

**DRAFT LETTER OF OFFER**  
**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

This Letter of Offer is sent to you as equity shareholder(s) of **Howard Hotels Limited**. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or SPA Merchant Bankers Limited (Manager to the Offer) or Link Intime India Private Limited (Registrar to the Offer). In case you have recently sold your shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgment, Form of Withdrawal and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

**CASH OFFER BY**

**Mr. Nirankar Nath Mittal, Mr. Nirvikar Nath Mittal, Mrs. Brij Lata Mittal**, residents of House No. 4/63C, 4/63B, 4/63 respectively, all situated at Lajpat Kunj, Khandari, Agra - 282 002, Uttar Pradesh ("U.P."), Tel No: + 91 562 404 8600 Fax: + 91 562 404 8666, **Mittal Fragrances Private Limited** having registered office at 20, Maurya Complex, B-28, Subhash Chowk, Laxmi Nagar, Delhi - 110 092 and **Rishi Real Estates India Private Limited** having registered office at 33/75, Lata Kunj, Ajmer Road, Agra - 282 001 Uttar Pradesh

(Hereinafter referred as the "Acquirers")

Along with

**Mr. Shri Kant Mittal and Mr. Saurabh Kant Mittal**, resident of 4/63, Lajpat Kunj, Khandari, Agra-282002, Uttar Pradesh, **Mrs Neena Mittal**, resident of 4/63B, Lajpat Kunj, Khandari, Agra - 282 002, Uttar Pradesh and **Mrs Sarita Mittal** resident of 4/63A, Lajpat Kunj, Khandari, Agra - 282 002, Uttar Pradesh

(hereinafter referred as the "Person Acting in Concert" / "PACs")

To the existing shareholders of

**Howard Hotels Limited ("Target Company" / "Company" / "HHL")**

having its registered office at **805, New Delhi House, 27, Barakhamba Road, New Delhi - 110 001**

Tel No: +91 11 4351 5852; Fax No: +91 11 4351 5853, e-mail: [hpp@sarovarhotels.com](mailto:hpp@sarovarhotels.com)

**To acquire 18,22,640 equity shares of face value Rs. 10/- each representing 20% of the of the expanded Paid up Share capital and voting capital of the Target Company at a price of Rs. 13.20 per equity share**

This offer is pursuant to Regulations 10 & 11 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and subsequent amendments (the "SEBI SAST Regulations")

**Please Note:**

- **This Offer is not subject to minimum level of acceptance**
- This Offer is subject to the approval from Reserve Bank of India, if any, in respect of shares tendered by non-resident shareholders and no other statutory approval is required to acquire the shares that may be tendered pursuant to the Offer. If any statutory approval becomes applicable at a later date, the offer would be subject to such statutory approvals. In case the statutory approvals are not obtained, the Acquirers will not proceed with the Offer.
- **Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public announcement / Letter of Offer can withdraw the same upto 3 (three) working days prior to the date of the closure of the Offer i.e. upto June 09, 2010**
- If there is any upward revision of the Offer Price by the Acquirers till the last date for revision i.e. June 03, 2010 or if the Offer is withdrawn, the same would be informed by way of a Public Announcement in the same newspapers in which the original Public Announcement dated April 8, 2010 had appeared. In the event the offer price is revised, the acquirers will pay such revised Offer Price for all the equity Shares tendered anytime during the Offer and accepted under the Offer.
- **If there is a competitive bid: (i) The public offers under all the subsisting bids shall close on the same date; (ii) As the Offer Price cannot be revised during 7 (seven) working days prior to the closing date of the offers /bids, it would therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- **There has been no competitive bid as on the date of this Letter of Offer**

The Public Announcement and the Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) are available on SEBI's website ([www.sebi.gov.in](http://www.sebi.gov.in)).

**MANAGER TO THE OFFER**



**SPA Merchant Bankers Limited**

25, C - Block, Community Centre  
Janak Puri, New Delhi - 110 058

Tel.: +91 11 2551 7371, 4567 5500

Fax: +91 11 2553 2644

E-mail: [hlopenoffer@spagroupindia.com](mailto:hlopenoffer@spagroupindia.com)

Website: [www.spacapital.com](http://www.spacapital.com)

SEBI Regn. No.: INM 000010825

Contact Person: Mr. Nitin Somani / Mr.  
Yogesh Malpani

**REGISTRAR TO THE OFFER**



**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),

Mumbai - 400 078

Tel.: +91 22 2596 0320;

Fax : +91 22 2596 0329

E- mail: [hhl.offer@linkintime.co.in](mailto:hhl.offer@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

SEBI Regn. No: INR 000004058

Contact Person: Mr. Nilesh Chalke

**OFFER OPENS ON May 26, 2010 (Wednesday)**

**OFFER CLOSES ON June 14, 2010 (Monday)**

## SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER

Activity	Schedule	
	Date	Day
Public Announcement date	April 8, 2010	Thursday
Specified Date (for the purpose of determining names of shareholders to whom letter of offer would be sent)	April 15, 2010	Thursday
Last date for a competitive bid	April 27, 2010	Tuesday
Date by which the Letter of Offer to be dispatched to the shareholders	May 19, 2010	Wednesday
Date of opening of the Offer	May 26, 2010	Wednesday
Last date for revising the offer price	June 03, 2010	Thursday
Last date for withdrawal of acceptance	June 09, 2010	Wednesday
Date of closing the Offer	June 14, 2010	Monday
Last date by which acceptance / rejection would be intimated and corresponding payment for the acquired shares and / or the share certificate(s) / demat delivery instruction for the rejected Shares will be dispatched / issued.	June 29, 2010	Tuesday

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## DEFINITIONS / ABBREVIATIONS

<b>Acquirers</b>	: Mr. Nirankar Nath Mittal, Mr. Nirvikar Nath Mittal, Mrs. Brij Lata Mittal, Mittal Fragrances Private Limited and Rishi Real Estates India Private Limited
<b>Bank / Escrow Bank</b>	: Punjab National Bank
<b>BSE</b>	: Bombay Stock Exchange Limited
<b>CDSL</b>	: Central Depository Services (India) limited
<b>Depositories</b>	: NSDL and CDSL collectively
<b>DSE</b>	: Delhi Stock Exchange Limited
<b>Eligible person(s)</b>	: All owners of Shares, registered or unregistered, who own shares at any time prior to the closure of the Offer except the Acquirers and PACs
<b>EGM</b>	: Extraordinary General Meeting
<b>Expanded Paid-Up Equity Capital</b>	: The post issue expanded paid up capital of Howard Hotels Limited (i.e. after conversion of warrants)
<b>FOA</b>	: Form of Acceptance cum Acknowledgement
<b>FOW</b>	: Form of Withdrawal
<b>Draft Letter of Offer</b>	: Draft Letter of Offer dated April 17, 2010 filed with SEBI
<b>Manager / Manager to the Offer</b>	: SPA Merchant Bankers Limited
<b>MFPL</b>	: Mittal Fragrances Private Limited
<b>MOA</b>	: Memorandum of Association
<b>NRI</b>	: Non Resident Indians
<b>NSDL</b>	: National Securities Depository Limited
<b>NSE</b>	: The National Stock Exchange of India Limited
<b>Offer / Open Offer</b>	: This Open Offer for acquisition of 18,22,640 fully paid up equity shares representing 20% of the fully paid up expanded equity share capital and voting capital (i.e. after conversion of warrants) of the Target Company at the Offer price of Rs. 13.20 each
<b>Offer Closing Date</b>	: June 14, 2010
<b>Offer Opening Date</b>	: May 26, 2010
<b>Offer Price</b>	: Rs. 13.20 per Equity Share
<b>Public Announcement / PA</b>	: Public Announcement of the Offer made by the Acquirers on April 08, 2010
<b>PAC / PACs / Person Acting in Concert</b>	: Mr. Shri Kant Mittal, Mr. Saurabh Kant Mittal, Mrs Neena Mittal and Mrs Sarita Mittal
<b>Registrar / Registrar to the Offer</b>	: Link Intime India Private Limited
<b>RREIPL</b>	: Rishi Real Estates India Private Limited
<b>SEBI</b>	: Securities and Exchange Board of India
<b>SEBI Act</b>	: Securities and Exchange Board of India Act, 1992
<b>SEBI SAST Regulations</b>	: Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof.
<b>Shares</b>	: Shares means fully paid up equity shares of Howard Hotels Limited.
<b>SNEIPL</b>	: Shree Nath Exports (India) Private Limited
<b>Specified Date</b>	: April 15, 2010
<b>Stock Exchanges</b>	: BSE, DSE and UPSE collectively, being the Stock Exchanges where the shares are listed
<b>Target Company / Company / HHL</b>	: Howard Hotels Limited
<b>U.P.</b>	: Uttar Pradesh
<b>UPSE</b>	: Uttar Pradesh Stock Exchange Association Limited

## RISK FACTORS

- ❖ The shares tendered in the Offer will remain in the designated escrow account till the completion of the Offer formalities. During such period there may be fluctuation in the market price of the shares of the Target Company. The Acquirers make no assurance with respect to the market price of the Shares during and / or after the Offer,
- ❖ Transfer of equity shares received from NRI shareholders under the offer is subject to receipt of approval from Reserve Bank of India, if any, for the same.
- ❖ If the aggregate of the valid responses to the offer exceeds offer size, then the Acquirers shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the Regulations. In such an event all the equity shares tendered by the applicants may not be accepted.
- ❖ In the event that either (a) there is any litigation leading to stay on the Offer, or (b) Regulatory approval if any are not received in time, or (c) SEBI instructs the Acquirers not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of major activities as indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of the Target Company whose shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirers may be delayed.
- ❖ The Acquirers make no assurance with respect to the financial performance of the Target Company.
- ❖ The Acquirers and the Manager to the Offer, accept no responsibility for statements made otherwise than in the Public Announcement or the Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirers and the Manager to the Offer, and anyone placing reliance on any other source of information would be doing so at his / her / their own risk.

