

In Commemoration of



**CLARKS
GROUP OF
HOTELS**

50 Glorious Years of Service

**50th Annual Report
2010 - 2011
UP Hotels Limited**



Hotel Clarks Shiraz, Agra



Hotel Clarks Amer, Jaipur

BOARD OF DIRECTORS

Shri Birendra Kumar
Chairman & Managing Director

Shri Apurv Kumar
Joint Managing Director

Shri Mohinder Kapur

Shri Rupak Gupta
Joint Managing Director

Shri Pramod B Agarwala

Smt Supriya Gupta
Executive Director

Shri Rajendra Suraiya

Shri Arvind Kumar

Shri Rakesh M Gupta

Shri Ravinder Kumar Chadha

Shri Girish Narain Mehra

Shri Sanjiv Swarup

Shri Jag Mohan Lal

Shri Sushil Kumar

COMPANY SECRETARY

Sidharth Ghatak

HOTELS

Hotel Clarks Shiraz, Agra

Hotel Clarks Amer, Jaipur

Hotel Clarks Avadh, Lucknow

Hotel Clarks Khajuraho, Khajuraho

BANKERS

Allahabad Bank
State Bank of India
Union Bank of India
AXIS Bank

**REGISTERED OFFICE &
OPERATIONS HEADQUARTERS**

1101, "Surya Kiran"
19, Kasturba Gandhi Marg,
New Delhi – 110 001.

AUDITORS

M/s. Ray & Ray
Chartered Accountants

REGISTRAR & TRANSFER AGENTS

M/s. Skyline Financial Services Pvt. Ltd.,
D-153/A, Ist Floor, Okhla Industrial Area
Phase I, New Delhi– 110 020.

NOTICE

NOTICE is hereby given that the Fiftieth Annual General Meeting of U P Hotels Limited will be held on Friday, the 12th August, 2011 at 9:30 a.m. at PHD House, Opposite Asian Games Village, New Delhi-110 016 to transact the following business:-

1. To receive and consider the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To declare dividend
3. To elect a director in place of Shri Sanjiv Swarup, who retires by rotation and being eligible, offers himself for reappointment.
4. To elect a director in place of Shri Pramod B Agarwala, who retires by rotation and being eligible, offers himself for reappointment.
5. To elect a director in place of Shri Arvind Kumar, who retires by rotation and being eligible, offers himself for reappointment.
6. To elect a director in place of Shri Sushil Kumar, who retires by rotation and being eligible, offers himself for reappointment.
7. To appoint auditors and to authorise the Board of Directors to fix their remuneration.

By Order of the Board

Sd/-

SIDHARTH GHATAK
COMPANY SECRETARY

New Delhi
Dated: 30th May, 2011

Registered Office:
1101, Surya Kiran
19, Kasturba Gandhi Marg
New Delhi-110 001.

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy form should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.
- b) The Register of members and the Share Transfer books will be closed from 9th August, 2011 to 12th August, 2011 (both days inclusive). If the dividend as recommended by the Board of directors is approved at the meeting, payment of such dividend will be made on 22nd August, 2011, as under:
 - i) To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited at the close of business hours on 8th August, 2011.
 - ii) To all the shareholders in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 8th August, 2011.
- c) Shareholders holding shares in physical form are requested to advise any change in their address / bank account details immediately to the Company's Registrar and Share Transfer Agent M/s. Skyline Financial Services (P) Ltd. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository Participants and not to the Company.
- d) Pursuant to Section 205C of the Companies Act, 1956, all unpaid dividend required to be transferred to the Investor Education & Protection Fund has been so transferred. Unpaid dividend for the financial years 2005-06, 2006-07, 2007-08, 2008-09 & 2009-10 will be transferred to the fund in November 2013, October 2014, October 2015, October 2016 & October 2017 respectively.
- e) Members are requested to bring their copy of the Annual Report to the Meeting.

- f) Members desiring any information at the Meeting as regards accounts are requested to write to the Secretary of the company so that the communication reaches the Secretary latest by 9th August, 2011 to enable the Management to give the information at the time of the meeting.
- g) Members wanting to avail the benefits of ECS facility for payment of dividend and **who have not yet exercised their ECS Mandate** are requested to fill the enclosed ECS Mandate Form and return the same to the Secretary of the Company at the registered office or to the Company's Registrar and Share Transfer Agent M/s. Skyline Financial Services (P) Ltd.
- h) Members, intending to receive the Notices of General Meetings, Balance Sheet, Profit and Loss Account, Auditor's Report, Directors' Report and Explanatory Statement etc. through email, are requested to register their e-mail addresses and changes therein from time to time with the Company / Registrar or with concerned depository. A copy of all the above documents are available for inspection at the Registered Office of the company during office hours and on the website of the company www.hotelclarks.com.

By Order of the Board

Sd/-

SIDHARTH GHATAK
COMPANY SECRETARY

New Delhi
Dated: 30th May, 2011

Registered Office:
1101, Surya Kiran
19, Kasturba Gandhi Marg
New Delhi-110001.

DIRECTORS' REPORT

**To
The Members**

Your Directors have pleasure in presenting the Fiftieth Annual Report with the Audited Accounts and Auditors' Report for the year ended 31st March, 2011.

FINANCIAL PERFORMANCE

| | Year ended 31st March | |
|--|---|--------------------|
| | <u>2011</u> | <u>2010</u> |
| | (₹ in lacs) | |
| Profit before tax | 1896.65 | 1656.39 |
| Current tax – - Income tax | (640.00) | (560.00) |
| - Wealth tax | (2.40) | (2.00) |
| Tax adjustments for earlier years | 12.09 | 6.74 |
| Deferred tax | <u>24.02</u> | <u>(26.78)</u> |
| Profit after tax | 1290.36 | 1074.35 |
| Balance profit / (loss) brought forward from previous year | <u>2262.46</u> | <u>1547.42</u> |
| Available for appropriation | <u>3552.82</u> | <u>2621.77</u> |
| Appropriation | | |
| Transfer to general reserve | 129.03 | 107.44 |
| Proposed dividend | 540.00 | 216.00 |
| Tax on dividend | 87.60 | 35.87 |
| Balance profit carried to balance sheet | <u>2796.19</u> | <u>2262.46</u> |
| | <u>3552.82</u> | <u>2621.77</u> |

Your Company recorded a turnover of ₹ 7,235.05 lacs as compared to ₹ 6,174.09 lacs in the previous year, an increase of 17.18 % over the previous year. The profit for the year after tax amounted to ₹ 1,290.36 lacs as against ₹ 1,074.35 lacs recorded in the previous year.

EXPANSION INITIATIVES

The construction of a modern convention centre at Jaipur i.e. Clarks Brij Convention Centre is expected to be completed by October, 2011.

DIVIDEND

As part of the Golden Jubilee Celebrations of the company, your Directors are pleased to recommend a dividend of ₹ 10/- per equity share i.e. 100 % for the financial year ended 31st March, 2011. This dividend is subject to the approval of the members at the forthcoming Annual General Meeting.

RESERVES

Your Directors have transferred a sum of ₹ 129.03 lacs to General Reserve, pursuant to the Provisions of the Companies (Transfer of Profits to Reserves) Rules, 1975.

DIRECTORS

In accordance with the Companies Act, 1956 and the Company's Articles of Association, S/Shri Sanjiv Swarup, Pramod B Agarwala, Arvind Kumar & Sushil Kumar retire by rotation and being eligible offer themselves for reappointment.

The profile of the directors seeking reappointment at this Annual General Meeting is given in the Report on Corporate Governance.

AWARDS

“Rajasthan Energy Conservation Award (RECA 2010)” was awarded to Hotel Clarks Amer, Jaipur by the Department of Energy, Government of Rajasthan.

PATWA International Award for “Best Hotelier” was presented during the year to Shri Apurv Kumar, Joint Managing Director.

Hotel Clarks Amer was recognized with “Privilege Card” by Department of Commercial Taxes, Government of Rajasthan for 100% compliance with all statutory requirements and for being the best tax payer in the state for the second consecutive year.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors’ Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected sound accounting policies and applied them consistently and made adjustments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a ‘going concern’ basis.

ENERGY CONSERVATION

Your Company monitors the systems and methods devised in the context of energy conservation on an ongoing basis.

TECHNOLOGY ABSORPTION

The Company has evolved systems and methods for hotel services which are reviewed to meet emerging needs on an ongoing basis for cost effectiveness.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, your Company's Foreign Exchange Earnings were ₹ 2,924.35 lacs and the outgo was ₹ 178.42 lacs.

PARTICULARS OF EMPLOYEES AND DISCLOSURE OF INFORMATION

Information as required under Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in an Annexure forming part of this report.

AUDITORS

The Auditors of the Company, Messrs. Ray & Ray, Chartered Accountants (Firm Registration No. 301072E), retire at the ensuing Annual General Meeting of the Company and have given their consent for reappointment. The Company has also received a certificate from them under Section 224(1-B) of the Companies Act, 1956.

OTHER INFORMATION

The Audit Committee of the Company reviewed the financial statements for the year under review at its meeting held on 30th May, 2011 and recommended the same for the approval of the Board of Directors.

As per the Listing Agreement with the Stock Exchange, the Management Discussion & Analysis Report, Report on Corporate Governance and Auditors' certificate regarding compliance of all conditions of Corporate Governance form a part of this report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the contribution made by the entire team of officers and staff to the growth and prosperity of the Company and to the shareholders for their valuable co-operation, suggestions and guidance. Your Directors also wish to place on record their appreciation for the continuous support from the banks, Department of Tourism and other Government Agencies.

On Behalf of the Board

Sd/-

Birendra Kumar
Chairman & Managing Director

New Delhi
30th May, 2011

Annexure to Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies
(Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2011

| S.No. | Name | Age (years) | Designation | Gross Remuneration (₹) | Qualification | Experience (years) | Date of Joining | Previous Employment | % of equity shares |
|-------|---------------------|----------------|---------------------------------|---------------------------|---|-----------------------|--------------------|-------------------------------|-----------------------|
| 1 | Shri Birendra Kumar | 72 | Chairman & Managing Director | 6,157,607 | B.Sc. Diploma in Business Admn. Harvard University | 53 | October,1979 | Hotel Clarks Varanasi Ltd. | 1.983 |
| 2 | Shri Apurv Kumar | 50 | Joint Managing Director | 5,618,544 | Graduate from Mumbai University Hospitality Manage- ment from Cornel University USA, MBA. Alumni Harvard Business School. | 23 | January, 1995 | Bonita India Ltd | 0.650 |
| 3 | Shri Rupak Gupta | 41 | Joint Managing Director | 5,333,658 | B.Sc. Management University of New Haven, CT, USA Hotel Management Cornell University USA | 14 | February, 1997 | Ist Employment | 15.158 |
| 4 | Smt. Supriya Gupta | 64 | Executive Director | 4,319,005 | Graduate from Delhi University and post graduate in Economics & Social Anthropology from Cambridge University. | 17 | May,2011 | Banaras House Pvt Ltd | Nil |

Notes:

- 1 Gross remuneration comprises of salary, commission and perquisites.
- 2 General terms of appointment include contribution of provident fund, where applicable, house rent allowance, medical and other benefits as per Company's Rules.
- 3 The employees have adequate experience to discharge the responsibilities assigned to them
- 4 Shri Rupak Gupta & Smt Supriya Gupta are related to each other.
- 5 S/Shri Birendra Kumar and Apurv Kumar are related to each other
- 6 Shri Arvind Kumar, director of the company is related to Shri Birendra Kumar.
- 7 The nature of appointment of the Chairman & Managing Director, Joint Managing Directors & Executive Director is contractual

Management Discussions & Analysis

Industry Outlook

The environment for tourism in India is on the up-swing as a result of the improved infrastructure by way of airports and increase in airline connectivity between destinations. There is an awakening in states where tourism has become a relevant and highly placed economic activity. The outlook for the tourism and hotel industry in India is bright.

Risk & Concerns

The tourism hospitality industry is extremely sensitive to downturn in business cycles, terror attacks, epidemics, conflicts & natural calamities. The company endeavors to reduce costs & increase its efficiency to meet these concerns.

Your company continuously renovates its properties to meet the increasing competition in the market.

Financial Performance

Your company has four hotels in its portfolio offering 645 rooms at Agra, Jaipur, Lucknow and Khajuraho under the brand name Clarks.

Your Company recorded a turnover of ₹ 7,235.05 lacs as compared to ₹ 6,174.09 lacs in the previous year, an increase of 17.18 % over the previous year. The profit for the year after tax amounted to ₹ 1,290.36 lacs as against ₹ 1,074.35 lacs recorded in the previous year.

The average occupancy % registered a growth of 5.50 %, the average room rate increased by 2.78 % in comparison to the previous financial year.

Segment Wise Performance

The key business segment of the company is hoteliering and as such there is nothing to report on segment wise or product wise performance.

Internal Controls

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected and that all transactions are authorized, recorded and reported correctly.

The Company has clear systematic process and well-defined roles and responsibilities for people at different hierarchical levels. This coupled with fine tuned internal information system, ensures appropriate information flow to facilitate monitoring.

Adherence to these processes is ensured through regular internal audit conducted by firms of Chartered Accountants, who conduct audits on a continuous basis, covering the entire gamut of operations and service areas of the hotel. Reports submitted by the internal auditors are periodically reviewed by the Audit Committee of the Board.

Human Resources

The Company believes that its intrinsic strength is its people. The Company has always paid special attention to recruitment and development of all categories of staff.

Industrial relations have remained stable and cordial during the year. The total number of people employed by the Company is 722.

For and on behalf of the
Board of Directors

Sd/-
Birendra Kumar
Chairman & Managing Director

New Delhi
30th May, 2011

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on code of governance

Corporate Governance refers to a combination of regulations, procedures and voluntary practices that enable companies to maximize stake holders' value by attracting financial and human capital and efficient performance.

As a responsible corporate citizen, it is the earnest endeavour of the Company to improve its focus on Corporate Governance by increasing accountability and transparency to shareholders, bankers, customers etc.

The Company has complied with all the guidelines on Corporate Governance laid down by the Stock Exchange.

2. Board of Directors

2.1 As on 31st March, 2011, 71 % of the Board comprises of Non-Executive Directors. 50% of the Board comprises of Independent Directors and the balance 50% represents promoter Directors. Independent Directors do not have any material pecuniary relationship and haven't entered into any transactions with the Company, its promoters & its management, which in the judgement of the Board may affect independence of the judgement of the Directors.

