

**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 Fifty first Annual General Meeting of U P Hotels Limited will be held on Saturday, the 1st September, 2012 at 11.00 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 31<sup>st</sup> March, 2012 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 Rakesh Mahendra Gupta, who retires by rotation and being eligible, offers himself for reappointment.
4. To elect a director in place of Shri Girish Narain Mehra, who retires by rotation and being eligible, offers himself for reappointment.
5. To elect a director in place of Shri Ravinder Kumar Chadha, who retires by rotation and being eligible, offers himself for reappointment.
6. To elect a director in place of Shri Jag Mohan Lal, 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/-

New Delhi  
Dated: 29<sup>th</sup> May, 2012

SIDHARTH GHATAK  
COMPANY SECRETARY

**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 29<sup>th</sup> August, 2012 to 1st September 2012 (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 10<sup>th</sup> September, 2012, 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 28<sup>th</sup> August, 2012.
  - 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 28<sup>th</sup> August, 2012.
- 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 & 2010-11 will be transferred to the fund in November 2013, October 2014, October 2015, October 2016, October 2017 & October, 2018 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 28<sup>th</sup> August, 2012 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](http://www.hotelclarks.com).

**By Order of the Board**

Sd/-

New Delhi  
Dated: 29<sup>th</sup> May, 2012

SIDHARTH GHATAK  
COMPANY SECRETARY

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

**DIRECTORS' REPORT**

**To  
The Members**

Your Directors have pleasure in presenting the Fifty first Annual Report with the Audited Accounts and Auditors' Report for the year ended 31<sup>st</sup> March, 2012.

**FINANCIAL PERFORMANCE**

	<b>Year ended 31<sup>st</sup> March</b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>
	(₹ in lacs)	
Profit before tax	<b>15,41,39,690</b>	18,88,87,394
Current tax – - Income tax	<b>4,85,59,795</b>	6,22,53,042
Deferred tax	<b>(7,92,539)</b>	(24,02,087)
Profit after tax	<b>10,63,72,434</b>	12,90,36,439
Balance profit / (loss) brought forward from previous year	<b>27,96,18,525</b>	<b>22,62,45,880</b>
Available for appropriation	<b>38,59,90,959</b>	35,52,82,319
Appropriation		
Transfer to general reserve	<b>1,06,37,244</b>	1,29,03,644
Proposed dividend	<b>2,70,00,000</b>	5,40,00,000
Tax on dividend	<b>43,80,075</b>	87,60,150
Balance profit carried to Balance Sheet	<b>34,39,73,640</b>	27,96,18,525
	<b>38,59,90,959</b>	35,52,82,319

Your Company recorded a turnover of ₹ 74,71,95,429 as compared to ₹ 72,25,15,581 in the previous year, an increase of 3.42 % over the previous year. The profit for the year after tax amounted to ₹ 10,63,72,434 as against ₹ 12,90,36,439 recorded in the previous year.

## **DIVIDEND**

Your Directors are pleased to recommend a dividend of ₹ 5/-per equity share i.e. 50 % for the financial year ended 31<sup>st</sup> March, 2012. This dividend is subject to the approval of the members at the forthcoming Annual General Meeting.

## **RESERVES**

Your Directors have transferred a sum of ₹ 1,06,37,244\_ 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 Rakesh Mahendra Gupta, Girish Narain Mehra, Ravinder Kumar Chadha & Jag Mohan Lal 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.

## **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 31<sup>st</sup> March, 2012, 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 31<sup>st</sup> March, 2012 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 and has implemented the energy conservation programme which includes use of energy efficient lighting (LED), variable frequency drive for motors (VFD), heat exchanger system, solar system for generating hot water, sewerage treatment plants for re-use of water for gardening, cooling tower, plumbing, cleaning purpose and latest energy conservation gadgets.

### **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 ₹ 27,83,02,473 and the outgo was ₹ 2,30,28,875.

### **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.

### **AUDITORS' OBSERVATION**

The comments made in the audit report are self explanatory. The company has already taken corrective action, the physical verification of fixed assets would be carried out in a phased manner.

### **OTHER INFORMATION**

The Audit Committee of the Company reviewed the financial statements for the year under review at its meeting held on 29<sup>th</sup> May, 2012 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.

For and On Behalf of the Board

Sd/-

New Delhi  
29<sup>th</sup> May, 2012

Birendra Kumar  
Chairman & Managing Director



**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, 2012

S.No.	Name	Age (years)	Designation	Gross Remuneration (₹)	Qualification	Experience (years)	Date of Joining	Previous Employment	% of equity shares
1	Shri Birendra Kumar	73	Chairman & Managing Director	5,096,877	B.Sc. Diploma in Business Admn. Harvard University	54	October, 1979	Hotel Clarks Varanasi Ltd.	1.983
2	Shri Apurv Kumar	51	Joint Managing Director	4,378,160	Graduate from Mumbai University Hospitality Manage- ment from Cornell University USA, MBA. Alumni Harvard Business School.	24	January, 1995	Bonita India Ltd	0.650
3	Shri Rupak Gupta	42	Joint Managing Director	4,152,515	B.Sc. Management University of New Haven, CT, USA Hotel Management Cornell University USA	15	February, 1997	Ist Employment	15.158
4	Smt. Supriya Gupta	65	Executive Director	3,780,504	Graduate from Delhi University and post graduate in Economics & Social Anthropology from Cambridge University.	18	May, 2010	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 continuing recession in Europe and elsewhere has adversely impacted the Indian tourism industry. The Indian tourism industry is not expected to do well in the near term. The depreciation of the Rupee vis-à-vis with other hard currencies will to some extent help in cushioning the adverse impact of economic downturn.

The company is renovating its properties to meet the emerging challenges.

### **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 ₹ 74,71,95,429 as compared to ₹ 72,25,15,581 in the previous year, an increase of 3.42 % over the previous year. The profit for the year after tax amounted to ₹ 10,63,72,434 as against ₹ 12,90,36,439 recorded in the previous year.

The average occupancy % registered a decline of 0.34%, the average room rate decreased by 1.88 % 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 714.

For and on behalf of the Board of Directors

Sd/-

New Delhi  
29<sup>th</sup> May, 2012

Birendra Kumar  
Chairman & Managing Director

**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 31<sup>st</sup> March, 2012, 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 31<sup>st</sup> March, 2012

The composition of the Board of Directors and the number of other directorships and committee memberships/chairmanships (excluding this company) as on 31<sup>st</sup> March, 2012 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	4	-	-
Shri Apurv Kumar (Joint Managing Director)	Promoter – Executive	3	5	-	-
Shri Rupak Gupta (Joint Managing Director)	Promoter – Executive	2#	10#	-	-
Smt. Supriya Gupta (Executive Director)	Promoter – Executive	1	6	-	-
Shri Rakesh Mahendra Gupta	Promoter – Non-Executive	3	2	-	-
Shri Sushil Kumar	Promoter – Non-Executive	1	1	-	-
Shri Girish Narain Mehra	Independent – Non-Executive	6	-	5	9@
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	-	1	-	-
Shri Ravinder Kumar Chadha	Independent – Non-Executive	-	-	-	-
Shri Arvind Kumar	Promoter – Non-Executive	5	9	-	-
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 31<sup>st</sup> March, 2012, four board meetings were held on 30<sup>th</sup> May, 2011, 12<sup>th</sup> August, 2011, 11<sup>th</sup> November, 2011 and 11<sup>th</sup> February, 2012. 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 12 <sup>th</sup> August, 2011
	Held	Attended	
Shri Birendra Kumar	4	3	Yes
Shri Apurv Kumar	4	4	Yes
Shri Rupak Gupta	4	4	Yes
Shri Rakesh Mahendra Gupta	4	4	Yes
Smt Supriya Gupta	4	4	Yes
Shri Sushil Kumar	4	3	Yes
Shri Girish Narain Mehra	4	3	Yes
Shri Pramod B Agarwala	4	4	Yes
Shri Rajendra Suraiya	4	4	Yes
Shri Jag Mohan Lal	4	4	Yes
Shri Sanjiv Swarup	4	4	Yes
Shri Ravinder Kumar Chadha	4	4	Yes
Shri Arvind Kumar	4	2	Yes
Shri Mohinder Kapur	4	4	Yes

2.4 All the directors have as on 31<sup>st</sup> March, 2012, filed the requisite declarations stating that :

- The disqualification contemplated under Section 274(1)(g) of the Companies Act, 1956 do not apply to them
- 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 2011-12."

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 31<sup>st</sup> March, 2012

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 31<sup>st</sup> March, 2012, four Audit Committee meetings were held on 30<sup>th</sup> May, 2011, 12<sup>th</sup> August, 2011, 11<sup>th</sup> November, 2011 and 11<sup>th</sup> February, 2012.

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, no meeting of Remuneration Committee was held.

