

#### AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81(1A) of the Act, the present issue has been authorised by Resolution passed by the members in the Extra Ordinary General Meeting held on 27th November, 1995.

#### PROCEDURE AND TIME SCHEDULE FOR ALLOTMENT

##### ALLOTMENT/REFUNDS

The Company shall proceed to allot the Shares within a period of ten weeks from the date of closure of the subscription list in consultation with the Indore Stock Exchange which is the Regional Stock Exchange. In case of oversubscription, a SEBI nominated public representative shall be associated in the process of finalisation of the basis of allotment. Refunds (subject to the adjustment of excess application money towards allotment money payable on the Shares) alongwith Allotment Advice/Allotment Letter/Share Certificate and/or Regret Letter will be made by Cheque/Pay Order/Demand Draft payable at par at the places where applications are received, drawn on the Company's Bankers and bank charges, if any, for encashment of such cheques and pay orders at any other place shall be payable by the applicant.

In the case of applications in joint names, the Cheques/Pay Orders/ Allotment Letters/Shares Certificates, as the case may be, and all communication will be addressed to the person whose name appears first in the Application Form.

The Company shall ensure the despatch of Refund Orders of value over Rs.1,500 and Share Certificates/Allotment Letters by Registered

Post only within ten weeks from the closure of the Subscription List and adequate funds shall be made available to the Registrars for this purpose.

Where the permissions have been applied for in dealing and listing of Shares on the Stock Exchanges referred to herein and if such permission has not been granted by the Stock Exchanges within 70 days from the closure of the subscription list or where such permission is refused before expiry of 70 days from the closure of the Subscription List, then the Company shall forthwith repay without interest all monies received from the applicants in pursuance of this Prospectus, and if such money is not repaid within 8 days.

If however, an appeal against the decision of the Stock Exchange refusing permission for the Shares to be listed on that stock exchange has been referred under Section 22 of the Securities Contracts (Regulation) Act, 1956, any allotment made under the Prospectus shall not be void until the appeal is dismissed.

#### DISPOSAL OF APPLICATIONS AND APPLICATION MONEY

The Board reserves in its full, unqualified and absolute discretion, to reject any application without assigning any reason in whole or in part. If any application is rejected in full, the whole of the application money received will be refunded to the applicant, and where an application is rejected against allotment money due on the Shares allotted, and the balance, if any, will be refunded to the applicants by registered post within 10 weeks from the date of closure of the Subscription List.

No separate receipt will be issued for the application money. However, the nominated branches of the bankers to the Issue receiving the Application Forms will acknowledge receipt of application by stamping and returning the acknowledgement slip given at the foot of each application Form.

#### ISSUE OF SHARE CERTIFICATES

Share Certificates shall be delivered within three months from the date of allotment as per the provisions of Section 113 of the Companies Act, 1956.

#### BASIS OF ALLOTMENT

The allotment shall be subject to allotment in marketable lots, on proportionate basis as explained below.

- Applicants will be categorised according to number of Shares applied for.
- The total number of Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category (number of shares applied for) multiplied by number of the over subscription ratio.
- Number of Shares allotted to successful allottees will be arrived at on proportionate basis i.e. total number of Shares applied for by each applicant in that category multiplied by the inverse of the oversubscription ratio.
- In all applications where the proportionate allotment works out to be less than 100 Shares per applicant the allotment shall be made as follows;
  - Each successful applicant shall be allotted a minimum of 100 Shares; and
  - the successful applicants out of the total applicants for that category shall be determined by drawal of lots in such a manner that a total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- If the proportionate allotment to an applicant works out to a number that is more than 100 but is not a multiple of 100 (which is marketable lot), the number of Shares in excess of multiple of 100 would be rounded off to the higher multiple of 100 if that number is 50 or higher. If that number is lower than 50, it will be rounded off to the lower multiple of 200. All applicants in such categories would be allotted Shares arrived at after such rounding off.
- If the shares allocated on a proportionate basis to any category is more than the shares allotted to the applicant in that category, the balance available Shares for allotment shall be first adjusted against any other category, where the allocated Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of Shares.

- g. As the process of rounding off to the nearer multiple of 100 may result in actual allocation being higher than the Shares offered, the Company shall allot additional Shares upto a maximum of 10% of the size of the offering. The requisite resolution under Section 81 (1A) has been passed by the Company in this regard at the Extra Ordinary General Meeting of the Company held on 27th November, 1995 and by the Board on 20th November, 1995.

As per clarification no. XI RMB(DIP Series) Circular No. 2 (95-96) dated 29th May, 1995, allotment will be made on a "proportionate basis" in the following manner :-

- A minimum of 50% of the net offer of securities to the public shall initially be made available for allotment to individual applicants who have applied for allotment of 1,000 or less than 1,000 shares or debentures or the securities offered, as the case may be.
- The balance 50% of the net offer of securities to the public shall initially be made available for allotment to investors, including corporate bodies / institutions, and individual applicants who have applied for allotment of more than 1,000 share or debentures or the securities offered, as the case may be.
- The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall/may be made available for allotment to applicants in the other category, if so required.

**INVESTORS MAY NOTE THAT IN CASE OF OVERSUBSCRIPTION OF MORE THAN FIVE TIMES, THE ALLOTMENT SHALL BE MADE ON A PROPORTIONATE BASIS AND A SEBI NOMINATED PUBLIC REPRESENTATIVE SHALL BE ASSOCIATED IN THE PROCESS OF FINALISATION OF BASIS OF ALLOTMENT**

**INTEREST ON EXCESS APPLICATION MONEY**

Payment of interest at the rate of 15% per annum on the excess application money will be made to the applicants for the delayed period beyond ten weeks from the date of closure of the subscription list as per the guidelines issued by the Ministry of Finance vide their Letter No. F/8/6/SE/79 dated July 21, 1983 as amended by Letter No. F/14/2/SE/85 dated September 27, 1985

**INTERMEDIARIES ASSOCIATED WITH THE ISSUE**

**LEAD MANAGERS**

**KEYNOTE CORPORATE SERVICES LIMITED**

403, Embassy Centre,  
Nariman Point,  
Mumbai - 400 021  
Tel No : 284 1985/02 5230  
Fax No : 285 5467