2.2 Composition as on 31st March, 2011

The composition of the Board of Directors and the number of other directorships and committee memberships/chairmanships (excluding this company) as on 31st March, 2011 are as under:

| Name of Director | Category of Directors | No. of other Directorships | | No. of Chairmanship / Membership held in Committees of other Companies | |
|---|-----------------------------|----------------------------|---------|--|--------|
| | | Public | Private | Chairperson | Member |
| Shri Birendra Kumar (Chairman & Managing Director) | Promoter – Executive | 4 | 5 | - | - |
| Shri Apurv Kumar | Promoter – Executive | 2 | 6 | - | - |
| Shri Rupak Gupta | Promoter – Executive | 2# | 10# | - | - |
| Smt. Supriya Gupta | Promoter – Executive | 1 | 6 | - | - |
| Shri Rakesh M Gupta | Promoter – Non-Executive | 2 | 2 | - | - |
| Shri Sushil Kumar | Promoter – Non-Executive | 1 | 1 | - | - |
| Shri Girish Narain Mehra | Independent – Non-Executive | 6 | - | 5 | 8@ |
| Shri Pramod B Agarwala | Independent – Non-Executive | - | - | - | - |
| Shri Rajendra Suraiya | Independent – Non-Executive | - | - | - | - |
| Shri Jag Mohan Lal | Independent – Non-Executive | - | - | - | - |
| Shri Sanjiv Swarup | Independent – Non-Executive | - | - | - | - |
| Shri Ravinder Kumar Chadha | Independent – Non-Executive | - | - | - | - |
| Shri Arvind Kumar | Promoter – Non-Executive | 6 | 10 | - | - |
| Shri Mohinder Kapur | Independent – Non-Executive | - | 5 | - | - |

Includes a foreign company

@ Includes Chairmanship of other companies

2.3 Attendance at Board Meetings

During the financial year ended 31st March, 2011, four board meetings were held on 15th May, 2010, 11th August, 2010 29th October, 2010 and 25th January, 2011. The gap between two meetings is not more than four months. The attendance of each Director at the Board Meetings and the last Annual General Meeting is as under:

| Directors | No. of Board Meetings | | Attended last AGM held on 28 th August,2010 |
|----------------------------|-----------------------|----------|--|
| | Held | Attended | |
| Shri Birendra Kumar | 4 | 4 | Yes |
| Shri Apurv Kumar | 4 | 4 | Yes |
| Shri Rupak Gupta | 4 | 4 | Yes |
| Shri Rakesh M Gupta | 4 | 4 | Yes |
| Smt Supriya Gupta | 4 | 4 | Yes |
| Shri Sushil Kumar | 4 | 2 | No |
| Shri Girish Narain Mehra | 4 | 3 | No |
| Shri Pramod B Agarwala | 4 | 4 | Yes |
| Shri Rajendra Suraiya | 4 | 3 | No |
| Shri Jag Mohan Lal | 4 | 4 | No |
| Shri Sanjiv Swarup | 4 | 4 | Yes |
| Shri Ravinder Kumar Chadha | 4 | 4 | Yes |
| Shri Arvind Kumar | 4 | 3 | Yes |
| Shri Mohinder Kapur | 4 | 4 | Yes |

2.4 All the directors have as on 31st March, 2011, filed the requisite declarations stating that :

- a) The disqualification contemplated under Section 274(1)(g) of the Companies Act, 1956 do not apply to them
- b) The code of conduct for Prevention of Insider Trading in its equity shares has been complied with.

2.5 The Company has framed a Code of Conduct and Ethics for members of the Board and Senior Management personnel of the Company. The said Code of Conduct is available on the website of the Company. The declaration by Chairman & Managing Director is given below. In addition, separate Code of Conduct for dealing in equity shares is also in place.

"I hereby confirm

The company has obtained from all members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of Conduct and Ethics for Directors and Senior Management in respect of financial year 2010-11.

Sd/-
Birendra Kumar
Chairman & Managing Director

3. Audit Committee

3.1 Brief description of terms of reference

The constitution, role, powers and terms of reference of the Audit Committee are in accordance with those specified in Clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956.

The brief terms inter alia include:

- Overseeing the Company's financial reporting, process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment of any other services;
- Reviewing with management the annual financial statement before submission to the Board;
- Reviewing the adequacy of internal audit functions;
- Discussing with internal auditors any significant finding and follow up on such issues;
- Reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity, or a failure of internal control system of a material nature and the reporting of such matters to the Board;
- Discussing with external auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern;
- Reviewing the company's financial and risk management policies; and
- Examining reasons for substantial default in the payment to depositors, shareholders (in case of non payment of declared dividends) and creditors, if any.

3.2 Composition, names of members and Chairperson as on 31st March, 2011

| Name of member | Category |
|----------------------------|------------------------|
| Shri Ravinder Kumar Chadha | Independent – Chairman |
| Shri Sanjiv Swarup | Independent |
| Shri Pramod B Agarwala | Independent |
| Shri Jag Mohan Lal | Independent |

All the members of the Committee are financially literate within the meaning of explanation 1 to Clause 49(II)(A) of the Listing Agreement. The Statutory Auditors and the Internal Auditors are also invitees to the meeting. The Company Secretary acts as the Secretary to the Committee.

3.3 Meetings and Attendance during the last financial year

During the financial year ended 31st March, 2011, four Audit Committee meetings were held on 14th May, 2010, 11th August, 2010, 29th October, 2010 and 25th January 2011.

| Director | No.of Committee Meetings | |
|----------------------------|--------------------------|----------|
| | Held | Attended |
| Shri Ravinder Kumar Chadha | 4 | 4 |
| Shri Sanjiv Swarup | 4 | 4 |
| Shri Pramod B Agarwala | 4 | 4 |
| Shri Jag Mohan Lal | 4 | 4 |

The partners of Messrs Ray & Ray, the Statutory Auditors and the partners of Messrs S S Kothari Mehta & Co. & Messrs Haribhakti & Co., the Internal Auditors generally attended the meetings. The Company Secretary acts as Secretary to the Committee.

4. Remuneration Committee

4.1 Composition:

| Name of the Member | Category |
|----------------------------|------------------------|
| Shri Pramod B Agarwala | Independent – Chairman |
| Shri Sanjiv Swarup | Independent |
| Shri Jag Mohan Lal | Independent |
| Shri Ravinder Kumar Chadha | Independent |

4.2 Terms of reference

The Remuneration Committee has been constituted to review and recommend the remuneration package for the whole-time directors.

4.3 During the year, a meeting of Remuneration Committee was held on 14th May, 2010.

Meetings and Attendance during the last financial year

| Director | No.of Committee Meetings | |
|----------------------------|--------------------------|----------|
| | Held | Attended |
| Shri Ravinder Kumar Chadha | 1 | 1 |
| Shri Sanjiv Swarup | 1 | 1 |
| Shri Pramod B Agarwala | 1 | 1 |
| Shri Jag Mohan Lal | 1 | 1 |

4.4.1 All remuneration paid / payable to the directors are within the ceiling prescribed under the provisions of the Companies Act, 1956.

4.4.2 In addition to sitting fees for attending the meetings of the board and committees thereof, the non-executive directors are entitled to commission @ 1% of Net Profit subject to a ceiling of ₹ 5 lacs to be paid and distributed among them equally and in proportion to the period for which they served as director.

4.5 Details of remuneration paid / payable to all the Directors

| Name | Sitting Fee | Salary | Contribution to PF | Perquisites & Allowances | Commission accrued on profits | Total |
|--|-------------|------------|--------------------|--------------------------|-------------------------------|------------|
| | (₹) | (₹) | (₹) | (₹) | (₹) | (₹) |
| Shri Arvind Kumar | 15,000 | | | | 50,000 | 65,000 |
| Shri Apurv Kumar Joint Managing Director * | | 2,745,968 | 329,517 | 757,850 | 1,785,209 | 5,618,544 |
| Shri Birendra Kumar Chairman & Managing Director * | | 3,309,677 | 397,161 | 450,357 | 2,000,412 | 6,157,607 |
| Shri Girish Narain Mehra | 15,000 | | | | 50,000 | 65,000 |
| Shri Jag Mohan Lal | 45,000 | | | | 50,000 | 95,000 |
| Shri Mohinder Kapur | 20,000 | | | | 50,000 | 70,000 |
| Shri Promod B Agarwala | 45,000 | | | | 50,000 | 95,000 |
| Shri Rakesh M Gupta | 20,000 | | | | 50,000 | 70,000 |
| Shri Ravinder Kumar Chadha | 45,000 | | | | 50,000 | 95,000 |
| Shri Rupak Gupta Joint Managing Director * | | 2,745,968 | 329,516 | 472,965 | 1,785,209 | 5,333,658 |
| Shri Rajendra Suraiya | 15,000 | | | | 50,000 | 65,000 |
| Smt. Supriya Gupta Executive Director* | | 2,373,387 | 284,806 | 90,804 | 1,570,008 | 4,319,005 |
| Shri Sushil Kumar | 10,000 | | | | 50,000 | 60,000 |
| Shri Sanjiv Swarup | 50,000 | | | | 50,000 | 1,00,000 |
| Total | 280,000 | 11,175,000 | 1,341,000 | 1,771,976 | 7,640,838 | 22,208,814 |

* in the event of the termination of office, the above are entitled to remuneration equal to the unexpired term of office or three years, whichever is less.

4.6 No stock option or performance linked incentive is offered to the Directors/Executives of the company.

5. Shareholders' committee The Board had constituted a share-holders'/Investors' Grievance Committee comprising of four Directors namely S/Shri Apurv Kumar, Rupak Gupta , Joint Managing Directors , Mohinder Kapur and Sanjiv Swarup, Directors.
- 5.1 Name of non-executive director heading the committee Shri Mohinder Kapur
- 5.2 Name and designation of compliance officer Shri Sidharth Ghatak, Company Secretary
- 5.3 Number of shareholders' complaints received so far 4
- 5.4 Number of complaints not solved to the satisfaction of the shareholders Nil
- 5.5 No. of pending complaints Nil
6. General Body Meeting
- 6.1 Location and time where the last three Annual General Meetings held :-
- | Year | Date | Venue | Time |
|---------|-------------------------------|--|------------|
| 2007-08 | 29 th August, 2008 | PHD House, Opposite Asian Games Village, New Delhi | 09.30 a.m |
| 2008-09 | 29 th August, 2009 | -do- | 09.30 a.m |
| 2009-10 | 28 th August, 2010 | -do- | 09.30 a.m. |
- 6.2 No ordinary or special resolution requiring a postal ballot under section 192A of the Companies Act, 1956 was placed before the last Annual General Meeting. Similarly, no ordinary or special resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.
7. Disclosures
- 7.1 Risk assessment and its minimisation procedures have been laid down by the company and the same have been informed to the Board members. The procedures are periodically reviewed to ensure that executive management controls risk through means of properly defined framework.
- 7.2 No money, was raised by the Company through public issue, right issue, preferential issues etc. in the last financial year.
- 7.3 A summary of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee;

- 7.4 There were no material individual transactions during the financial year ended 31st March, 2011, with related parties which were not in the ordinary course of business;
- 7.5 All material transactions during the financial year ended 31st March, 2011, either with related parties or with others were on arms length;
- 7.6 There were no materially significant transactions during the financial year with related parties such as the promoters, directors, key managerial personnel or relatives that could have potential conflict with the interest of the Company;
- 7.7 The mandatory disclosure of transactions with related parties in compliance with the Accounting Standards AS – 18 is a part of this Annual Report and disclosed in Notes to Schedule 23;
- 7.8 In preparing the Annual Accounts in respect of the financial year ended 31st March, 2011, no accounting treatment was different from that prescribed in the Accounting Standards;
- 7.9. During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets. However, the company has received a Show Cause Notice for violation of Clause 40A of the Listing Agreement as regards promoters' shareholding.
- 7.10 The directors and other identified persons have observed and complied with the requirements of Code of Conduct for Prevention of Insider Trading in Equity Shares of the Company in accordance with Securities & Exchange Board of India (Prohibition of Insider Trading), Regulations 1992.
8. Means of communication.
- 8.1 Half yearly report sent to each shareholder : No
- 8.2 Quarterly Results
- Which newspapers normally published in Financial Express (English) & Jansatta (Hindi)
 - Any website where published The company is complying with Corporate Filing and Dissemination system (CFDS) as per the Listing Agreement. The results are also periodically updated on the Company's web site www.hotelclarks.com
 - Whether it also displays official news releases and presentation made to institutional investors/analyst No
- 8.3 Whether management discussion & analysis is a part of annual report or not Yes, management discussion & analysis is a part of the annual report.

9. General Shareholder information

9.1 The particulars of the directors seeking re-appointment at the forthcoming Annual General Meeting are as under:

- Shri Pramod B Agarwala (60) – B.Sc. LLB. He is an Advocate – Supreme Court of India. He has 30 years experience in the field of Arbitration, Banking, Civil Litigations, Corporate Laws, Constitutional matters, Consumers matters etc. and has been advising Banks, Corporates and individual business houses in the aforesaid fields. Shri Pramod B Agrawala retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General meeting. The shareholding in the company of Shri Pramod B Agarwala as on 31st March, 2011 is nil.
- Shri Sanjiv Swarup – (53) B.Com. Hons, MBA. He is president in Swarup Vegetable Products (I) Ltd. Shri Sanjiv Swarup retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Sanjiv Swarup as on 31st March, 2011 is 100 equity shares.
- Shri Arvind Kumar – (71) B.Com. LLB. He has decades of experience in the textiles and hotel industry. He is also on the Board of various companies including Hotel Clarks Varanasi Ltd., The Indian Textiles Co. Pvt.Ltd. , Indus Textiles Co. Ltd., & Banaras International Ltd. Shri Arvind Kumar retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Arvind Kumar as on 31st March, 2011 is 29341 equity shares.
- Shri Sushil Kumar – (67) Graduate from Banaras Hindu University. He has decades of experience in textiles and hotel industry. He has been on the Board of U P Hotels Ltd. since 1994. In addition he is also the Managing Director of The Indian Textiles Co. Pvt.Ltd. and Director of Hotel Clarks Varanasi Ltd. Shri Sushil Kumar retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Sushil Kumar as on 31st March, 2011 is 176204 equity shares.

9.2 Inter-se relationship of directors:

Shri Rupak Gupta & Smt. Supriya Gupta are related to each other

S/Shri Apurv Kumar & Birendra Kumar are related to each other

S/Shri Arvind Kumar & Birendra Kumar are related to each other

None of the other directors are related to each other

9.3 AGM : Date, time & venue

50th Annual General Meeting

| | |
|---------|---|
| Date : | 12 th August, 2011 |
| Time : | 9:30 a.m. |
| Venue : | PHD House , Opposite Asian Games Village, New Delhi |

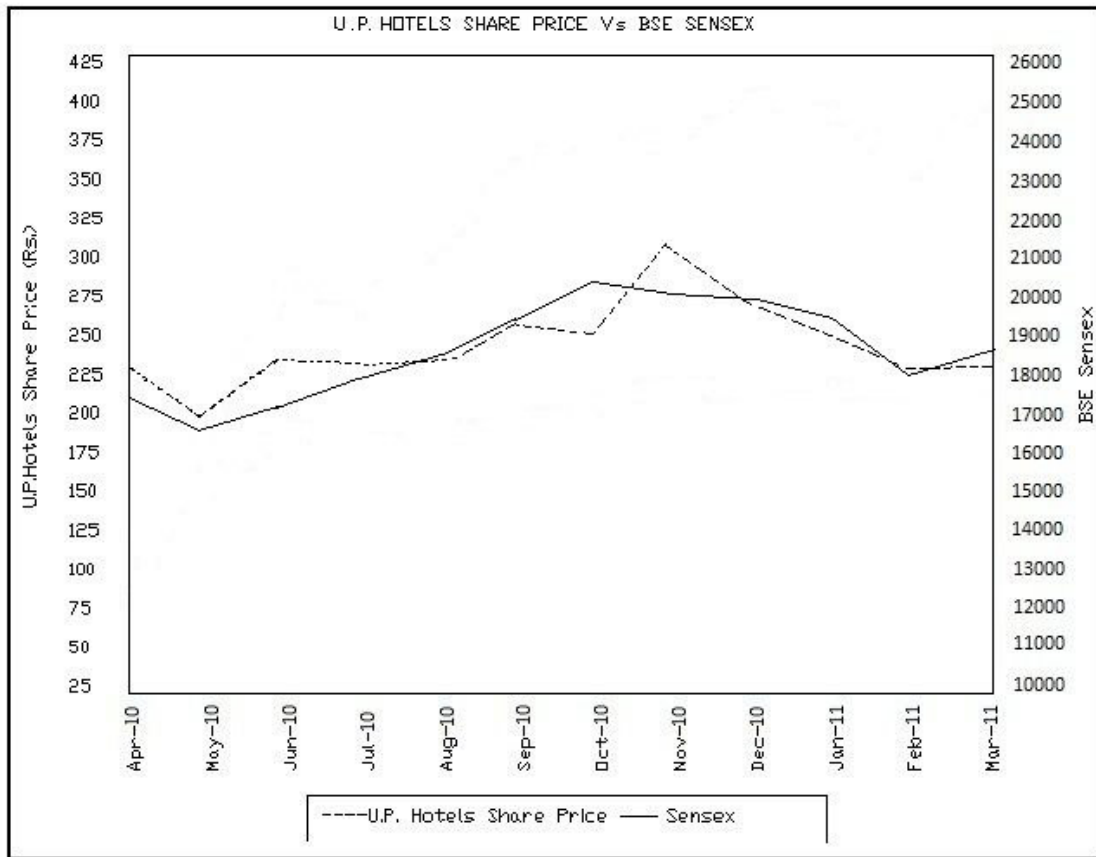
| | | |
|-----|--|--|
| 9.4 | Financial Calendar (tentative) for Results | |
| | 1 st Quarter | Mid August, 2011 |
| | 2 nd Quarter | Mid November, 2011 |
| | 3 rd Quarter | Mid February, 2012 |
| | 4 th Quarter | End May, 2012 |
| 9.5 | Date of Book Closure | 9 th August, 2011 to 12 th August, 2011 |
| 9.6 | Dividend | The company has proposed a dividend of ₹. 10/- per equity share i.e.100% subject to approval of shareholders at the forthcoming Annual General Meeting. The dividend, if declared, will be paid on 22 nd August, 2011 |
| 9.7 | Listing On Stock Exchange | The shares of the company are listed on Bombay Stock Exchange Limited, Mumbai (BSE). Annual Listing fees as prescribed has been paid to the Bombay Stock Exchange Ltd. (BSE), Mumbai for 2011-2012. |
| 9.8 | Stock Code | 509960 (BSE) |
| 9.9 | Designated e-mail ID for Investors' Grievances | uphinvestorgrievance@bol.net.in |