The risk factors set forth above pertain to the Offer and do not relate to the present or future business or operations of Howard Hotels Limited or the Acquirers or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation in the Offer by a shareholder. The shareholders of Howard Hotels Limited are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

## DISCLAIMER CLAUSE

**“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH THE SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY THE SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO THE SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF HOWARD HOTELS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS, PACs OR THE COMPANY WHOSE EQUITY SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER(S) ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER - SPA MERCHANT BANKERS LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED APRIL 17, 2010 TO THE SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER”.**

## 1. DETAILS OF THE OFFER

### 1.1 Background of the Offer

1.1.1 The Acquirers and PACs belong to the Promoter Group of the Target Company and currently hold 10,62,500 equity shares constituting 14.53% of the paid up equity capital and voting rights of the Target Company

1.1.2 Mr. Nirankar Nath Mittal, Mr. Nirvikar Nath Mittal and Mrs Brij Lata Mittal, forming part of Promoter Group of the Target Company, have agreed to the offer to subscribe 30,000 equity shares of Shree Nath Exports (India) Private Limited (“SNEIPL”), a body corporate holding 9,80,574 equity shares constituting 13.41% of present paid up equity share capital & voting rights of the Target Company. The Board of Directors of SNEIPL in its Board Meeting held on April 2, 2010 consented to issue and allot 30,000 equity shares (representing 33.90% of the enhanced paid up equity share capital) of SNEIPL to the aforesaid three members of Promoter Group of Target Company. Presently SNEIPL is a public shareholder of Target Company.

As a result of allotment of 30,000 shares in SNEIPL to Promoter Group of Target Company, SNEIPL will become a part of the Acquirers & PACs (Promoter Group) and the holding of Acquirers & PACs (Promoter Group) in the Target Company would stand increased by 9,80,574 equity shares. The Acquirers have not entered into any share subscription agreement with SNEIPL.

1.1.3 Further, The Board of Directors of the Target Company at its meeting held on March 06, 2009 had allotted, on a preferential basis, 8,00,000 warrants to Mittal Fragrances Private Limited (“MFPL”) and 10,00,000 warrants to Rishi Real Estates India Private Limited (“RREIPL”), both forming part of the Acquirers (Promoter Group) at a price of Rs. 12.25 per warrant carrying the right to subscribe to equal number of equity shares (face value of Rs. 10 each at premium of Rs. 2.25) in the Target Company on conversion within a period of 18 months from the date of allotment in accordance with section 81(1A) of the Companies Act, 1956 and in accordance with the then existing guidelines of the preferential issue under Chapter XIII of the erstwhile SEBI (Disclosure & Investor Protection) Guidelines, 2000.

The aforesaid preferential issue of warrants was duly authorized by the Board of Directors of the Target Company at its meeting held on January 30, 2009 and by the shareholders through special resolution passed under Sec 81(1A) of the Companies Act 1956 at the Extra Ordinary General Meeting held on March 2, 2009.

The allottees of the said warrants MFPL & RREIPL had paid Rs. 24.50 Lacs and Rs. 90.00 Lacs respectively against allotment of warrants. The last date for exercise of conversion of warrant is September 05, 2010. MFPL and RREIPL, both the aforesaid warrant holders, have sent a notice to the Target Company on April 03, 2010 for exercising their options to convert the warrants into Equity shares alongwith the cheques for balance amount of Rs. 73.50 lacs and Rs. 32.50 lacs respectively. As a result of the proposed conversion of aforesaid warrants, the shareholding of Acquirers & PACs in the Target Company will further increase by 18,00,000 equity shares.

1.1.4 Pursuant to the proposed consolidation of shareholding by the Acquirers & PACs resulting in increase of their voting rights from 14.53% of the present paid up equity capital to 42.17% of the expanded paid up equity capital of the Target Company consequent to ‘Inclusion of SNEIPL’ in the Promoter Group & ‘Conversion of Warrants into Equity shares of the Target Company’, this mandatory offer (“the offer” or “Open Offer”) is being made by the Acquirers in compliance with Regulations 10 & 11 and other applicable provisions of SEBI SAST Regulations.

1.1.5 The holding and voting rights of the Acquirers & PACs in the Target Company before and after the allotment of equity shares in SNEIPL and allotment of equity shares on conversion of warrants (on a fully diluted basis) is given below:

Category	Present Shareholding		Shareholding after inclusion of SNEIPL in Promoter Group		Shareholding after inclusion of SNEIPL in Promoter Group and conversion of warrants *	
	No of shares	%	No of shares	%	No of shares	%
Acquirers & PACs	10,62,500	14.53	20,43,074	27.94	38,43,074	42.17
Others	62,50,700	85.47	52,70,126	72.06	52,70,126	57.83
<b>Total Paid up Shares</b>	<b>73,13,200</b>	<b>100.00</b>	<b>73,13,200</b>	<b>100.00</b>	<b>91,13,200</b>	<b>100.00</b>

\* Does not includes the shares proposed to be acquired through this open offer.

- 1.1.6 Details of shareholding held by the Acquirers & PACs (Promoter Group) as on the date of PA and after the proposed 'Inclusion of SNEIPL as an associate of the Acquires & PACs (Promoter Group)' and 'Conversion of Warrants' will be as under:

Name of Acquirers & PACs	Current Shareholding of Promoter Group		Shareholding after inclusion of SNEIPL and conversion of warrants of Promoter Group	
	No. of shares	%age	No. of shares	%age
Mr. Nirankar Nath Mittal	1,21,600	1.66	1,21,600	1.33
Mr. Nirvikar Nath Mittal	1,09,000	1.49	1,09,000	1.20
Mrs. Sarita Mittal	1,31,000	1.79	1,31,000	1.44
Mr. Saurabh Kant Mittal	77,000	1.05	77,000	0.84
Mr. Shri Kant Mittal	62,000	0.85	62,000	0.68
Ms. Neena Mittal	60,000	0.82	60,000	0.66
Mrs. Brij Lata Mittal	1,40,000	1.91	1,40,000	1.54
Mittal Fragrance Private Limited	3,61,900	4.95	11,61,900	12.75
Rishi Real Estates India Private Limited	Nil	Nil	10,00,000	10.97
Shree Nath Exports (India) Private Limited*	NA*	NA*	9,80,574	10.76
<b>Total →</b>	<b>10,62,500</b>	<b>14.53</b>	<b>38,43,074</b>	<b>42.17</b>

\*As on date of PA Shree Nath Exports (India) Private Limited, is not part of the Acquirers & PAC (Promoter Group) but would form part of the Acquirers & PACs after allotment of its shares to the Acquirers.

- 1.1.7 The details of equity shares of the target company sold and purchased by the Acquirers\ PACs during the twelve months period preceding the date of the Public Announcement are as under:

Sr. No	Name of Acquirers & PACs	Date of Acquisition	No. of Shares Acquired*	Rate (Rs. Per share)	% of total paid up / voting capital	Status of Compliance with SEBI SAST Regulations
1.	Shri Kant Mittal	31.07.2009	700	11.75	0.010	Not Applicable
2.	Mittal Fragrance Private Limited	31.07.2009	400	11.75	0.005	Not Applicable
<b>Total →</b>			<b>1,100</b>		<b>0.015</b>	

\*Off Market Transaction

The highest and average price paid for acquisition of shares held presently by the Acquirers and PACs is Rs. 11.75 per equity share.

- 1.1.8 Neither the Target Company, nor the Acquirers & PACs and SNEIPL, have been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the Securities and Exchange Board of India Act, 1992 and subsequent amendments thereto.
- 1.1.9 The Acquirers and PACs control the management of the Target Company and as on date the Acquirers and PACs do not have any plans to make changes in the Board of Directors of the Target Company pursuant to this Open Offer
- 1.1.10 There has been no allotment of shares to Acquirers by way of public or rights or preferential issue during the twenty-six week period prior to the date of public announcement.
- 1.1.11 The Offer is not as a result of global acquisition resulting in indirect acquisition of the Target Company.

## 1.2 The Details of the Proposed Offer

- 1.2.1 The public announcement was made in the following newspapers on April 08, 2010, in accordance with Regulation 15 of the SEBI SAST Regulations.

Publication	Language
Business Standard – All editions	Hindi
Business Standard – All editions	English
Punya Nagri – Mumbai edition	Marathi

The Public Announcement is also available on the SEBI's website: [www.sebi.gov.in](http://www.sebi.gov.in).

- 1.2.2 The Acquirers are hereby making open offer to the shareholders of the Target Company (other than Acquirers, PACs and the Promoter Group) to acquire 18,22,640 equity shares of the target company of face value of Rs. 10/- each, representing in aggregate 20% of the expanded paid up equity capital of the Target Company at a price of Rs. 13.20 (Rupees Thirteen and Paise Twenty only) per fully paid up equity share (“offer price”) payable in cash subject to the terms and conditions mentioned in the PA and this Letter of Offer. The Offer is in accordance with Regulations 10 & 11 of the SEBI SAST Regulations, consequent to ‘Inclusion of Shree Nath Exports (India) Private Limited in the Acquirers & PAC (Promoter Group) and by ‘conversion of warrants already allotted into Equity Shares of the Target Company’ made to the Acquirers (Promoter Group) referred to in paragraph 1.1.2 & 1.1.3 above without any change in control or management.
- 1.2.3 This Offer is not a Conditional Offer and is not subject to any minimum level of acceptance. The Acquirers will acquire all the fully paid up equity Shares of the Target Company that are tendered as per terms of the Offer up to a maximum of 18,22,640 equity shares.
- 1.2.4 This is not a competitive bid.
- 1.2.5 The Acquirers or the PACs have not acquired or sold any equity shares in the Target Company since the date of Public Announcement i.e. April 08, 2010 upto the date of this Letter of Offer.
- 1.2.6 In the event the Acquirers acquire additional shares after the date of Public Announcement, such purchases shall be disclosed to the Stock Exchanges where the shares are listed and to the Manager to the Offer in accordance with Regulation 22(17) of the SEBI SAST Regulations. The Acquirers undertakes to ensure that if the Acquirers including PACs acquires shares after the date of Public Announcement at a price higher than the Offer Price stated in the Letter of Offer, than the highest price paid for such acquisition shall be payable by them for all acceptances received under the Offer. However no such acquisition shall be made by the Acquirers or PACs during the last seven working days prior to the closure of the Offer
- 1.2.7 All purchases in the offer will be made by Mr. Nirankar Nath Mittal, Mr. Nirvikar Nath Mittal and Mrs. Brij Lata Mittal. The shares of the Target Company will be acquired as fully paid up, free from all liens, charges and encumbrances and together with the rights attached thereto. To the extent of the offer size, all the shares of the target company that are validly tendered pursuant to this offer are proposed to be acquired by the Acquirers

### **1.3 The Rationale for the Acquisition and Offer**

- 1.3.1 The Acquirers have agreed to invest in the equity of SNEIPL which is a public shareholder in the Target Company and is holding 9,80,574 equity shares as on the date of PA. Pursuant to subscription of 30,000 equity shares and allotment of shares in SNEIPL, it will become a part of the Promoter Group of the Target Company. Further, the Promoter Group has also decided to convert the warrants allotted to them on March 6, 2009 into equity shares. The above two acquisitions by the Acquirers & PACs (Promoter Group) will raise their holding beyond 15% in the Target Company thus triggering this Open Offer under the provisions of SEBI SAST Regulations.
- 1.3.2 The Acquirers, barring unforeseen circumstances, are confident of ensuring sustained growth. Also the proposed allotment of shares on conversions of warrants will strengthen the capital base and Net worth of Target Company and enable it to seek higher working capital facilities and term loans from Banks.