#### 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 ₹ 5,00,000 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	10,000				50,000	60,000
Shri Apurv Kumar Joint Managing Director *		30,00,000	3,60,000	7,69,890	2,48,270	43,78,160
Shri Birendra Kumar Chairman & Managing Director *		36,00,000	4,32,000	8,16,606	2,48,271	50,96,877
Shri Girish Narain Mehra	15,000				50,000	65,000
Shri Jag Mohan Lal	40,000				50,000	90,000
Shri Mohinder Kapur	25,000				50,000	75,000
Shri Promod B Agarwala	40,000				50,000	90,000
Shri Rakesh Mahendra Gupta	20,000				50,000	70,000
Shri Ravinder Kumar Chadha	40,000				50,000	90,000
Shri Rupak Gupta Joint Managing Director *		30,00,000	3,60,000	5,44,245	2,48,270	41,52,515
Shri Rajendra Suraiya	20,000				50,000	70,000
Smt. Supriya Gupta Executive Director*		27,00,000	3,24,000	5,08,233	2,48,271	37,80,504
Shri Sushil Kumar	15,000				50,000	65,000
Shri Sanjiv Swarup	45,000				50,000	95,000
Total	2,70,000	1,23,00,000	14,76,000	26,38,974	14,93,082	1,81,78,056

\* 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                      1
- 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
		PHD House, Opposite Asian Games Village, New Delhi	
2008-09	29 <sup>th</sup> August, 2009	-do-	09.30 a.m
2009-10	28 <sup>th</sup> August, 2010	-do-	09.30 a.m
2010-11	12 <sup>th</sup> August, 2011	-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 31<sup>st</sup> March, 2012, with related parties which were not in the ordinary course of business;
- 7.5 All material transactions during the financial year ended 31<sup>st</sup> March, 2012, 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 43;
- 7.8 In preparing the Annual Accounts in respect of the financial year ended 31<sup>st</sup> March, 2012, 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](http://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 Rakesh Mahendra Gupta (63) B.Com [Hons], MBA. He has 34 years experience in Hotel Industry & Export Marketing of Home Furnishing Items. He is also on the Board of the various companies including Banaras House Pvt. Ltd., The Indian Textiles Co. Pvt. Ltd., Hotel Clarks Varanasi Ltd., U P Hotel Clarks Ltd. & Banaras Designs Ltd. Shri Rakesh Mahendra Gupta retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Rakesh Mahendra Gupta as on 31<sup>st</sup> March, 2012 is 90520 equity shares.
  
- Shri Girish Narain Mehra – (80) MA LLB [IAS] – Retired as Secretary, Ministry of Industry, Govt. of India. He also served as India's High Commissioner to Canada. He served as Director General of Tourism. He has also served the Boards of various public sector undertakings including Maruti Udyog Ltd., Air India, Indian Airlines etc. He has been Chairman of ITDC and PICUP. Currently he is on the Board of Amrit Banaspati Co. Ltd., Subros Ltd., Bharat Seats Ltd., Amrit Corp. Ltd., Action Construction Equipment Ltd. and Usha Breco Ltd. Shri Girish Narain Mehra retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Girish Narain Mehra as on 31<sup>st</sup> March, 2012 is nil.
  
- Ravinder Kumar Chadha (66) Graduate – English Literature (Honours). He has 44 years experience in the Banking Industry. He is a management consultant. He has held senior positions in multinational banks including ANZ Grindlays Bank, Dresdner Bank AG, China Trust Commercial Bank etc. Shri Ravinder Kumar Chadha retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Ravinder Kumar Chadha as on 31<sup>st</sup> March, 2012 is nil.
  
- Shri Jag Mohan Lal - (73) B E Mechanical. He is a consultant in marketing of Capital Machinery & Engineering Projects. He has held very senior positions in reputed companies including Escorts Heart Institute, Escorts Ltd., Jotindra Steel Tubes Ltd. etc. Shri Jag Mohan Lal retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Jag Mohan Lal as on 31<sup>st</sup> March, 2012 is nil.

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

51<sup>st</sup> Annual General Meeting

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Date :	1 <sup>st</sup> September, 2012
Time :	11.00 a.m.
Venue :	PHD House, Opposite Asian Games Village, New Delhi

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9.4 Financial Calendar (tentative) for Results

1 <sup>st</sup> Quarter	Mid August, 2012
2 <sup>nd</sup> Quarter	Mid November, 2012
3 <sup>rd</sup> Quarter	Mid February, 2013
4 <sup>th</sup> Quarter	End May, 2013

9.5 Date of Book Closure

29<sup>th</sup> August, 2012 to  
1<sup>st</sup> September, 2012

9.6 Dividend

The company has proposed a dividend of ₹. 5 /- per equity share i.e. 50% subject to approval of shareholders at the forthcoming Annual General Meeting. The dividend, if declared, will be paid on 10<sup>th</sup> September, 2012

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 2012-2013.

9.8 Stock Code

509960 (BSE)

9.9 Designated e-mail ID for Investors' Grievances

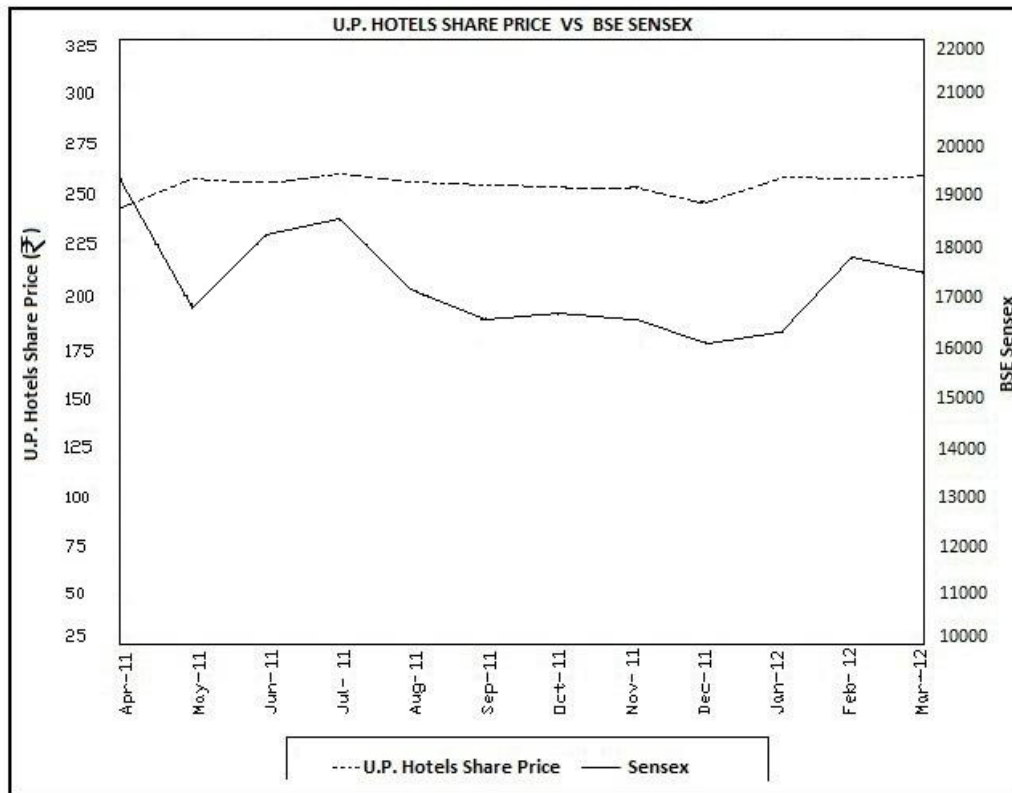
[uphlinvestorgrievance@bol.net.in](mailto:uphlinvestorgrievance@bol.net.in)

9.10 Market Price Data

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

Date	High (₹)	Low (₹)
April, 2011	275.00	218.10
May, 2011	299.85	226.35
June, 2011	277.00	240.00
July, 2011	316.10	215.25
August, 2011	288.50	228.75
September, 2011	277.95	235.00
October, 2011	274.45	237.00
November, 2011	275.00	235.75
December, 2011	272.60	227.00
January, 2012	281.00	245.00
February, 2012	283.50	242.60
March, 2012	279.95	247.00

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 31<sup>st</sup> March, 2012

	Category	No of Shares held	% of Share holding
1	<u>Promoter's holding</u>		
	Indian Promoters	47,72,960	88.39
	Foreign Promoters	Nil	Nil
2	<u>Persons acting in concert</u>	Nil	Nil
	Sub Total (1 & 2)	47,72,960	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	1,88,608	3.49
	b) Indian Public	4,34,679	8.05
	c) NRIs/OCBs	2,740	0.05
	d) Any other (Trust)	1,013	0.02
	Sub Total (4)	6,27,040	11.61
	Grand Total (1 to 4)	54,00,000	100.00

9.14 Distribution of Shareholding as on 31<sup>st</sup> March, 2012

Shareholding of Nominal Value	No. of Shareholders	% of Share-Holders	Share Amount	% of Share-Holding
			₹	
Upto - 5000	1,077	84.60	11,33,420	2.10
5001 – 10000	69	5.42	4,78,260	0.89
10001-20000	41	3.22	6,29,810	1.17
20001-30000	12	0.94	2,91,380	0.54
30001-40000	11	0.86	3,84,790	0.71
40001-50000	3	0.24	1,39,130	0.26
50001-100000	13	1.02	9,07,280	1.68
100001 & above	47	3.70	5,00,35,930	92.65
Total	1,273	100.00	5,40,00,000	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 31<sup>st</sup> March, 2012 was 28,31,985 (52.44% of the total paid up capital) and the balance of 25,68,015 representing 47.56% 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 Information with regard to shares lying in "Unclaimed Suspense Account" as per Clause 5A II of the Listing Agreement.