9.10 Market Price Data

Monthly High and Low market price data of equity share traded on Bombay Stock Exchange (BSE):

| Date | High(Rs.) | Low(Rs.) |
|-----------------|-----------|----------|
| April, 2010 | 254.80 | 205.25 |
| May, 2010 | 240.00 | 196.55 |
| June, 2010 | 259.75 | 210.10 |
| July, 2010 | 248.90 | 215.50 |
| August, 2010 | 254.90 | 212.95 |
| September, 2010 | 287.85 | 226.10 |
| October, 2010 | 275.00 | 215.05 |
| November, 2010 | 380.10 | 230.20 |
| December, 2010 | 303.00 | 214.00 |
| January, 2011 | 268.65 | 214.00 |
| February, 2011 | 234.00 | 209.00 |
| March, 2011 | 244.00 | 200.55 |

Performance in Comparison to broad based indices such as BSE SENSEX.



9.11 Registrar & Transfer Agents

The company has engaged the services of M/s Skyline Financial Services Pvt. Ltd. as its Registrar for physical transfer of shares as well as for electronic connectivity with NSDL & CDSL.

- 9.12 Share Transfer System To expedite the transfer in physical segment, authority has been delegated to the Share Transfer Committee of the Board. The Registrar & Transfer Agent ensures that the transferred share certificates are despatched within the stipulated time.

9.13 Shareholding Pattern as on 31st March, 2011

| | Category | No of Shares held | % of Share holding |
|---|--|-------------------|--------------------|
| 1 | <u>Promoter's holding</u> | | |
| | Indian Promoters | 4,772,960 | 88.39 |
| | Foreign Promoters | Nil | Nil |
| 2 | <u>Persons acting in concert</u> | Nil | Nil |
| | Sub Total (1 & 2) | 4,772,960 | 88.39 |
| | <u>Non-Promoters Holding</u> | | |
| 3 | <u>Institutional Investors</u> | | |
| | a) Mutual Funds & UTI | Nil | Nil |
| | b) Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions, Non-Govt. Institutions) | Nil | Nil |
| | c) Foreign Institutional Investors | Nil | Nil |
| | Sub Total (3) | Nil | Nil |
| 4 | <u>Others</u> | | |
| | a) Private Corporate Bodies | 190,698 | 3.53 |
| | b) Indian Public | 432,712 | 8.01 |
| | c) NRIs/OCBs | 2,617 | 0.05 |
| | d) Any other (Trust) | 1,013 | 0.02 |
| | Sub Total (4) | 627,040 | 11.61 |
| | Grand Total (1 to 4) | 5,400,000 | 100.00 |

9.14 Distribution of Shareholding as on 31st March, 2011

| Shareholding of Nominal Value | No. of Shareholders | | % of Share-Holders | Share Amount | % of Share-Holding |
|-------------------------------|---------------------|---|--------------------|--------------|--------------------|
| | ₹ | ₹ | | ₹ | |
| Upto - 5000 | 1,152 | | 85.14 | 1,263,800 | 2.34 |
| 5001 – 10000 | 71 | | 5.25 | 490,330 | 0.91 |
| 10001-20000 | 46 | | 3.40 | 700,430 | 1.30 |
| 20001-30000 | 13 | | 0.96 | 323,060 | 0.60 |
| 30001-40000 | 8 | | 0.59 | 285,200 | 0.53 |
| 40001-50000 | 4 | | 0.30 | 194,560 | 0.36 |
| 50001-100000 | 10 | | 0.74 | 708,850 | 1.31 |
| 100001 & above | 49 | | 3.62 | 50,033,770 | 92.65 |
| Total | 1,353 | | 100.00 | 54,000,000 | 100.00 |

9.15 Dematerialisation of Shares & Liquidity.

The company's shares are traded in dematerialised form and have to be delivered in the dematerialised form to all stock exchanges. The number of shares dematerialised as on 31st March, 2011 was 1,381,372 (25.58% of the total paid up capital) and the balance of 4,018,628 representing 74.42% were held in physical form. Investors may open an account with depository participant registered with either National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL).

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's share is INE726E01014.

9.16 The Company is in the process of complying with Clause 5A II of the Listing Agreement with regard to:

- i) identification of shares issued in physical form in earlier years and lying unclaimed and
- ii) ultimately transferring these shares to the "Unclaimed Suspense Account" with a Depository Participant.

9.17 Outstanding GDRs/ADRs Warrants or any convertible instruments, conversion date and likely Impact on Equity.

The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.

9.18 Hotel locations

Clarks Shiraz, 54, Taj Road, Agra
 Clarks Amer, Jawahar Lal Nehru Marg, Jaipur
 Clarks Avadh, 8, Mahatma Gandhi Marg, Lucknow
 Clarks Khajuraho, Bamitha Road, Khajuraho

For any assistance regarding dematerialisation of shares, shares transfer, transmission, change of address and any other query relating to shares, please correspond with

9.19 Address for correspondence

Registrars:
 M/s. Skyline Financial Services Pvt.Ltd.
 D-153/A, 1st floor
 Okhla Industrial Area , Phase I
 New Delhi-110 020.
 Tel. 30857575

Shareholders holding shares in electronic mode should address all correspondence to their respective depository participant.

10. Management Responsibility Statement

The Directors' Responsibility Statement, in conformity with the requirement of the Companies Act, 1956 has been included in the Directors' Report to the Shareholders. A Management Discussion and Analysis Report has been annexed to the Directors' Report.

The financial accounts are in full conformity with the requirements of the Companies Act, 1956. These accounts reflect fairly the form and substance of transactions and present a true view of the Company's financial condition and the results of its operations.

The Company has a system of internal control which is reviewed, evaluated and updated on an ongoing basis. The Internal Auditor has conducted periodic audit of systems and procedures to provide reasonable assurance that the activities are conducted in a manner not prejudicial to the interests of the Company.

The financial statements have been audited by Messrs. Ray & Ray, Chartered Accountants and have been reviewed by and discussed in the Audit Committee.

11. Compliance Certificate of the Auditors

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and the same is annexed.

All material requirements with respect to Corporate Governance as stipulated in the Listing Agreement have been complied with.

For and on behalf of the
Board of Directors

Sd/-
Birendra Kumar
Chairman & Managing Director

New Delhi
30th May, 2011

To

The Members of
U.P. Hotels Limited

We have examined the compliance of conditions of Corporate Governance by U.P. Hotels Limited for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our responsibility is limited to the examination of the procedures adopted by the Company and implementation thereof for ensuring the compliance of the conditions of the Corporate Governance. Our examination was carried out in accordance with the Guidance Note on 'Certification of Corporate Governance' (as stipulated in clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

Based on our examination, we state that:

- a) *The Company has received a show cause notice for non compliance of Clause 40A of the Listing Agreement as regards promoters' shareholding.*
- b) *The Company is to comply with the requirements of Clause 5A II as regards to identification of shares issued in physical form in earlier years and lying unclaimed and subsequent transfer of such shares to 'Unclaimed Suspense Account' with depository participant.*

Subject to above, in our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Management we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For RAY & RAY
Chartered Accountants
Firm Registration no. 301072E

Sd/-
(A.K.Sharma)
Partner
Membership No. 80085

New Delhi, 30th May, 2011

AUDITORS' REPORT

To
The Members
U.P. Hotels Limited

1. We have audited the attached Balance Sheet of U.P. Hotels Limited ("the Company") as at 31st March, 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 ("the Order") as amended by Companies (Auditor's Report) (Amendment) issued by the Central Government in terms of sub - section (4A) of Section 227 of the Companies Act, 1956 ("the Act") and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the directors as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with Schedules 1 to 23 *and subject to Note 21 (iv) as regards Hotel Earnings in foreign exchange not verified by us contained in Schedule 23 of Notes to the Account*, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (b) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

for **RAY & RAY**
Chartered Accountants

Sd/-

(A K SHARMA)
Partner
Membership No. 80085
Firm Registration no. 301072 E

New Delhi, the 30th May, 2011

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF U.P. HOTELS LIMITED OF EVEN DATE.

1.
 - a) The Company has generally maintained proper records showing full particulars regarding valuation of different type of assets including quantitative details and situation of fixed assets. The Company is in the process of updating its records on a new software.
 - b) According to the informations and explanations given to us, the Company physically verified its assets over a two year period. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this policy, the Company has physically verified certain assets during the year. According to the explanations given to us, the discrepancies noticed on physical verification were not material and these have been properly dealt with in the books of account.
 - c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2.
 - a) As explained to us, inventories are physically verified by the Management during the year at reasonable intervals. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) On the basis of our examination of inventory records of the Company, the Company is maintaining proper records of its inventory. The discrepancies noticed on verification between physical stock and book records were not material and have been properly dealt with in the books of account.
3.
 - a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
 - b) In view of our comments in paragraph 3 (a) above, the provisions of Clauses iii (b), iii (c) and iii (d) of paragraph 4 of the aforesaid Order are not applicable to the Company.
 - c) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
 - d) In view of our comment in paragraph 3 (c) above, clauses iii (f) and iii (g) of paragraph 4 of the aforesaid Order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us *and having regard to the explanation that for some items purchased for which comparable alternative quotations are not available because of the nature / quality of such items and delivery schedules and also sale of services for which suitable alternative sources are not available to obtain comparable quotations*, there are generally adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of inventories, fixed assets and sale of goods and services. Further, during the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weakness in internal control system.
5.
 - a) On the basis of the audit procedures performed by us, and according to the information, explanation and representations given to us, we are of opinion that, the particulars of contracts or arrangements in which directors were interested as contemplated under Section 297 and sub section (6) of Section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered.
 - b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of ₹ 5 lacs with any party during the year. However, the other transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under are not applicable. Further, during the course of our audit, we have neither come across nor have we been informed of any order passed under the aforesaid sections by Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9.
 - a) According to records of the Company, and subject to comments in para 9 (b) below the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities *though there have been delays in few cases*.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- b) According to information and explanations given to us, *except for the cases stated below*, there are no other undisputed amount payable in respect of provident fund, investor education & protection fund, income tax, employees state insurance, wealth tax, sales tax, custom duty, service tax, excise duty, cess and other statutory dues which were outstanding at the year end for period of more than six months from the date they become payable.

| | <i>Amount (₹)</i> |
|---|---------------------|
| <i>House Tax/ Municipal Tax & Water tax</i> | <i>2,075,582</i> |
| <i>Purchase Tax / VAT/Entry tax etc.</i> | <i>328,324</i> |
| <i>Service Tax</i> | <i>283,198</i> |
| <i>Employees State Insurance Dues</i> | <i>36,290</i> |
| <i>Wealth Tax</i> | <i>37,777</i> |

- c) According to the information and explanations given to us, there are no dues outstanding of sales tax, custom duty, excise duty, income tax, wealth tax and cess on account of any dispute which have not been deposited except for:

Reference is also invited to Note 2 (b) in Schedule 23, as regards the Income Tax Department having appealed to the Hon'ble High court, Allahabad against the Order of the Income Tax Appellate Tribunal upholding the views of the Company in respect of the claim of deduction regarding earnings in convertible foreign exchange under Section 80 HHD (Assessment year 1989-90 to 1991 – 92) and Luxury Tax Claimed under Section 43 B (Assessment Year 1987-88 to 1990-91). The total amount disputed (excluding interest & penalties) aggregated to ₹ 58.59 lacs.

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our report and in the immediately preceding financial year.
11. As per books and records maintained by the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution / bank. The Company has not issued any debentures.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.
14. The Company has maintained proper record of transaction and contracts in respect of dealing or trading in securities and other investments viz. mutual funds. All other investments viz. mutual funds have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable to the Company.

16. On the basis of the records examined by us, and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we have to state that, the company had, prima facie, applied the term loans for the purposes for which they were obtained. The Company did not have any term loans outstanding at the year end.
17. According to the information and explanations given to us and on an overall examination of the financial statements and after placing reliance on the reasonable assumptions made by Company for classification of long term and short term usages of funds, we are of the opinion that prima facie no funds raised on short term basis have been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4 (xviii) of the Order is not applicable to the Company.
19. The Company has not issued any debentures during the year. Accordingly, clause 4 (xix) of the Order is not applicable to the Company.
20. The Company has not raised any money by public issues during the year. Accordingly, clause 4 (xx) of the Order is not applicable to the Company.
21. During the course of our audit of the books of accounts of the Company, we have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the Management.

for **RAY & RAY**
Chartered Accountants

Sd/-

(A K SHARMA)
Partner
Membership No. 80085
Firm Registration no. 301072 E

New Delhi, the 30th May, 2011

U.P. HOTELS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule | As at 31st March | |
|--|----------|---------------------------|---------------------------|
| | | 2011 | 2010 |
| | | ₹ | ₹ |
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 54,000,000 | 54,000,000 |
| Reserves & Surplus | 2 | <u>583,406,643</u> | <u>518,155,022</u> |
| | | 637,406,643 | 572,155,022 |
| Deferred Tax - Net | 3 | 51,010,015 | 53,412,102 |
| TOTAL | | <u>688,416,658</u> | <u>625,567,124</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets: | | | |
| Gross Block | 4 | 829,168,507 | 788,149,703 |
| Less: Depreciation | | <u>389,508,697</u> | <u>375,688,572</u> |
| Net Block | | 439,659,810 | 412,461,131 |
| Capital Work in Progress (at cost) | | <u>13,697,430</u> | <u>533,098</u> |
| | | 453,357,240 | 412,994,229 |
| Investments | 5 | 115,641,376 | 83,649,328 |
| Current Assets, Loans & Advances: | | | |
| Inventories | 6 | 16,967,393 | 16,270,625 |
| Sundry Debtors | 7 | 63,447,694 | 58,589,640 |
| Cash & Bank Balances | 8 | 191,470,428 | 172,530,518 |
| Other current assets | 9 | 4,629,708 | 4,074,803 |
| Loans & Advances | 10 | <u>20,885,930</u> | <u>15,787,259</u> |
| | | 297,401,153 | 267,252,845 |
| Less: Current Liabilities & Provisions: | | | |
| Liabilities | 11 | 77,028,933 | 77,166,342 |
| Provisions | 12 | <u>100,954,178</u> | <u>61,162,936</u> |
| | | 177,983,111 | 138,329,278 |
| Net Current Assets | | 119,418,042 | 128,923,567 |
| TOTAL | | <u>688,416,658</u> | <u>625,567,124</u> |