## **2. BACKGROUND OF THE ACQUIRERS AND PACs**

### **2.1 Acquirers**

- 2.1.1 **Mr. Nirankar Nath Mittal**, son of Late Mr. Joti Prasad Mittal, aged 58 years, resident of 4/63C, Lajpat Kunj, Khandari, Agra - 282 002, U.P., Tel. +91 562 404 8600. He has done M.Sc. in Botany and has more than 25 years of business experience including 8 years in the field of Hotel & Tourism Industry. He is Chairman cum Managing Director and one of the Promoters of the Target Company. He is also a Director and one of the Promoters of MFPL and RREIPL. The Net Worth of Mr. Nirankar Nath Mittal is Rs. 336.30 lacs as certified by Mr. Sunil Kumar Agarwal (Membership No.:76231), Partner, Kumar Dinesh & Company, Chartered Accountants, 30/118, Azad Gali, Johri Bazar, Agra 282003, U.P., Telephone: +91 562 3273819 vide their certificate dated April 03, 2010.

2.1.2 **Mr. Nirvikar Nath Mittal**, son of Late Mr. Joti Prasad Mittal, aged 56 years, resident of 4/63B, Lajpat Kunj, Khandari, Agra - 282 002, U.P., Tel. +91 562 404 8600. He has done B.A., LL.B. and has more than 20 years of experience including 8 years in the field of Hotel & Tourism Industry. He is an Executive Director and one of the Promoters of the Target Company. He is also a Director and one of the Promoters of MFPL and RREIPL. The Net Worth of Mr. Nirvikar Nath Mittal is Rs. 279.89 lacs as certified by Mr. Sunil Kumar Agarwal (Membership No.:76231), Partner, Kumar Dinesh & Company, Chartered Accountants, 30/118, Azad Gali, Johri Bazar, Agra 282003, U.P., Telephone: +91 562 3273819 vide their certificate dated April 03, 2010.

2.1.3 **Mrs. Brij Lata Mittal**, wife of Late Mr. Omkar Nath Mittal, aged 58 years, resident of 4/63, Lajpat Kunj, Khandari, Agra - 282 002, U.P., Tel. +91 562 404 8600. She is one of the Promoters of the Target Company. She is an Under Graduate and a Housewife. The net worth of Mrs Brij Lata Mittal is Rs. 213.38 lacs as certified by Mr. Sunil Kumar Agarwal (Membership No.:76231), Partner, Kumar Dinesh & Company, Chartered Accountants, 30/118, Azad Gali, Johri Bazar, Agra 282003, U.P., Telephone: +91 562 3273819 vide their certificate dated April 03, 2010.

2.1.4 **Mittal Fragrances Private Limited (“MFPL”)**

MFPL was incorporated with the Registrar of Companies, N.C.T Delhi & Haryana on February 03, 1992 with Corporate Identification Number (“CIN”) U24240DL1992PTC047445. The company is a Private Limited Company having its registered office at 20, Maurya Complex, B-28, Subhash Chowk Laxmi Nagar, Delhi - 110 092. The main object of the company is to carry on the business of manufacturing, trading of perfumery products; manufacture, trade of panmasala, natural essential oils etc. MFPL is an unlisted Company.

- The Promoters of the Company are Mr. Nirankar Nath Mittal, Mr. Nirvikar Nath Mittal and Mr. Shri Kant Mittal.
- The composition of the Board of Directors of MFPL is as under:

Sr. No.	Name	Designation	Date of Appointment
1	Mr. Nirankar Nath Mittal	Director	03/02/1992
2	Mr. Nirvikar Nath Mittal	Director	03/02/1992
3	Mr. Shri Kant Mittal	Director	16/10/1995

- Mr. Nirankar Nath Mittal, Mr. Nirvikar Nath Mittal and Mr. Shri Kant Mittal are also on the Board of Directors of the Target Company.
- The brief financial summary of MFPL is as follows

Particulars	(Rs. in lacs)			
	December 31, 2009 (Unaudited)*	March 31, 2009 (audited)	March 31, 2008 (audited)	March 31, 2007 (audited)
<b>Profit &amp; Loss Statement</b>				
Income from operations	-	-	-	-
Other Income	1.76	4.71	6.45	3.69
<b>Total Income</b>	<b>1.76</b>	<b>4.71</b>	<b>6.45</b>	<b>3.69</b>
Total Expenditure	0.60	0.99	0.75	0.81
Profit before Depreciation, Interest and Tax	1.16	3.72	5.70	2.88
Depreciation	-	0.01	0.02	0.03
Interest	-	-	-	-
Profit Before Tax	1.16	3.71	5.68	2.85
Provision for Tax	0.44	1.31	1.32	0.83
<b>Profit After Tax</b>	<b>0.72</b>	<b>2.40</b>	<b>4.36</b>	<b>2.02</b>
<b>Balance Sheet Statement</b>				
<b>Sources of funds</b>				
Paid up share capital	98.78	98.78	98.78	58.08
Share Application Money	11.90	11.90	-	-
Reserves & Surplus (exc. Revaluation reserves)	14.11	13.39	10.99	6.64
Less: Miscellaneous expenditure not written off	(1.31)	(1.40)	(0.94)	(1.05)
<b>Net Worth (excluding share application money)</b>	<b>111.58</b>	<b>110.76</b>	<b>108.83</b>	<b>63.67</b>

Particulars	December 31, 2009 (Unaudited)*	March 31, 2009 (audited)	March 31, 2008 (audited)	March 31, 2007 (audited)
Secured Loans	-	-	-	-
Unsecured Loans	-	-	-	-
<b>Total</b>	<b>123.48</b>	<b>122.67</b>	<b>108.83</b>	<b>63.67</b>

#### Uses of funds

Net Fixed Assets	0.03	0.03	0.04	0.06
Investments	33.77	33.72	9.22	9.22
Net Current Assets	89.68	88.92	99.57	54.39
Deferred Tax Assets	-	-	-	-
<b>Total</b>	<b>123.48</b>	<b>122.67</b>	<b>108.83</b>	<b>63.67</b>

#### Other Financial Data

Dividend (%)	-	-	-	-
Basic Earning Per Share (in Rs.) (not annualized)	2.91	9.71	17.66	13.91
Return on Net Worth	0.64	2.16	4.01	3.17
Book Value Per Share (in Rs.) (Face value of Rs. 400 each)	451.85	448.54	440.71	438.50

\* Based on the certified unaudited financial information upto December 31, 2009 provided by Kumar Dinesh & Company, Statutory Auditors of MFPL

- e. Significant accounting policies
  - i. The company generally follows the Cash system of accounting, recognizing income and expenditure on receipt basis. The same system was followed in the earlier year too.
  - ii. Accounting policies not referred to specially otherwise are consistent with generally accepted accounting principles.
  - iii. Fixed Assets are appearing at their original cost including freight, duties taxes and other incidental expenses relating to acquisitioned installation.
  - iv. Depreciation: Depreciation on fixed assets has been charged at rates as mentioned in the schedule of Fixed Assets on written down value method.
  - v. There are no inventories.
  - vi. No provision for gratuity is required to be made.
  - vii. In the opinion of the Board the current assets, loans and Advances have a value on realization in the ordinary course of business at least equal to the amount of which they are stated.
  - viii. Investments are stated at cost. The present market value as on the date of balance sheet is Rs.33.71 lacs.
  - ix. Contingent Liabilities: determined on the basis of available information and are disclosed by way of notes to the accounts.
  - x. Preliminary expenses have been written off @10% yearly on the diminishing balances.

#### 2.1.5 Rishi Real Estates India Private Limited (“RREIPL”)

RREIPL was incorporated with Registrar of Companies, U.P. & Uttaranchal on August 01, 2006 with Corporate Identification Number U45201UP2006PTC032242. The company is a Private Limited Company having its registered office at 33/75, Lata Kunj, Ajmer Road, Agra - 282 007, Uttar Pradesh. The main object of the company is to carry on the business of construction; acquire, lease of land or building; to act as architects, engineers etc. RREIPL is an unlisted Company

- a. The Promoters of the Company are Mr. Nirankar Nath Mittal, Mr Nirvikar Nath Mittal and Mr Shri Kant Mittal.
- b. The composition of the Board of Directors of RREIPL is as under:

Sr. No.	Name	Designation	Date of Appointment
1	Mr. Nirankar Nath Mittal	Director	Since incorporation
2	Mr. Nirvikar Nath Mittal	Director	Since incorporation
3	Mr. Shri Kant Mittal	Director	Since incorporation

- c. Mr.Nirankar Nath Mittal, Mr. Nirvikar Nath Mittal and Mr. Shri Kant Mittal are also on the Board of Directors of the Target Company.
- d. The brief financial summary of RREIPL is as follows

(Rs. in lacs)

Particulars	December 31, 2009 (Unaudited)*	March 31, 2009 (audited)	March 31, 2008 (audited)	March 31, 2007 (audited)
<b>Profit &amp; Loss Statement</b>				
Income from operations	-	-	-	-
Other Income	0.22	2.04	-	-
<b>Total Income</b>	<b>0.22</b>	<b>2.04</b>	-	-
Total Expenditure	0.11	0.60	-	-
Profit before Depreciation, Interest and Tax	0.11	1.44	-	-
Depreciation	-	-	-	-
Interest	-	-	-	-
Profit Before Tax	0.11	1.44	-	-
Provision for Tax	-	0.17	-	-
<b>Profit After Tax</b>	<b>0.11</b>	<b>1.27</b>	-	-
<b>Balance Sheet Statement</b>				
<b>Sources of funds</b>				
Paid up share capital	94.84	94.84	31.00	1.00
Share Application Money	17.71	-	-	-
Reserves & Surplus (exc. Revaluation reserves)	1.38	1.27	-	-
Less: Miscellaneous expenditure not written off	(1.80)	(1.80)	(2.25)	(0.31)
<b>Net Worth (excluding share application money)</b>	<b>94.42</b>	<b>94.31</b>	<b>28.75</b>	<b>0.69</b>
Secured Loans	-	-	-	-
Unsecured Loans	-	-	-	-
<b>Total</b>	<b>112.13</b>	<b>94.31</b>	<b>28.75</b>	<b>0.69</b>
<b>Uses of funds</b>				
Net Fixed Assets	-	-	-	-
Investments	105.50	90.00	24.00	-
Net Current Assets	6.63	4.31	4.75	0.69
Deferred Tax Assets	-	-	-	-
<b>Total</b>	<b>112.13</b>	<b>94.31</b>	<b>28.75</b>	<b>0.69</b>
<b>Other Financial Data</b>				
Dividend (%)	-	-	-	-
Basic Earning Per Share (in Rs.) (not annualized)	0.01	0.13	-	-
Return on Net Worth (%)	0.12	1.35	-	-
Book Value Per Share (in Rs.)	9.96	9.94	9.27	6.90

\* Based on the certified unaudited financial information upto December 31, 2009 provided by Kumar Dinesh & Company, Statutory Auditors of RREIPL.