	No. of Shareholders	No. of Shares
Shares transferred to Unclaimed Suspense Account at the time of opening of account	52	5,942
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	Nil	
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	Nil	
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	52	5,942

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/-

New Delhi  
29<sup>th</sup> May, 2012

Birendra Kumar  
Chairman & Managing Director

**Auditors Certificate on compliance with the conditions of Corporate Governance  
Under clause 49 of the listing agreements**

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 31<sup>st</sup> March, 2012, 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:

*The Company has received a show cause notice for non compliance of Clause 40A of the Listing Agreement as regards promoters' shareholding.*

*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/-

**(Anil Kumar Sharma)**  
Partner  
Membership No. 80085

New Delhi, 29<sup>th</sup> May, 2012

## **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 31<sup>st</sup> March, 2012 and also the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). 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), 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 financial statements dealt with by this report are in agreement with the books of account;

- (iv) in our opinion, the financial statements 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 31<sup>st</sup> March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 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 financial statements read in conjunction with Notes to the Account *and subject to Note 46 as regards Hotel Earnings in foreign exchange not verified by us*, 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 31<sup>st</sup> March, 2012;
  - (b) in the case of the Statement of Profit and Loss, 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/-

**(ANIL KUMAR SHARMA)**  
Partner  
Membership No. 80085  
Firm Registration no. 301072 E

New Delhi, the 29<sup>th</sup> May, 2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF U.P. HOTELS LIMITED OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012.

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 still in the process of updating its records on the new software.*
  - b) *The fixed assets have not been physically verified by the management during the year and we are therefore, unable to comment on the discrepancies, if any, which could have arisen on such verification. In our opinion, the frequency of verification of fixed assets is also not reasonable having regard to the size of the company and nature of its assets.*
  - 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 *except for internal control over purchase of provisions and decoration at one unit* needs to be improved. 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 Rs. 5 lacs with any party during the year. However, in respect of other transactions owing to the unique and specialized nature of items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at prevailing market price 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 instances of delay and non deposition*.

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.

	Amount (Rs.)
House Tax/ Municipal Tax & Water tax	2,341,575
Purchase Tax / VAT/Entry tax etc.	275,924
Service Tax	230,732
Employees State Insurance Dues	820,428

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

Name of statute	Nature of dues	Years	Forum where dispute is pending	Amount (Rs.)
Value Added Tax – UP	Value Added Tax	2006-07	Additional Commissioner (Appeals) - Agra	231,160
Value Added Tax – UP	Value Added Tax	2007-08	Additional Commissioner (Appeals) - Agra	6,678,744
				<b>6,909,904</b>

*Reference is also invited to Note 28 A (i) (b) 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 Rs. 5,859,000.*

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, the Company has not availed any term loan during the year. Accordingly, clause 4(xvi) of the Order is not applicable to the Company.
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/-

**(ANIL KUMAR SHARMA)**  
Partner  
Membership No. 80085  
Firm Registration no. 301072 E

New Delhi, the 29<sup>th</sup> May, 2012



**U P HOTELS LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2012**

	Note	₹	As at 31st March 2012 ₹	2011 ₹
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholder's funds</b>				
Share capital	2	54,000,000		54,000,000
Reserves and surplus	3	657,374,334		583,406,643
			<b>711,374,334</b>	<b>637,406,643</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities (net)	4	50,217,476		51,010,015
Other long - term liabilities	5	1,029,569		1,092,045
Long-term provisions	6	6,887,305		6,614,579
			<b>58,134,350</b>	<b>58,716,639</b>
<b>Current liabilities</b>				
Short - term borrowings	7	40,375,624		-
Trade payables	8	58,280,283		53,885,151
Other current liabilities	9	56,876,632		44,360,764
Short - term provisions	10	37,909,037		72,030,572
			<b>193,441,576</b>	<b>170,276,487</b>
			<b>962,950,260</b>	<b>866,399,769</b>
<b>ASSETS</b>				
<b>Non- current assets</b>				
Fixed assets				
Tangible assets	11	476,863,601		439,072,125
Intangible assets	11	654,820		587,685
Capital work-in-progress (at cost)		57,940,508		13,697,430
Long-term loans and advances	12	11,464,449		11,146,675
Other non-current assets	13	1,054,673		1,070,414
			<b>547,978,051</b>	<b>465,574,329</b>
<b>Current assets</b>				
Current investments	14	103,384,465		115,641,376
Inventories	15	18,756,149		16,967,393
Trade receivables	16	80,428,930		62,377,280
Cash and bank balances	17	191,897,476		191,470,428
Short-term loans and advances	18	10,793,150		9,738,862
Other current assets	19	9,712,039		4,630,101
			<b>414,972,209</b>	<b>400,825,440</b>
			<b>962,950,260</b>	<b>866,399,769</b>

NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF BALANCE SHEET

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

for Ray & Ray  
Chartered Accountants

Sd/-  
Anil Kumar Sharma  
Partner  
Membership no. 80085  
Firm Registration No. 301072E  
Place: New Delhi  
Date: 29th May,2012

Sd/-  
Sidharth Ghatak  
Company Secretary

For and on behalf of the Board

Sd/-  
Birendra Kumar  
Chairman & Managing Director

Sd/-  
Apurv Kumar  
Joint Managing Director

Sd/-  
Rupak Gupta  
Joint Managing Director

**U P HOTELS LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2012**

	Note	As at 31st March	
		2012	2011
		₹	₹
<b>INCOME</b>			
Revenue from operations	20	719,389,423	703,094,161
Other income	21	27,806,006	19,421,420
<b>Total Revenue</b>		<b>747,195,429</b>	<b>722,515,581</b>
<b>EXPENSES</b>			
Consumption of provisions, beverages & others	22	98,222,842	90,006,552
Employee benefits expenses	23	184,060,117	180,163,091
Finance costs	24	2,848,112	1,191,855
Depreciation and amortisation expense	25	28,762,152	26,243,762
Other expenses	26	279,162,516	236,022,927
<b>Total expenses</b>		<b>593,055,739</b>	<b>533,628,187</b>
<b>Profit before tax</b>		<b>154,139,690</b>	<b>188,887,394</b>
<b>Tax expense:</b>			
(a) Current tax	27	48,559,795	62,253,042
(b) Deferred tax		(792,539)	(2,402,087)
		<b>47,767,256</b>	<b>59,850,955</b>
<b>Profit for the year</b>		<b>106,372,434</b>	<b>129,036,439</b>
<b>Earnings per equity share:- basic &amp; diluted (₹)</b>	45	<b>19.70</b>	<b>23.90</b>

NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF STATEMENT OF PROFIT & LOSS

This is the Statement of Profit & Loss referred to in our report of even date

for Ray & Ray  
Chartered Accountants

Sd/-

Anil Kumar Sharma  
Partner  
Membership no. 80085  
Firm Registration No. 301072E  
Place: New Delhi  
Date: 29th May, 2012

Sd/-  
Sidharth Ghatak  
Company Secretary

For and on behalf of the Board

Sd/-  
Birendra Kumar  
Chairman & Managing Director

Sd/-  
Apurv Kumar  
Joint Managing Director

Sd/-  
Rupak Gupta  
Joint Managing Director

# U P HOTELS LIMITED

## CASH FLOW STATEMENT

Year ended 31st March

	2012 ₹		2011 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit/ (loss) before tax and extraordinary Items	154,139,690		188,887,394
Adjustments For :			
Depreciation	28,762,152	26,243,762	
Interest received/paid	(9,961,152)	(7,158,912)	
Loss on sale/discard of assets	2,616,956	4,040,294	
Provision/write off debts & advances	2,718,728	687,992	
Provision written back / profit - current investments	1,174,199	(1,026,984)	
Liabilities & provisions and retirement benefits	(3,248,390)	(2,358,615)	
Depreciation written back	(331,026)	(17,984)	
Dividend received	(7,361,422)	(4,428,868)	
	<u>14,370,045</u>		15,980,685
Operating profit before working capital changes	<u>168,509,735</u>		<u>204,868,079</u>
Adjustments for :			
Trade & other receivables	(21,624,546)	(6,976,093)	
Inventories	(1,788,756)	(696,768)	
Trade payables & other liabilities	<u>19,719,464</u>	<u>9,218,863</u>	<u>1,546,002</u>
Cash generated from operations	164,815,897		206,414,081
Interest paid	(2,848,112)	(1,191,855)	
Direct taxes paid	<u>(51,248,866)</u>	<u>(67,576,699)</u>	<u>(68,768,554)</u>
Cash flow before extraordinary items	110,718,919		137,645,527
Extraordinary items	Nil		Nil
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<u><u>110,718,919</u></u>		<u><u>137,645,527</u></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets(including capital work in progress)	(115,146,079)	(77,855,000)	
Sale of fixed assets	1,524,378	2,316,147	
Subsidy received	Nil	280,000	
Purchase of investments mutual funds	(193,073,690)	(110,887,946)	
Sale of investments	204,156,402	79,922,882	
Interest received	7,405,218	8,350,919	
Dividend received	7,226,426	4,354,871	
Bank balances not considered as cash or cash equivalents	(22,256,114)	(35,545,324)	
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<u><u>(110,163,459)</u></u>		<u><u>(129,063,451)</u></u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid	(54,000,000)	(21,600,000)	
Tax on distributable profits	(8,760,150)	(3,587,490)	
Secured long term loans taken during the year	40,375,624	Nil	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u><u>(22,384,526)</u></u>		<u><u>(25,187,490)</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(21,829,066)		(16,605,414)
Opening balance of cash and cash equivalents	<u>52,977,096</u>		<u>69,582,510</u>
<b>Closing balance of cash and cash equivalents</b>	<u><u>31,148,030</u></u>		<u><u>52,977,096</u></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. The unutilised cash credit limit as at 31st March, 2012 aggregated to ₹ 160,00,000 (2011 - ₹ 160,00,000) which would be available for future operating activities.
3. 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/-