**REGISTRARS TO THE ISSUE**

**Online Share Management Services Ltd.,**

Sanjay Bldg. No.6, Mittal Industrial Estate,  
Gala No.158, Near Marol Naka,  
Andheri-Kurla Road, Andheri (E), Mumbai - 400 059.  
Tel: 850 2018  
Fax: (022) 850 8866

**COMPANY SECRETARY**

**Hans Raj Mutreja**  
Company Secretary  
Reliable House,  
A-6, Kohe Fiza,  
Indore Road,  
Bhopal 462 001.

**AUDITORS**

**Chandabhoy & Jassoobhoy**  
Chartered Accountants,  
10-L, 10th Floor, Gopala Tower,  
25 Rajendra Place,  
New Delhi - 100 008

**LEGAL ADVISORS TO THE ISSUE**

**Syed Saadat Ali Hashmi**  
73, Tajul Masajid Road,  
Opp. Motia Talab,  
Bhopal 462 001.

**BANKERS TO THE COMPANY**

**Dena Bank**  
Kohe Fiza Branch  
Bhopal.

**BANKERS TO THE ISSUE**

**Dena Bank**  
Kohe-fiza Branch  
Bhopal.

**Bank of Baroda**

P.B. No. 505  
Phiroze Jeejeebhoy Towers  
Dalal Street  
New Stock Exchange Bldg.  
Fort, Mumbai 400 023.

**Bank of India**

Jeroo Building  
137/139, M.G. Road  
Fort, Mumbai 400 023.

**Punjab National Bank**

PNB House, Fort  
Mumbai 400 001.

**Tamilnad Mercantile Bank Ltd.**

Goradia House (First Floor)  
101-104, Kazi Syed Street  
Mandvi - Post Box No. 3181  
Mumbai 400 003.

**The Bank of Tokyo - Mitsubishi Ltd.**

Jeevan Prakash, Sir. P. Mehta Road  
Fort, P.O. Box 1762  
Mumbai 400 001.

**BROKERS TO THE ISSUE**

Authorised SEBI accredited Brokers and Registered Members of the recognised Stock Exchanges would be eligible to act as Brokers to the Issue.

M/s. Lakeland Hotels Limited,  
Reliable House,  
A-6, Koh-e-Fiza,  
Indore Road,  
Bhopal - 462 001.

We have examined the books of accounts of Lakeland Hotels Limited for the 4 (four) financial years ended 31st March, 1996, being the last date to which accounts of the company have been made up, audited and adopted by the members. We have also examined and found correct the statements of accounts of the company for the year ended 30th June, 1996 prepared and approved by the Board of Directors of the Company. In accordance with requirements of para B (i) of part II of Schedule II of the Companies Act, 1956, we report that :

**[A] PROFIT & LOSS ACCOUNT**

As the company is implementing its project and has not commenced commercial operations, therefore, no profit & loss account has been prepared for the aforesaid periods. The entire expenditure during the construction period has been transferred to "EXPENDITURE DURING CONSTRUCTION PERIOD" to be capitalised and allocated in due course on completion of the project.

**[B] ASSETS & LIABILITIES**

The assets and liabilities of the company for the years ending 31st March, 1993, 1994, 1995, 1996 and as at 30th June, 1996 are as set out below. These assets and liabilities expressed in lacs of rupees have been arrived at after making such regroupings as are in our opinion appropriate and are subject to the notes given below:

PARTICULARS	(RUPEES IN LACS)				
	AS AT 30.06.96	AS AT 31.03.96	AS AT 31.03.95	AS AT 31.03.94	AS AT 31.03.93
<b>FIXED ASSETS</b>					
<b>(At Cost)</b>					
Gross Block	NIL	NIL	NIL	NIL	NIL
Less: Depreciation	-	-	-	-	-
<b>NET BLOCK</b>	NIL	NIL	NIL	NIL	NIL
Capital work in progress (including incidental expenditure during construction period)	203.63	170.17	115.82	70.58	0.10
<b>INVESTMENTS</b>	Nil	Nil	Nil	Nil	Nil
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>					
Cash & Bank balances	3.43	1.36	0.20	1.50	0.01
Loans & Advances	226.30	226.23	10.27	10.34	10.00
	229.73	227.59	10.47	11.84	10.01
<b>Less: CURRENT LIABILITIES AND PROVISIONS:</b>					
Current Liabilities	36.25	27.91	4.59	0.69	0.02
Provisions	-	-	-	-	-
<b>NET CURRENT ASSETS</b>	193.48	199.68	5.88	11.15	9.99
<b>TOTAL ASSETS</b>	397.11	369.85	121.70	81.73	10.09
Less : Borrowings					
Unsecured loans	65.59	38.33	105.48	71.69	0.05
<b>NET ASSETS</b>	331.52	331.52	16.22	10.04	10.04
<b>NET ASSETS REPRESENTED BY SHARE CAPITAL:</b>					
Issued, Subscribed and Paid up	337.17	337.17	16.48	10.30	10.30
<b>RESERVES &amp; SURPLUS</b>	NIL	NIL	NIL	NIL	NIL
	337.17	337.17	16.48	10.30	10.30
Less: Misc. expenditure (to the extent not written off)	5.65	5.65	0.26	0.26	0.26
<b>TOTAL</b>	<b>331.52</b>	<b>331.52</b>	<b>16.22</b>	<b>10.04</b>	<b>10.04</b>

**SIGNIFICANT ACCOUNTING POLICIES**

The accounts are maintained on accrual basis under the historical cost convention:

**1. FIXED ASSETS AND CAPITAL WORK IN PROGRESS**

Fixed assets and capital work in progress are stated at cost.

**2. EXPENDITURE DURING CONSTRUCTION PERIOD**

Expenditure during construction period is included under capital work in progress and the same will be allocated to the respective fixed assets on the completion of construction.