- e. Significant accounting policies
- Basis of Accounting:** The financial statements are prepared under historical cost convention on accrual basis of accounting and on a going concern basis.
  - Revenue Recognition:** Other Incomes are accrued as earned except where the receipts of income is uncertain
  - Fixed Assets:** There are no fixed assets in the company.
  - Inventories:** There is no inventory in the company.
  - Amortization of Miscellaneous Expenditure:** Preliminary expenses are written off during the year @ 20% annually.
  - Investment:** Investments are recorded at cost: - The estimated market price is not less than the cost significantly.

vii. Income tax:

Current tax: Provision for Income tax is made in accordance with the provision of Income Tax act, 1961.

Deferred tax: Deferred tax is recognized on timing difference between taxable and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. The deferred tax assets is recognized and carried forward only to the extent there is reasonable certainty of its realization. There is no time difference and hence no deferred tax.

2.1.6 Mr. Nirankar Nath Mittal, Mr. Nirvikar Nath Mittal are brothers and Mrs. Brij Lata Mittal is their sister in law. Mr. Nirankar Nath Mittal and Mr. Nirvikar Nath Mittal are also the promoters and directors of MFPL and RREIPL and the entire shareholding in MFPL and RREIPL is held by Mr. Nirankar Nath Mittal and Mr. Nirvikar Nath Mittal and / or their relatives / friends.

## 2.2 Persons acting in concert / PACs

2.2.1 **Mr. Shri Kant Mittal**, son of Late Mr. Omkar Nath Mittal, aged 34 years, resident of 4/63, Lajpat Kunj, Khandari, Agra - 282 002, U.P., Tel. +91 562 404 8600 He is M.Com and has 9 years of experience in the field of Hotel and Tourism Industry. He is Executive Director of the Target Company. He is also Director and one of the Promoters of MFPL and RREIPL. The Net worth of Mr. Shri Kant Mittal is Rs. 127.50 lacs as certified by Mr. Sunil Kumar Agarwal (Membership No.:76231), Partner, Kumar Dinesh & Company, Chartered Accountants, 30/118, Azad Gali, Johri Bazar, Agra - 282 003, U.P., Tel. +91 562 327 3819 vide their certificate dated April 03, 2010.

2.2.2 **Mr Saurabh Kant Mittal**, son of Late Mr. Omkar Nath Mittal, aged 32 years, resident of 4/63, Lajpat Kunj, Khandari, Agra - 282 002, U.P., Tel. +91 562 404 8600. He an under graduate and has 10 years of Business experience. The net worth of Mr. Saurabh Kant Mittal is Rs. 91.00 lacs as certified by Mr. Sunil Kumar Agarwal (Membership No.:76231), Partner, Kumar Dinesh & Company, Chartered Accountants, 30/118, Azad Gali, Johri Bazar, Agra - 282 003, U.P., Tel. +91 562 327 3819 vide their certificate dated April 03, 2010

2.2.3 **Mrs. Neena Mittal**, wife of Mr. Nirvikar Nath Mittal, aged 54 years, resident of 4/63B, Lajpat Kunj, Khandari, Agra - 282 002, U.P., Tel. +91 562 404 8600. She is a under graduate and Housewife. The net worth of Mrs Neena Mittal is Rs. 99.42 lacs as certified by Mr. Sunil Kumar Agarwal (Membership No.:76231), Partner, Kumar Dinesh & Company, Chartered Accountants, 30/118, Azad Gali, Johri Bazar, Agra - 282 003, U.P., Tel. +91 562 327 3819 vide their certificate dated April 03, 2010.

2.2.4 **Mrs. Sarita Mittal**, wife of Mr. Nirankar Nath Mittal, aged 56 years, resident of 4/63A, Lajpat Kunj, Khandari, Agra - 282 002, U.P., Tel. +91 562 404 8600. She is a under graduate and is a Housewife. The net worth of Mrs Sarita Mittal is Rs. 89.97 lacs as certified by Mr. Sunil Kumar Agarwal (Membership No.:76231), Partner, Kumar Dinesh & Company, Chartered Accountants, 30/118, Azad Gali, Johri Bazar, Agra - 282 003, U.P., Tel. +91 562 327 3819 vide their certificate dated April 03, 2010.

Mr. Nirankar Nath Mittal, on behalf of Acquirers and PACs, has filed a consent application dated March 10, 2010 with SEBI for condonation of the delay in filing the disclosures to the Stock Exchanges under Regulation 7(1) & (2) of SEBI SAST Regulations.

## 2.3 Information about Shree Nath Exports (India) Private Limited (“SNEIPL”)

SNEIPL was incorporated with Registrar of Companies, Kanpur (Uttar Pradesh) on November 17, 1994 with Corporate Identification Number U27205UP1994PTC017177. The company is a Private Limited Company having its registered office at EWS 1157, Sector 7, Awass Vikas Colony, Agra - 282 007, Uttar Pradesh. The main object of the company is to carry on the business of buying / selling or export / import of artificial jewellery, gems, precious and semi precious stones and handicrafts items. SNEIPL is an unlisted Company.

a. The Promoters of the Company are Mr. Anand Bansal and Mr. Neeraj Kumar Mittal.

b. The composition of the Board of Directors of SNEIPL is as under:

Sr. No.	Name	Designation	Address	Date of Appointment
1	Mr. Anand Bansal	Director	4/134A, Kacheri Ghat, Bans Darwaja, Agra - 282 004	17/11/1994
2	Mr. Neeraj Kumar Mittal	Director	EWS 1157, Sector 7, Awass Vikas Colony, Agra - 282 007	17/11/1994

- c. None of the Directors are on the Board of Directors of the Target Company  
d. The brief financial summary of SNEIPL is as follows

(Rs. in lacs)

Particulars	December 31, 2009 (Unaudited)*	March 31, 2009 (audited)	March 31, 2008 (audited)	March 31, 2007 (audited)
<b>Profit &amp; Loss Statement</b>				
Income from operations	-	-	-	-
Other Income	-	-	-	-
<b>Total Income</b>	-	-	-	-
Total Expenditure	0.03	0.08	0.17	0.01
Profit before Depreciation, Interest and Tax	(0.03)	(0.08)	(0.17)	(0.01)
Depreciation	-	-	-	-
Interest	-	-	-	-
Profit Before Tax	(0.03)	(0.08)	(0.17)	(0.01)
Provision for Tax	-	-	-	-
<b>Profit After Tax</b>	<b>(0.03)</b>	<b>(0.08)</b>	<b>(0.17)</b>	<b>(0.01)</b>
<b>Balance Sheet Statement</b>				
<b>Sources of funds</b>				
Paid up equity share capital	5.85	5.85	5.85	1.00
Paid up preference share capital	57.50	-	-	-
Share Application Money	10.00	-	-	-
Reserves & Surplus (exc. Revaluation reserves)	19.40	19.40	19.40	-
Less: Miscellaneous expenditure not written off	(3.87)	(0.89)	(0.80)	(0.64)
<b>Net Worth (excluding share application money)</b>	<b>78.88</b>	<b>24.36</b>	<b>24.45</b>	<b>0.36</b>
Secured Loans	-	-	-	-
Unsecured Loans	-	-	-	-
<b>Total</b>	<b>88.88</b>	<b>24.36</b>	<b>24.45</b>	<b>0.36</b>
<b>Uses of funds</b>				
Net Fixed Assets	-	-	-	-
Investments	79.17	23.64	23.63	-
Net Current Assets	9.71	0.72	0.82	0.36
Deferred Tax Assets	-	-	-	-
<b>Total</b>	<b>88.88</b>	<b>24.36</b>	<b>24.45</b>	<b>0.36</b>
<b>Other Financial Data</b>				
Dividend (%)	-	-	-	-
Basic Earning Per Share (in Rs.) (not annualized)	(0.05)	(0.14)	(0.29)	(0.11)
Return on Net Worth (%)	(0.04)	(0.33)	(0.69)	(3.02)
Book Value Per Share (in Rs.)	36.55	41.65	41.79	3.64

\* Based on the certified unaudited financial information upto December 31, 2009 provided by Kumar Dinesh & Company, Statutory Auditors of SNEIPL.

- e. Significant accounting policies
- Basis of Accounting:** The accompanying financial statements have been prepared on the historical cost convention in accordance with the generally accepted accounting policies and the provision of companies Act 1956.
  - Income and Expenditure:** The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrued basis otherwise specially mentioned elsewhere.
  - Fixed Assets and Depreciation:** There are no fixed assets in the Company.
  - Inventories:** There are no inventories in the Company.

- v. Amortization of Miscellaneous Expenditure: Preliminary expenses are not written off during the year due to non business activity.
- vi. Contingent Liabilities: Determined on the basis of available information and are disclosed by way of notes to the accounts.

SNEIPL has filed a consent application dated March 10, 2010 with SEBI for condonation of delay in filing the disclosures to the Stock Exchanges under Regulation 7(1) & (2) of SEBI SAST Regulations and Regulation 13(1) of SEBI (Prohibition of Insider Trading) Regulations, 1992

- 2.4 Except as mentioned aforesaid, the Acquirers, PACs and SNEIPL have complied with the provisions of Chapter II of SEBI SAST Regulations.
- 2.5 None of the person mentioned in as Acquirers or PACs above has held any position on the Board of Directors of any other Listed Company.
- 2.6 The Acquirers & PACs have not entered into any agreement between them with regard to the acquisition of shares / open offer.
- 2.7 There are no litigations pending against the Acquirers & PACs as on date of PA.
- 2.8 As on the date of PA , the Acquirers does not have any plan to dispose off or otherwise encumber any asset of target company in the succeeding two years except in the ordinary course of business of target company. To the extent required and to optimize the value of all shareholders, the Acquirers may, subject to applicable shareholders' consent and other regulatory approvals, propose any compromise or arrangement, reconstruction, restructuring, merger, rationalizing and / or streamlining of various operations, assets, liabilities, investments, businesses or otherwise of Target Company.
- 2.9 The Acquirers undertakes that they shall not sell, dispose off or otherwise encumber any substantial assets of the target company except with the prior approval of the shareholders of the target company and in accordance with and subject to applicable laws, permissions, consent, if any.