ANIL KUMAR SHARMA  
Partner  
Membership No. 80085  
Firm Registration. No. : 301072E

Sd/-

Sidharth Ghatak  
Company Secretary

Sd/-

Apurv Kumar      Sd/-  
Rupak Gupta  
Joint Managing Directors

NEW DELHI  
29th May, 2012

## U.P. Hotels Limited

### Schedules to Accounts (Contd.)

1

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1.1 Basis of preparation:

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. Financial statements are based on historical cost convention on accrual basis, except where impairment is made and revaluation is carried out. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

##### 1.2 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.

##### 1.3 Tangible fixed assets & depreciation/amortisation :

- 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. 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) 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.
- iii) Depreciation is provided on Straight Line Method at the corresponding rates prescribed under Schedule XIV of the Companies Act, 1956.
- iv) 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.
- v) 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.

##### 1.4 Intangible fixed assets & depreciation/amortisation :

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.

##### 1.5 Capital work in progress:

Capital work in progress comprises the cost of fixed assets that are not yet ready for their intended use on the reporting date.

## **U.P. Hotels Limited**

### **Schedules to Accounts (Contd.)**

#### **1.6 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 statement of profit & loss. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### **1.7 Investments :**

Investments that are ready realizable and intended to be held for sale are classified as Current Investment. Current investments comprising investments in units of mutual funds are carried at lower of cost and fair value determined on individual investment basis.

#### **1.8 Inventories :**

Inventories at the year end are as per the physical verification conducted by the management. Inventories 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. Unserviceable / damaged / discarded inventories and shortages observed at the time of physical verification are charged to Statement of Profit & Loss. Circulating stocks of crockery, cutlery, uniform, linen etc. and stock of printed stationery are charged off.

#### **1.9 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. Revenue is recognized when the significant risks and rewards of ownership has passed to the buyer, which coincides with the rendering of services and are disclosed net of allowances. Hall rentals and licence fee are recognized on accrual basis as per contract terms.
- ii) 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 at gross. Dividend income is stated at gross and is recognized when right to receive payment is established.
- iii) 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.
- iv) Income / sales exclude taxes, such as Value Added Tax, Luxury Tax, Service Tax etc.

#### **1.10 Borrowing costs:**

Costs incurred on borrowings, directly attributable to acquisition / construction of fixed assets are capitalized as a part of the cost of respective assets. Other borrowing cost are recognized as expense in the year in which they arise.

#### **1.11 Employees benefits :**

Defined contribution plans - Company's contribution paid / payable during the year to Provident Fund & Employees State Insurance are recognized in the Statement of Profit & Loss. Provident Fund & Employees State Insurance contributions are made to a government administered Provident Fund & Employees State Insurance Corporation towards which the company has no further obligation beyond its monthly contribution.

## U.P. Hotels Limited

### Schedules to Accounts (Contd.)

Defined benefit plan - Company's contribution in respect of gratuity is made to Life Insurance Corporation (at all units except one), as per Companies Scheme.

Provisions / write back, if any, in respect of funded as well as unfunded gratuity is made on the basis of the present value of liability as at the Balance Sheet date by actuarial valuation, following projected unit credit method. The liability in respect of funded gratuity is disclosed under other current liability and in respect of unfunded gratuity under long / short term provisions.

Leave encashment (unfunded) is as per actuarial valuation as at Balance Sheet date following projected unit credit method.

Termination benefits are recognized as an expense as and when incurred.

Actuarial gains / losses are immediately taken to the statement of profit & loss and are not deferred.

Short term employee benefit is recognized as an expense in the statement of profit & loss of the year in which related service is rendered.

#### 1.12 Foreign Currency Transaction:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.

Monetary items outstanding at the balance sheet date are translated at the exchange rate prevailing at the balance sheet date and the resultant difference is recognized as income or expense. Non-monetary items outstanding at the balance sheet date are reported using the exchange rate at the date of the transactions.

#### 1.13 Lease :

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 constant rate of interest on the remaining balance of liability. Finance charges are charged to Statement of profit & loss.

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 statement of profit & loss on a straight-line basis over the lease term.

#### 1.14 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.

## **U.P. Hotels Limited**

### **Schedules to Accounts (Contd.)**

#### **1.15 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.

#### **1.16 Proposed dividend :**

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

#### **1.17 Taxes on Income :**

Tax expenses comprises current tax (Income Tax) after taking into consideration benefits available under the provisions of Income Tax Act, 1961 and deferred tax (AS 22).

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 realization/ liabilities.

#### **1.18 Prior period, extra ordinary items and changes in policies :**

Prior period, extra – ordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

#### **1.19 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**  
Notes to accounts

2. SHARE CAPITAL	As at 31st March	
	2012	2011
	₹	₹
<b>AUTHORISED</b>		
60,00,000 Equity Shares of ₹ 10 each	60,000,000	60,000,000
1,00,000 Preference Shares of ₹ 100 each	10,000,000	10,000,000
	<u>70,000,000</u>	<u>70,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
54,00,000 Equity Shares of ₹ 10 each fully paid up	54,000,000	54,000,000
	<u>54,000,000</u>	<u>54,000,000</u>

**2.1 Reconciliation of equity shares**

	As at 31st March, 2012		As at 31st March, 2011	
	Number of shares	₹	Number of shares	₹
At the beginning of the year	5,400,000	54,000,000	5,400,000	54,000,000
Issued during the year	Nil	Nil	Nil	Nil
At the end of the year	5,400,000	54,000,000	5,400,000	54,000,000

**2.2 Shareholders' holding more than 5% of equity shares at the end of the year**

	As at 31st March, 2012		As at 31st March, 2011	
	Number of shares	% holding	Number of shares	% holding
The Indian Textiles Co. Private Limited	1,313,676	24.33	1,313,676	24.33
Shri Rupak Gupta	818,524	15.16	818,524	15.16
Banaras House Private Limited	540,000	10.00	540,000	10.00

**2.3** The Company's Authorised Capital comprises of two class of shares. The Equity shares have a par value of ₹ 10 each and Preference shares have a par value of ₹ 100 each.

**2.4** The Company has at present one class of shares i.e. equity shares. Each shareholder is eligible to one vote per share held and is entitled to dividend as proposed by Board of Directors subject to the approval of shareholders in the ensuing Annual General Meeting. The Company declares and pays dividend in Indian Rupees. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## U P HOTELS LIMITED

### Notes to accounts (Contd.)

	As at 31st March	
	2012	2011
	₹	₹
<b>3. RESERVES AND SURPLUS</b>		
General reserve		
As per last account	283,279,869	270,376,225
Add: Transfer from Profit & Loss Account	<u>10,637,244</u>	<u>12,903,644</u>
	<b>293,917,113</b>	<b>283,279,869</b>
Revaluation reserve		
As per last account	20,508,249	21,532,917
Less: Adjustment for depreciation (Note 39.2)	<u>1,024,668</u>	<u>1,024,668</u>
	<b>19,483,581</b>	<b>20,508,249</b>
Profit and Loss Account		
As per last account	279,618,525	226,245,880
Add: Profit during the year as per Statement of Profit and Loss	<u>106,372,434</u>	<u>129,036,439</u>
	<b>385,990,959</b>	<b>355,282,319</b>
Less: Appropriation		
Transfer To General Reserve	10,637,244	12,903,644
Proposed Dividend on equity share (₹ 5 per share ,2011 - ₹ 10 per share subject to shareholders' approval )	27,000,000	54,000,000
Tax on dividend	<u>4,380,075</u>	<u>8,760,150</u>
Total Surplus	<b>343,973,640</b>	<b>279,618,525</b>
	<b>657,374,334</b>	<b>583,406,643</b>
<b>4. DEFERRED TAX LIABILITIES - NET</b>		
<b>Deferred tax liability</b>		
Fixed assets (excess of net block over written down value as per provision of Income Tax Act, 1961)	62,353,960	62,319,349
<b>Less: Assets</b>		
Gratuity / leave encashment on retirement	9,724,395	9,754,341
Provision for doubtful debts , advances etc.	1,235,886	556,868
Sums allowable under Section 43B	<u>1,176,203</u>	<u>998,125</u>
Total Assets	<b>12,136,484</b>	<b>11,309,334</b>
<b>Deferred tax liabilities (net)</b>	<b>50,217,476</b>	<b>51,010,015</b>
<b>5. OTHER LONG TERM LIABILITIES</b>		
Security deposit	192,421	184,141
Other liabilities	820,428	202,538
Advance from customers	16,720	186,043
Retention money	-	519,323
	<u>1,029,569</u>	<u>1,092,045</u>

**U P HOTELS LIMITED**

Notes to accounts (Contd.)