## NOTES

- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.245.00 lacs as on 30.06.96 (As on 31st March, 1996 Rs. 285.00 lacs).
- The Company was incorporated in 1st day of September, 1992 and has closed its books of account for the first time on 31st March, 1993.
- The Company in its Extra-Ordinary general meeting held on 18th November, 1995, has increased its authorised share capital and subdivided and nominal value of share from Rs.25.00 lacs comprised 250000 Equity Shares from Rs.100/- each to Rs.12.00 crores comprising 1,20,00,000 Equity Shares of Rs.10/- each. The Company has also in the aforesaid meeting converted itself to a public limited company from a private company by deleting from its Articles of Association Clause (iii) of Subsection (1) of Section 3 of the Companies Act, 1956.
- In the opinion of the Board of Directors of the company the current assets, loans and advances have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet for the current period. Provisions has been made for all known liabilities.
- Out of the unsecured loans amounting to Rs.65.59 lacs, Rs. 51.09 lacs are due to Companies/Firms under the same management and/or Companies/Firms in which Directors are interested either as shareholders and/or Directors or Partner. Rs. 14.50 lacs has been received from NRI Director as an Interest Free Deposit. Applications to relevant authorities for approval of the same have been made and approval is awaited.

## [C] DIVIDENDS

The Company has not paid any dividend since incorporation.

Place : New Delhi  
Dated : 20th July, 1996

For and on behalf of  
**CHANDABHOY & JASSOOBHOY**  
Chartered Accountants  
**(SUMANT KUTHIALA)**  
Partner

## C. STATUTORY INFORMATION

### MINIMUM SUBSCRIPTION

The minimum subscription which in the opinion of the board must be raised by this issue of Shares is Rs.2,05,42,500/- being 90% of the issue amount offered in terms of the Prospectus to persons other than the Promoters and firm allottees. The Board shall proceed to allot the Shares on receipt of 90% of the subscription thereon by way of application money.

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of Closure of the Issue, the Company shall forthwith refund the entire subscription amount received. For delay beyond 78 days, if any, in refund of such subscription, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

### EXPENSES OF THE ISSUE

The expenses of this issue payable by the Company, inclusive of underwriting commission, brokerage, fees to the Lead Managers and Registrars of the Issue, stamp duty, printing, advertising and marketing expenses, registration fees, legal charges, professional fees for the issue of Equity Shares and Auditor's fees are estimated Rs.125/- lacs and the same will be met from the proceeds of the issue. The expenses of the present issue shall be within the mandatory limits.

### FEES TO THE MANAGERS TO THE ISSUE

The fees payable to Lead Manager to the Issue, i.e. Keynote Corporate Services Ltd., will be Rs. 6.50 Lacs as per the letter of offer dated 22nd November, 1995 and Memorandum of Understanding dated 22nd November, 1995.

Copies of Lead Managers' letters are kept open for inspection at the Registered Office of the Company, at Reliable House, A-6, Kohe-Fiza, Indore Road, Bhopal - 462001, M.P. (India)

### FREE TO THE REGISTRARS TO THE ISSUE

The fees payable to the Online Share Management Services Ltd., Registrars to the issue will be as follows;

Per Allottee	Rs.2.50 per application
Per Non-allottee	Rs.2.00 per application
Per Stockinvest	Rs.1.00 per application

Out of pocket Expenses shall be reimbursed on Actuals.

### BROKERAGE

Brokerage will be paid at the rate of 1.50% (One and half percent) to the Members of an recognised Stock Exchange in India on the issue price of the Shares on the basis of allotment made against applications bearing their stamp in the broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in

respect of allotment made against applications procured by them provided the Application Forms bear their respective stamps in the broker's column. No brokerage will be payable on the Shares taken up by the Promoters out of the amount reserved for them.

### PREVIOUS PUBLIC/RIGHT ISSUES

The Company has not issued any Shares/Debentures by way of public Issue through Prospectus since the date of its incorporation.

### PREVIOUS COMMISSION OR BROKERAGE

The Company has not paid any commission or brokerage for subscribing to or procuring subscription for any Shares or Debentures since incorporation.

### PERFORMANCE VIS-A-VIS PROMISES RELATING TO PREVIOUS ISSUES

The Company has not made any Public Issue of Shares/Debentures since incorporation.

### ISSUE OF SHARES OR DEBENTURES OTHERWISE THAN FOR CASH

No other Shares and Debentures have been issued or agreed to be issued for consideration other than cash since the incorporation of the Company.

### DEBENTURES AND PREFERENCE SHARES

The Company has not issued any Debentures of Preference Shares to the public since incorporation.

### OPTION TO SUBSCRIBE

Save and except as otherwise stated in this Prospectus, the Company has not made any arrangements, whereby any option or preferential right of any kind has been or is proposed to be, given to any person to subscribe for any Shares or Debentures of the Company.

### PURCHASE OF PROPERTY

Save and except as stated elsewhere in this Prospectus in respect of the property purchased or acquired, there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present issue or the purchase or acquisition of which has not been completed on the date of the issue of this prospectus other than property:-

- the contract for the purchase or acquisition whereof was entered into in the ordinary course of the Company's business, such contract not being made in contemplation of this issue nor is this issue in consequence of such contract;  
OR
- in respect of which the amount of the purchase money is not material.

## CAPITALISATION OF RESERVES AND PROFITS

The Company has not capitalised any of its reserves or profits since incorporation.

## PAYMENTS OR BENEFITS TO PROMOTERS AND OFFICERS OF THE COMPANY

Except as stated elsewhere in this Prospectus, no amount or benefit has been paid or given since the incorporation of the Company or is intended to be paid or given to any officers or promoters of the Company, to which they are entitled or may become entitled under the provisions of the Act, Articles or otherwise in accordance with the law.

## INTEREST OF DIRECTORS AND PROMOTERS

All the directors may be deemed to be interested to the extent of sitting fees and other remuneration payable to them for attending Board Meeting and to the extent of reimbursement of expenses to them, if any, under the provisions of the Articles. All the directors may be deemed to be interested in the company to the extent of their respective shareholding in the company.