Significant Accounting Policies
Notes to the Accounts

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23

Schedules 1 to 12, 22 & 23 referred to above
form an integral part of Balance Sheet

This is the Balance Sheet referred
to in our Report of even date

Sd/-
BIRENDRA KUMAR
Chairman & Managing Director

FOR RAY & RAY
Chartered Accountants

Sd/-

A K SHARMA
Partner
Membership No. 80085
Firm Registration No. 301072E
NEW DELHI
30th May, 2011

Sd/-
SIDHARTH GHATAK
Company Secretary

Sd/- Sd/-
APURV KUMAR RUPAK GUPTA
Joint Managing Directors

U.P. HOTELS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

| | Schedule | Year ended 31st March | |
|---|----------|-----------------------|--------------------|
| | | 2011 ₹ | 2010 ₹ |
| INCOME | | | |
| Guest Accommodation, Restaurants, Bar | | | |
| Banquets and Other Services | 13 | 695,594,417 | 588,043,219 |
| Other Income | 14 | 27,910,825 | 29,365,581 |
| | | 723,505,242 | 617,408,800 |
| EXPENDITURE | | | |
| Consumption of Provisions, Beverages, Wines & Smokes | 15 | 90,006,552 | 75,304,604 |
| Employees' Remuneration & Welfare Expenses | 16 | 179,902,804 | 151,814,968 |
| Upkeep & Service Cost | 17 | 104,188,338 | 90,391,484 |
| Repairs & Maintenance | 18 | 33,879,795 | 23,932,626 |
| Administrative & Selling Expenses | 19 | 59,152,924 | 49,063,614 |
| Other expenses | 20 | 39,987,058 | 35,237,283 |
| Interest - Others | | 478,718 | 189,643 |
| Depreciation | | 26,243,762 | 25,835,346 |
| | | 533,839,951 | 451,769,568 |
| Profit for the year before taxation | | 189,665,291 | 165,639,232 |
| Taxation | 21 | 60,628,852 | 58,204,685 |
| Profit after Taxation | | 129,036,439 | 107,434,547 |
| Balance Brought Forward From Previous Year | | 226,245,880 | 154,742,278 |
| | | 355,282,319 | 262,176,825 |
| APPROPRIATIONS | | | |
| General Reserve | | 12,903,644 | 10,743,455 |
| Proposed Dividend | | 54,000,000 | 21,600,000 |
| Tax On Dividend | | 8,760,150 | 3,587,490 |
| Balance carried to Balance Sheet | | 279,618,525 | 226,245,880 |
| | | 355,282,319 | 262,176,825 |
| Basic & Diluted Earnings per Share (in ₹) face value ₹ 10 (Note 20) | | 23.90 | 19.90 |
| Number of Shares | | 5,400,000 | 5,400,000 |

Significant Accounting Policies
Notes to the Accounts

22
23

Schedules 13 to 23 referred to above
form an integral part of Profit & Loss Account

This is the Profit & Loss Account referred
to in our Report of even date.

Sd/-
BIRENDRA KUMAR
Chairman & Managing Director

FOR RAY & RAY
Chartered Accountants

Sd/-
A K SHARMA
Partner
Membership No. 80085
Firm Registration No. 301072E
NEW DELHI
30th May, 2011

Sd/-
SIDHARTH GHATAK
Company Secretary

Sd/- Sd/-
APURV KUMAR RUPAK GUPTA
Joint Managing Directors

CASH FLOW STATEMENT

Year ended 31st March

| | 2011 | 2010 |
|--|----------------------|---------------|
| | ₹ | ₹ |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/ (Loss) before Tax and Extraordinary Items | 189,665,291 | 165,639,232 |
| Adjustments For : | | |
| Depreciation | 26,243,762 | 25,835,346 |
| Interest received/paid | (7,872,049) | (8,659,603) |
| Loss on sale/discard of assets | 4,040,294 | 1,710,052 |
| Provision/Write off Debts & Advances | 687,992 | 369,651 |
| Provision written back / profit - current investments | (1,026,984) | (2,137,540) |
| Liabilities & Provisions and Retirement Benefits | (2,358,615) | (5,096,630) |
| Depreciation Written back | (17,984) | (8,549) |
| Dividend Received | (4,428,868) | (2,122,590) |
| | 15,267,548 | 9,890,137 |
| Operating Profit Before Working Capital Changes | 204,932,839 | 175,529,369 |
| Adjustments for : | | |
| Trade & Other Receivables | (10,614,587) | (24,018,777) |
| Inventories | (696,768) | (2,370,250) |
| Trade Payables & Other Liabilities | 9,211,158 | 11,479,593 |
| | (2,100,197) | (14,909,434) |
| Cash Generated From Operations | 202,832,642 | 160,619,935 |
| Interest Paid | (478,718) | (189,643) |
| Interest Received | 8,350,919 | 8,686,978 |
| Direct Taxes Paid | (68,346,891) | (48,947,430) |
| | (60,474,690) | (40,450,095) |
| Cash Flow Before Extraordinary Items | 142,357,952 | 120,169,840 |
| Extraordinary Items | Nil | Nil |
| NET CASH FLOW FROM OPERATING ACTIVITIES (A) | 142,357,952 | 120,169,840 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets(including Capital Work in Progress) | (74,249,898) | (34,477,826) |
| Sale of Fixed Assets | 2,316,147 | 1,538,798 |
| Subsidy Received | 280,000 | Nil |
| Acquisitions of Companies | Nil | Nil |
| Purchase of Investments Mutual Funds | (110,887,946) | (136,693,840) |
| Sale of Investments | 79,922,882 | 108,129,690 |
| Interest Received | Nil | Nil |
| Dividend Received | 4,354,871 | 2,508,271 |
| Loans made to other parties | Nil | Nil |
| NET CASH USED IN INVESTING ACTIVITIES (B) | (98,263,944) | (58,994,907) |

C. CASH FLOW FROM FINANCING ACTIVITIES

| | | |
|---|----------------------------|----------------------------|
| Proceeds from Issue of Share Capital | Nil | Nil |
| Proceeds from Long Term Borrowings | Nil | Nil |
| Repayment of Finance Lease Liabilities | Nil | Nil |
| Dividend Paid | (21,600,000) | (13,500,000) |
| Tax on distributable profits | (3,587,490) | (2,294,325) |
| Secured Long Term Loans taken during the year | Nil | Nil |
| Secured Long Term Loans repaid during the year | Nil | Nil |
| Secured Short Term Loans taken during the year | Nil | Nil |
| Secured Short Term Loans repaid during the year | Nil | Nil |
| Unsecured Long Term Loans taken during the year | Nil | Nil |
| Unsecured Long Term Loans repaid during the year | Nil | Nil |
| Unsecured Short Term Loans taken during the year | Nil | Nil |
| Unsecured Short Term Loans repaid during the year | Nil | Nil |
| NET CASH USED IN FINANCING ACTIVITIES | <u>(25,187,490)</u> | <u>(15,794,325)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 18,906,518 | 45,380,608 |
| Opening Balance of Cash and Cash Equivalents | <u>172,463,910</u> | <u>127,083,302</u> |
| Closing Balance of Cash and Cash Equivalents | <u>191,370,428</u> | <u>172,463,910</u> |

NOTES:

1. The Cash Flow Statement has been prepared in the indirect method except in the case of interest, purchase, rent & sale of assets & dividend which have been considered on the basis of actual cash movement, with corresponding adjustments in assets & liabilities. Taxes paid have been treated as operating activities.
2. Cash & Cash Equivalents represents Cash & Bank Balances & excludes margin deposit ₹ 100,000 (2010 - ₹ 66,608).
3. The unutilised cash credit limit as at 31st March, 2011 aggregated to ₹ 16,000,000 which would be available for future operating activities.
4. The previous year's figures have been regrouped /recast, wherever necessary, to conform to this year's classification.

This is the Cash Flow Statement
referred to in our report of even date

For RAY & RAY
Chartered Accountants

Sd/-
BIRENDRA KUMAR
Chairman & Managing Director

Sd/-
A K SHARMA
Partner
Membership No. 80085
Firm Registration. No. : 301072E

Sd/-
Sidharth Ghatak
Company Secretary

Sd/- Sd/-
Apurv Kumar Rupak Gupta
Joint Managing Directors

NEW DELHI
30th May, 2011

U.P. HOTELS LIMITED**Schedules to Accounts**

As at 31st March

| 2011 | 2010 |
|------|------|
| ₹ | ₹ |

1. SHARE CAPITAL

AUTHORISED

6,000,000 Equity Shares of ₹ 10 each
100,000 Preference Shares of ₹ 100 each

| | |
|-------------------|-------------------|
| 60,000,000 | 60,000,000 |
| 10,000,000 | 10,000,000 |
| 70,000,000 | 70,000,000 |

ISSUED, SUBSCRIBED, CALLED & PAID UP

5,400,000 Equity Shares of ₹ 10 each fully paid up

| | |
|-------------------|-------------------|
| 54,000,000 | 54,000,000 |
| 54,000,000 | 54,000,000 |

Note: Equity Shares include 3,900,000 Shares issued as fully paid up Bonus Shares
by Capitalisation of Capital Redemption Reserve ₹ 2,000,000 and General Reserve ₹ 37,000,000

2. RESERVES & SURPLUS

REVALUATION RESERVE

As per last year
Less: Transferred to Profit & Loss Account
(Note 13)

| | |
|-------------------|-------------------|
| 21,532,917 | 22,557,585 |
| 1,024,668 | 1,024,668 |
| 20,508,249 | 21,532,917 |

GENERAL RESERVE

As per last account
Add: Transfer From Profit & Loss Account

| | |
|--------------------|--------------------|
| 270,376,225 | 259,632,770 |
| 12,903,644 | 10,743,455 |
| 283,279,869 | 270,376,225 |

PROFIT & LOSS ACCOUNT
(as per annexed account)

| | |
|--------------------|--------------------|
| 279,618,525 | 226,245,880 |
| 583,406,643 | 518,155,022 |

U.P. HOTELS LIMITED

Schedules to Accounts (Contd.)

As at 31st March
2011 2010
₹ ₹

3. DEFERRED TAX LIABILITY - NET

Liability

Fixed Assets (excess of Net Block over written down value as per provision of Income Tax Act 1961).

62,319,349 63,012,490

Less: Asset

Gratuity/Leave Encashment on Retirement

9,754,341 6,635,578

Provision for doubtful debts, advances & diminution in value of Investments

556,868 820,615

Sums allowable under Section 43B

998,125 2,144,195

11,309,334 9,600,388

51,010,015 53,412,102

U P HOTELS LTD
4. FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------|--------------------------------|-------------------|-------------------|--------------------------------|---------------------------|-------------------|-------------------|---------------------------|---------------------------|---------------------------|
| | COST AS AT 31st March, 2010 | ADDITION | DEDUCTIONS | COST AS AT 31st March, 2011 | AS AT 31st March, 2010 | FOR THE YEAR | DEDUCTIONS | AS AT 31st March, 2011 | AS AT 31st March, 2011 | AS AT 31st March, 2010 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Land Freehold | 1,815,845 | - | - | 1,815,845 | - | - | - | - | 1,815,845 | 1,815,845 |
| Land Leasehold | 1,150,233 | - | - | 1,150,233 | 483,779 | 34,404 | - | 518,183 | 632,050 | 666,454 |
| Building | 425,403,288 | 16,833,239 | 2,125,641 | 440,110,886 | 176,519,616 | 8,105,730 | 1,339,991 | 183,285,355 | 256,825,531 | 248,883,672 |
| Plant & Machinery | 245,694,503 | 23,178,401 | 12,996,103 | 255,876,801 | 120,884,249 | 11,918,167 | 8,644,839 | 124,157,577 | 131,719,224 | 124,810,254 |
| Furniture & Fixtures | 69,417,823 | 4,607,647 | 1,608,560 | 72,416,910 | 57,289,447 | 2,490,103 | 1,452,898 | 58,326,652 | 14,090,258 | 12,128,376 |
| Vehicles | 41,544,196 | 11,377,348 | 3,336,458 | 49,585,086 | 19,807,316 | 3,770,810 | 2,010,577 | 21,567,549 | 28,017,537 | 21,736,880 |
| Vehicles on Hire | 2,021,842 | 4,741,443 | - | 6,763,285 | 105,998 | 694,189 | - | 800,187 | 5,963,098 | 1,915,844 |
| INTANGIBLE ASSETS | | | | | | | | | | |
| Trade Marks | 21,000 | 25,500 | - | 46,500 | 21,000 | 727 | - | 21,727 | 24,773 | - |
| Computer Software | 1,080,973 | 321,988 | - | 1,402,961 | 577,167 | 254,300 | - | 831,467 | 571,494 | 503,806 |
| Capital Work in progress | 788,149,703 | 61,085,566 | 20,066,762 | 829,168,507 | 375,688,572 | 27,268,430 | 13,448,305 | 389,508,697 | 439,659,810 | 412,461,131 |
| | 533,098 | 14,156,327 | 991,995 | 13,697,430 | - | - | - | - | 13,697,430 | 533,098 |
| CURRENT YEAR | 788,682,801 | 75,241,893 | 21,058,757 | 842,865,937 | 375,688,572 | 27,268,430 | 13,448,305 | 389,508,697 | 453,357,240 | 412,994,229 |
| PREVIOUS YEAR | 764,090,498 | 34,508,866 | 9,916,563 | 788,682,801 | 355,473,780 | 26,860,014 | 6,645,222 | 375,688,572 | 412,994,229 | |

Note :

- Leasehold land ₹ 163,000 is yet to be registered in the name of the Company
- Leasehold land measuring 1.79 acres valued at ₹ 433,180 is in possession of third party at Agra. The company is taking necessary steps to obtain the vacant possession of land
- Lease rentals in respect of properties situated on lease hold land are charged to revenue.

