

U P HOTELS LIMITED

BOARD OF 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 Arvind Kumar

Shri Jag Mohan Lal

Shri Mohinder Kapur

Shri Sushil Kumar

Shri Rajendra Suraiya

Shri Rakesh M Gupta

Shri Ravinder Kumar Chadha

Shri Girish Narain Mehra

COMPANY SECRETARY

Sidharth Ghatak

BANKERS

Allahabad Bank

State Bank of India

Union Bank of India

AXIS Bank

HDFC Bank

AUDITORS

M/s. Ray & Ray
Chartered Accountants

HOTELS

Hotel Clarks Shiraz, Agra

Hotel Clarks Amer, Jaipur

Hotel Clarks Avadh, Lucknow

Hotel Clarks Khajuraho, Khajuraho

REGISTERED OFFICE & OPERATIONS HEADQUARTERS

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

REGISTRAR & TRANSFER AGENTS

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

NOTICE

NOTICE is hereby given that the Fifty Second Annual General Meeting of U P Hotels Limited will be held on Saturday, the 28th September, 2013 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 31st March, 2013 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 Rajendra Suraiya, who retires by rotation and being eligible, offers himself for reappointment.
4. To elect a director in place of Shri Mohinder Kapur, who retires by rotation and being eligible, offers himself for reappointment.
5. To elect a director in place of Shri Arvind Kumar, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint auditors and to authorise the Board of Directors to fix their remuneration.

Special Business

7. To consider and, if thought fit, to pass with or without modification the following as Special Resolution.

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the company hereby approves the re-fixation of remuneration of Shri Birendra Kumar as Chairman cum Managing Director of the Company for the period from 1st April, 2013 to 14th May 2015 i.e. the remaining period of the tenure of his appointment as Chairman cum Managing Director as set out in the explanatory statement with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement in such

manner as may be agreed to between the Board of Directors and Shri Birendra Kumar."

8. To consider and, if thought fit, to pass with or without modification the following as Special Resolution.

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the company hereby approves the re-fixation of remuneration of Shri Apurv Kumar, Joint Managing Director of the Company for the period from 1st April, 2013 to 14th May 2015 i.e. the remaining period of the tenure of his appointment as Joint Managing Director as set out in the explanatory statement with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Shri Apurv Kumar."

9. To consider and, if thought fit, to pass with or without modification the following as Special Resolution.

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the company hereby approves the re-fixation of remuneration of Shri Rupak Gupta as Joint Managing Director of the Company for the period from 1st April, 2013 to 14th May 2015 i.e. the remaining period of the tenure of his appointment as Joint Managing Director as set out in the explanatory statement with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Shri Rupak Gupta."

10. To consider and, if thought fit, to pass with or without modification the following as Special Resolution.

"RESOLVED THAT pursuant to provisions of

Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the company hereby approves the re-fixation of remuneration of Smt. Supriya Gupta as Executive Director of the Company for the period from 1st April, 2013 to 14th May 2015 i.e. for the remaining period of the tenure of her appointment as Executive Director as set out in the explanatory statement with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Smt. Supriya Gupta."

By **Order of the Board**
Sd/-

New Delhi

Dated: 27th May, 2013

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 25th September, 2013 to 28th September, 2013 (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 7th October, 2013, 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 24th September, 2013.

- 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 24th September, 2013.
- 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 Pvt. 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 & 2011-12 will be transferred to the fund in November 2013, October 2014, October 2015, October 2016, October 2017, October, 2018 & October, 2019 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 24th September, 2013 to enable the Management to give the information at the time of the meeting.
- g) Members, intending to receive the Notices of General Meetings, Balance Sheet, Profit and Loss Account, Auditor's Report, Directors' Report and Explanatory Statement etc. through email, are requested to register their e-mail addresses

and changes therein from time to time with the Company / Registrar or with concerned depository. A copy of all the above documents are available for inspection at the Registered Office of the company during office hours and on the website of the company www.hotelclarks.com.