**As at 31st March****2012****2011**

₹

₹

**6. LONG TERM PROVISIONS**

Leave encashment	5,933,401	5,824,520
Gratuity - unfunded	953,904	790,059
	<b>6,887,305</b>	<b>6,614,579</b>

**7. SHORT TERM BORROWINGS**

Secured loans - from banks	40,375,624	-
	<b>40,375,624</b>	<b>-</b>

The secured loans from Allahabad Bank and State Bank of India are secured against the fixed deposits. The loans are repayable on demand and carry interest at floating rate linked to the base rate of respective banks.

**8. TRADE PAYABLE**

Total outstanding dues of Micro Small Enterprises (Note 32 & 33)	-	33,954
Total outstanding dues of creditors other than Micro & Small Enterprises	58,280,283	53,851,197
	<b>58,280,283</b>	<b>53,885,151</b>

**9. OTHER CURRENT LIABILITIES**

Advance from customers	9,521,555	9,258,305
Unclaimed dividends	1,010,430	740,998
Other payables		
Contribution to gratuity fund	22,417,784	22,031,250
Liability for capital expenditure	12,321,145	4,877,627
Other liabilities (with-holding tax and statutory dues)	10,455,988	6,999,537
Retention money	519,323	-
Sundry deposits	630,407	453,047
	<b>56,876,632</b>	<b>44,360,764</b>

**10. SHORT TERM PROVISIONS**

Leave encashment	647,121	586,352
Gratuity - unfunded	19,730	132,888
Provision for taxation (net of advance tax)	5,862,111	8,551,182
Proposed dividend	27,000,000	54,000,000
Tax on proposed dividend	4,380,075	8,760,150
	<b>37,909,037</b>	<b>72,030,572</b>

**U P HOTELS LTD**  
**11. FIXED ASSETS**

Particulars	Gross block				Depreciation				Net block	
	Cost as at 31st March 2011	Additions	Deductions	Cost as at 31st March 2012	As at 31st March 2011	FOR THE YEAR	DEDUCTIONS	As at 31st March 2012	As at 31st March 2012	As at 31st March 2011
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Tangible Assets</b>										
Freehold Land	1,815,845	-	-	1,815,845	-	-	-	-	1,815,845	1,815,845
Leasehold Land *	1,150,233	-	-	1,150,233	518,183	34,404	-	552,587	597,646	632,050
Building	440,110,886	22,616,870	1,780,594	460,947,162	183,285,355	8,032,670	459,472	190,858,553	270,088,609	256,825,531
Plant & Machinery	255,875,701	41,073,029	11,045,061	285,903,669	124,147,895	12,787,273	8,962,493	127,972,675	157,930,994	131,727,806
Furniture & Fixtures	72,416,910	5,217,567	1,020,902	76,613,575	58,326,652	3,555,751	1,271,490	60,610,913	16,002,662	14,090,258
Vehicles	49,585,086	2,231,930	2,891,311	48,925,705	21,567,549	4,031,185	2,234,105	23,364,629	25,561,076	28,017,537
Vehicles on Hire	6,763,285	-	-	6,763,285	800,187	1,096,329	-	1,896,516	4,866,769	5,963,098
<b>Total tangible assets</b>	<b>827,717,946</b>	<b>71,139,396</b>	<b>16,737,868</b>	<b>882,119,474</b>	<b>388,645,821</b>	<b>29,537,612</b>	<b>12,927,560</b>	<b>405,255,873</b>	<b>476,863,601</b>	<b>439,072,125</b>
Previous year	787,046,630	60,738,078	20,066,762	827,717,946	375,080,723	27,013,403	13,448,305	388,645,821	439,072,125	
<b>Intangible Assets</b>										
Trade Marks	46,500	-	-	46,500	21,727	5,100	-	26,827	19,673	24,773
Computer Software	1,404,061	316,343	-	1,720,404	841,149	244,108	-	1,085,257	635,147	562,912
<b>Total Intangible Assets</b>	<b>1,450,561</b>	<b>316,343</b>	<b>-</b>	<b>1,766,904</b>	<b>862,876</b>	<b>249,208</b>	<b>-</b>	<b>1,112,084</b>	<b>654,820</b>	<b>587,685</b>
Previous year	1,103,073	347,488	-	1,450,561	607,849	255,027	-	862,876	587,685	

Notes: \*

a) Leasehold land ₹ 1,63,000 is yet to be registered in the name of the company

b) Leasehold land measuring 1.79 acres valued at ₹ 4,33,180 is in possession of third party at Agra. The Company is taking necessary steps to obtain the vacant possession of land

c) Lease rentals in respect of properties situated on lease hold land are charged to revenue

**U P HOTELS LIMITED**

Notes to accounts (contd.)

As at 31st March

2012

2011

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**12. LONG TERM LOANS AND ADVANCES (Unsecured - considered good)**

Capital advance	4,698,778	5,251,516
Advances recoverable in cash or in kind or for value to be received	95,000	-
Prepaid expenses	117,474	42,500
Security deposits	6,553,197	5,852,659
	<u>11,464,449</u>	<u>11,146,675</u>

**13. OTHER NON CURRENT ASSETS****(Considered good unless otherwise stated)**

Long term trade receivables		
Outstanding for a period exceeding six months from due date		
Considered good	1,054,673	1,070,414
Considered doubtful	2,283,383	1,457,702
	<u>3,338,056</u>	<u>2,528,116</u>
Less: Provision for doubtful debts	2,283,383	1,457,702
	<u>1,054,673</u>	<u>1,070,414</u>

**14. CURRENT INVESTMENTS**

Investments in mutual funds	103,384,465	115,641,376
	<u>103,384,465</u>	<u>115,641,376</u>

Investment in mutual funds are valued at lower of cost or market price. The details of current investment are given in Note 34.

**15. INVENTORIES**

Provisions, beverages & others	7,666,911	7,818,774
Other stores	11,089,238	9,148,619
	<u>18,756,149</u>	<u>16,967,393</u>

Inventories are valued at cost or net realisable value whichever is lower. Cost is ascertained on weighted average basis except for one unit where it is valued on first in first out basis.

**U P HOTELS LIMITED**

## Notes to accounts (contd.)

As at 31st March

2012

2011

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**16. TRADE RECEIVABLES (Unsecured - considered good)**

Outstanding for a period exceeding six months from the due date	916,445	2,266,341
Other debts	79,512,485	60,110,939
	<b>80,428,930</b>	<b>62,377,280</b>

**17. CASH AND BANK BALANCES****Cash & cash equivalents**

Cash on hand	1,646,843	1,104,703
Cheque in hand	550,101	1,530,218
Balances with banks in current accounts	28,951,086	50,342,175
	<b>31,148,030</b>	<b>52,977,096</b>

**Other bank balances**

On unpaid dividend account	1,010,430	740,998
Employees security deposit saving account	470,164	394,293
Bank deposits held as security for overdraft from Bank	47,578,223	30,000,000
Bank deposits held as security with authorities	277,814	342,859
Margin money (held as security)	-	100,000
Deposits maturing after 3 months but before 12 months	41,240,791	22,524,121
Deposits maturing after 12 months	70,172,024	84,391,061
	<b>191,897,476</b>	<b>191,470,428</b>

**18. SHORT TERM LOANS AND ADVANCES (Unsecured-considered good)**

Security deposits	1,168,856	1,126,803
Advance recoverable in cash or in kind for value to be received	777,014	955,181
Dividend receivable	298,659	163,663
Prepaid expenses	8,548,621	7,493,215
	<b>10,793,150</b>	<b>9,738,862</b>

**19. OTHER CURRENT ASSETS (Unsecured considered good)**

Unbilled revenue	2,018,736	2,340,844
Interest accrued on deposits	7,692,910	2,288,864
Rent accrued	393	393
	<b>9,712,039</b>	<b>4,630,101</b>

**U P HOTELS LIMITED**  
**Notes to accounts**

**Year ended 31st March**

	2012	2011
	₹	₹
<b>20. REVENUE FROM OPERATIONS</b>		
Room sales	345,082,704	352,905,827
Provisions, beverages and others	306,747,695	287,082,975
Telephone & telex	2,005,664	1,490,934
Laundry	1,400,562	1,752,519
Hall charges & licence fee	58,522,475	54,084,941
Other services	5,630,323	5,776,965
	<b>719,389,423</b>	<b>703,094,161</b>
<b>21. OTHER INCOME</b>		
Profit on sale of mutual funds	132,863	888,401
Liabilities & Provisions written back	3,248,390	2,393,292
Provision for diminution in value of investments written back	-	138,583
Depreciation of earlier years written back	331,026	17,984
Interest income	12,809,264	8,350,767
Dividend - current investment (mutual fund)	7,361,422	4,428,868
Miscellaneous income	1,558,034	912,050
Foreign exchange adjustments	2,365,007	2,291,475
	<b>27,806,006</b>	<b>19,421,420</b>
<b>22. CONSUMPTION OF PROVISIONS, BEVERAGES AND OTHERS</b>		
Opening stock	7,818,774	7,129,194
Add:Purchases	98,070,979	90,696,132
	<b>105,889,753</b>	<b>97,825,326</b>
Less:Closing stock	7,666,911	7,818,774
Consumption	<b>98,222,842</b>	<b>90,006,552</b>
<b>23. EMPLOYEE BENEFITS EXPENSES</b>		
Salary wages, bonus, commission etc	154,785,414	153,754,983
Contribution to Provident and other funds	15,875,556	17,109,754
Staff welfare expenses*	12,337,366	8,234,579
Contract labour	1,061,781	1,063,775
	<b>184,060,117</b>	<b>180,163,091</b>
* Includes staff training ₹ 5,081,819 (2011- ₹ 1,258,833)		
<b>24. FINANCE COST</b>		
Interest expense*	2,656,018	1,048,269
Other borrowing cost	192,094	143,586
	<b>2,848,112</b>	<b>1,191,855</b>
*Interest expense includes income tax interest ₹ 61,177 (2011- ₹ 572,574)		
<b>25. DEPRECIATION &amp; AMORTIZATION</b>		
Tangible assets (Note 39.2)	28,512,944	25,988,735
Intangible assets	249,208	255,027
	<b>28,762,152</b>	<b>26,243,762</b>