| U.P. HOTELS LIMITED Schedules to Accounts (Contd.) | As at 31st March | | | |
|---|------------------|-------------------|---------------|-------------------|
| 5. INVESTMENTS - CURRENT (MUTUAL FUNDS) | 2011 | | 2010 | |
| | No. of units | ₹ | No. of units | ₹ |
| QUOTED (Non-Trade) | | | | |
| Birla Sunlife Savings Fund Retail Growth (NAV ₹ Nil, 2010 ₹ 54.06 lacs) | - | - | 315,957.825 | 5,276,653 |
| HDFC MF Monthly Income Plan Long Term Monthly Dividend (NAV ₹ 148.85 lacs, 2010 ₹ 145.38 lacs) | 1,150,160.368 | 14,500,000 | 1,150,160.368 | 14,500,000 |
| HDFC Equity Fund- Dividend Option Payout (NAV ₹ 58.60 lacs, 2010 ₹ 53.17 lacs) | 122,460.725 | 5,502,361 | 122,460.725 | 5,502,361 |
| ICICI Prudential Dynamic Plan - Dividend (NAV ₹ 25.78 lacs, 2010 ₹ 25.09 lacs) | 139,716.320 | 2,500,000 | 139,716.320 | 2,500,000 |
| Reliance Growth Fund Retail Plan Growth Plan (NAV ₹ 22.97 lacs, 2010 ₹ 21.96 lacs) | 5,001.250 | 2,000,000 | 5,001.250 | 2,000,000 |
| Reliance Monthly Income Plan Monthly Dividend Plan (NAV ₹ 38.06 lacs, 2010 ₹ 38.79 lacs) | 350,972.633 | 4,000,000 | 350,972.633 | 4,000,000 |
| Reliance Regular Savings Fund-Equity Plan Growth Option (NAV ₹ 8.06 lacs, 2010 ₹ 7.61 lacs) | 26,600.859 | 550,276 | 26,600.859 | 550,276 |
| Total (a) | | <u>29,052,637</u> | | <u>34,329,290</u> |

| U.P. HOTELS LIMITED | As at 31st March | | | |
|--|------------------|--------------------|---------------|-------------------|
| Schedules to Accounts (Contd.) | | | | |
| 5. INVESTMENTS - CURRENT (MUTUAL FUNDS) | 2011 | | 2010 | |
| | No. of units | ₹ | No. of units | ₹ |
| UNQUOTED (Non-Trade) | | | | |
| BNP Paribas Money Plus Regular Monthly Dividend (Formerly known as Fortis Money Plus Regular Monthly Dividend) (NAV ₹ 114.75 lacs, 2010 ₹ 150.76 lacs) | 1,147,479.520 | 11,500,000 | 1,507,626.576 | 15,127,869 |
| Kotak Quarterly Interval Plan Series - 7 Dividend (NAV ₹ 65.13 lacs, 2010 ₹ 65.05 lacs) | 650,000.000 | 6,500,000 | 650,000.000 | 6,500,000 |
| Kotak Quarterly Interval Plan Series - 4 Dividend (NAV ₹ 100.74 lacs, 2010 ₹ 35.15 lacs) | 999,999.996 | 10,000,000 | 350,000.000 | 3,500,000 |
| L I C Saving Plus Fund - Monthly Dividend Plan (NAV ₹ Nil lacs, 2010 ₹ 100.12 lacs) | - | - | 996,374.334 | 10,000,000 |
| Reliance Short Term Fund Retail Plan Growth Plan (NAV ₹ Nil lacs, 2010 ₹ 124.94 lacs) | - | - | 717,743.775 | 12,049,483 |
| U T I Fixed Income Interval Fund Monthly Interval Plan Series - I (NAV ₹ Nil lacs, 2010 ₹ 25.02 lacs) | - | - | 250,000.000 | 2,500,000 |
| DSP Black Rock FMP-3M-Series 33 (NAV ₹ 70.00 lacs, 2010 ₹ Nil lacs) | 700,000.000 | 7,000,000 | - | - |
| IDFC Money Manager Fund-Investment Plan (NAV ₹ 100.59 lacs, 2010 ₹ Nil lacs) | 999,360.409 | 10,000,000 | - | - |
| JM Money Manager Fund Super Plan (NAV ₹ 50.79 lacs, 2010 ₹ Nil lacs) | 507,672.494 | 5,079,416 | - | - |
| L.I.C. MF Interval Fund Quarterly Plan Series-2 (NAV ₹ 50.52 lacs, 2010 ₹ Nil lacs) | 499,930.010 | 5,000,000 | - | - |
| Reliance Fixed Horizon Fund XVIII Series 4 Dividend Plan (NAV ₹ 50.39 lacs, 2010 ₹ Nil lacs) | 500,000.000 | 5,000,000 | - | - |
| Reliance Fixed Horizon Fund -XVIII Series 3 Dividend Plan (NAV ₹ 128.69 lacs, 2010 ₹ Nil lacs) | 1,272,805.456 | 12,728,054 | - | - |
| TATA Fixed Income Portfolio Fund -C2 Reg Halfyearly (NAV ₹ 40.02 lacs, 2010 ₹ Nil lacs) | 397,578.745 | 4,000,000 | - | - |
| TATA Fixed Maturity Plan Series-28 Scheme A Dividend (NAV ₹ 50.50 lacs, 2010 ₹ Nil lacs) | 500,000.000 | 5,000,000 | - | - |
| U T I Fixed Income Interval Fund Monthly Interval Plan II Dividend Plan -Payout (NAV ₹ 25.14 lacs, 2010 ₹ Nil lacs) | 250,000.000 | 2,500,000 | - | - |
| U T I Fixed Income Interval Fund Quarterly Interval Plan IV Dividend Plan-Payout (NAV ₹ 25.02 lacs, 2010 ₹ Nil lacs) | 250,000.000 | 2,500,000 | - | - |
| Total (b) | | <u>86,807,470</u> | | <u>49,677,352</u> |
| Total (a+b) | | 115,860,107 | | 84,006,642 |
| Less: Provision for diminution in value of investments | | <u>218,731</u> | | <u>357,314</u> |
| | | 115,641,376 | | 83,649,328 |

Note: i) Details of purchases and sales are given in Note 18

| | (₹ in lacs) | (₹ in lacs) |
|---|-------------|-------------|
| ii) Aggregate value of quoted investments | 290.53 | 343.29 |
| Aggregate value of unquoted investments | 868.07 | 496.77 |
| Net asset value of investments | 1174.63 | 897.06 |

U.P. HOTELS LIMITED**Schedules to Accounts (Contd.)**

| | As at 31st March | |
|---|-------------------|-------------------|
| | 2011 | 2010 |
| | ₹ | ₹ |
| 6. INVENTORIES | | |
| - Provisions & Beverages | 2,107,367 | 1,719,768 |
| - Wines & Liquor | 5,294,611 | 5,343,955 |
| - Cigar & Smokes | 49,628 | 65,471 |
| - Crockery, Cutlery, Chinaware, Linen etc. | 4,354,211 | 4,325,889 |
| - Other stores | 4,794,409 | 4,815,542 |
| - Goods in transit | 367,167 | - |
| | <u>16,967,393</u> | <u>16,270,625</u> |
| 7. SUNDRY DEBTORS (UNSECURED) | | |
| Debts outstanding for a period exceeding six months | | |
| - Considered good (Note 3.3) | 5,065,440 | 1,408,943 |
| - Considered doubtful | <u>1,457,702</u> | <u>2,056,972</u> |
| | 6,523,142 | 3,465,915 |
| Other Debts | | |
| - Considered good | 58,382,254 | 57,180,697 |
| - Considered doubtful | <u>-</u> | <u>-</u> |
| | <u>58,382,254</u> | <u>57,180,697</u> |
| | <u>64,905,396</u> | <u>60,646,612</u> |
| Less: Provision for doubtful debts | <u>1,457,702</u> | <u>2,056,972</u> |
| | <u>63,447,694</u> | <u>58,589,640</u> |

U.P. HOTELS LIMITED

Schedules to Accounts (Contd.)

As at 31st March

2011
₹

2010
₹

8. CASH AND BANK BALANCES

| | | |
|----------------------------|--------------------|--------------------|
| Cash | 1,104,703 | 2,257,508 |
| Cheques in hand | 1,530,218 | - |
| With Scheduled Banks on | | |
| Current Accounts | 50,342,175 | 50,400,732 |
| Fixed Deposits(Note 4 & 9) | 137,258,041 | 119,056,942 |
| Margin Accounts (Note 4) | 100,000 | 66,608 |
| Unpaid Dividend Account | 740,998 | 591,718 |
| Savings Bank Accounts | 394,293 | 157,010 |
| | <u>191,470,428</u> | <u>172,530,518</u> |

9. OTHER CURRENT ASSETS

| | | |
|---|------------------|------------------|
| Interest accrued on deposits with banks | 2,288,864 | 2,289,016 |
| Unbilled Revenue | 2,340,844 | 1,785,787 |
| | <u>4,629,708</u> | <u>4,074,803</u> |

10. LOANS & ADVANCES (Unsecured - Considered good)

| | | |
|---|-------------------|-------------------|
| Advances recoverable in cash or in kind or for value to be received | 6,370,753 | 3,627,395 |
| Prepaid expenses | 7,535,715 | 6,707,072 |
| Sundry Deposits | 6,979,462 | 5,290,679 |
| Fringe Benefit Tax Refunds | - | 162,113 |
| | <u>20,885,930</u> | <u>15,787,259</u> |

11. LIABILITIES

| | | |
|---|-------------------|-------------------|
| Sundry Creditors | | |
| - total outstanding dues of Micro Enterprises & Small Enterprises (Note 6) | 33,954 | 37,941 |
| - total outstanding dues of creditors other than Micro Enterprises & Small Enterprises | 60,362,234 | 58,797,326 |
| Due To Directors | 7,810,938 | 11,543,090 |
| Earnest Money & Security Deposits(including from Employees & Shops) | 637,188 | 395,880 |
| Interest accrued but not due | 519,323 | - |
| Other Liabilities | 6,924,298 | 5,800,387 |
| Amount to be deposited with Investor Education and Protection Fund to the extent as and when required | | |
| Unclaimed Dividend | 740,998 | 591,718 |
| | <u>77,028,933</u> | <u>77,166,342</u> |

12. PROVISIONS

| | | |
|--------------------------------------|--------------------|-------------------|
| Income Tax (Net of advance payments) | 8,551,182 | 14,036,953 |
| Wealth Tax (Net of advance payments) | 277,777 | 270,072 |
| Leave encashment on retirement | 6,410,872 | 5,730,721 |
| Gratuity | 22,954,197 | 15,937,700 |
| Proposed Dividend | 54,000,000 | 21,600,000 |
| Tax on Dividend | 8,760,150 | 3,587,490 |
| | <u>100,954,178</u> | <u>61,162,936</u> |

U.P. HOTELS LIMITED
Schedules to Accounts (Contd.)

Year ended 31st March

| | 2011 | 2010 |
|--|--------------------|--------------------|
| | ₹ | ₹ |
| 13. GUEST ACCOMMODATION, RESTAURANTS, BAR, BANQUETS & OTHER SERVICES | | |
| Room Sale | 352,905,827 | 307,383,283 |
| Food & Beverage | 239,967,690 | 206,833,574 |
| Wines & Liquor | 46,639,912 | 47,090,597 |
| Cigar & Smoke | 475,373 | 477,549 |
| Telephone & Telex | 1,490,934 | 1,441,068 |
| Laundry | 1,752,519 | 1,582,920 |
| SPA/Therapy | 1,814,226 | 1,829,736 |
| Other Services | 49,698,229 | 21,404,492 |
| Taxi hire | 849,707 | - |
| | 695,594,417 | 588,043,219 |
| 14. OTHER INCOME | | |
| Shop License fee | 5,866,264 | 6,117,211 |
| Profit on sale of mutual funds | 888,401 | - |
| Liabilities, provisions & credit balances Written Back/ Bad Debts recovered | 2,358,615 | 5,096,630 |
| Interest from banks ₹ 8,328,243 (2010 ₹ 8,809,118), & interest from others including deposits etc. ₹ 22,524 (2010 ₹ 40,128) Tax deducted at source ₹ 871,117 & ₹ Nil (2010 ₹ 1,080,619 & ₹ Nil respectively) | 8,350,767 | 8,849,246 |
| Dividend Received (Current Investment - Mutual Fund- Non Trade) | 4,428,868 | 2,122,590 |
| Foreign exchange gain (net) | 2,291,475 | 1,989,201 |
| Provision for diminution in value of investments written back | 138,583 | 2,304,170 |
| Depreciation Written Back | 17,984 | 8,549 |
| Miscellaneous income / sundries | 3,569,868 | 2,877,984 |
| | 27,910,825 | 29,365,581 |

| 15. CONSUMPTION OF PROVISIONS, BEVERAGES, WINES & SMOKES | Provisions & Beverages* | Wines & Liquors | Cigar & Smokes | Total |
|--|----------------------------|----------------------------|----------------------|----------------------------|
| | ₹ | ₹ | ₹ | ₹ |
| Opening Stock | 1,719,768 (1,507,843) | 5,343,955 (4,360,138) | 65,471 (47,629) | 7,129,194 (5,915,610) |
| Add: Purchases | 78,458,719 (64,639,233) | 11,639,024 (11,612,315) | 231,221 (266,640) | 90,328,964 (76,518,188) |
| | 80,178,487 (66,147,076) | 16,982,979 (15,972,453) | 296,692 (314,269) | 97,458,158 (82,433,798) |
| Less: Closing Stock | 2,107,367 (1,719,768) | 5,294,611 (5,343,955) | 49,628 (65,471) | 7,451,606 (7,129,194) |
| Consumption | | | | |
| 2011 | 78,071,120 | 11,688,368 | 247,064 | 90,006,552 |
| 2010 | (64,427,308) | (10,628,498) | (248,798) | (75,304,604) |

Note: I) Figures in Brackets indicate figures for 2010

II) * Net of recoveries from employees

U.P. HOTELS LIMITED**Schedules to Accounts (Contd.)**

Year ended 31st March

| | |
|------|------|
| 2011 | 2010 |
| ₹ | ₹ |

16.EMPLOYEES' REMUNERATION & WELFARE EXPENSES

| | | |
|--|--------------------|--------------------|
| Salary, Wages, Bonus, Commission etc. | 152,928,150 | 135,328,946 |
| Contribution to Provident Fund & Other Funds | 12,794,140 | 10,493,192 |
| Gratuity | 7,016,497 | - |
| Workmen & Staff Welfare Expenses | 4,161,258 | 3,489,566 |
| Staff Training & Recruitment | 1,258,833 | 1,422,504 |
| Provision for leave encashment | 680,151 | - |
| Contractual Labour | 1,063,775 | 1,080,760 |
| | <u>179,902,804</u> | <u>151,814,968</u> |

17. UPKEEP & SERVICE COST

| | | |
|--|--------------------|-------------------|
| Linen, Uniform, Washing & Laundry Expenses | 2,135,884 | 2,217,897 |
| Expenses on Apartment & Board | 10,457,332 | 9,385,491 |
| Water Charges | 242,776 | 383,756 |
| Renewals & Replacement | 12,299,260 | 11,544,216 |
| Power & Fuel | 73,718,209 | 62,431,578 |
| Decoration & Garden Maintenance | 4,504,406 | 3,486,401 |
| SPA / Therapy Hire Charges | 830,471 | 942,145 |
| | <u>104,188,338</u> | <u>90,391,484</u> |

18. REPAIRS & MAINTENANCE

| | | |
|-------------------|-------------------|-------------------|
| Building | 12,929,103 | 9,727,934 |
| Plant & Machinery | 12,162,216 | 8,272,250 |
| Others | 8,788,476 | 5,932,442 |
| | <u>33,879,795</u> | <u>23,932,626</u> |

19. ADMINISTRATIVE & SELLING EXPENSES

| | | |
|---|-------------------|-------------------|
| Rent | 5,567,032 | 4,492,048 |
| Rates, Taxes & Excise Duty | 10,305,581 | 6,765,992 |
| Insurance | 2,470,545 | 2,213,390 |
| Advertisement, Publicity & Other Promotional Expenses | 6,612,358 | 7,496,691 |
| Commission to Travel Agents/Others | 952,188 | 518,480 |
| Travelling & Conveyance | 24,713,924 | 19,230,585 |
| Postage, Telephone and Telex | 4,909,938 | 5,066,640 |
| Printing & Stationery | 3,621,358 | 3,279,788 |
| | <u>59,152,924</u> | <u>49,063,614</u> |

U.P. HOTELS LIMITED**Schedules to Accounts (Contd.)**

Year ended 31st March

| | 2011 | 2010 |
|---|-------------------|-------------------|
| | ₹ | ₹ |
| 20. OTHER EXPENSES | | |
| Music, band, TV/cable and orchestra | 3,181,682 | 2,674,925 |
| Kitchen and banquet expenses | 10,558,116 | 10,226,098 |
| Hire Charges | 6,308,860 | 5,176,605 |
| Loss on sale/discard of assets (net) | 4,040,294 | 1,710,052 |
| Provision / loss current investments | - | 166,630 |
| Provision/ Write Off -Debts & Advances | 687,992 | 369,651 |
| Security Expenses | 2,066,123 | 1,679,445 |
| Legal and Professional Expenses | 3,556,488 | 5,177,964 |
| Directors' Sitting Fee | 280,000 | 280,000 |
| Commission to Directors (other than Managing Directors & Wholetime Directors) | 500,000 | - |
| Payment to Internal Auditors | 1,514,054 | 1,440,324 |
| Auditors' Remuneration (Note 12) | 624,500 | 607,500 |
| Listing/Filing Fee | 31,315 | 18,545 |
| Subscription | 1,593,828 | 983,914 |
| Books and Periodicals | 385,265 | 388,025 |
| Bank Charges etc. | 2,479,445 | 2,060,007 |
| Sales/Luxury/Purchase Tax etc | 460,738 | 360,200 |
| Sundries (including reimbursement of expenses to Auditors ₹ 14,240 (2010 ₹ 10,755)) | 1,718,358 | 1,917,398 |
| | 39,987,058 | 35,237,283 |
| 21. PROVISION FOR TAXATION | | |
| a. Current Tax -Income Tax | 64,000,000 | 56,000,000 |
| -Wealth Tax | 240,000 | 200,000 |
| b. Tax Adjustments Pertaining To Earlier Years | (1,209,061) | (673,492) |
| c. Deferred Tax | (2,402,087) | 2,678,177 |
| | 60,628,852 | 58,204,685 |

U.P. Hotels Limited

Schedules to Accounts (Contd.)