The Company has acquired premises known as "Kothi Noor-US-Sabah" including land appurtenant covering an area about 6 acres from M/s. Noor-Us-Sabah Hotels & Properties Private Limited, which is one of the group companies on sub lease for 30 years (renewable after every 10 years). Therefore, M/s. Noor Us Sabah Hotels Private Limited is interested in the above mentioned property acquired by the Issuer Company for the proposed project.

The Company has availed unsecured loans to the extent of Rs.655.85 lacs as on 30/6/96 in which the Director/group cos/firms are interested.

Save as stated in the Prospectus, no Director of the company is interested in any property acquired or proposed to be acquired by the company within two years preceding the date of the prospectus.

## IMPORTANT PROVISIONS OF ARTICLES OF ASSOCIATION

### SHARE CAPITAL

The Authorised Share Capital of the company shall be such amount as may be authorised from time to time.

Subject to the provisions of these Articles and of section 80 of the Act, the company shall have power to issue preference shares, which are, at the option of the Company are liable to be redeemed on such terms and in such manner as the Company may determine.

Subject to the provision of these Articles, Shares in the Capital of company for the time being shall be under the control of Board of Directors who may allot or dispose of the same or any of them on such terms and conditions and at such times and either at a premium or at par (subject to the provision, of Section 79 of the Act) at a discount as the Board may think fit. Option or right to call off Shares shall not be given to any person except with the sanction of the Company in General Meeting. Provided that where at any time subsequent to the first allotment of Shares it is proposed to increase the subscribed capital of the Company by the allotment of further Shares then subject to any directions to the contrary which may only validly be given by the Company in General Meeting by a special resolution or by simple majority vote and consent of the Central Government, the Board shall issue such Shares in the manner set out in Section 81(1) of the Act.

Each holder of Equity Shares in the capital of the company shall have the pre-emptive right to subscribe to any additional Equity Shares issued by the Company in proportion to the number of Equity Shares then owned by such Shareholder.

The Company may, subject to compliance with the provisions of section 76 of the Act, exercise the powers of paying commission on the issue of Shares and debentures. The commission may be paid or satisfied in cash or in Shares, debentures, debenture-stocks of the Company.

The Company may pay a reasonable sum for Brokerage, subject to the provisions of the Act.

Save as herein otherwise provided, the Company shall be entitled to treat the Registered holder of any share as absolute owner thereof and accordingly shall not except as ordered by a Court of Competent jurisdiction or as by law required, be bound to recognise any trust, benami or equitable or other claim to or interest in such share on the part of any other person or any interest in any fractional part of a share whether or not it shall have express or other notice thereof.

## NUMBER OF DIRECTORS :

### Article 75 and 76 provides :

Until otherwise determined by the Company in General Meeting, the number of Directors shall not be less than three nor more than twelve excluding Ex-officio Directors appointed under article 79 hereafter.

The first Directors of the company were :

1. Mr. Sikandar Hafiz Khan
2. Mr. Shafiullah Khan

## QUALIFICATION SHARES FOR DIRECTORS

### Article 77 provides :

A Director need not hold any shares in the Capital of the Company to qualify him to act as a Director of the Company.

## ALTERNATE DIRECTOR

### Article 81 provides :

The Board may appoint any person to act as an Alternate Director for a director during the latter's absence for period of not less than three months from the State in which meetings of Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director, shall be entitled to notice of meeting of the Board and to attend and vote there at accordingly but he shall ipso-facto, vacate office if and when the absent director returns to the state in which meetings of the Board are ordinarily held or the absent directors vacates office as a Director.

## ADDITIONAL DIRECTOR

### Article 80 provides :

The Board may at any time and from time appoint any person as a Director as an addition to the Board but so that total number of Directors shall not, including such Directors exceed in the maximum fixed by the Articles, Any Directors so appointed shall hold office until the next Annual General Meeting of the Company.

## EXTRA REMUNERATION OF DIRECTORS

### Article 83 provides :

If any director being willing shall be called upon to perform extra service or to make any special exertions is going or residing away from Madhya Pradesh for any of the purpose of the Company or in giving special attention to the business of the Company or as a member or a Committee of the Board then without prejudice to the provisions contained in the foregoing Article and subject to the provisions of the Act the Board may remunerate the Directors so doing either by a fixed sum or by a percentage of profits or otherwise in addition to the fee to which he may be entitled.

## CASUAL VACANCY

### Article 85 provides :

The directors shall also have power to fill a vacancy in the Board. Any director so appointed shall hold office only so long as the vacating director would have held the same if no vacancy had occurred. All casual vacancies of Directors appointed under Article 79 shall be filled up, as far as possible, in accordance with the provisions of Article 79.

## MANAGING DIRECTOR - WHOLE-TIME DIRECTOR

### Article 96 provides :

- (a) Subject to the provisions of the Companies Act, 1956 and of these Articles, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors (in which expression shall be included joint or Deputy Managing Director) or whole-time Director or whole-time Directors of the Company for such term not exceeding Five years at a time and upon such terms and conditions as they may think fit, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.
- (b) Subject to the provisions of the Companies Act, 1956 and of these Articles, a Managing Director or whole-time Director shall not while he continues to hold that office be subject to retirement by rotation under the Act but he shall, subject to the provisions of any contract between him and the Company be subject to the same provisions as to the resignation and removal as the other Directors of the Company, and he shall ipso-facto and immediately cease to be

a Managing Director or whole time Director if he ceases to hold the office of the Director for any cause provided that if at any time the number of Directors (including Managing Director as whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of Directors for the time being, then such Managing Director or Managing Directors or whole-time Director or whole-time Directors, as the Directors shall from time to time select shall be liable to retirement by rotation in accordance with the Act to the intent that the Directors not liable to retirement, by rotation shall not exceed one third of the total number of Directors for the time being.