**U P HOTELS LIMITED**  
**Notes to accounts**

**Year ended 31st March**  
**2012**                      **2011**  
₹                                      ₹

**26. OTHER EXPENSES**

Renewals & replacement	<b>15,395,605</b>	12,341,685
Upkeep & service cost	<b>13,704,527</b>	12,550,791
Power & fuel	<b>76,988,795</b>	72,693,871
Rent	<b>6,904,243</b>	5,567,032
Repairs & maintenance		
- Building	<b>28,181,414</b>	12,929,103
- Plant & machinery	<b>12,304,679</b>	12,129,716
- Others	<b>9,968,725</b>	9,149,024
Insurance	<b>2,217,518</b>	2,210,258
Rates & taxes	<b>9,298,911</b>	10,377,352
Decoration & garden maintenance	<b>5,415,435</b>	4,504,406
Advertisement publicity & others	<b>7,042,611</b>	6,621,058
Commission to travel agents	<b>1,445,444</b>	952,188
Travelling, conveyance & car maintenance	<b>28,818,503</b>	24,713,924
Postage, telephone & telex	<b>5,458,773</b>	4,909,938
Printing & stationery	<b>3,628,509</b>	3,593,310
Music, band & orchestra	<b>3,363,877</b>	3,405,535
Banquet & catering	<b>12,916,459</b>	10,558,116
Hire charges	<b>9,246,171</b>	6,308,860
Provision for diminution in value of investments	<b>1,307,062</b>	197,851
Provision / write off debts & advances	<b>2,718,728</b>	490,141
Legal & professional expenses	<b>6,263,795</b>	3,256,488
Loss on sale / discard of assets	<b>2,616,956</b>	4,040,294
Directors sitting fee & commision to other directors	<b>770,000</b>	780,000
Fee to internal auditors	<b>1,597,375</b>	1,514,054
Auditors' remuneration (Note 40)	<b>709,500</b>	624,500
Listing/filing fee	<b>29,005</b>	31,315
Donation & subscription	<b>3,474,814</b>	2,103,789
Miscellaneous expenses (including re-imbusement of expenses to auditors ₹10,250 (2011 - ₹ 14,240))	<b>7,375,082</b>	7,468,328
	<b>279,162,516</b>	<b>236,022,927</b>

**27. TAX**

Current Tax		
- Income Tax	<b>49,438,823</b>	63,427,426
- Tax adjustments pertaining to earlier years	<b>(879,028)</b>	(1,174,384)
	<b>48,559,795</b>	<b>62,253,042</b>



## U.P. Hotels Limited

### Schedules to Accounts (Contd.)

#### 28. Contingent liabilities and commitments (to the extent not provided)

##### A. Contingent liabilities to the extent not provided for :

##### (i) 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:

VAT / Entry Tax ₹ 69,09,904 (2011 – ₹ 69,14,294 )

House Tax ₹ 21,81,321 (2011 – ₹ 21,81,321 )

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 ₹ 58,59,000 (2011- ₹ 58,59,000). 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.

##### B. Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (as certified by the Management) ₹ 65,86,762 (2011 – ₹ 1,01,82,401).

#### 29. Balance confirmations have not been received from most of the parties showing debit/credit balances.

#### 30. In the opinion of the Board, the assets of the company other than the fixed assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. All known liabilities are accounted for and all contingent liabilities are stated.

#### 31.1 Foreign Exchange exposures not hedged by derivative instruments or otherwise:

	2012		2011	
		₹		₹
Cash & Bank Balances				
\$	610	29,219	460	19,256
Euro	920	58,604	350	20,940
£	-	-	120	8,196
Yen	-	-	3,000	1,465

## U.P. Hotels Limited

### Schedules to Accounts (Contd.)

	2012		2011	
		₹		₹
Creditors				
SG\$	-	-	1,702	62,970
Euro	-	-	224	14,170
Loans & Advances (security deposit)				
Euro	-	-	2,810	180,310
CHF	<b>1,250</b>	<b>70,638</b>	-	-

31.2 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.

32. 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.

33. Details of dues to Micro, Small & Medium Enterprises as per MSMED Act, 2006 to the extent of confirmations received.

	As at 31 <sup>st</sup> March	
	2012 ₹	2011 ₹
The principal amount and the interest due thereon remaining unpaid to any suppliers at the end of each accounting year.	NIL	33,954
The amount of interest paid by the buyer in terms of Section 16 of the Act along with the amounts of the payment made to the suppliers beyond the appointed day during each accounting year.	NIL	NIL
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

**U.P. Hotels Limited**

**Schedules to Accounts (Contd.)**

34. Details of current investments – mutual fund

	As at 31st March			
	2012		2011	
	No. of Units	₹	No. of Units	₹
<b>INVESTMENTS - CURRENT (MUTUAL FUNDS)</b>				
<b>Quoted (Non-Trade)</b>				
Birla Sunlife Dynamic Bond Fund Retail Dividend Payout Monthly (NAV ₹ 39,88,083.83 , 2011 ₹ Nil )	379,495.840	40,00,000	-	-
HDFC FMP 370D November 2011 (2) Quarterly Dividend Series XIX (NAV ₹ 30,09,780.00 , 2011 ₹ Nil )	300,000.000	30,00,000	-	-
HDFC MF Monthly Income Plan Long Term Monthly Dividend (NAV ₹ 1,47,07,215.64, 2011 ₹ 1,48,85,260.47)	1,150,160.368	1,45,00,000	1,150,160.368	1,45,00,000
HDFC Equity Fund- Dividend Option Payout (NAV ₹ 49,20,349.47, 2011 ₹ 58,60,235.53)	122,460.725	55,02,361	122,460.725	55,02,361
HDFC FMP 13M Sept 2011(1) Quarterly Dividend Series XVIII (NAV ₹ 1,00,28,100.00 2011 ₹ Nil )	1,000,000.000	1,00,00,000	-	-
HDFC FMP 92D Mar 2012 Dividend Series XIX Option: Payout (NAV ₹ 25,15,475.00, 2011 ₹ Nil )	250,000.000	25,00,000	-	-
ICICI Prudential Dynamic Plan - Dividend (NAV ₹ 24,28,213.76, 2011 ₹ 25,78,436.74)	139,716.320	25,00,000	139,716.320	25,00,000
IDFC Fixed Maturity Plan-Qrly Series 70 Dividend (NAV ₹ 50,35,950.00, 2011 ₹ Nil )	500,000.000	50,00,000	-	-
J.M.Money Manager Fund Regular Plan - Daily Dividend (NAV ₹ 26,66,438.49, 2011 ₹ Nil )	266,345.542	26,66,439	-	-
Reliance Growth Fund Retail Plan Growth Plan (NAV ₹ 21,69,649.78, 2011 ₹ 22,97,421.71)	5,001.250	20,00,000	5,001.250	20,00,000
Reliance Monthly Income Plan Monthly Dividend Plan (NAV ₹ 37,84,327.32, 2011 ₹ 38,06,473.69)	350,972.633	40,00,000	350,972.633	40,00,000
Reliance Regular Savings Fund -Equity Plan Growth Option (NAV ₹ 7,36,040.45, 2011 ₹ 8,06,144.35)	26,600.859	5,50,276	26,600.859	5,50,276
Reliance Dynamic Bond Fund Dividend Plan (NAV ₹ 1,20,89,784.31, 2011 ₹ Nil)	904,937.522	1,27,34,190	-	-
Reliance Fixed Horizon Fund - XXI -Series 18 - Growth Plan (NAV ₹ 30,25,860.00, 2011 ₹ Nil)	300,000.000	30,00,000	-	-

## U.P. Hotels Limited

### Schedules to Accounts (Contd.)

Reliance Quarterly Interval Fund - Series III Retail Dividend Plan (NAV ₹ 73,04,483.23 , 2011 ₹ Nil)	725,061.119	72,56,049	-	-
Templeton India Low Duration Fund (NAV ₹ 1,51,85,615.74, 2011 ₹ Nil)	1,443,787.804	1,50,00,000	-	-
TFLD C2 TATA Floater Fund - Daily Dividend (NAV ₹ 45,00,941.65, 2011 ₹ Nil)	448,497.514	45,00,942	-	-
UTI Fixed Income Interval Fund Series II Quarterly Interval Plan VII Dividend Plan Payout (NAV ₹ 22,01,825.47, 2011 ₹ Nil)	219,936.218	22,00,000	-	-
<b>Total (a)</b>		<b>10,09,10,258</b>		<b>2,90,52,637</b>