22.

SIGNIFICANT ACCOUNTING POLICIES

1. Nature of operations:

U.P. Hotels Limited ('the Company') is incorporated and engaged in the business of operating hotels. The Company has properties in four locations.

2. Basis of Preparation:

- i) The financial statements have been prepared to comply in all material aspects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- ii) Financial statements are based on historical cost convention on accrual basis, except where impairment is made and revaluation is carried out.
- iii) Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except to the extent mention in Notes to the Accounts.

3. Use of Estimates:

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

4. Fixed Assets & Depreciation :

- i) Fixed Assets are stated at cost (or revalued amount as the case may be), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price/cost of acquisition including taxes, duties, freight and other incidental expenses related to acquisition, construction and installation to bring the asset to its working condition for its intended use. Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset which take substantial period of time to get

U.P. Hotels Limited

Schedules to Accounts (Contd.)

ready are also capitalized to the extent they relate to the period till such assets are ready to be put to use.

Wherever assets are revalued, amount added on revaluation based on approved valuer's report is disclosed separately as required by the Companies Act, 1956.

- ii) Capital work in progress includes cost of assets, expenditure incurred and interest on funds deployed.
- iii) No write off is made on leasehold land acquired on 99 years basis. Leasehold land acquired for a shorter period is amortised over the period of lease. Freehold land is not amortised.
- iv) Depreciation on Fixed Assets is provided on Straight Line Method over the estimated useful life of the fixed assets which is in line with the corresponding rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on additions is provided on pro-rata basis from the date on which the assets have been put to use and individual assets acquired for less than ₹ 5000 are depreciated @ 100% fully in the year of purchase / capitalization.
- v) The difference between depreciation calculated and provided on the revalued amount of fixed assets and depreciation calculated on the original cost of fixed assets has been recouped from Revaluation Reserve.
- vi) Grants from the Government are recognized when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to a depreciable asset, its value is deducted from the gross value to arrive at the carrying amount of related asset.

5. Intangible Assets :

Intangible assets are stated at cost of acquisition less accumulated depreciation. Trade marks are depreciated over a period of sixty months. Computer Software is amortised over a period of sixty months. Amortisation is done on the straight line method.

6. Impairment of Assets :

The Company on an annual basis makes an assessment of any indication that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to the Profit & Loss Account. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

U.P. Hotels Limited

Schedules to Accounts (Contd.)

7. Investments :

Investment that are ready realizable and intended to be held for sale are classified as Current Investment. All other investments are classified as long term investment. Current investments comprising investments in units of mutual funds are carried at lower of cost and fair value determined on individual investment basis. Long term investments are carried at cost. However, a provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

8. Inventories :

- i) Inventories at the year end are as per the physical verification conducted by the management.
- ii) Inventories (comprising of provisions & beverages, wines & liquor, cigar & smokes, crockery, cutlery, chinaware, linen & other stores) in hand are stated at lower of cost and net realisable value after considering obsolescence. Cost is ascertained on weighted average basis except for in one unit where it is valued on First in First out basis. Net realizable value is the estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale. Stock in transit is valued at cost.
- iii) Unserviceable / damaged / discarded inventories and shortages observed at the time of physical verification are charged to Profit & Loss Account.
- iv) Circulating stocks of crockery, cutlery, uniform, linen etc. and stock of printed stationery are charged off to Profit & Loss Account as consumption.

9. Sundry Debtors / Loans & Advances:

Sundry Debtors, Loans & Advances are stated after adequate provisions and have a value on realisation at least equal to the amount stated.

10. Recognition of Income & Expenses :

- i) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- ii) Revenue from hotel operations comprises of sale of rooms, food & beverages, wines & liquors, cigar & smokes, telephone & telex, laundry and other services (swimming pool, health/Spa centre, vehicle hire, banquets hire, hire charges etc). Revenue is recognized when the significant risks and rewards of

U.P. Hotels Limited

Schedules to Accounts (Contd.)

ownership has passed to the buyer, which coincides with the rendering of services and are disclosed net of allowances.

- iii) Income from interest is credited to revenue in the year of its accrual on time proportion basis taking into account the amount deposited and rate of interest. The income is stated in full with the tax deducted thereon being accounted for under the head Tax refunds / payments. Dividend income is stated at gross and is recognized when rights to receive payment is established.
- iv) Shop license fee revenue is recognized over the period of contract on an equitable straight line basis. Amount collectible as maintenance / recovery of dues from shop license are recognized over the period of contract, on accrual basis. Corresponding costs are recorded as incurred.
- v) Expenditure incurred on renovation / improvement /replacements / repairs in or in relation to existing facility, structure, plant or equipment are charged off to revenue except in situation where these result in a long term economic benefit, in which case these are capitalized. Where there is extension to building or increase in capacity of equipment & plant, the amounts incurred thereon are capitalized.
- vi) Income / Sales exclude taxes, such as Value added tax, Luxury Tax, Service Tax etc.

11. Borrowing Costs:

Borrowing costs include interest and commitment charges on borrowings, amortization of costs incurred in connection with the arrangement of borrowings and finance charges under leases. Costs incurred on borrowings, directly attributable to development projects, which take a substantial period of time to complete, are capitalized and all other borrowing costs are recognized in the Profit and Loss Account in the period in which they are incurred.

12. Employees Benefits :

i) Defined Contribution Plans

Company's contribution paid / payable during the year to ESIC and Provident Fund are recognized in the Profit & Loss Account. Provident Fund and ESIC contributions are made to a government administered Provident /ESIC Fund towards which the company has no further obligation beyond its monthly contribution.

U.P. Hotels Limited

Schedules to Accounts (Contd.)

- ii) **Defined Benefit Plans**
Company provides retirement benefits in the form of gratuity (funded) at all units except one unit and leave encashment (unfunded) which are measured using the Projected unit credit method with actuarial valuation being carried out at each valuation date.
- iii) Termination benefits are recognized as an expense as and when incurred.
- iv) Actuarial gains / losses are immediately taken to Profit & Loss Account and are not deferred.
- v) Short term employee benefit is recognized as an expense in Profit & Loss Account of the year in which related service is rendered.

13. Foreign Currency Transaction:

- i) **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- ii) **Conversion :** Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and non-monetary items which are carried at fair value on the similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.
- iii) **Exchange differences:** Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statement are recognized as income or as expenses in the year in which they arise.

14. Lease :

- i) In respect of assets acquired as finance lease on or after 1.4.2001, the same are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between finance charges and reduction of lease liabilities so as to achieve a

U.P. Hotels Limited

Schedules to Accounts (Contd.)

constant rate of interest on the remaining balance of liability. Finance charges are charged to Profit & Loss Account.

- ii) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the profit & loss account on a straight-line basis over the lease term.

15. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

16. Provision, Contingent Liabilities and Contingent Assets:

Provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent liabilities are recognized only when there is possible obligation arising from the past events due to occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. The obligations are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent assets are not recognized in the financial statements.

17. Proposed Dividend :

Dividend recommended by the Board of Directors is provided for in the Accounts, pending Shareholders' approval.

U.P. Hotels Limited

Schedules to Accounts (*Contd.*)

18. Taxes on Income :

Tax expenses comprises current tax (income tax & wealth tax) after taking into consideration benefits available under the provisions of Income tax Act, 1961 & Wealth tax Act, 1957 and deferred tax.

The deferred tax charged or credit is recognised using current tax rates. Where there is unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred tax assets / liabilities are reviewed at each balance sheet date based on developments during the year and available case laws, to re-assess realisation /liabilities.

19. Prior period, Extra Ordinary items and Changes in Policies :

Prior period and Extra – Ordinary items and Changes in Accounting Policies having material impact on the financial affairs of the Company are disclosed.

20. Events after the Balance Sheet date :

Events occurring after the date of the Balance Sheet which affect the financial position to a material extent are taken into cognizance.

U.P. Hotels Limited

Schedules to Accounts (Contd.)

23.

NOTES TO THE ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (as certified by the Management) ₹ 101.82 lacs (2010 – ₹ 55.41 lacs).
2. Contingent liabilities not provided for in respect of:
 - a) Claims against the Company not acknowledged as debts and not provided for pending appellate /Judicial decisions:
 - i) VAT / Entry Tax ₹ 69.14 lacs (2010 – ₹ 2.08 lacs)
 - ii) House Tax / Water Tax ₹ 28.12 lacs (2010 – ₹ 101.21 lacs)

No provision has been made as the probability of the claim succeeding is remote.
 - b) The Income Tax Department has appealed to the Hon'ble High Court, Allahabad against the order of the Income Tax Appellate Tribunal upholding the views of the Company in respect of the claim of deduction regarding earnings in convertible foreign exchange under Section 80 HHD for Assessment Years 1989-90 to 1991-92 and luxury tax claimed under Section 43B for Assessment Years 1987-88 to 1990-91. The total amount disputed (excluding interest and penalties) in the matter aggregates to ₹ 58.59 lacs (2010- ₹ 58.59 lacs). The Company, based on expert analysis, is hopeful of a favourable decision from the Hon'ble High Court, Allahabad.
 - c) A stay has been granted by the Hon'ble Allahabad High Court as regards applicability of the notification under section 3 of the U P Industrial Disputes Act, 1947 regarding minimum wages applicable to hotels in U.P.. Liability, if any, is unascertained.
 - d) A stay has been granted by Hon'ble High Court of Allahabad, Lucknow Bench in the matter of applicability of Provident Fund during infancy period. Liability, if any, is unascertained.
 - e) Certain employees have filed claims in various courts / legal forums against suspension/termination etc. and have sought reliefs. The ultimate liability, if any, with respect to these claims is currently not ascertainable and in the opinion of management, would not have material effect on the financial statements.
- 3.1 Balance confirmations have not been received from most of the parties showing debit/credit balances.
- 3.2 In the opinion of the Board, the value on realization of current assets, loans & advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

U.P. Hotels Limited

Schedules to Accounts (Contd.)

- 3.3 Debts over six months (considered good) inter-alia include ₹ 2,608,792 in respect of which legal proceedings have been initiated against parties under section 138 of The Negotiable Instruments Act, 1881. The Company based on legal opinion is virtually certain of its recovery and accordingly no provision is required.
4. Margin Deposit of ₹ 100,000 (2010- ₹ 66,608) and Fixed Deposit of ₹ 145,240 (2010 – ₹ 140,000) have been made / lodged for obtaining guarantees in favour of Government Authorities.
- 5.1 Foreign Exchange exposures not hedged by derivative instruments or otherwise:

| Cash & Bank Balances | 2011 | | 2010 | |
|----------------------|-------|---------|--------|---------|
| | | ₹ | | ₹ |
| \$ | 460 | 19,256 | 19,330 | 891,693 |
| Euro | 350 | 20,940 | 650 | 37,505 |
| £ | 120 | 8,196 | 258 | 15,000 |
| Yen | 3,000 | 1,465 | - | - |
| Creditors | | | | |
| SG\$ | 1,702 | 62,970 | - | - |
| Euro | 224 | 14,170 | 320 | 18,495 |
| Loans & Advances | | | | |
| Euro | 2,810 | 180,310 | - | - |

- 5.2 The Company does not use derivative financial instruments such as forward exchange contracts and interest rates swaps to hedge its risks associated with foreign currency fluctuations and interest rate or for trading/speculation purposes.
- 6.1 The Company has not received from majority of parties any information / memorandum (as required to be filed by Suppliers / Vendors with the notified authority under Micro, Small and Medium Enterprises Development Act, 2006), claiming their status as Micro, Small or Medium Enterprises.
- 6.2 Details of dues to Micro, Small & Medium Enterprises as per MSMED Act, 2006 to the extent of confirmations received.

| | As at 31 st March | |
|---|------------------------------|--------|
| | 2011 | 2010 |
| | ₹ | ₹ |
| The principal amount and the interest due thereon remaining unpaid to any suppliers at the end of each accounting year. | 33,954 | 37,941 |
| The amount of interest paid by the buyer in terms of Section 16 of the Act alongwith the amounts of the payment made to the suppliers beyond the appointed day during each accounting year. | NIL | NIL |

U.P. Hotels Limited

Schedules to Accounts (Contd.)

| | | |
|---|-----|-----|
| The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Act. | NIL | NIL |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | NIL | NIL |
| The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest due as above are actually paid to the suppliers for the purpose of disallowance as a deductible expenditure under Section 23 of the Act. | NIL | NIL |
| 7. Pending assessments of Luxury Tax, Value Added Tax, Service Tax, Expenditure Tax, House & Water Tax etc. further liability, if any, could not be ascertained and provided for in account. | | |
| 8. The Company has unutilised Cash Credit Limit of ₹ 160 lacs (2010 – ₹ 160 lacs) from Allahabad Bank which is secured by hypothecation of present and future movable assets i.e. stock of provisions, wines, crockery, linen and other stores and also present and future book debts of the Company's hotels and is additionally secured by mortgage of the Company's hotels at Agra & Jaipur aggregating to ₹ 678 lacs. This is personally guaranteed by Chairman cum Managing Director (ex & present). | | |
| 9. Fixed deposit of ₹ 40,599,760 have been lodged with Allahabad Bank for availing overdraft limit not exceeding ₹ 300 Lacs. | | |
| 10. No amount is paid / payable by the Company under Section 441A of the Companies Act, 1956 (Cess on turnover) since rules specifying the manner in which the Cess shall be paid has not been notified yet by Central Government. | | |
| 11. Depreciation has been provided in the accounts on "Straight Line Method" at rates prescribed in Schedule XIV to the Companies Act, 1956 except for specific assets stated below where different rates are applied which are not less than those prescribed under the Companies Act, 1956 : | | |
| i) Leasehold land is amortised over a period of 30 years. Leasehold land acquired on 99 years basis is not amortised. | | |
| ii) Intangible assets viz Trade Marks and Computer Software are being amortised over a period of sixty months. | | |

U.P. Hotels Limited

Schedules to Accounts (Contd.)

12 Payment to Auditors (excluding Service Tax)

| | 2011 | 2010 |
|--|---------|---------|
| | ₹ | ₹ |
| Audit Fee | 450,000 | 450,000 |
| Tax Audit | 55,000 | 55,000 |
| Certification (including limited review) | 119,500 | 102,500 |

13. Since depreciation has been calculated on the revalued costs, the difference of depreciation on original cost and the revalued figures amounting to ₹ 1,024,668 (2010 - ₹ 1,024,668) has been withdrawn from the revaluation reserve and deducted from the gross depreciation for the year.

14.1 Managerial Remuneration paid / payable to Directors

| | Year ended 31 st March | |
|--|-----------------------------------|------------|
| | 2011 | 2010 |
| | ₹ | ₹ |
| Salaries (including gratuity ₹ Nil (2010 – ₹ 2,307,692)) | 11,175,000 | 6,357,692 |
| Contribution to Provident Fund and other funds | 1,341,000 | 360,000 |
| Other perquisites (Benefits in cash or in kind) | 1,771,976 | 2,034,145 |
| Sitting fee | 280,000 | 280,000 |
| Commission to Chairman, Managing Director(s) & Executive Director(s) | 7,140,838 | 9,709,613 |
| Commission to non wholetime Directors | 500,000 | - |
| | 22,208,814 | 18,741,450 |

Note: As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

U.P. Hotels Limited

Schedules to Accounts (Contd.)