- (c) Subject to the provisions of the Companies Act, 1956 and of these Articles and of any contract between him and the Company, the remuneration of a Managing Director or whole-time Director shall from time to time be fixed by the Directors subject to the approval of the Company in general meeting and may by way of fixed monthly payment, commission on profits of the company or by participation in such profits any or all of these modes or any other mode not expressly prohibited by the Act. A Managing Director or Whole time Director shall, in addition to the above remuneration, be entitled to the fee for attending meeting of Board or Committee of Directors.
- (d) Subject to the provisions of the Companies Act, 1956 and of these Articles the management of the company shall vest in Managing Directors subject to general supervision and control of the Board of Directors and Directors may from time to time entrust to and confer upon a Managing Director or Managing Directors or whole time Director or whole time Directors for the time being such of the additional powers exercisable under these articles or otherwise by the Directors as they may think fit, may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may subject to the provisions of the Act and of these Articles confer such powers either collaterally with, or to the exclusion of or in substitution on for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.

#### **Present Managing Director**

As per the resolution dated 3rd January, 1996 passed at the meeting of the Board of Directors, the appointment of Mr. Sikandar Hafiz Khan, for a period of 5 years w.e.f. 1st January, 1996, the terms and conditions for the appointment is as under:-

1. **Salary** : Rs. 30,000/- per month

2. **Perquisites** : In addition to salary, the appointee will be entitled for the following perquisites. For this purpose, perquisites are classified in 3 categories, Part-A, Part-B and Part-C. Perquisites referred to under Part-B and Part-C shall not be considered or included for computation of ceiling on perquisites.

#### **PART-A**

##### **Housing**

Free furnished residential accommodation with all amenities including gas, electricity, water etc.

- (a) The appointee shall be entitled to claim House Rent Allowance limited to 50% of his salary over and above 10% payable by him, for renting unfurnished accommodation for his residence.
- (b) The appointee shall be entitled to claim upto 10% of his salary, towards hiring of furniture and furnishings for his residence.
- (c) The appointee shall be entitled to claim upto 6.25% of his salary, towards consumption of Gas, Electricity and Water supply, for his residence. The expenditure will be evaluated as per Income Tax Rules, 1962.

##### **Medical Reimbursement**

Medical expenses incurred, for self and family including dependant parents subject to a ceiling of one month's salary in a year or three months salary in a block of three years, will be reimbursed.

##### **Leave Travel Concession**

For self and family including dependant parents, to and from any place of India once in a year, subject to a ceiling of one and Half months salary in a year, which may be accumulated and availed at any

convenient time, in the entire tenure.

#### **PART-B**

##### **Provident Fund**

Company's contribution to provident fund shall be as per Company's Rule subject to cuting of 10% of the Salary.

##### **Gratuity**

Gratuity shall be paid @ one half month's salary for each completed year of service.

##### **Superannuation Fund**

Company's contribution to superannuation fund shall be as per company's Rules subject to ceiling of 10% of the Salary.

##### **Club Fees**

Fees of Clubs, subject to a maximum of two clubs, will be allowed for promoting business interests of the company.

##### **Membership of Professional Institutions**

Fees of Professional Institutions subject to a maximum of Two institutes will be allowed for Professional pursuits.

##### **Personal Accident Insurance**

Of an amount, the annual premium which does not exceed Rs. 4000/- to cover risks incidental to effective discharge of official responsibilities and consequent liabilities to the Company.

#### **PART-C**

##### **Car**

Free use of Company's car with driver for Company's business. This will not be considered as perquisites.

##### **Telephone**

Free use of telephone at residence for official purpose. This will not be considered as perquisites.

#### **3. Other Benefits**

##### **Earned Leave**

On full pay allowances, one month's Earned Leave for every eleven months service shall be allowed. Leave not availed would be allowed to be encashed. Entitlement of sick leave, shall be as per rules of the company.

##### **Entertainment Expenses**

The appointee shall be entitled to reimbursement of entertainment expenses without bills incurred for the business of the company, upto the extent of Rs. 10,000/- per annum on personal certification.

##### **Provisions for Helper & Watchman**

Appointee shall be entitled to the provision of Helper and Watchman at residence at Company's cost, to cater to the extra burden imposed on the family, by Guests/Business requirements of the Company.

##### **Credit Cards**

Appointee shall be entitled to avail the facility of credit cards, chargeable to the account of the company, during Business Travel. Use of not more than Two Credit Cards shall be admissible.

#### **4. Other Conditions**

##### **Termination**

The appointment can be terminated with three months notice on either side, or on payment of corresponding salary in the lieu thereof.

##### **Alterations**

The terms and conditions of the appointment and / or Agreement may be altered and varied in such manner, as may be agreed to, between the Directors and the Appointee, at any stage of tenure.

#### **VOTES OF MEMBERS**

##### **Article 66 to 74 provides :**

On a show of hands, every holder of Equity Shares entitled to vote and present in person shall have one vote and upon a poll, every holder of Equity Shares entitled to vote and present in person or by proxy shall have one vote for every share held by him.

Subject to the provisions of the Articles, any Votes in person entitled under the Transmission Article to respect of any shares may vote at any General Meeting in respect thereof in the same manner, as if he was the registered holder of such shares, members provided that seventy two hours at least before time of holding the meeting or

adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. If any member be lunatic, idiot or non/compose mentise he may vote whether on a show of hands or at a poll by his committee Curator bonis or other person recognised by the Company as entitled to represent such member and such last mentioned persons may give their votes by proxy.

Where there are joint holders of any shares, one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he was solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name of any share stands shall for the purpose of this Article be deemed Joint-holders thereof.

The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if appointer is a corporation under its common seal or the hand of its Attorney.

The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or notarially certified copy of that power or authority shall be deposited at office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the office or by the Chairman of the Meeting before the vote is given.

Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Every instrument appointing a proxy shall, as nearly as circumstances will admit, be in the form set out in Schedule IX to the Act.

No member shall be entitled to vote on any question either personally or by proxy or as proxy for another member at any General Meeting or upon a poll or be reckoned in a quorum whilst any call or other sum shall be due and payable presently to the company in respect of any of the shares of such member.

No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and Whether given personally or by proxy or otherwise, shall be deemed valid for all purpose.

#### **SECRECY**

##### **Article 141 provides :**

Subject to provisions of these Articles and the Act, no member or other person (not being Director) shall be entitled to enter the property of the Company or to inspect or examine to Company's premises or properties of the Company, without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret trade process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the Company to communicate.