#### UNQUOTED (Non-Trade)

BNP Paribas Money Plus Regular Monthly Dividend (NAV ₹ Nil, 2011 ₹ 1,14,74,795.20)	-	-	1,147,479.520	1,15,00,000
Kotak Quarterly Interval Plan Series - 7 Dividend (NAV ₹ Nil , 2011 ₹ 65,13,065.00)	-	-	650,000.000	65,00,000
Kotak Quarterly Interval Plan Series - 4 Dividend (NAV ₹ Nil , 2011 ₹ 10,074,499.96)	-	-	999,999.996	1,00,00,000
DSP Blackrock FMP-3M-Series 33 (NAV ₹ Nil, 2011 ₹ 70,00,000.00)	-	-	700,000.000	70,00,000
IDFC Money Manager Fund-Investment Plan (NAV ₹ Nil, 2011 ₹ 10,058,962.26)	-	-	999,360.409	1,00,00,000
JM Money Manager Fund Super Plan (NAV ₹ Nil , 2011 ₹ 50,79,415.60)	-	-	507,672.494	50,79,416
L.I.C. MF Interval Fund Quarterly Plan Series-2 (NAV ₹ Nil , 2011 ₹ 50,51,992.72)	-	-	499,930.010	50,00,000
Reliance Fixed Horizon Fund XVIII Series-4 Dividend Plan (NAV ₹ Nil , 2011 ₹ 50,38,500.00)	-	-	500,000.000	50,00,000
Reliance Fixed Horizon Fund -XVIII Series 3 Dividend Plan (NAV ₹ Nil , 2011 ₹ 1,28,69,463.25)	-	-	1,272,805.456	1,27,28,054
TATA Fixed Income Portfolio Fund -C2 Reg Half Yearly (NAV ₹ 40,04,810.70 , 2011 ₹ 40,02,186.68)	397,578.745	40,00,000	397,578.745	40,00,000
TATA Fixed Maturity Plan Series-28 Scheme A Dividend (NAV ₹ Nil, 2011 ₹ 50,50,300.00)	-	-	500,000.000	50,00,000

## U.P. Hotels Limited

### Schedules to Accounts (Contd.)

U T I Fixed Income Interval Fund Monthly Interval Plan II Dividend Plan -Payout (NAV ₹ Nil , 2011 ₹ 25,14,075.00)	-	-	250,000.000	25,00,000
U T I Fixed Income Interval Fund Quarterly Interval Plan IV Dividend Plan -Payout (NAV ₹ Nil , 2011 ₹ 25,01,825.00)	-	-	250,000.000	25,00,000
<b>Total (b)</b>		<b>40,00,000</b>		<b>8,68,07,470</b>
<b>Total (a+b)</b>		<b>10,49,10,257</b>		<b>11,58,60,107</b>
Less: Provision for diminution in investments		<b>15,25,793</b>		<b>2,18,731</b>
		<b>10,33,84,465</b>		<b>11,56,41,376</b>
Aggregate value of quoted investments		<b>9,93,84,465</b>		2,88,59,111
Aggregate value of unquoted investments		<b>40,00,000</b>		<b>8,67,82,265</b>
		<b>10,33,84,465</b>		<b>11,56,41,376</b>
Net asset value of investments		<b>10,43,02,945</b>		<b>11,74,63,053</b>

35. Pending assessments of Luxury Tax, Value Added Tax, Employees State Insurance, Provident Fund, Service Tax, Expenditure Tax, House & Water Tax etc., further liability, if any, could not be ascertained and provided for in accounts.
36. The Company has unutilised Cash Credit Limit of ₹ 1,60,00,000 (2011 – ₹ 1,60,00,000) 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 ₹ 6,78,00,000 (2011 - ₹ 6,78,00,000).
37. Fixed deposit of ₹ 3,75,78,223 (2011 - ₹ 4,05,99,760) & ₹ 1,00,00,000 ( 2011 - ₹ Nil) have been lodged with Allahabad Bank and State Bank of India for availing overdraft limit not exceeding ₹ 3,42,00,000 (2011 - ₹ 3,00,00,000) and ₹ 95,00,000 (2011- ₹ Nil) respectively.
38. 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.
- 39.1 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 :
- Leasehold land is amortised over a period of 30 years. Leasehold land acquired on 99 years basis is not amortised.
  - 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.)

39.2 Since depreciation has been calculated on the revalued cost, the difference of depreciation on original cost and the revalued figure amounting to ₹ 10,24,668 (2011 - ₹ 10,24,668) has been withdrawn from revaluation reserve and deducted from depreciation for the year.

40. Payment to Auditors (excluding Service Tax)

	2012	2011
	₹	₹
Audit fee	5,00,000	4,50,000
Tax audit fee	55,000	55,000
Other services	50,000	-
For certification and limited review	1,04,500	1,19,500
<b>Total</b>	<b>7,09,500</b>	<b>6,24,500</b>

41. Disclosures in respect of company's operating lease arrangements entered on or after 1<sup>st</sup> April 2001 under Accounting Standard (AS-19) on leases.

a) The Company has entered into operating Lease arrangement for office premises, transit facility and residential premises of employees/directors. Some of the significant terms and conditions of the arrangements are:

- The 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

b) The company has given shops on licence basis which are not non cancellable and can be terminated by either party by serving a notice

c) Rent in respect of above is charged/ credited to the statement of profit and loss.

42. The company's only business being hoteliering, disclosure of segment-wise information is not applicable under Accounting Standard 17 – 'Segmental Information' (AS 17) notified by the Companies (Accounting Standards) Rules, 2006 (as amended). There is no geographical segment to be reported since all the operations are undertaken in India.

43. 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

## U.P. Hotels Limited

### Schedules to Accounts (Contd.)

- 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 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  
The 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  
Bonita India Limited  
Banaras International Limited  
Banaras Global Private Limited  
Banaras House Engineering Private Limited  
U P Export Industries Limited  
ANK Travels Private Limited  
Silk Emporium  
Oriental Textiles  
Rastriya Vikas Limited  
Oriental Emporium  
Jaipur Shop  
Pride Hospitality Private Limited  
Clarks Brij Hotels (I) Private Limited

## U.P. Hotels Limited

### Schedules to Accounts (Contd.)

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

	Year ended 31 <sup>st</sup> March	
	2012 ₹	2011 ₹
Transaction with parties referred to in A (ii) above		
a) Remuneration paid to Directors (including commission)		-
Shri Birendra Kumar	50,96,877	61,57,607
Shri Apurv Kumar	43,78,160	56,18,544
Shri Rupak Gupta	41,52,515	53,33,658
Smt. Supriya Gupta	37,80,504	43,19,005
	<b>1,74,08,056</b>	2,14,28,814
b) Remuneration paid to relatives of Directors		
Shri Anoop Kumar	7,54,508	8,33,844
Smt. Renuka Kumar	3,41,399	3,97,603
Shri Manish Kumar	4,30,080	4,30,080
Shri Ravi M Gupta	5,32,223	5,04,540
Smt. Rajeshwari Kumar	2,89,830	3,60,800
Shri Akshay Gupta	5,50,008	5,45,424
Shri Arjun Kumar	5,43,276	5,94,424
Shri Anant Kumar	3,22,739	-
	<b>37,64,063</b>	36,66,715
c) Rent Paid		
Smt. Minakshi Gupta (Late)	-	4,20,000
Shri Apurv Kumar	2,40,000	2,40,000
Smt. Aditi G Mittal	4,20,000	-
	<b>6,60,000</b>	6,60,000
d) Staff Training		
Shri Akshay Gupta	8,31,003	-
Shri Arjun Kumar	37,97,728	-
	<b>46,28,731</b>	-
e) Sitting Fee		
Shri Arvind Kumar	10,000	15,000
Shri Rakesh M Gupta	20,000	20,000
Shri Sushil Kumar	15,000	10,000
	<b>45,000</b>	45,000



## U.P. Hotels Limited

### Schedules to Accounts (Contd.)

f) Commission

Shri Arvind Kumar	<b>50,000</b>	50,000
Shri Rakesh M Gupta	<b>50,000</b>	50,000
Shri Sushil Kumar	<b>50,000</b>	50,000
	<b>1,50,000</b>	1,50,000

g) Amount outstanding at year end

Payable

Shri Birendra Kumar	<b>2,48,271</b>	20,00,412
Shri Apurv Kumar	<b>4,35,870</b>	19,55,309
Shri Rupak Gupta	<b>3,18,686</b>	17,85,209
Smt. Supriya Gupta	<b>3,68,271</b>	15,70,008
Smt. Minakshi Gupta (Late)	-	75,609
Shri Arjun Kumar	<b>31,167</b>	31,167
Smt. Rajeshwari Kumar	<b>14,600</b>	14,600
Shri Akshay Gupta	<b>38,134</b>	41,034
Shri Arvind Kumar	<b>50,000</b>	50,000
Shri Rakesh M Gupta	<b>50,000</b>	50,000
Shri Sushil Kumar	<b>50,000</b>	50,000
Shri Manish Kumar	<b>25,160</b>	25,160
Smt. Aditi G Mittal	<b>2,97,897</b>	-
Shri Anant Kumar	<b>31,167</b>	-