14.2 Computation of net profit in accordance with section 349 & 350 of the Companies Act, 1956.

| | 2011 | | 2010 | |
|---|-------------------------|--------------------------|-------------|--------------------------|
| | | ₹ | | ₹ |
| Net Profit before tax | | 189,665,291 | | 165,639,232 |
| Add: Remuneration to Directors | 21,928,814 | | 18,461,450 | |
| Sitting fee | 280,000 | | 280,000 | |
| Provision / Loss: Investments, debts/advances etc. | 107,425 | | 1,174,298 | |
| Loss on Sale/discard of assets, assets written off | 4,040,294 | <u>26,356,533</u> | 1,710,052 | <u>21,625,800</u> |
| | | 216,021,824 | | 187,265,032 |
| Less: Provision Written back | | | | |
| i) Doubtful debts & advances & diminution in value of investments | (845,279) | | (2,650,527) | |
| ii) Profit on sale of investments | <u>(888,401)</u> | (1,733,680) | - | (2,650,527) |
| Net Profit in accordance with Section 198 of the Companies Act. | | 214,288,144 | | 184,614,505 |

| | Year ended 31 st March | |
|---|-----------------------------------|-----------|
| | 2011 | 2010 |
| | ₹ | ₹ |
| Commission payable to ex-Managing Director @2% of net profit restricted to | - | 2,955,100 |
| Commission payable to Chairman & Managing Director @ 2% & 1% of net profit restricted to (Shri Birendra Kumar) | 2,000,412 | 3,377,257 |
| Commission payable to Managing Directors /Executive Director @ 1% of net profits | | |
| i) Shri Apurv Kumar | 1,785,209 | 1,688,628 |
| ii) Shri Rupak Gupta | 1,785,209 | 1,688,628 |
| iii) Smt. Supriya Gupta (pro-rata) | 1,570,008 | - |
| Commission to directors (other than Managing Directors & Wholetime Directors) @ 1% of net profits restricted to | 500,000 | - |

15.1 (i) The Company has entered into operating Lease arrangement for office premises, guest houses and residential premises of employees/directors. Some of the significant terms and conditions of the arrangements are:

U.P. Hotels Limited

Schedules to Accounts (Contd.)

- lease agreements are not non-cancellable in nature and may be terminated by either party by serving a notice
- lease arrangements which are not non-cancellable are generally renewable by mutual consent on mutually agreeable terms

(ii) Rent in respect of above are charged to Profit & Loss account.

15.2 The Company has also entered into operating lease arrangements for assets viz. Alcatel Omni PCX Office Telephone System. Future lease Rental Payments are as under:

| | 2011 ₹ | 2010 ₹ |
|---|-----------|-----------|
| Not later than one year | 165,450 | 165,450 |
| Later than one year not later than five years | - | 303,325 |

General description of arrangements-

- (i) Future lease rental payments are determined on the basis of annual lease payment as per agreement.
- (ii) At the expiry of the lease term, the Company has an option either to return the assets or extend the term by giving notice in writing.

15.3 (i) The Company has also entered into operating leases relating to shops etc. Shop licence fee has been recognised as income in the Profit & Loss Account.

(ii) Future minimum lease payments recoverable by the Company in respect of shops and office premises are as follows:

| | 2011 ₹ | 2010 ₹ |
|---|-----------|-----------|
| (a) Not later than one year | 3,758,058 | 1,839,860 |
| (b) Later than one year but not later than five years | 2,621,663 | 1,186,644 |
| (c) Later than five years | 777,615 | 2,440,995 |

16. The primary reporting of the Company has been prepared on the basis of business segments. The Company has only one business segment, which is hotel operations and allied business services and operates in a single business segment based on the nature of its products, the risks and return, the organisation structures and the internal financial reporting systems. Accordingly, the figures in these financial statements relate to the Company's single business segment.

Secondary segment reporting is prepared on the basis of the geographical location of its operations. The operating interests of the Company are confined to India in terms of the operations. Accordingly, the

U.P. Hotels Limited

Schedules to Accounts (Contd.)

figures in the financial statements relate to the Company's single geographical segment being operations in India.

17. Details of transactions entered into with related parties during the year

A) Related parties and their relationship

- i) Subsidiary Companies – Nil
- ii) Key Management Personnel :-

a) Directors

Shri Birendra Kumar (Chairman & Managing Director)
Shri Apurv Kumar (Joint Managing Director)
Shri Rupak Gupta (Joint Managing Director)
Smt. Supriya Gupta (Executive Director)
Shri Rakesh M Gupta
Shri Sushil Kumar
Shri Arvind Kumar

b) Relatives of Directors

Shri Upendra Kumar
Shri Manish Kumar
Smt. Rajeshwari Kumar
Smt. Renuka Kumar
Shri Anoop Kumar
Shri Binay Kumar
Shri Ravi M Gupta
Shri Alok Kumar
Shri Vivek Kumar
Shri Arjun Kumar
Shri Akshay Gupta
Smt. Minakshi Gupta (Late)

Enterprise in which Key Management Personnel have significant influence:

U.P. Hotels Clarks Limited
U.P. Hotels India Limited
Kalyani Holdings and Finance Limited
Indian Textiles Company Private Limited
Indian Textiles Company (Holdings) Private Limited
Hotel Clarks Varanasi Limited
Great Value Hotels Private Limited
Carbon Paste Limited
Banaras House Private Limited
Banaras House IGA South Asia Limited
Bonita India Limited
Banaras International Limited
Banaras Global Limited
Banaras House Engineering Private Limited
U P Export Industries Limited

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ANK Travels Limited
Silk Emporium
Oriental Textiles
Jaipur Silk Emporium
Rastriya Vikas Limited
Oriental Emporium
Jaipur Shop
Chandauli Agro Dairy Products Private Limited
Pride Hospitality Private Limited
Clarks Brij Hotels (I) Private Limited

- B) i) Transaction with the above parties under A (ii) above in ordinary course of business at arms length.

| | Year ended 31 st March | |
|--|-----------------------------------|------------|
| | 2011 | 2010 |
| | ₹ | ₹ |
| Transaction with parties referred to in A (ii) above | | |
| a) Remuneration paid to Directors (including commission) | | |
| Shri L P Gupta (Late) | - | 7,334,213 |
| Shri Birendra Kumar | 6,157,607 | 5,123,850 |
| Shri Apurv Kumar | 5,618,544 | 3,216,606 |
| Shri Rupak Gupta | 5,333,658 | 2,786,781 |
| Smt. Supriya Gupta | 4,319,005 | - |
| | 21,428,814 | 18,461,450 |
| b) Remuneration paid to relatives of Directors | | |
| Shri Anoop Kumar | 833,844 | 791,489 |
| Smt. Renuka Kumar | 397,603 | 339,637 |
| Shri Manish Kumar | 430,080 | 430,080 |
| Shri Ravi M Gupta | 504,540 | 491,102 |
| Smt. Rajeshwari Kumar | 360,800 | 290,060 |
| Shri Akshay Gupta | 545,424 | 211,083 |
| Shri Arjun Kumar | 594,424 | 219,362 |
| Smt. Supriya Gupta | - | 236,890 |
| | 3,666,715 | 3,009,703 |
| c) Rent Paid | | |
| Smt. Minakshi Gupta (Late) | 420,000 | 420,000 |
| Shri Apurv Kumar | 240,000 | 240,000 |
| | 660,000 | 660,000 |
| d) Sitting Fee | | |
| Shri Arvind Kumar | 15,000 | 15,000 |
| Shri Rakesh M Gupta | 20,000 | 25,000 |
| Shri Sushil Kumar | 10,000 | 15,000 |
| Smt. Supriya Gupta | - | 5,000 |
| | 45,000 | 60,000 |

U.P. Hotels Limited

Schedules to Accounts (Contd.)

e) Commission

| | | |
|---------------------|----------------|----------|
| Shri Arvind Kumar | 50,000 | - |
| Shri Rakesh M Gupta | 50,000 | - |
| Shri Sushil Kumar | 50,000 | - |
| | 150,000 | - |

f) Amount outstanding at year end

Payable

| | | |
|----------------------------|-----------|-----------|
| Shri L P Gupta (Late) | - | 4,720,077 |
| Shri Birendra Kumar | 2,000,412 | 3,377,257 |
| Shri Apurv Kumar | 1,955,309 | 1,757,128 |
| Shri Rupak Gupta | 1,785,209 | 1,688,628 |
| Smt. Supriya Gupta | 1,570,008 | - |
| Smt. Minakshi Gupta (Late) | 75,609 | 25,022 |
| Shri Arjun Kumar | 31,167 | 31,167 |
| Smt. Rajeshwari Kumar | 14,600 | 14,600 |
| Shri Akshay Gupta | 41,034 | 37,300 |
| Shri Arvind Kumar | 50,000 | - |
| Shri Rakesh M Gupta | 50,000 | - |
| Shri Sushil Kumar | 50,000 | - |
| Shri Manish Kumar | 25,160 | - |

ii) Transaction with parties in A (iii) above at arms length

| | Year ended 31 st March | |
|------------------------------------|-----------------------------------|----------------|
| | 2011 | 2010 |
| | ₹ | ₹ |
| a) Purchase of Goods & Services | | |
| ANK Travels Limited. | 106,896 | 123,848 |
| b) Sale of Goods & Services | | |
| Hotel Clarks Varanasi Limited. | - | 9,630 |
| U P Hotels Clarks Ltd. | 24,299 | - |
| Others | 9,860 | 8,865 |
| | 34,159 | 18,495 |
| c) Licence fee received | | |
| Silk Emporium | 77,842 | 74,134 |
| ANK Travels Limited | 82,056 | 82,056 |
| Jaipur Shop | 60,000 | 60,000 |
| Pride Hospitality Private.Limited. | 60,000 | 60,000 |
| | 279,898 | 276,190 |

U.P. Hotels Limited

Schedules to Accounts (Contd.)

| | | |
|---------------------------------------|---------------|--------|
| d) Amount outstanding at the year end | | |
| - Receivable | | |
| U P Hotels Clarks Ltd. | 12,269 | - |
| | | - |
| - Payable | | |
| ANK Travels Limited | 79,997 | 55,157 |

18. Investments acquired and sold during the year:-

A) 2010-2011

| Mutual Funds Scheme | Purchases made during the year | | Sales made during the year | |
|---|--------------------------------|------------|----------------------------|------------|
| | Units | Amount (₹) | Units | Amount (₹) |
| Birla Sunlife Savings Fund Retail Growth | - | - | 315,957.825 | 5,276,653 |
| DSP Blackrock FMP-3M-Series 33 | 700,000.000 | 7,000,000 | - | - |
| BNP Paribas Money Plus Regular Monthly Dividend (Formerly known as Fortis Money Plus Regular Monthly Dividend) | 897,601.960 | 9,000,000 | 1,257,749.016 | 12,627,869 |
| IDFC Money Manager Fund-Investment Plan | 999,360.409 | 10,000,000 | - | - |
| Kotak Quarterly Interval Plan Series - 4 Dividend | 1,008,642.582 | 10,086,431 | 358,642.586 | 3,586,431 |
| JM Money Manager Fund Super Plan | 507,672.494 | 5,079,416 | - | - |
| L I C MF Saving Plus Monthly Dividend Plan | - | - | 996,374.334 | 10,000,000 |
| L.I.C. MF Interval Fund Quarterly Plan Series-2 | 499,930.010 | 5,000,000 | - | - |
| Reliance Fixed Horizon Fund XVIII Series-4 Dividend Plan | 500,000.000 | 5,000,000 | - | - |
| Reliance Fixed Horizon Fund -XVIII Series 3 Dividend Plan | 2,544,037.343 | 25,440,373 | 1,271,231.887 | 12,712,319 |
| Reliance Monthly Interval Fund Series II Retail Dividend Plan | 499,915.014 | 5,000,000 | 499,915.014 | 5,000,000 |
| Reliance Short Term Fund Retail Plan Growth Plan | - | - | 717,743.775 | 12,049,482 |
| Reliance Liquid Fund - Cash Plan - Daily Dividend Option | 1,142,400.445 | 12,728,055 | 1,142,400.445 | 12,728,055 |
| Tata Fixed Income Portfolio Fund -C2 Reg Half yearly | 397,578.745 | 4,000,000 | - | - |
| Tata Fixed Maturity Plan Series-28 Scheme A Dividend | 500,000.000 | 5,000,000 | - | - |
| U T I Fixed Income Interval Fund Monthly Interval Plan II Dividend Plan -Reinvestment | 1,082.730 | 10,827 | 251,082.730 | 2,510,827 |
| U T I Fixed Income Interval Fund Monthly Interval Plan II Dividend Plan -Payout | 250,000.000 | 2,500,000 | - | - |
| U T I Fixed Income Interval Fund Quarterly Interval Plan IV Dividend Plan -Payout | 250,000.000 | 2,500,000 | - | - |
| UTI Floating Rate Fund-Short Term Plan Dividend Option | 2,403.378 | 2,542,844 | 2,403.378 | 2,542,844 |

B) 2009-2010

| Mutual Funds Scheme | Purchases made during the year | | Sales made during the year | |
|--|--------------------------------|------------|----------------------------|------------|
| | Units | Amount (₹) | Units | Amount (₹) |
| Birla Sunlife Savings Fund Retail Growth | 607,121.730 | 10,139,236 | 444,867.233 | 7,362,583 |
| Birla Sunlife Income Plus -Growth | - | - | 244,255.340 | 9,799,060 |
| Birla Sunlife Dynamic Bond Fund Retail Growth | 681,171.410 | 9,938,359 | 681,171.410 | 9,938,359 |
| Canara Robeco Income Dividend (Income) Fund | - | - | 616,031.833 | 10,045,631 |
| Canara Robeco Short Term Retail Dividend Fund | 1,404,838.739 | 14,223,631 | 1,404,838.739 | 14,223,631 |
| Canara Robeco Dynamic Bond Retail Dividend Fund | 1,624,101.146 | 16,241,011 | 1,624,101.146 | 16,241,011 |
| Fortis Money Plus Regular Monthly Dividend | 998,431.787 | 10,000,000 | 1,197,942.978 | 12,062,328 |
| HDFC MF Monthly Income Plan Long Term Monthly Dividend | 1,150,160.368 | 14,500,000 | - | - |
| HDFC Cash Management Fund - Treasury Advantage Plan - Retail Monthly Dividend | 248,528.710 | 2,500,000 | 248,528.710 | 2,500,000 |
| HDFC Equity Fund- Dividend Option Payout | 122,460.725 | 5,502,361 | - | - |
| ICICI Prudential Dynamic Plan - Dividend | 139,716.320 | 2,500,000 | - | - |
| Kotak Quarterly Interval Plan Series - 7 Dividend | 650,000.000 | 6,500,000 | - | - |
| Kotak Quarterly Interval Plan Series - 4 Dividend | 350,000.000 | 3,500,000 | - | - |
| L I C Saving Plus Fund - Monthly Dividend Plan | 996,374.334 | 10,000,000 | - | - |
| Reliance Fixed Horizon Fund VIII Series 4 Institutional Dividend Plan | - | - | 1,300,000.000 | 13,029,160 |
| Reliance Media & Entertainment Fund Growth Plan Growth Option | - | - | 30,000.000 | 1,045,074 |
| Reliance Money Manager Fund-Institutional Option Daily Dividend Plan | 12,035.805 | 12,049,482 | 12,035.805 | 12,049,482 |
| Reliance Regular Savings Fund -Equity Plan Growth Option | 26,600.859 | 550,276 | - | - |
| Reliance Short Term Fund Retail Plan Growth Plan | 717,743.775 | 12,049,482 | - | - |
| Reliance Monthly Income Plan Monthly Dividend Plan | 350,972.633 | 4,000,000 | - | - |
| U T I Fixed Income Interval Fund Monthly Interval Plan Series - I Dividend Plan Re-investment | 250,000.000 | 2,500,000 | - | - |

U.P. Hotels Limited

Schedules to Accounts (Contd.)