By **Order of the Board**
Sd/-

New Delhi

Dated: 27th May, 2013

SIDHARTH GHATAK
COMPANY SECRETARY

Registered Office:

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

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying notice dated 27th May, 2013.

ITEM NO. 7 TO 10

Since the company is expecting inadequate profits for the financial years 2013-14 and beyond, the Board of Directors at its meeting held on 27th May, 2013 re-fixed the remuneration of S/Shri Birendra Kumar, Chairman cum Managing Director, Apurv Kumar, Rupak Gupta, Joint Managing Directors and Smt. Supriya Gupta, Executive Director of the company for period from 1st April, 2013 for the remaining period of their tenure i.e upto 14th May, 2015

The terms and conditions of the remuneration of S/Shri Birendra Kumar, Apurv Kumar, Rupak Gupta and Smt. Supriya Gupta are the same as had been approved by the Board and subsequently in the Annual General Meeting held on 28th August, 2010 except that commission has been excluded in view of the anticipated inadequacy of profits.

The proposed remuneration is as enumerated below:

Salary :

Shri Birendra Kumar : 300,000/- p.m.

Shri Apurv Kumar : 250,000/- p.m.

Shri Rupak Gupta : 250,000/- p.m.

Smt. Supriya Gupta : 225,000/- p.m.

Perquisites & Allowances:

In addition to the salary, S/Shri Birendra Kumar, Apurv Kumar, Rupak Gupta & Smt. Supriya Gupta shall also be entitled to the following perquisites and allowances as given hereunder:

- i) accommodation (furnished or otherwise) or house rent allowance in lieu thereof
- ii) reimbursement of utilities such as gas, water, electricity to be valued as per Income Tax Rules, 1962.
- iii) reimbursement of medical expenses restricted to one month's salary
- iv) fees of clubs
- v) personal accident insurance/medical insurance
- vi) other perquisites and allowances as may be agreed to by the Board of Directors.

The value of such perquisites and allowances shall be restricted to 25% of annual salary

S/Shri Birendra Kumar, Apurv Kumar, Rupak Gupta and Smt. Supriya Gupta shall also be entitled to following perquisites which shall not be included in the computation of the aforesaid ceiling on perquisites and allowances:

- a) contribution to provident fund, superannuation fund or annuity fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961.
- b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- c) encashment of leave at the end of the tenure

Provision of use of the company's car and telephone at residence shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

S/Shri Birendra Kumar, Apurv Kumar, Rupak Gupta and Smt. Supriya Gupta will not be entitled to any sitting fee for attending meeting of the Board or of any Committee thereof.

The terms and conditions of the said appointment and/or Agreement may be varied/enhanced from time to time by the Board of Directors as it may in its discretion deem fit within the maximum amounts payable to managing and wholetime directors as per schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.

S/Shri Birendra Kumar, Arvind Kumar & Apurv Kumar being related to each other may be regarded as concerned with or interested in the re-fixing of remuneration of Shri Birendra Kumar.

S/Shri Birendra Kumar & Apurv Kumar being related to each other may be regarded as concerned with

or interested in the re-fixing of remuneration of Shri Apurv Kumar.

Smt. Supriya Gupta & Shri Rupak Gupta being related to each other may be regarded as concerned with or interested in the re-fixing of remuneration of Shri Rupak Gupta and Smt. Supriya Gupta.

The re-fixation of remuneration of S/Shri Birendra Kumar, Apurv Kumar, Rupak Gupta & Smt. Supriya Gupta requires the approval of the shareholders by means of special resolution in accordance with Schedule XIII of the Companies Act, 1956.

Further, the re-fixing of remuneration of Shri Birendra Kumar will be subject to the approval of the Central Government in accordance with Schedule XIII of the Companies Act, 1956.