#### **DIVIDEND WARRANTS**

##### **Article 113 to 127 provides :**

The net profit of the company (after making provision if any, for sinking depreciation and reserve funds and for carrying forward balances for the next years) shall subject to the rights of holders of preference shares and to any resolution of the company attaching any special privileges to other shares and to the provisions of these Articles, be divisible among the Equity shareholders subject as provided in Article 19 in proportion to the amounts paid up on the Equity Shares held by them respectively.

When capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying Interest confer a right to participate in profits.

The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may fix the time for payment subject to the provision of Section 207 of the Act.

No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.

No dividends shall be payable except out of the profits of the Company of the year or any other undistributed profits and no dividend shall carry interest as against the Company.

The declaration of the Directors as to the amount of the net profits of the Company in any year shall be conclusive subject to the provisions of the Act.

The Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the company justifies.

The Directors may, retain any dividend on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

The Directors may retain the dividend payable upon shares in respect of which any person is under "The Transmission Article" entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect thereof or shall duly transfer the same.

Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on such member shall not exceed the dividend payable to him and so that the call made earlier payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members be set off against the call.

Any General Meeting may, upon the recommendation of the Directors, resolve that any moneys investments or other assets forming part of the undivided profits of the Company standing to the credit of any reserve fund or special account or in the hands of the Company and available for dividend including any profits arising from the sale of the assets of the Company or any part thereof or by reasons of any other accretion to capital assets or representing premium received on the issue of shares and stand to the credit of the share premium account, be capitalised and distributed (in the manner and to the extent permissible under the provisions of the Act) amongst such of the shareholders as would be entitled to receive the same if distributed by the way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide any unissued share, debentures or debenture-stock (in the manner and to the extent aforesaid) of the Company which shall be allotted and distributed, accordingly or towards payment of the uncalled liability on any issued shares, or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholder in full satisfaction of their interest in the said capitalised sum.

For the purpose of giving effect to any resolution under the preceding Article, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular, may issue fractional certificates ignore fractions or may vest the same in trust for the persons entitled as may seem expedient to the Directors. Where requisite a proper contract shall be filled in accordance with the provisions of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund and such appointment shall be effective.

Any one of several persons who are registered as joint-holders of any share may give effective receipts for all dividends and payments on account of dividends in respect, of such shares.

Unless otherwise directed any dividend may be paid by cheque warrant or postal money order sent through the post to the registered address of the member or person entitled thereto or in the case of joint-holder to the registered address of that one whose name stands first in the Register in respect of the joint-holding or to such person and such address as the member or person entitled of such joint-holders, as the case may be, may direct.

The payment of every cheque or warrant sent under the provisions of the last preceding Article shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof: Provided nevertheless that the Company shall not be responsible for the loss of any cheque, dividend warrant or postal money order which shall be sent by post to any member or by his order to any other person in respect of any dividend.

#### **THE SEAL**

##### **Article 109 provides :**

The Director shall provide for the safe custody of the seal and the seal shall never be used except by the authority of the Directors previously given and subject as aforesaid, one Director at least shall sign every instrument to which the seal is affixed provided nevertheless, that any instrument bearing the seal of the company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the directors to issue the same.

#### **FORFEITURE OF SHARES AND LIEN**

##### **Article 22 to 34 provides :**

If any member fails to pay any call or instalments on or before the day appointed for the payment of the same, the Directors may, at any time thereafter during such time as the call or instalment remains unpaid serve a notice on such member requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the company by reason of such non-payment.

The notice shall name a day (not being less than 14 days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place or places appointed, the share in respect of which such call was made or instalment is payable will be liable to be forfeited.

If the requisition of any such notice as aforesaid be not complied with, any Shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or instalments interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Neither the receipt by the company of a portion of any money which shall from time to time be due from any member of the company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the company from thereafter proceeding to enforce a forfeiture of such Shares herein provided.

When any share shall be so forfeited notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by omission or neglect to give such notice or to make such entry as aforesaid.

Any share so forfeited shall be deemed to be a property of the Company and the Directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.

The Directors may at any time before any Shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.

Any member whose Shares have been forfeited shall notwithstanding such forfeiture be liable to pay and shall forthwith pay to the company all calls instalments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture, together with the interest thereupon from the time of the forfeiture until payment at such rate as shall from time to time fixed by the Board and the Directors may enforce the payment thereof without any deduction or allowance for the value of the share at the time of forfeiture but shall not be under any obligation to do so.

The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.

A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares and such declaration and the receipt of the company for the consideration, if any given for the Shares on the sale or disposition thereof shall constitute a good title to such Shares.

The Company shall have a first and paramount lien upon all the share (not fully paid-up) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (Whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interests in any share shall be created except upon the footing and condition that Article 9 hereof is to have full effect and the said lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of Company's lien, if any, on such shares.

For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators, or his committee, curator bonis or other person recognised by the company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable by such member and the residue (if any) paid to such member, his executors, administrators, or other representatives or persons so recognised as aforesaid.

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in register in respect of such shares his title to such shares not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damage only and against the company exclusively.

Where any shares under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the company by the former holder of the said shares the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

#### **TRANSFER AND TRANSMISSION OF SHARES**

##### **Article 35 to 46 provides :**

Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the company together with the certificates of the shares or if no such certificate is in existence alongwith the letter of allotment of the shares. The instrument of transfer of any shares shall be signed both by the transferor and transferee and shall contain the name, and the other particulars both of the transferor and transferee and transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register in respect thereof.

Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of application to the transferee in the manner prescribed by the Act, and subject to the provisions of the Article 9 and 38(a) thereof, the company may unless objection is made by the transferee within two weeks from the date of the receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

Before registering any transfer tendered for registration the Company may, if it so thinks fit gives notice by letter posted in the ordinary

course to the Registered holder that such transfer deed has been lodged and that, unless objection is taken the transfer will be registered if such Registered holder fails to lodge an objection in writing at the office of the company within ten days from the posting of such notice to him, he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the Registered holder, the Company shall be deemed to have decided not to keep notice and in any event the non-receipt by the registered holder, of any notice shall not entitle him to make any claim of any kind against the company in respect of such non-receipt.