19. Employees Benefits

19.1 Defined Contribution Plans.

The Company makes contribution towards Provident Fund and ESIC for qualifying employees. The Provident Fund & ESIC plans are operated by Regional Provident Fund Commissioner and Director Employees State Insurance Corporation. The Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. The only obligation of the Company with respect to their retirement benefit plan is to make specified contribution at specified rates.

19.2 Defined Benefit Plan

Gratuity

The Company makes annual contribution to Employees Group Gratuity cum Life Insurance Scheme of Life Insurance Corporation of India (funded) at all units except Khajuraho. The scheme provide for lump sum payment to vested employees on departure of an amount equal to 15 days salary (last drawn) for each completed year of service. Vesting occur on completion of five years service. The recent actuarial valuation was carried out at 31st March, 2011 by Life Insurance Corporation of India under the Projected Unit Credit Method. The Actuarial valuation at one unit is carried out by an Actuary under the Projected Unit Credit Method. Provisions are made to bring gratuity liability in line with actuarial valuation. The funds are invested by Life Insurance Corporation of India.

U P HOTELS LIMITED

19.3 Disclosure relating to defined benefit plan as per actuarial valuation as at the end of the financial years and recognized in the financial statements

| Description | Gratuity | | | | Leave Encashment | |
|--|--------------|--------------|------------|-----------|------------------|-------------|
| | Funded | | Non Funded | | Non Funded | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Change In present value of obligation | | | | | | |
| Present Value of Obligation as at beginning of the year | 42,409,235 | 38,230,015 | 847,790 | 535,298 | 5,730,721 | 5,923,504 |
| Interest Cost | 3,392,739 | 3,058,401 | 67,823 | 42,824 | 458,458 | 473,880 |
| Current Service Cost | 2,125,607 | 1,890,008 | 207,155 | 97,739 | 607,120 | 574,684 |
| Benefits Paid | (6,414,982) | (2,723,076) | - | - | - | - |
| Actuarial (gain)/loss on obligation | 9,337,260 | 768,339 | (199,821) | 171,929 | (385,427) | (1,241,347) |
| Present value of obligation as at end of the year | 50,849,859 | 41,223,687 | 922,947 | 847,790 | 6,410,872 | 5,730,721 |
| Change in the fair value of plan assets | | | | | | |
| Fair value of plan assets at the beginning of year | 26,133,777 | 21,607,647 | - | - | - | - |
| Expected return on plan assets | 2,385,231 | 2,125,474 | - | - | - | - |
| Contributions | 6,714,583 | 5,123,732 | - | - | - | - |
| Benefits paid | (6,414,982) | (2,723,076) | - | - | - | - |
| Actuarial gain/(loss) on plan assets | - | - | - | - | - | - |
| Fair value of plan assets at the end of the year | 28,818,609 | 26,133,777 | - | - | - | - |
| Fair Value of plan assets | | | | | | |
| Fair value of plan assets at beginning of year | 26,133,777 | 21,607,647 | - | - | - | - |
| Actual return on plan assets | 2,385,231 | 2,125,474 | - | - | - | - |
| Contributions | 6,714,583 | 5,123,732 | - | - | - | - |
| Benefits paid | (6,414,982) | (2,723,076) | - | - | - | - |
| Fair value of plan assets at the end of year | 28,818,609 | 26,133,777 | - | - | - | - |
| Funded status | (22,031,250) | (15,089,910) | (922,947) | (847,790) | (6,410,872) | (5,730,721) |
| Actuarial gain / loss recognized | | | | | | |
| Actuarial(gain)/loss on obligation | (9,337,260) | (768,339) | 199,821 | (171,929) | 385,427 | 1,241,347 |
| Actuarial (gain)/loss for the year - plan assets | - | - | - | - | - | - |
| Total (gain)/ loss for the period | 9,337,260 | 768,339 | (199,821) | 171,929 | (385,427) | (1,241,347) |
| Actuarial (Gain)/Loss recognised in the year | 9,337,260 | 768,339 | (199,821) | 171,929 | (385,427) | (1,241,347) |
| The amount to be recognized in the balance sheet and statement of profit & loss | | | | | | |
| Present value of obligation as at end of the year | 50,849,859 | 41,223,687 | 922,947 | 847,790 | 6,410,872 | 5,730,721 |
| Fair value of plan assets at the end of year | 28,818,609 | 26,133,777 | - | - | - | - |
| Funded status | (22,031,250) | (15,089,910) | (922,947) | (847,790) | (6,410,872) | (5,730,721) |
| Net Liability recognized in balance sheet | 22,031,250 | 15,089,910 | 922,947 | 847,790 | 6,410,872 | 5,730,721 |
| Expenses recognized in statement of Profit & Loss | | | | | | |
| Current service cost | 2,125,607 | 1,890,008 | 207,155 | 97,739 | 607,120 | 574,684 |
| Interest cost | 3,392,739 | 3,058,401 | - | 42,824 | 458,458 | 473,880 |
| Expected return on plan assets | (2,385,231) | (2,125,474) | 67,823 | - | - | - |
| Net actuarial (gain)/loss on recognized in the year | 9,337,260 | 768,339 | (199,821) | 171,929 | (385,427) | (1,241,347) |
| Expenses recognized in statement of Profit & Loss | 12,470,375 | 3,591,274 | 75,157 | 312,492 | 680,151 | (192,783) |

Investment details - invested with LIC

100%

100%

U P HOTELS LIMITED

19.4 The actuarial calculations used to estimate commitments and expenses are based on the following assumptions which if changed, would affect the commitments size, funding requirement and expenses

| Description | Gratuity | | | | Leave Encashment | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Funded | | Non Funded | | Non Funded | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| a. Discount rate | 8% | 8% | 8% | 8% | 8% | 8% |
| b. Expected rate of return on plan assets | 9.15% | 9.15% | - | - | - | - |
| c. Mortality rate | LIC (1994-96) Ultimate | LIC (1994-96) Ultimate | LIC (1994-96) Ultimate | LIC (1994-96) Ultimate | LIC (1994-96) Ultimate | LIC (1994-96) Ultimate |
| d. Withdrawal rate | | | | | | |
| - upto 30 years of age | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| - upto 44 years of age | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| - above 44 years of age | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| e. Future salary increase | 7% | 7% | 7% | 7% | 7% | 7% |

The estimates of future salary increase in actuarial valuations take account of inflations, seniority, promotion and other relevant factors such as supply and demand factors in employment market.

19.5 Gratuity expenses and leave encashment have been recognised under the head employees remuneration & welfare expenses

19.6

| Description | Gratuity | | | | | | | | Leave Encashment | | | |
|--|--------------|--------------|--------------|------------|-----------|-----------|-----------|-------------|------------------|-------------|-------------|--|
| | Funded * | | | Non Funded | | | | Non Funded | | | | |
| | 2011 | 2010 | 2009 | 2011 | 2010 | 2009 | 2008 | 2011 | 2010 | 2009 | 2008 | |
| ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | |
| Present value of obligation as at end of the year | 50,849,859 | 41,223,687 | 40,002,213 | 922,947 | 847,790 | 535,298 | 360,253 | 6,410,872 | 5,730,721 | 5,923,504 | 5,099,434 | |
| Fair value of plan asses at the end of year | 28,818,609 | 26,133,777 | 21,607,647 | - | - | - | - | - | - | - | - | |
| Funded status | (22,031,250) | (15,089,910) | (18,394,566) | (922,947) | (847,790) | (535,298) | (360,253) | (6,410,872) | (5,730,721) | (5,923,504) | (5,099,434) | |
| Experience Adjustments on Plan Liabilities [(Loss)/Gain] | - | - | - | 199,821 | (191,285) | 17,439 | 14,283 | 385,427 | 1,136,637 | 966,803 | (179,636) | |
| Experience Adjustments on Plan Assets [(Loss)/Gain] | - | - | - | - | - | - | - | - | - | - | - | |

a) * Figures for Experience Adjustments in respect of funded gratuity are not available.

b) The full actuarial valuation report indicating amongst others viz. changes in present value of obligation / fair value of plan assets , actuarial gain/loss recognized, fair value of plan assets etc. were not furnished for 2008 from the Life Insurance Corporation of India and as such the relevant particulars are not being furnished.

U.P. Hotels Limited

Schedules to Accounts (Contd.)

20. Earnings per share
Computation of both basic and diluted
earnings per share of ₹ 10/- each

| | Year ended 31 st March | |
|---|-----------------------------------|-------------|
| | 2011 | 2010 |
| | ₹ | ₹ |
| Profit for the year after tax | 129,036,439 | 107,434,547 |
| Number of Equity Shares | 5,400,000 | 5,400,000 |
| Basic & Diluted earnings per share of face value of ₹ 10/- | 23.90 | 19.90 |

- 21 . Earnings in foreign currency

| | Year ended 31 st March | |
|---|-----------------------------------|-------------|
| | 2011 | 2010 |
| | ₹ | ₹ |
| i) Interest | - | - |
| ii) Royalty, know-how and consultancy fee | - | - |
| iii) Interest and Dividends | - | - |
| iv) On Hotel Earnings (realisation basis) (as certified and reported by the Company and not verified by the auditors) | 292,434,551 | 253,205,504 |

22. Value of imports calculated on CIF basis in respect of:

| | Year ended 31 st March | |
|----------------------------------|-----------------------------------|-----------|
| | 2011 | 2010 |
| | ₹ | ₹ |
| i) Provision, stores, wines etc. | 3,473,656 | 2,292,800 |
| ii) Capital Goods | 9,915,777 | 510,155 |
| iii) Components /spares etc | - | - |

23. Expenditure in foreign currency

| | | |
|--|-----------|-----------|
| i) Interest | - | - |
| ii) Membership | - | - |
| iii) Other matters – Travelling, Advertisement , Subscription etc | 4,452,242 | 4,542,451 |

U.P. Hotels Limited

Schedules to Accounts (Contd.)

24. Value of consumption of Wines & Liquor

| | 2011 | | 2010 | |
|------------|------------|--------|------------|--------|
| | ₹ | % | ₹ | % |
| Imported | 3,789,087 | 32.42 | 2,729,743 | 25.68 |
| Indigenous | 7,899,281 | 67.58 | 7,898,755 | 74.32 |
| | 11,688,368 | 100.00 | 10,628,498 | 100.00 |

25. The Company has not made any remittances in foreign currencies on account of dividends during the year and does not have information to the extent to which remittances in foreign currencies on account of dividend have been made by or on behalf of non resident shareholders.

26. The Company is not required to give any quantitative and valuewise information in respect of purchases, consumption, turnover, stocks etc. as the same is exempted vide Notification No. S.O. 301(E) dated 8th February, 2011 issued under Section 211(3) of the Companies Act, 1956 by the Ministry of Corporate Affairs, Government of India.

27. The figures for the previous year have been re-grouped / recast as far as practicable to make them comparable with those of the current year.

28. Balance Sheet abstract and Company's General Business Profile

I. Registration Details

| | |
|--------------------|------------------------------|
| Registration No. | 17307 |
| State Code | 55 |
| Balance Sheet Date | 31 st March, 2011 |

II. Capital Raised during the year

(Amount in ₹ Thousands)

| | |
|-------------------|-----|
| Public issue | Nil |
| Right Issue | Nil |
| Bonus Issue | Nil |
| Private Placement | Nil |

III. Position of Mobilisation and Deployment of Funds

(Amount in ₹ Thousands)

| | |
|-------------------|---------|
| Total Liabilities | 866,400 |
| Total Assets | 866,400 |

Sources of Funds

| | |
|--|---------|
| Paid up Capital | 54,000 |
| Reserves & Surplus (including Revaluation Reserve ₹ 20,508) | 583,407 |

U.P. Hotels Limited

Schedules to Accounts (Contd.)

| | |
|--------------------|--------|
| Secured Loans | NIL |
| Unsecured Loans | NIL |
| Deferred Tax – Net | 51,010 |

Application of Funds

| | |
|---------------------------|---------|
| Net Fixed Assets | 453,357 |
| Investments | 115,642 |
| Net Current Assets | 119,418 |
| Miscellaneous Expenditure | NIL |
| Accumulated Losses | NIL |

IV. Performance of Company

(Amount in ₹ Thousands)

| | |
|--|---------|
| Turnover (including other income) | 723,505 |
| Total Expenditure (after Extra Ordinary items) | 533,840 |
| Profit / Loss before Tax | 189,665 |
| Profit / Loss after Tax | 129,036 |
| Earnings per share – ₹ | 23.90 |
| Dividend Rate % | 100 |

V. Generic Names of three principal products / services of company (As per monetary terms)

| | |
|--------------------------|-------------|
| Item Code No. (ITC Code) | 591001006 |
| Product Description | HOTELS |
| Item Code No.(ITC Code) | 390001002 |
| Product Description | RESTAURANTS |

U.P. Hotels Limited

Schedules to Accounts (*Contd.*)

Schedule 1 to 23 form an integral part of the financial statements
Signatures to Schedules 1 to 23

Sd/-
Birendra Kumar
Chairman & Managing Director

Sd/-
Sidharth Ghatak
Company Secretary

Sd/- Sd/-
Apurv Kumar Rupak Gupta
Joint Managing Directors

New Delhi
30th May, 2011

U. P. HOTELS LIMITED

Registered Office : 1101, Surya Kiran Building, 19, K. G Marg, New Delhi-110 001.

ATTENDANCE SLIP

50th Annual General Meeting –12th August, 2011

DP ID No. _____ Client ID No. _____ Folio No. _____
(Electronic Mode) (Electronic Mode) (Physical Mode)
(Please mention both DP ID & Client ID No.) (Please mention the Folio No.)

I certify that I am a registered Member/Proxy of the registered Member of the Company.

I hereby record my presence at the 50th ANNUAL GENERAL MEETING of the Company held on Friday, the 12th August, 2011 at PHD House, Opposite Asian Games Village, New Delhi-110 016 at 09.30 a.m.

Member's/Proxy's name in BLOCK LETTERS

Member's/Proxy's Signature

- Note:**
1. Only members of the Company or their proxies will be allowed to attend the Meeting.
 2. Please fill in this attendance slip and sign at the time of handing it over for registration at PHD House.
 3. **NO GIFTS/COUPONS WILL BE DISTRIBUTED AT THE MEETING**

U. P. HOTELS LIMITED

Registered Office : 1101, Surya Kiran Building, 19, K. G Marg, New Delhi-110 001.

PROXY FORM

50th Annual General Meeting –12th August, 2011

DP ID No. _____ Client ID No. _____ Folio No. _____
(Electronic Mode) (Electronic Mode) (Physical Mode)
(Please mention both DP ID & Client ID No.) (Please mention the Folio No.)

I/We _____ of _____ in the District of _____ being a Member/Members of the above named Company, hereby appoint _____ of _____ in the District of _____ or failing him/her _____ of _____ in the District of _____ as my/our proxy to vote for me/us on my/our behalf at the 50th ANNUAL GENERAL MEETING of the Company to be held on Friday, the 12th August, 2011 at PHD House, Opposite Asian Games Village, New Delhi-110 016 at 09.30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2011

Signature of Proxy _____ Signature of the Member _____

Affix
Revenue
Stamp here

NOTE : The form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered office of the Company not less than 48 hours before the Meeting.



Hotel Clarks Avadh, Lucknow



Hotel Clarks Khajuraho, Khajuraho