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

	Year ended 31 <sup>st</sup> March	
	2012	2011
	₹	₹
a) Sale of Goods & Services		
U P Hotels Clarks Ltd.	-	24,299
b) Shop Licence fee received		
Silk Emporium	<b>86,817</b>	87,702
ANK Travels Pvt. Limited	<b>82,056</b>	82,056
Jaipur Shop	<b>60,000</b>	60,000
Pride Hospitality Private Limited	<b>60,000</b>	60,000
	<b>2,88,873</b>	2,89,758

## U.P. Hotels Limited

### Schedules to Accounts (Contd.)

c) Amount outstanding at the year end		
- Receivable		
U P Hotels Clarks Ltd.	-	12,269
Others	<b>720</b>	-

#### 44. Employees Benefits

##### 44.1 Defined Contribution Plans.

The Company makes contribution towards Provident Fund & Employees State Insurance for qualifying employees. The Provident Fund & Employees State Insurance is operated by Regional Provident Fund Commissioner and Director, Employees State Insurance Corporation respectively. 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. A sum of ₹ 1,11,46,644 ( 2011 - ₹ 1,02,39,939) on account of Provident Fund has been debited to contribution to provident and other funds. Employees State Insurance contribution ₹ 26,89,017 (2011 - ₹ 25,54 ,201 ) has been debited to staff welfare expenses.

##### 44.2 Defined Benefit Plan

###### Gratuity

The Company's scheme of gratuity 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 occurs on completion of five years service. 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 funds are further invested by Life Insurance Corporation of India. The actuarial valuation at all units was carried out as at 31<sup>st</sup> March, 2012 by Actuaries under the Projected Unit Credit Method. Provisions were made to bring the gratuity liability in line with the actuarial valuation.

**U P HOTELS LIMITED**

44.3 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	
	2012 (₹)	2011 (₹)	2012 (₹)	2011 (₹)	2012 (₹)	2011 (₹)
<b>Change In present value of obligation</b>						
Present Value of Obligation as at beginning of the year	49,218,165	42,409,235	922,947	847,790	6,410,872	5,730,721
Interest Cost	3,937,453	3,392,739	73,836	67,823	512,870	458,458
Current Service Cost	2,447,304	2,125,607	99,690	207,155	623,569	607,120
Benefits Paid	(5,140,044)	(6,414,982)	-	-	(1,151,771)	-
Actuarial (gain)/loss on obligation	2,846,773	9,337,260	(122,839)	(199,821)	184,982	(385,427)
Present value of obligation as at end of the year	53,309,651	50,849,859	973,634	922,947	6,580,522	6,410,872
<b>Change in the fair value of plan assets</b>						
Fair value of plan assets at the beginning of year	28,818,600	26,133,777	-	-	-	-
Expected return on plan assets	2,671,714	2,385,231	-	-	-	-
Contributions	4,541,597	6,714,583	-	-	-	-
Benefits paid	(5,140,044)	(6,414,982)	-	-	-	-
Actuarial gain/(loss) on plan assets	-	-	-	-	-	-
Fair value of plan assets at the end of the year	30,891,867	28,818,609	-	-	-	-
<b>Fair Value of plan assets</b>						
Fair value of plan assets at beginning of year	28,818,600	26,133,777	-	-	-	-
Actual return on plan assets	2,671,714	2,385,231	-	-	-	-
Contributions	4,541,597	6,714,583	-	-	-	-
Benefits paid	(5,140,044)	(6,414,982)	-	-	-	-
Fair value of plan assets at the end of year	30,891,867	28,818,609	-	-	-	-
Funded status	(22,417,784)	(22,031,250)	(973,634)	(922,947)	(6,580,522)	(6,410,872)
<b>Actuarial gain / loss recognized</b>						
Actuarial gain/(loss) on obligation	(2,846,773)	(9,337,260)	122,839	199,821	(184,982)	385,427
Actuarial (gain)/loss for the year - plan assets	-	-	-	-	-	-
Total (gain)/ loss for the period	2,846,773	9,337,260	(122,839)	(199,821)	184,982	(385,427)
Actuarial (Gain)/Loss recognised in the year	2,846,773	9,337,260	(122,839)	(199,821)	184,982	(385,427)
<b>The amount to be recognized in the balance sheet and statement of profit &amp; loss</b>						
Present value of obligation as at end of the year	53,309,651	50,849,859	973,634	922,947	6,580,522	6,410,872
Fair value of plan assets at the end of year	30,891,867	28,818,609	-	-	-	-
Funded status	(22,417,784)	(22,031,250)	(973,634)	(922,947)	(6,580,522)	(6,410,872)
Net liability recognized in balance sheet	22,417,784	22,031,250	973,634	922,947	6,580,522	6,410,872
<b>Expenses recognized in statement of Profit &amp; Loss</b>						
Current service cost	2,447,304	2,125,607	99,690	207,155	623,569	607,120
Interest cost	3,937,453	3,392,739	73,836	67,823	512,870	458,458
Expected return on plan assets	(2,671,714)	(2,385,231)	-	-	-	-
Net actuarial (gain)/loss recognized in the year	2,846,773	9,337,260	(122,839)	(199,821)	184,982	(385,427)
Expenses recognized in statement of Profit & Loss	6,559,816	12,470,375	50,687	75,157	1,321,421	680,151

Investment details - invested with LIC

100%

100%

**U P HOTELS LIMITED**

44.4 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	
	2012	2011	2012	2011	2012	2011
a. Discount rate	8%	8%	8%	8%	8%	8%
b. Expected rate of return on plan assets	-	-	-	-	-	-
c. Mortality rate	LIC (1994-96)	LIC (1994-96)	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
d. Withdrawl 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.

44.5 Gratuity expenses and leave encashment have been recognised under the head employees benefit expenses.

44.6

Description	Gratuity								Leave Encashment			
	Funded *				Non Funded				Non Funded			
	2012 (₹)	2011 (₹)	2010 (₹)	2009 (₹)	2012 (₹)	2011 (₹)	2010 (₹)	2009 (₹)	2012 (₹)	2011 (₹)	2010 (₹)	2009 (₹)
Present value of obligation as at end of the year	53,309,651	50,849,859	41,223,687	40,002,213	973,634	922,947	847,790	535,298	6,580,522	6,410,872	5,730,721	5,923,504
Fair value of plan assets at the end of year	30,891,867	28,818,609	26,133,777	21,607,647	-	-	-	-	-	-	-	-
Surplus / (Deficit)	(22,417,784)	(22,031,250)	(15,089,910)	(18,394,566)	(973,634)	(922,947)	(847,790)	(535,298)	(6,580,522)	(6,410,872)	(5,730,721)	(5,923,504)
Experience Adjustments on Plan Liabilities [(Loss)/Gain]	-	-	-	-	122,839	199,821	(191,285)	17,439	(184,982)	385,427	1,136,637	966,803
Experience Adjustments on Plan Assets [(Loss)/Gain]	-	-	-	-	-	-	-	-	-	-	-	-

\* Figures for Experience Adjustments in respect of funded gratuity are not provided.

## U.P. Hotels Limited

### Schedules to Accounts (Contd.)

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

	Year ended 31 <sup>st</sup> March	
	2012	2011
	₹	₹
Profit for the year after tax	10,63,72,434	12,90,36,439
Number of Equity Shares	54,00,000	54,00,000
Basic & Diluted earnings per share of face value of ₹ 10/-	19.70	23.90

46. Earnings in foreign currency

	Year ended 31 <sup>st</sup> March	
	2012	2011
	₹	₹
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)	<b>27,83,02,473</b>	29,24,34,551

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

	Year ended 31 <sup>st</sup> March	
	2012	2011
	₹	₹
i) Provision, beverages & others	-	34,73,656
ii) Capital Goods	<b>1,26,99,133</b>	99,15,777

48. Expenditure in foreign currency  
Travelling, advertisement, subscription training etc.  
Commission

Travelling, advertisement, subscription training etc.	<b>1,02,13,318</b>	44,52,242
Commission	<b>1,16,424</b>	-

49. Consumption of provisions, beverages and others:

	2012		2011	
	₹	%	₹	%
Imported	-	-	37,89,087	4.21
Indigenous	<b>9,82,22,842</b>	<b>100.00</b>	8,62,17,465	95.79
	<b>9,82,22,842</b>	<b>100.00</b>	9,00,06,552	100.00

50. 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.

## U.P. Hotels Limited

### Schedules to Accounts (Contd.)

51. During the year ended 31st March, 2012 the Revised Schedule VI notified under the Companies Act, 1956, has become applicable for preparation and presentation of financial statements. The preparation of financial statements based on the Revised Schedule VI does not impact the recognition and measurement principles followed for preparation of the financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The company has regrouped/reclassified the previous year figures in accordance with the requirements applicable in the current year.

For and on behalf of the Board

Sd/-

Birendra Kumar  
Chairman & Managing Director

Sd/-

Sidharth Ghatak  
Company Secretary

Sd/-

Apurv Kumar

Sd/-

Rupak Gupta

Joint Managing Directors

New Delhi  
29<sup>th</sup> May, 2012