### **3. DISCLOSURE UNDER REGULATION 21 OF SEBI SAST REGULATIONS**

Upon completion of the Offer assuming full acceptances in the Offer, inclusion of SNEIPL in the Promoter Group and acquisition of shares on conversion of warrants, the acquirers along with PACs will hold 56,65,714 equity shares constituting 62.17% of the fully paid up expanded equity share capital of the Target Company. The public shareholding will not be less than 25% of the expanded paid up and voting capital of the Target Company and will be in compliance with Clause 40A of the listing agreement entered with the stock exchanges for the purpose of listing of equity shares of Target Company on a continuous basis.

### **4. BACKGROUND OF THE TARGET COMPANY - HOWARD HOTELS LIMITED**

- 4.1 The Target Company was originally incorporated on December 11, 1989 as Howard Hotels Private Limited. The Company was converted into Public Limited Company on January 21, 1994 and the name was changed to Howard Hotels Limited. The Corporate Identification Number of the company is L74899DL1989PLC038622. The registered office is situated at 805, New Delhi House, 27, Barakhamba Road, New Delhi - 110 001; Tel. +91 11 4351 5852; Fax +91 11 4351 5853. The Company came out with an Initial Public Offering in January 1995.
- 4.2 The Company was originally promoted by Mr. S.R. Narula and Mr. Sandeep Narula with the object of setting up a hotel at Fatehabad Road, Agra. Pursuant to the resolution through Postal Ballot passed u/s 192A of the Companies Act, 1956 read with The Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 the management of the Company was taken over by Mr. Nirankar Nath Mittal and Mr. Nirvikar Nath Mittal on November 29, 2003. Mr. Nirankar Nath Mittal and Mr. Nirvikar Nath Mittal along with their nominees, acquired 10,62,100 shares constituting 14.52% of the paid up share capital on November 18, 2003.
- 4.3 The main objects of the Company is to carry on hospitality business, professional caterers including all types of purveyors and licensed victuallers, to lease, hire, erect of otherwise acquire, establish and equip and to act as technicians of any other hotels, buying or selling agents of any hotel company and all tourist activities.

Presently the company owns a Hotel named Howard Park Plaza located at Fatehabad Road, Agra. The Hotel offers 86 rooms and provides various other allied amenities to its customers.

- 4.4 The present Promoters of the Target Company are Mr. Nirankar Nath Mittal, Mr. Nirvikar Nath Mittal and Mrs Brij Lata Mittal. The Promoters along with the Promoter Group holds 10,62,500 fully paid up equity shares in the Target Company as on date of Letter of Offer constituting 14.53% of the fully paid up present equity share capital.
- 4.5 The shares of the Target Company are listed on Bombay Stock Exchange, Uttar Pradesh Stock Exchange and Delhi Stock Exchange. The shares of the company are frequently traded at BSE and there is no trading at UPSE and DSE. The ISIN No. allotted to the equity shares of the Target Company is INE931B01016. The equity shares of the Company are not suspended on any of the Stock Exchanges.
- 4.6 The paid up share capital of the Target Company consist of 73,13,200 fully paid up equity share of Rs. 10 each aggregating to Rs. 7,31,32,000. There are no partly paid up shares of the Target Company outstanding as on the date of this Letter of Offer.
- 4.7 Share Capital Structure of the Target Company

Particulars	No. of equity shares / voting rights	% of equity shares / voting rights
Authorised Share Capital	10,00,00,000	NA
Issued Share Capital	7,31,32,000	NA
Fully paid up equity share Capital	7,31,32,000	100%

- 4.8 Except the 18,00,000 warrants as mentioned above, there are no other outstanding equity linked instruments in the nature of warrants or fully / partly convertible securities, etc. The issued and paid up equity share capital of the Company is free from lock-in.
- 4.9 Build up of the current capital structure of the company since inception

Date of Allotment	Number of Shares	% of Shares Issued	Cumulative Paid-up Capital (Rs.)	Mode of Allotment	Identity of Allottees	Status of SEBI SAST compliance
December 13, 1989	200	-	2,000	Cash	To Subscribers	Not Applicable
February 22, 1993	6,24,800	8.54	62,50,000	Cash	Erstwhile Promoters and their associates	Not Applicable
February 22, 1993	4,01,076	5.48	1,02,60,760	Cash	Erstwhile Promoters and their associates	Not Applicable
May 06, 1994	3,62,390	4.96	1,38,84,660	Cash	Erstwhile Promoters and their associates	Not Applicable
March 20, 1995	59,24,734	81.01	7,31,32,000	Cash	Public Issue	Not Applicable

- 4.10 The status of compliance with Chapter II of SEBI SAST Regulations by the Target Company is as follows:

Howard Hotels Limited has made disclosures under SEBI SAST Regulations with respect to Regulation 6(4) for the year 1997, Regulation 7(3) for the year 2003 and Regulation 8(3) of the for the years from 1997 to 2004 with considerable delay. However, the company has filed consent application dated March 10, 2010 with SEBI seeking condonation of delay and settlement of the enforcement actions that may be initiated by SEBI for the aforesaid failures.

- 4.11 The shares of company were suspended at BSE for trading w.e.f. February 17, 2003 due to non compliances under Clause 41 Listing Agreement and the suspension was revoked by BSE vide its letter no. CRD/GEN/2004/536 dated August 23, 2004.
- 4.12 The Target Company and its Promoters and Directors have not been prohibited by SEBI from dealing in securities in terms of direction issued under Section 11B or any other regulations made under the Securities and Exchange Board of India Act, 1992 and subsequent amendments thereto.

4.13 The details of the Board of Directors of the Target Company as the date of this Letter of Offer are as under:

Sr. No.	Name of Address of the Director	Age & Qualification	Experience	Date of Appointment	Designation
1.	Mr. Nirankar Nath Mittal 4/63C, Lajpat Kunj, Khandari, Agra-282002, Uttar Pradesh DIN : 01533102	57 years M.Sc. (Botany)	25 years of business experience including 8 years in the field of Hotel & Tourism Industry	June 14, 2003	Chairman cum Managing Director
2.	Mr. Nirvikar Nath Mittal 4/63B, Lajpat Kunj, Khandari, Agra-282002, Uttar Pradesh DIN : 00536470	56 years B.A., LL.B.	20 years of business experience including 8 years in the field of Hotel & Tourism Industry	November 29, 2003	Whole-time Director
3.	Mr. Shri Kant Mittal, 4/63, Lajpat Kunj, Khandari, Agra-282002, Uttar Pradesh DIN : 01533368	32 years M.Com	9 years of experience in the field of Hotel & Tourism Industry	April 01, 2003	Whole-time Director
4.	Mr. Rakesh Kumar Agarwal 6/229, Bheromn Park, Belanganj, Agra-282004, Uttar Pradesh DIN : 01393147	49 years M Com, FCA	Chartered Accountant having 26 years of experience.	April 30, 2007	Independent Director
5.	Mr. Pawan Kumar 59 Kavi Nagar, Gaziabad – 201002, Uttar Pradesh DIN: 01283640	48 years Post Graduate	24 years of experience in Marketing	March 15, 2004	Independent Director
6.	Mr. Uday Bhan Singh Sikarwar Paras Bihar Colony, Opp. Jhansi Road, Thana, Gwalior - 474009 DIN: 02389316	77 years Post Graduate	45 years of experience in Human Resource Management	April 01, 2003	Independent Director

Mr. Nirankar Nath Mittal, Mr. Nirvikar Nath Mittal and Mr. Shri Kant Mittal form part of the Acquirer Group.

4.14 The standalone audited financial summary of Target Company for last 3 financial years ending March 31, 2009, 2008 and 2007 and unaudited financial information as certified by Limited Review for the 9 months period ended December 31, 2009 are as follows:

(In Rs. Lacs)

	December 31 2009 (Unaudited)*	March 31, 2009 (audited)	March 31, 2008 (audited)	March 31, 2007 (audited)
<b>Profit &amp; Loss Statement</b>				
Income from operations	577.87	806.86	737.85	578.13
Other Income	6.46	16.13	10.17	9.08
<b>Total Income</b>	<b>584.33</b>	<b>822.99</b>	<b>748.02</b>	<b>587.21</b>
Total Expenditure	434.43	627.59	550.37	449.07
Profit before Depreciation, Interest and Tax	149.90	195.40	197.65	138.14
Depreciation	45.17	56.44	52.98	50.26
Interest	27.27	48.89	62.19	63.14
Profit Before Tax	77.46	90.07	82.48	24.74
Provision for Tax	15.75	34.39	1.11	-
<b>Profit After Tax</b>	<b>61.71</b>	<b>55.68</b>	<b>81.37</b>	<b>24.74</b>
<b>Balance Sheet Statement</b>				
<b>Sources of funds</b>				
Paid up share capital	731.32	731.32	731.32	731.32
Share Warrants	114.50	114.50	-	-

	<b>December 31 2009 (Unaudited)*</b>	<b>March 31, 2009 (audited)</b>	<b>March 31, 2008 (audited)</b>	<b>March 31, 2007 (audited)</b>
Reserves & Surplus (exc. Revaluation reserves)	NA	(22.13)	(138.48)	(219.85)
<b>Net Worth (including amount received on outstanding warrants)</b>	<b>NA</b>	<b>823.69</b>	<b>592.84</b>	<b>511.47</b>
Secured Loans	NA	0.98	58.21	105.42
Unsecured Loans	NA	387.00	412.00	386.95
<b>Total</b>	<b>NA</b>	<b>1211.67</b>	<b>1063.05</b>	<b>1003.84</b>
<b>Uses of funds</b>				
Net Fixed Assets	NA	881.97	913.30	936.28
Investments	NA	-	-	-
Net Current Assets	NA	300.75	149.75	67.56
Deferred Tax Assets	NA	28.95	-	-
<b>Total</b>	<b>NA</b>	<b>1211.67</b>	<b>1063.05</b>	<b>1003.84</b>
<b>Other Financial Data</b>				
Dividend (%)	NA	-	-	-
Basic Earning Per Share (in Rs.)	0.84	0.76	1.11	0.31
Diluted Earnings Per Share (in Rs.)	0.84	0.75	1.11	0.31
Return on Net Worth (%)	NA	7.85	13.73	4.84
Book Value Per Share (in Rs.)	NA	9.70	8.11	6.99

(source: For year ended March 31, 2009, 2008 and 2007, audited standalone financial statements and unaudited financials for 9 months ended December 31, 2009 provided by the Company for which Limited Review report dated January 29, 2010 was given by M/s P.C. Bindal and Company, Chartered Accountants (Statutory Auditors of the company).