Information required to be given under Part II Section II (1)(B) of Schedule XIII of Companies Act, 1956

I. General Information:

| | | |
|---|---|---------------------|
| 1 | Nature of Industry | Hotel |
| 2 | Date or expected date of commencement of commercial production | 18th November, 1962 |
| 3 | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | N A |

| 4 | Financial performance based on given indicators | | 2012-13 (₹) | 2011-12 (₹) |
|---|---|----------------------------|--------------------|--------------------|
| | | Income | 757,482,285 | 747,195,429 |
| | | Expenditure | <u>660,204,007</u> | <u>593,055,739</u> |
| | | Profit before tax | 97,278,278 | 154,139,690 |
| | | Provision for Tax | 32,719,875 | 48,559,795 |
| | | Provision for Deferred Tax | 1,614,195 | <u>(792,539)</u> |
| | | Profit after tax | <u>62,944,208</u> | <u>106,372,434</u> |
| 5 | Export performance (earnings in foreign currency) and net foreign exchange collaborations | | 292,992,725 | 278,302,473 |
| 6 | Foreign investments or collaborators, if any | | Nil | Nil |

II. Information about the appointees:

| | | Shri Birendra Kumar Chairman & Managing Director | Shri Apurv Kumar Joint Managing Director | Shri Rupak Gupta Joint Managing Director | Smt. Supriya Gupta Executive Director |
|---|----------------------|--|--|---|--|
| 1 | Back ground details: | Graduate from Banaras Hindu University, he has done Owner's Presidents Management Programme from Harvard University, Boston, USA, he is also Harvard Alumni. He has wide experience in operations of hotels, international trading & industries. | He is an Alumni of the Doon School, Bombay University, Xavier's Institute of Management, HARVARD Business School, Cornell University and was also trained in NKICC Japan. He has been an innovator in the hospitality industry for close to three decades. | B.Sc., Management-University of New Haven, CT, USA, Hotel Management, Cornell University. He has wide experience in operation of hotels, exports, marketing of power generation equipment. He is a whole-time director of the company since 1998. | Graduate from Delhi University and a post graduate in Economics and Social Anthropology from Cambridge University. She has wide experience in the Sales & Marketing functions of the hotel industry. She is also on the board of various companies including Banaras |

| | | | | | |
|---|-------------------|---|---|---|---|
| | | <p>He is a whole-time director of the company since 1979. He is also on the board of various companies including The Indian Textiles Company (P) Ltd., Great Value Hotels Ltd., and Banaras House Pvt. Ltd.</p> | <p>He is the Past Chairman of CII Rajasthan State Council and also the Member National Panel Tourism Committee of CII, Delhi. He is the President & CEO of National U S India Chamber of Commerce. He is also a member of FICCI, TIE, CII – FBN, Harvard Club of India, Harvard Business School, The Indian Public School's Society, DSOBS, AICTE, FHRAI, HRANI, Hotel Association of India, Past president of HRD & Rotary Club etc. He is a whole-time director of the company since 1998. He is also on the board of various companies including The Indian Textiles Company (P) Ltd., Bonita India Ltd., Great Value Hotels Ltd., U P Hotels Clarks Ltd., Pride Hospitality Ltd., Clement Orient Pvt.Ltd. and Clarks Brij Hotels (India) Ltd.</p> | <p>He is also on the board of various companies including Banaras House Pvt. Ltd., The Indian Textiles Co. Pvt. Ltd., U P Hotels India Ltd., Ace Power Generation Matara Ltd., Ace Power Generation Horana (P) Ltd., Indian Textiles Co. (Holdings) Pvt Ltd., and Rosewood Hotels Pvt. Ltd.</p> | <p>House Pvt. Ltd., Banaras House Engg. Pvt.Ltd., Banaras Global India Ltd., Indian Textiles Co. (Holdings) Pvt. Ltd. & Rosewood Hotels Pvt. Ltd.</p> |
| 2 | Past remuneration | ₹4,880,200 | ₹4,072,390 | ₹3,926,862 | ₹3,443,592 |