Neither the Company nor its Directors shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the company or its Directors be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee be liable to be set-aside and notwithstanding that the company may have notice that such instrument of transfer signed or executed and delivered by the transferor in blank as to the name of the transferee or particulars of the shares transferred, or otherwise in defective manner. And in every such cases the person registered as transferee, his executor, administrators and assigns alone shall be entitled to be recognised as the holder of such share and the previous holder shall so far as the Company is concerned be deemed to have transferred his whole title thereto.

- (a) Subject to the provisions of section 111 of the Act, and the Securities Contracts Regulation Act as amended from time to time the Board, may within two months from the date on which the instrument of transfer was delivered to the company, refuse to register any transfer of a share upon which the company, has a lien and in the case of a share not fully paid-up, may refuse to register a transfer to a transferee of whom the board does not approve.
- (b) No transfer shall be made to a minor or person of unsound mind or firm, without the consent of the Board.
- (a) Instrument of transfer of any share shall be in writing and all the provisions of section 108 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers and of registration thereof.
- (b) In the case of any share registered in any Register outside India, the instrument of transfer shall be in form recognised by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in sub-clause (a) hereof as circumstances shall permit.

All instruments of transfer which shall be registered, shall be retained by the Company.

If the Directors, refuse to register the transfer of any shares, the company shall within two months from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of the refusal.

On giving seven days notice by advertisement in a newspaper circulating in the District in which the office of the company is situated, the Register of Members may be closed during such time as the Directors think fit not exceeding in the whole forty-five days in each year but not exceeding thirty days at a time.

The executors and administrators or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint-holders) shall be the only person whom the company shall recognise as having any title to the shares registered in the name of such member and in case of the death of any one or more of the joint-holders of any registered shares the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares but nothing herein contained shall be taken to release the estate of a deceased joint-holders from any liability on shares held by him jointly with any other person. Before recognising any legal representative or heir or a person otherwise claiming title to the shares the company may require him to obtain a grant of probate or letters of administration or succession certificate or other legal representation as the case may be from a competent court provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with the production of probate or letter of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.

Any person becoming entitled to or transfer share in consequences of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title as the Directors think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such shares may, subject to the regulations as to transfer hereinbefore contained transfer such shares. This article is herein after referred to as the 'Transmission Articles' Subject to any other provisions of these Articles, if the person so becoming entitled to shares under this or the last preceeding Article shall elect to be registered himself, he shall deliver or sent to the company a notice in writing. Notice of election signed by him stating that he elects if he shall to be Registered as elect to transfer the shares to some other person a shareholder he shall execute an instrument of transfer in accordance with the provisions of these Articles relating to transfer of shares. All the limitations, restrictions and provisions of these Article relating to the right to transfer and registration of transfer of shares shall be applicable to any such notice of transfer as aforesaid.

Subject to any other provisions of these Articles and if the Directors in their sole discretion are satisfied in regard thereto a person becoming entitled to a share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other money payable in respect of the share.

#### **INDEMNITY**

##### **Article 139 & 140 provides :**

Subject to the provisions of Section 201 of the Act, every Director, Manager, Secretary, and other officer or employee of the Company shall be indemnified against and it shall be duty of the Directors to pay out of the funds of the Company all costs, losses and expenses (including travelling expenses) which any Directors, Manager, Secretary or other Officer or Employee may incur or become liable to by reason of any contract entered into or any way in the discharge of his or their duties and in particular, and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him or them as such Director, Manager, Secretary, Officers or Employee in defending any proceedings whether civil or criminal, in which judgement as given in his or their favour or he or they is or are acquitted, or in connection with any application under section 633 of the Act in which relief is granted by the court and the amount for which such indemnity is provided immediately attach as a lien in the property of Company and have priority as between the members over-all other claims.

Subject to the provisions of the Act and so far as such provision permit, no Director, Auditor or other officer of the Company shall be liable for acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property required by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the money of the Company shall be invested, or for any loss occasioned by any error of judgement omission, default or oversight on his part or for any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

#### **WINDING UP**

##### **Article 137 & 138 provides :**

Subject to the provisions of the Companies Act and Companies (court) Rules, 1959 upon the winding-up of the Company, the holders of preference Shares, if any shall entitled to be paid all arrears of Preferential Dividend to the Commencement of Winding-up and also to be repaid the amount of capital paid-up or credited as paid upon such Preference Shares held by them respectively, in priority to the Equity Shares, but shall not be entitled to any other further rights to participate in profits or assets, subject as aforesaid and to the rights of any other holders of shares entitled to receive preferential payment over the Equity Shares, in the event of the winding up of the Company, the holders of the Equity Shares shall be entitled to be repaid the amount of capital paid-up or credited as paid up such shares. All surplus assets and thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up or credited on such Equity Shares respectively at the commencement of the winding-up. If the assets shall be insufficient to repay the whole of the paid-up Equity Capital such assets shall be distributed so that

as nearly as may be the losses shall be borne by the members holding Equity Shares in proportion to the capital paid-up which ought to have been paid-up on the Equity Shares held by them respectively at the commencement of the winding-up other than the amounts paid by them in advance of calls.

If, the Company shall be wound up, whether voluntary or otherwise, the Liquidators may, with the sanction of a special Resolution of the Company and any other sanction required by the Act, divide among the contributories in species or kind, any part of the assets of the Company and may, with the like sanction vest any part of assets of the Company in trustee upon such trust for the benefit of the contributories, or any of them as the Liquidators, with the like sanction shall think fit.

#### A. MATERIAL CONTRACTS AND DOCUMENTS

1. Copy of letter dated 22nd November, 1995 from KEYNOTE CORPORATE SERVICES LIMITED, Mumbai offering their services for acting as Lead Managers to the issue and Company's acceptance thereof.
2. Resolution under section 81(1A) of the Companies Act, 1956 dated 27th November, 1995.
3. Resolution under section 293(1)(a) of the Companies Act, 1956 dated 27th November, 1995.
4. Resolution under section 293(1)(d) of the Companies Act, 1956 dated 27th November, 1995.