\* The balance sheet figures for December 31, 2009 are not available.

#### 4.15 Significant Accounting Policies

##### 4.15.1 Basis of Accounting:

The financial have been prepared under the historical cost convention on accrual basis of -accounting and on a going concern basis.

##### 4.15.2 Revenue Recognition:

- (i) Sale of Foods, rooms and other items are accounted for on accrual basis -
- (ii) Other income is accrued as earned except where the receipt of income is uncertain.

##### 4.15.3 Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost includes any borrowing costs directly attributable to the acquisition / construction of fixed assets and bringing the assets to its working condition for its intended use.

##### 4.15.4 Depreciation

Depreciation is provided as per straight line method in accordance with the rates specified in -Schedule XIV of the Companies Act, 1956, depreciation is charged on pro-rata basis for assets purchased / sold during the year.

##### 4.15.5 Inventories

- (i) Raw materials: At lower of cost or net realizable value
- Consumable and components: At estimated value.
- Scrap and slow moving unserviceable stock: At net realizable value
- (ii) Costs of inventories are ascertained on the first in first out basis.

##### 4.15.6 Employee Benefits:

- (i) Contribution to provident fund & other funds are accounted for on accrual basis.
- (ii) Gratuity and other retirement benefits are charged to profit & loss account a provision for accruing liability based on the assumption that such benefits are payable to the eligible employees at the end of accounting year.

##### 4.15.7 Impairment:

Fixed Assets are tested for impairment if there is any indication of their possible impairment. An impairment loss is recognized where the carrying amount of a fixed assets (or cash generating unit) exceeds its recoverable amount, i.e. higher of value in use and net selling price. Impairment loss recognized in one period can get reversed fully or partly in a subsequent year

4.15.8 Foreign Exchange Transactions:

Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the transactions. Gain / Loss arising out of fluctuations in the exchange rates are recognized in the period in which they arise

4.15.9 Income Tax:

Current Tax: Provision for Income Tax is made in accordance with the provision of Income Tax Act, 1961.

Deferred Tax: Deferred Tax is recognized on timing difference between taxable and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognized and carried forward only to the extent there is reasonable certainty of its realization

4.16 The main income of the company arises from Hotel business. Following are the reasons for rise and fall in sales and profit after tax.

**Financial Year 2008-09**

Due to Global Economic crises travel and tourism industry in India also witnessed a slowdown. However our revenue from operations increased by 9.36% as our hotel is situated at the prime tourist destination in India. The gross revenue of the Company increased marginally from Rs. 737.85 lacs in the year 2007-08 to Rs. 806.86 lacs in the year 2008-09. The Profit after tax decreased from Rs. 81.37 lacs in the year 2007-08 to Rs. 55.68 lacs in the year 2008-09. The decrease in profit after tax was predominantly due to higher operating and administrative cost and provision for tax.

**Financial Year 2007-08**

The gross revenue of the Company increased from Rs. 578.13 lacs in 2006-07 to Rs. 737.85 lacs in the year 2007-08. The increase in total revenue was due to boom witnessed by travel and tourism industry in India. The Profit after tax during the year 2007-08 was Rs. 81.43 lacs as compared to Rs. 24.74 lacs in the year 2006-07. The profit margin was higher in the year 2007-08 due to revival of hotel industry and various initiatives taken by the government to boost the tourism industry.

4.17 Pre and Post Offer shareholding pattern of the Target Company is as per the following table:

Sr. No.	Shareholders Category	Shareholding prior to conversion of warrants, acquisition in SNEIPL and offer		Shareholding & voting rights to be acquired through acquisition in SNEIPL and conversion of warrants		Shareholding & voting rights to be acquired in open offer*		Shareholding & voting rights after acquisition in SNEIPL, conversion of warrants and open offer	
		I		II		III		IV = I + II + III	
		No.	%	No.	%	No.	%	No.	%
(1)	<b>Acquirers &amp; PACs / Promoter Group **</b>								
A	Acquirers	7,32,500	10.02	18,00,000	19.75	18,22,640	20.00	43,55,140	47.79
B	PACs	3,30,000	4.51	-	-	-	-	3,30,000	3.62
C	SNEIPL***	-	-	9,80,574	10.76	-	-	9,80,574	10.76
	<b>Total (1)</b>	<b>10,62,500</b>	<b>14.53</b>	<b>27,80,574</b>	<b>30.51</b>	<b>18,22,640</b>	<b>20.00</b>	<b>56,65,714</b>	<b>62.17</b>
(2)	<b>Public (other than Acquirers and PACs)</b>								
A	Mutual Funds / UTI	-	-	(9,80,574)	(10.76)	(18,22,640)	(20.00)	27,14,986	29.79
B	Financial Institutions / Banks	-	-						
C	Foreign Venture Capital	-	-						
D	Bodies Corporate#	18,08,760	24.73						
E	Others#	44,41,940	60.74						
	<b>Total (2)</b>	<b>62,50,700</b>	<b>85.47</b>	<b>(9,80,574)</b>	<b>(10.76)</b>	<b>(18,22,640)</b>	<b>(20.00)</b>	<b>27,14,986</b>	<b>29.79</b>
	<b>Grand Total (1+2)</b>	<b>73,13,200</b>	<b>100.00</b>	<b>18,00,000</b>	<b>19.75</b>	<b>-</b>	<b>-</b>	<b>91,13,200</b>	<b>100.00</b>

\* Assuming full Acceptance

\*\* The Acquirers and PACs have not acquired any shares since the date of Public Announcement and upto the date of this Letter of Offer

\*\*\*As on date of PA Shree Nath Exports (India) Private Limited, is not part of the Acquirers & PAC (Promoter Group) but would form part of the Acquirers & PACs after allotment of its shares to the Acquirers.

# As on April 09, 2010, there were 6,963 public shareholders holding 62,50,700 equity shares of the Target Company.

4.18 The details of the build up of the shareholding of existing Promoters / Promoter Group of the Target Company since takeover of management is as under:

Date of transaction	No. of shares issued / purchased / sold	% of paid up equity capital *	Cumulative holding (%)	Mode of acquisition	Status of Compliance by Promoter #
November 18, 2003	10,62,100	14.52	14.52	Off Market Transaction	Complied with Delay
October 25, 2004	400	0.01	14.53	Off Market Transaction	NA
May 15, 2007	(400)	0.01	14.52	Off Market Transaction	NA
March 31, 2009	(700)	0.01	14.51	Off Market Transaction	NA
July 31, 2009	1,100	0.02	14.53	Off Market Transaction	NA
<b>Total →</b>	<b>10,62,500</b>	<b>14.53</b>			

\* The percentage of holding has been calculated on the basis of existing paid up share capital.

# The Shares of one of the promoters Late Mr. Omkar Nath Mittal was transmitted to another Promoter Mrs. Brij Lata Mittal on December 31, 2008.

4.19 There has been no Merger / demerger or spin off during last three years involving the Target Company.

4.20 The company is not a sick company.

4.21 Corporate Governance: Mr. Sunil Kumar Agarwal (Membership No. 76231), Partner, Kumar Dinesh & Co, 30/118, Azad Gali, Johri Bazar, Agra - 282 003, Tel No. +91 562 325 2714, have certified that the Target Company has complied with the requirements of Corporate Governance as stipulated in Clause 49 of the listing agreement.

4.22 As per the information provided by the Company there are no pending litigations involving the Target Company.

4.23 The name and details of the Compliance Officer of the Target Company is as follows:

Ms. Pallavi Agarwal  
 Company Secretary  
 Howard Hotels Limited  
 Howard Park Plaza, Fatehabad Road  
 Agra-282001  
 Tel: +91 562 4048600 - 699  
 Fax: +91562 4048666

## 5. JUSTIFICATION OF OFFER PRICE

5.1 The equity shares of the Target Company are listed on Bombay Stock Exchange Limited (Scrip Code 526761), Uttar Pradesh Stock Exchange Association Limited and Delhi Stock Exchange Limited. Based on the information available on the website of BSE ([www.bseindia.com](http://www.bseindia.com)), the equity shares of the Target Company are frequently traded on BSE, within the meaning of Regulation 20 of SEBI SAST Regulations. However, there is no trading of shares at UPSE & DSE. The details of the trading at BSE are as under

Name of Stock Exchange	Total no. of shares traded during October,2009 - March, 2010	Total no. of listed shares (Equity)	Annualised trading turnover (in terms of % to total listed shares)
Bombay Stock Exchange*	2,88,156	73,13,200	7.88

\*(Source: [www.bseindia.com](http://www.bseindia.com))

5.2 The Offer price of Rs. Rs. 13.20 (Rupees Thirteen and Paise Twenty only) per equity share is justified in terms of Regulation 20(4) of SEBI SAST Regulations as it is higher of the following:

Particulars	Amount
(a) Negotiated Price under the Agreement	N.A.
(b) Highest price paid by the Acquirers & PACs for acquisition, including by way of allotment in public or rights or preferential issue during the 26 weeks period prior to the date of Public Announcement	Rs. 12.25

Particulars		Amount
(c)	Average of the weekly high and low of the closing prices of the equity shares of the Target Company on BSE during the 26 weeks preceding the date of this Public Announcement	Rs. 12.45
(d)	Average of the daily high and low prices of the equity shares of the Target Company on BSE during the two weeks preceding the date of this Public Announcement	Rs.13.14

### 5.3 The price-volume data of the equity shares traded on BSE

For the 26 weeks period prior to the date of the PA i.e. April 08, 2010 is as under:

Week No.	Week		Weekly High of closing Price (in Rs.)	Weekly Low of closing Price (in Rs.)	Average (in Rs.)	Traded volume
	Week Starting	Week Ending				
1.	October 08, 2009	October 14, 2009	11.51	10.98	11.25	1,948
2.	October 15, 2009	October 20, 2009	12.11	11.55	11.83	1,992
3.	October 21, 2009	October 28, 2009	12.00	10.80	11.40	1,931
4.	October 29, 2009	November 04, 2009	10.98	10.46	10.72	2,264
5.	November 05, 2009	November 11, 2009	10.50	10.11	10.31	1,925
6.	November 12, 2009	November 18, 2009	10.80	10.25	10.53	3,757
7.	November 19, 2009	November 25, 2009	11.82	10.22	11.02	3,022
8.	November 26, 2009	December 02, 2009	11.96	10.85	11.41	1,212
9.	December 03, 2009	December 09, 2009	11.75	11.17	11.46	10,389
10.	December 10, 2009	December 16, 2009	12.37	11.60	11.99	9,072
11.	December 17, 2009	December 23, 2009	12.30	11.80	12.05	5,538
12.	December 24, 2009	December 30, 2009	12.23	11.86	12.05	7,535
13.	December 31, 2009	January 06, 2010	13.69	12.25	12.97	9,146
14.	January 07, 2010	January 13, 2010	13.73	12.55	13.14	10,273
15.	January 14, 2010	January 20, 2010	13.60	12.24	12.92	14,753
16.	January 21, 2010	January 27, 2010	13.06	12.92	12.99	4,760
17.	January 28, 2010	February 03, 2010	13.00	12.76	12.88	7,747
18.	February 04, 2010	February 10, 2010	12.85	12.62	12.74	4,448
19.	February 11, 2010	February 17, 2010	13.13	12.35	12.74	5,750
20.	February 18, 2010	February 24, 2010	13.72	12.96	13.34	13,944
21.	February 25, 2010	March 03, 2010	13.75	12.49	13.12	4,613
22.	March 04, 2010	March 10, 2010	14.52	13.50	14.01	24,220
23.	March 11, 2010	March 17, 2010	16.99	15.39	16.19	48,441
24.	March 18, 2010	March 24, 2010	15.02	13.66	14.34	19,081
25.	March 25, 2010	March 31, 2010	13.06	12.08	12.57	69,894
26.	April 01, 2010	April 07, 2010	14.36	13.03	13.70	30,462
<b>Average of 26 weeks →</b>					<b>12.45</b>	

For the 2 weeks preceding the date of PA i.e. April 08, 2010 is as under:

Day No.	Date	Daily High Price	Daily Low Price	Average	Traded Volume
1.	March 25, 2010	14.00	12.98	13.49	10,312
2.	March 26, 2010	13.50	12.51	13.01	10,200
3.	March 29, 2010	13.05	12.00	12.53	14,637
4.	March 30, 2010	12.68	11.56	12.12	12,146
5.	March 31, 2010	13.21	12.00	12.61	22,599
6.	April 01, 2010	13.70	12.70	13.20	2,752
7.	April 05, 2010	14.00	12.73	13.37	14,069
8.	April 06, 2010	13.68	13.45	13.57	3,631
9.	April 07, 2010	14.36	14.36	14.36	10,010
<b>Average of 2 Weeks →</b>				<b>13.14</b>	

## **6. FINANCIAL ARRANGEMENT**

- 6.1 Assuming full acceptance in the Offer, the total fund requirement for implementation of the offer at Rs. 13.20 (Rupees Thirteen and Paise Twenty only) per fully paid up equity share is Rs. 2,40,58,848 (Two crore forty lacs fifty eight thousand eight hundred forty eight only) assuming the full acceptance for the Offer is received (“Offer Consideration”).
- 6.2 The Acquirers have opened an escrow account with Punjab National Bank, Shahjadi Mandi, Agra (Account No. 0514002100015429) in the form of deposit with Bank and Bank guarantee. The acquirer has opened an escrow deposit account for Rs. 90,00,000/- (Rupees Ninety Lacs only), with lien and authority marked in favor of manager to the offer, which is 37.41% of the maximum consideration payable under the offer. Further the acquirers has also furnished a Bank guarantee from Punjab National Bank, Shahjadi Mandi, Agra, for Rs. 1,60,00,000/- (Rs. One Crore Sixty Lacs only) in favor of the manager to the offer for a period of 6 months. The Manager to the Offer has been authorized by the Acquirers to operate and realize the value of Escrow Account in terms of the Regulations.
- 6.3 The Acquirers has made firm financial arrangement for financing the acquisition of equity shares under the Open Offer, in terms of Regulation 16 (xiv) of the Regulations. The fund requirement for the payment obligation under the Offer is proposed to be met from internal sources. No borrowing is envisaged from Banks, FIs, or Foreign sources.
- 6.4 Mr. Sunil Kumar Agarwal (Membership No.: 76231), Partner, Kumar Dinesh & Company, Chartered Accountants, 30/118, Azad Gali, Johri Bazar, Agra 282003, Uttar Pradesh, Telephone: +91 562 3273819 have in their Certificate dated April 3, 2010 certified that the Acquirers alongwith PACs have made firm arrangements to meet the financial obligations under the Open Offer.
- 6.5 Based on the above, the Manager to the Offer is satisfied about the ability of Acquirers to implement the Offer in accordance with the SEBI SAST Regulations as firm financial arrangements are in place to fulfill the obligations.
- 6.6 In case of a revision in the offer price, the Acquirers would raise the amount in the Escrow account to ensure compliance with Regulation 28 of the Regulations.

## **7. TERMS AND CONDITION OF THE OFFER**

### **7.1 Persons eligible to participate in the Offer**

All owners of equity shares demat / physical, registered / unregistered (other than Acquirers and PACs) are eligible to participate in the Offer anytime before closure of the Offer. All registered owners can send duly completed FOA, filled and signed in accordance with the instructions contained in the Letter of Offer and FOA, to the Registrars to the Offer, Link Intime India Private Limited, at the collection centres on or before the closure of the Offer i.e. June 14, 2010. No indemnity shall be required from the unregistered shareholders.

### **7.2 Statutory Approval**

- 7.2.1 The Offer is subject to the receipt of approval from the Reserve Bank of India, if any, for acquiring Equity Shares from non-resident Indians who validly tender their Equity Shares under this Offer. The Acquirers will make the necessary application to and filings with the various authorities to obtain the statutory approval described above.
- 7.2.2 To the best of the Acquirers knowledge as of the date of the Public Announcement, there are no other statutory approvals required to implement the Offer other than the one specified above. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals. Acquirers will have the right not to proceed with the Offer in terms of Regulation 27 of the SEBI SAST Regulations in the event any of the statutory approvals that are required are refused.
- 7.2.3 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to Acquirers for payment of consideration to shareholders of the Target Company, subject to Acquirers agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 22(12) of the SEBI SAST Regulations. Further, if the delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, Regulation 22(13) of the SEBI SAST Regulations will also become applicable.

- 7.2.4 To the best of his knowledge, the Acquirers does not require any approvals from financial institutions / banks for the Offer.
- 7.3 Accidental omission to dispatch this Letter of Offer or the non- receipt or delayed receipt of this Letter of Offer will not invalidate the Offer in any way.
- 7.4 Applications in respect of Shares of the Target Company that are subject matter of litigation wherein the shareholders of the Target Company may be prohibited from transferring the shares during the pendency of the said litigation are liable to be rejected if the directions / orders regarding these Shares are not received together with the Shares tendered under the Offer. The Letter of Offer in such cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.
- 7.5 The acceptance of the offer made by the Acquirers is entirely at the discretion of the shareholders of the Target Company. The acquirers will not be responsible in any manner for any loss of Share certificate(s) and offer acceptance documents during transit & the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.
- 7.6 Incomplete applications, including non-submissions of necessary enclosures, if any, are liable to be rejected. Further in case, the documents / forms submitted are incomplete and / or if they have any defect or modifications, the acceptance is liable to be rejected.
- 7.7 The Acquirers, will acquire the shares as fully paid up, free from all liens, charges and encumbrances and together with all rights attached thereto including the right to all dividends, bonus and rights declared hereafter. Shares that are subject to any charge, lien or encumbrance are liable to be rejected.
- 7.8 Shareholders should note that after 3:00 p.m. on the last date of withdrawal i.e. June 09, 2010 shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of shares under the offer and dispatch of consideration gets delayed. The validly tendered shares and documents would be held by the Registrar to the offer in trust, till such time as the process of acceptance of tenders and the payment of consideration is completed.
- 7.9 All shares of the company are free from lock-in.
- 7.10 Subject to the conditions governing this offer as mentioned herein, the acceptance of this offer by the equity shareholders of Howard Hotels Limited must be absolute and unqualified. Any acceptance to this offer, which is conditional and incomplete in any respect, will be rejected without assigning any reason whatsoever.
- 7.11 Securities transaction tax will not be applicable to the Shares accepted in the Offer.

## **8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER**

- 8.1 Beneficial owners (holder of shares in demat form) who wish to tender their shares will be required to send their FOA along with the photocopy of delivery instruction in “Off-market” mode or counterfoil of delivery instruction in “Off-market” mode, duly acknowledged by the Depository Participant, in favor of the special depository account to the Registrar to the Offer, either by hand delivery on working day or by Registered Post, so as to reach the Registrar to the Offer, on or before the closure of the Offer, i.e., no later than June 14, 2010 in accordance with the instructions specified in this Letter of Offer and in the FOA. The credit for the delivered shares should be received in the special deposit account on or before closure of the Offer, i.e., no later than June 14, 2010.
- 8.2 Shareholders who wish to tender their Shares, held in physical form, will be required to send the Form of Acceptance cum Acknowledgement, original Share Certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer either by hand delivery on weekdays or by Registered Post, at their sole risk, so as to reach the Registrar to the Offer, on or before the closure of the Offer, i.e. June 14, 2010 in accordance with the instructions specified in the Letter of Offer and in the FOA.
- 8.3 Unregistered owners holding shares of the Target Company who do not receive the copy of the Letter of Offer can send their application in writing to the Registrar to the Offer, on a plain paper duly signed stating the name, address, number of shares held, number of shares offered, distinctive numbers, folio number, together with the

original share certificate(s), valid transfer deeds and the original contract notes issued by the broker of a recognized stock exchange, through whom they acquired their shares.

- 8.4 In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, distinctive numbers, folio number, number of shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the closure of the Offer, i.e. no later than June 14, 2010 or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, Depository Participant name, Depository Participant ID, beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the Depository Participant, in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the closure of the offer, i.e., no later than June 14, 2010
- 8.5 The Registrar to the Offer, Link Intime India Private Limited, has opened a special depository account with National Securities Depository Limited (“NSDL”) called “**LIPL -Howard Hotels Limited – Escrow Demat Account**”. Beneficial owners are requested to fill in the following details in the delivery instructions for the purpose of crediting their equity shares in the special depository account:

Name of Depository Participant	Ventura Securities Limited
Depository Participant ID	IN303116
Client ID	10545610
Account Name	LIPL - Howard Hotels Limited - Escrow Demat Account
Depository	NSDL

Shareholders having their beneficiary account in Central Depository Services (India) Limited (“CDSL”) have to use inter-depository delivery instruction slips for crediting their shares in favour of the special depository account with NSDL.