#### B. OTHER DOCUMENTS FOR INSPECTION

5. Certificate of Incorporation dated 1st September, 1992.
6. Certificate of Change of Name dated 11th January, 1996.
7. Copy of Memorandum and Articles of association.
8. Copy of Initial listing applications for Indore, Mumbai and New Delhi Stock Exchanges.
9. Copy of approval of Government of India, Department of Tourism, New Delhi for the Heritage Hotel Project of the issuer Company No. 5.TH.I(22)/93 dated 20th September, 1993.
10. Copy of application made to the Select Hotels & Resorts International for management support services and advise for the hotel vide their letter dated 7th September, 1995.
11. Copy of letter no. 464 dated 11th November, 1994 from Building Section, Office of Municipal Corporation, Bhopal for permission of renovation/alteration of Kothi Noor-Us-Sabah.
12. Copy of Sub-Lease agreement between M/s. Noor-Us-Sabah Hotels & Properties Private Limited and the issuer Company dated 8th February, 1993 and the supplementary agreement dated 15th April, 1995.
13. Copy of the letter from Executive Engineer, City Division North MPEB, Bhopal acknowledging the receipt of application made for power by the Company vide their letter No.EEBC/N/02-96 dated 20th February, 1996.
14. Copy of Application made by the Company for Water & Air consent to Madhya Pradesh Pollution Control Board vide letter No. LHL/008/SCP/96-97 dated 9th April, 1996.
15. Copy of letter dated 18th August, 1992 for offer of professional services by M/s. SEMAC Pvt. Ltd and the Company's acceptance of offer by letter dated 20th August, 1992.
16. Copy of letter dated 9th October, 1995 from Mr. Deepak Jayakar, Mumbai for providing his services of interior designing of the hold project.
17. Copy of the letter dated 11th April, 1996 from Mr. Rajesh Shukla, New Delhi for offering landscape architectural consultancy to the hotel project.
18. Copy of Order from Supreme Court of India, regarding dismissal of the petition for special leave vide Item No.53 dated 5th February, 1996.
19. Copy of Public Notice issued by the issuer Company dated 9th February, 1996.
20. Copy of Lease Finance sanction letter from Keynote Corporate Services Limited no.LAKE\LEA\_224\VAN\96 dated 26th February, 1996 and subsequent letter No.LAKE/LEA2/224/VAN/96 dated 1st August, 1996.
21. Copy of letter dated 3rd August, 1996 received from M/s. Cassels International Ltd. to subscribe to the Equity Shares reserved for NRIs on firm allotment basis.

22. Copy of MOU dated 22nd November, 1995 between Company and Keynote Corporate Services Ltd., Mumbai.
23. Copy of letter dated 6th December, 1995 received from Auditors to the Company advising 'Tax Benefits'.
24. Copy of Auditors Report dated 20th July, 1996 in accordance with clause B(i) of Part II of schedule II of Companies Act, 1956.
25. Copy of Balance Sheet of the Issuer Company for the year 1995-96 and the quarter ended on 30th June, 1996.
26. Copy of Certificate dated 20th July, 1996 issued by M/s. Chandabhai & Jassobhoy, Chartered Accountants regarding expenditure incurred till 30th June, 1996 on the project.
27. Copy of Board Resolution authorising the Registrars to the Issue passed on 4th January, 1996 to sign on behalf of the Company to realise the proceeds of the Stockinvest.
28. Consents of Directors, Lead Managers, Registrars to the Issue, Auditors, Legal Advisor, Company Secretary, Bankers to the Company and Bankers to the Issue.
29. Copy of Acknowledgement Card from SEBI vide their letter No. IMID/BKG/8538/2632/96 dated 10th May, 1996.
30. Copy of in principle approval from Reserve Bank of India, Exchange Control Department, Central Office, Central Office Building, Mumbai 400 023 for issue of equity shares to non-resident individuals of Indian National/origin OCBs/FIIs with repatriation benefits under 40% scheme vide their letter No.CO.FID(II)/3336/10.02.40(791)/95/96 dated 27th March, 1996.
31. Copy of resolution passed by the Board of Directors in their meeting held on 3rd January, 1996 appointing Mr. Sikandar Hafiz Khan as Managing Director for a term of five years and copy of the Central Government approval dated 25th July, 1996 for his appointment.

32. Copies of Purchase orders for the orders placed for Plant and Machinery by the Company :

Sr. No.	Machinery	Name of Supplier	Date	Value (Rs. in lacs)
1.	Air Conditioners			
	a. Chiller Units	Thermax	07.12.95	45.00
	b. Ducting, FCU, AHU, C.T. Controls, Etc.	Thermax	07.12.95	85.00
2.	Electrical Works	G. Square	16.07.96	84.00
3.	Fire Detection System	Pyro Engineers (P) Ltd.	25.05.96	15.00

#### TOTAL

229.00

Note : Orders for the above mentioned Item Nos. 2 and 3 have been placed by M/s. Semac Pvt. Ltd. the issuer company's consulting engineers on behalf of the Company.

33. Copy of Annual Reports of Group Companies of Issuer Company for the years 1993-94, 1994-95 and the provisional Balance Sheets for the year ended 1995-96 mentioned earlier in the Prospectus.

#### DECLARATION

We, the Directors, declare that all the relevant provisions of the Companies Act, 1956 and the Guidelines issued by the Government have complied with and no statement made in the prospectus is contrary to the provisions of the Companies Act, 1956 and Rules made thereunder.

#### SIGNATURE OF DIRECTORS

Mr. Sikandar Hafiz Khan

Mr. Mohammed Hafiz Khan

Mr. Mohammed Mansur Ali Khan Pataudi\*

Mr. Kaleem Ullah Khan, NRI \*

Mr. S. Shankar Narayanan

\*(Signed by their Constituent Attorney Mr. Hans Raj Mutreja)

Place : BHOPAL

Date : 5th August, 1996.