- 8.6 Shareholders of the Target Company to whom this Offer is being made, are free to offer his / her / their equity shares of Target Company for sale to the Acquirers, in whole or part, while tendering his / her / their equity shares in this Offer.
- 8.7 The Shareholders of the Target Company, who wish to avail of and accept the Offer, can deliver the FOA along with all the relevant documents at the collection centers of the registrar to the offer, as given below in accordance with the procedure as set out in the Letter of Offer (Monday to Friday 10 am to 3 pm & Saturdays 10 am to 1 pm) by Registered post or by hand delivery before closure of Offer i.e. June 14, 2010:
- M/s. Link Intime India Private Limited, C-13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078; Tel No. +91 22 2596 0320 Fax No. +91 22 2596 0329; Contact Person: Mr. Nilesh Chalke; Email Id: [hhl.offer@linkintime.co.in](mailto:hhl.offer@linkintime.co.in) Website: [www.linkintime.co.in](http://www.linkintime.co.in)
- 8.8 In case the equity shares are held by a Company / Body Corporate, then a certified True Copy of a valid Board Resolution giving authority and certified true copy of the Memorandum and Articles of Association of such Company / Body corporate should also be enclosed.
- 8.9 While tendering the shares under the Offer, NRIs / Overseas Corporate Bodies / foreign shareholders will be required to submit the previous approvals received from Reserve Bank of India (specific or general) which they would have obtained for acquiring the Shares of the Target Company. In case the previous approvals received from Reserve Bank of India are not submitted, Acquirers reserves the right to reject such Shares tendered.
- 8.10 In case the equity shares stand in the name of a sole shareholder, who is deceased, FOA should be submitted alongwith the Notarized copy of the legal representation obtained from a Competent Court.
- 8.11 Shareholders, who have sent their shares for dematerialisation, need to ensure that the process of getting their shares dematerialised is completed well in time so that the credit in the special depository account is received on or before the date of closure of the Offer, i.e., no later than June 14, 2010, else their application would be rejected.
- 8.12 Duly executed FOA along with share Certificate(s) and share transfer form(s) should be sent only to the Registrar to the Offer and not to the Manager to the Offer or Acquirers or Target Company.

- 8.13 The Registrar to the Offer will hold in trust the shares / share certificate, shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of Target Company who have accepted the Offer, till the cheques / drafts for the consideration and / or the unaccepted shares / share certificates are dispatched / returned.
- 8.14 In terms of Regulation 22 (5A) of the SEBI SAST Regulations, equity shareholders desirous of withdrawing the acceptance tendered by them in the Offer, may do so upto 3 (three) working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before June 09, 2010
- (i) The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer.
- (ii) In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:
- In case of Physical shares: name, address, folio no., distinctive no, certificate no., number of shares tendered; and
  - In case of dematerialised shares: name, address, number of shares offered, Depository Participant name, Depository Participant ID, beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the Depository Participant, in favour of the special depository account.
- 8.15 The intimation of returned shares to the Shareholders will be sent at the address as per the records of the Target Company / Depositories as the case may be.

#### **8.16 Method of Settlement**

- 8.16.1 If the Shares tendered in this Offer by the shareholders of the Target Company are more than the Shares to be acquired under this Offer, the Acquisition of Shares from each shareholder will be on proportionate basis as per the provisions of Regulation 21(6) of the Regulations such that the acquisition from each shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. The marketable lot for the Target Company is 1 (one) share.
- 8.16.2 The FOA, relevant Original Share Certificate(s), valid Share Transfer Deed(s) and other documents or / and shares lying in the special depository account, tendered by the shareholders of Target Company under this Offer, shall be accepted from such shareholders in terms of the Letter of Offer, but will become a fully valid and binding contract between such shareholder(s) and the Acquirers only upon the fulfillment of all the conditions mentioned herein the Letter of Offer and FOA.
- 8.16.3 The payment consideration for shares accepted under the Offer may be made through a crossed Demand Draft / Pay order or through Electronic Clearing Service (ECS) at specified centres where clearing houses are managed by RBI within 15 days from the date of closure of the Offer. Shareholders who opt for receiving consideration through ECS are requested to give authorization for ECS in the Form of Acceptance cum Acknowledgement and enclose a photocopy of cheque along with the Form of Acceptance cum Acknowledgement. In case of joint holder(s), all demand drafts / pay order will be drawn in the name of first holders. In case of unregistered owners of equity shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the shareholders provide bank account details in the Form of Acceptance cum Acknowledgement for incorporation on the demand draft / pay order.
- 8.16.4 The payment of consideration for accepted applications will be made by the Acquirers in cash through account demand drafts / pay orders sent by registered post for amounts exceeding Rs. 1,500/- and otherwise under certificates of posting in accordance with the Regulations.
- 8.16.5 Unaccepted Share certificates or withdrawn share certificate, transfer forms and other documents, if any, will be returned by registered post at the shareholders / unregistered owners' sole risk to the sole / first shareholder. Unaccepted Shares held in dematerialised form will be credited back to the beneficial owners depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

- 8.16.6 The Acquirers shall endeavor to complete all procedures relating to the Offer within 15 (fifteen) days from the date of closure of the Offer i.e. by June 14, 2010 including payment of consideration to the shareholders of Target Company whose equity shares are accepted for purchase by the Acquirers.
- 8.16.7 Compliance with tax and other regulatory requirements:
- (a) As per the provisions of section 196D(2) of Income-tax Act, 1961, no deduction of tax at source shall be made from any income by way of capital gain arising from transfer of securities referred to in section 115AD payable to a Foreign Institutional Investor as defined in section 115AD of Income Tax Act, 1961.
  - (b) While tendering their equity shares under the Offer, NRI's, Overseas Corporate Bodies, and other non-resident shareholders will be required to submit a No Objection Certificate or Tax clearance Certificate or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by Acquirers before remitting the consideration, falling which Acquirers will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the shareholder belongs on the entire consideration amount payable to such shareholder.

## **8.17 General**

- 8.17.1 The instructions and provisions contained in the Form of Acceptance cum acknowledgement and Form of Withdrawal are integral part of this Letter of Offer.
- 8.17.2 Neither the Acquirers nor the Manager to the Offer nor the Registrar to the Offer nor the Target company will be responsible for any loss in transit or delay in receipt of the completed FOA, Share certificate(s), Share transfer deed(s), copy of delivery instructions or other documents.
- 8.17.3 The Offer Price is denominated and payable in Indian Rupees only.
- 8.17.4 All the communication in connection with the Form of Acceptance should be addressed to the Registrar to the Offer as mentioned above, with full name of the sole / first applicant, folio number, number of equity shares tendered, date of lodgment of the FOA and other relevant particulars.
- 8.17.5 Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the PA / Letter of Offer shall have the option to withdraw acceptance tendered by them upto 3 (three) working days prior to the date of closure of the Offer in terms of Regulations 22(5A) of the SEBI SAST Regulations.
- 8.17.6 If there is any upward revision in the Offer Price in terms of Regulation 26 of SEBI SAST Regulations by the Acquirers till the last permitted date for revision, i.e. June 03, 2010 or the Offer is withdrawn, the same would be informed by way of Public Announcement in the same newspapers where original Public Announcement had appeared. Such revised Offer Price would be payable for all the shares tendered anytime during the Offer and accepted under the offer.
- 8.17.7 For any queries regarding the offer, the shareholders / applicants may contact the Registrar to the offer / Manager to the offer at the address mentioned on the cover page of this Letter of Offer.
- 8.17.8 If there is competitive bid:
- (i) the Public Offers under all the subsisting bids shall close on the same date.
  - (ii) as the Offer Price can not be revised during 7 (seven) working days prior to the closing date of the offers / bids, it would therefore, be in the interest of shareholders to wait till the commencement of that period to know the final Offer Price of each bid and tender their acceptance accordingly.
- 8.17.9 Pursuant to Regulation 13 of the SEBI SAST Regulations, the Acquirers have appointed SPA Merchant Bankers Limited as Manager to the Offer. SPA Merchant Bankers Limited does not hold any shares of the Target Company as on the date of the Public Announcement and Letter of Offer.
- 8.17.10 A copy of Public Announcement, Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal can be obtained from SEBI's website i.e. [www.sebi.gov.in](http://www.sebi.gov.in).

## **9. DOCUMENTS FOR INSPECTION**

The following material documents are available for inspection at the office of the Manager to the Offer, SPA Merchant Bankers Limited, 25 C - Block, Community Centre, Janak Puri, New Delhi - 110 058 from 10:30 a.m. to 1:00 p.m. on any working day, except Saturdays, Sundays and Holidays until the closure of the Offer:

- 9.1 Certificate of Incorporation & Memorandum and Articles of Association of Howard Hotels Limited, Mittal Fragrances Private Limited, Rishi Real Estates India Private Limited and Shree Nath Exports (India) Private Limited.
- 9.2 Copy of Minutes of Shareholders meeting of Howard Hotels Limited held on March 02, 2009 approving allotment of shares on preferential basis alongwith Copy of Minutes of Board meeting for allotment of warrants held on March 06, 2009.
- 9.3 Certificate from M/s Kumar Dinesh & Company, Chartered Accountants certifying that the Acquirers have made firm arrangements to meet the financial obligations under the offer.
- 9.4 Certificate from Kumar Dinesh & Co., Chartered Accountants certifying Net worth of Acquirers & PACs.
- 9.5 Audited annual reports of Howard Hotels Limited for the last three financial years ended on March 31, 2009, 2008 and 2007 and unaudited financial summary for the 9 (nine) months period ended December 31, 2009 provided by the Company for which limited review has been conducted by M/s P C Bindal and Company, Statutory Auditors of the Company.
- 9.6 Audited annual reports of Mittal Fragrances Private Limited, Rishi Real Estates India Private Limited and Shree Nath Exports (India) Private Limited for the last three financial years ended on March 31, 2009, 2008 and 2007.
- 9.7 Copy of Public Announcement published on April 08, 2010.
- 9.8 Copy of confirmation received from Punjab National Bank dated April 03, 2010 confirming cash deposit of Rs. 90,000,00/- (Rupees Ninety Lacs only) in the Escrow Account and Bank guarantee from Punjab National Bank in favour of SPA Merchant Bankers Limited of Rs. Rs 1,60,00,000/- (Rs. One Crore Sixty Lacs only).
- 9.9 Undertaking from the Acquirers stating full responsibility for all information contained in the Public Announcement and the Letter of Offer.
- 9.10 Copy of Escrow Agreement entered between Acquirers, Escrow Bank and Manager to the Offer.
- 9.11 Copy of agreement entered into between Registrar to the Offer and Ventura Securities Limited.
- 9.12 Copy of SEBI Observation letter no. [●] dated [●].

## **10. DECLARATION BY THE ACQUIRERS AND PACs**

- 10.1 All information contained in this Letter of Offer is true and correct and the Acquirers and PACs accept full responsibility for the information contained in this Letter of Offer.
- 10.2 The Acquirers and PACs are jointly and severally responsible for ensuring compliance with the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

**Signed on behalf of the Acquirers and PACs**

**Mr. Nirankar Nath Mittal**

Place: Agra

Date: April 17, 2010