| | | | | | |
|---|---------------------------------|--|---|---|--|
| 3 | Recognition or Awards | Shri Birendra Kumar was elected National President of Indian Junior Chamber and elected as Vice President (Operation) of Junior Chamber International and assigned important area of Australia, Newzealand, Singapore etc | The Ministry of Renewable Energy has given the first prize in "Energy Conservation and Environment Friendly Practices" to Clarks Amer. The award was given by the Hon'ble Chief Minister of Rajasthan to Mr. Apurv Kumar, Joint Managing Director during financial year 2010-11 PATWA International Award for "Best Hotelier" was presented during the year to Shri Apurv Kumar, Joint Managing Director during financial year 2010-11 | | |
| 4 | Job profile and his suitability | Subject to the superintendence and control, by the Board of Directors of the Company, the Chairman & Managing Director shall have the general conduct and management of the business and affairs of the Company. He shall further perform the duties and exercise the powers which from time to time may be assigned to or vested in him by the Directors of the Company. He has vast experience in the Tourism & Hotel Industry and is eminently suitable for the job in hand | Subject to the superintendence and control, by the Board of Directors of the Company, the Joint Managing Director shall have the general conduct and management of the business and affairs of the Company. He shall further perform the duties and exercise the powers which from time to time may be assigned to or vested in him by the Directors of the Company. He has vast experience in the Tourism & Hotel Industry and is eminently suitable for the job in hand | Subject to the superintendence and control, by the Board of Directors of the Company, the Joint Managing Director shall have the general conduct and management of the business and affairs of the Company. He shall further perform the duties and exercise the powers which from time to time may be assigned to or vested in him by the Directors of the Company. He has vast experience in the Tourism & Hotel Industry and is eminently suitable for the job in hand | Subject to the superintendence and control, by the Board of Directors of the Company, the Executive Director shall have the general conduct and management of the business and affairs of the Company. She shall further perform the duties and exercise the powers which from time to time may be assigned to or vested in her by the Directors of the Company. She has vast experience in the Tourism & Hotel Industry and is eminently suitable for the job in hand |

| | | | | | |
|---|--|---|---|---|---|
| 5 | Remuneration proposed | ₹300,000 p.m. plus perquisites & allowances restricted to 25% of salary | ₹250,000 p.m. plus perquisites & allowances restricted to 25% of salary | ₹250,000 p.m. plus perquisites & allowances restricted to 25% of salary | ₹225,000 p.m. plus perquisites & allowances restricted to 25% of salary |
| 6 | Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates and relevant details would be w.r.t. the country of his origin) | The remuneration in similar industries is much more than the remuneration proposed in the company | The remuneration in similar industries is much more than the remuneration proposed in the company | The remuneration in similar industries is much more than the remuneration proposed in the company | The remuneration in similar industries is much more than the remuneration proposed in the company |
| 7 | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | Shri Birendra Kumar is a promoter director and is related to S/Shri Arvind Kumar & Apurv Kumar | Shri Apurv Kumar is a promoter director and is related to Shri Birendra Kumar | Shri Rupak Gupta is a promoter director and is related to Smt. Supriya Gupta | Smt. Supriya Gupta is a promoter director and is related to Shri Rupak Gupta |

III Other information

| | | |
|---|---|--|
| 1 | Reasons of loss or inadequate profits | <p>The hotel industry has been adversely affected by the impact of sluggish growth in the Indian economy & financial crisis in Euro zone, large capacity additions by hotels across India without a corresponding increase in the demand.</p> <p>As a result, occupancy levels and average room rates have remained stagnant. Escalation in cost of power, staff etc. have put pressure on the margins and profitability. This trend is likely to continue in the near future.</p> |
| 2 | Steps taken or proposed to be taken for improvements | The company endeavors to continuously renovate its properties to meet the increasing competition in the market. |
| 3 | Expected increase in productivity and profits in measurable terms | The company expects to grow under the guidance of S/Shri Birendra Kumar, Chairman & Managing Director, Apurv Kumar & Rupak Gupta, Joint Managing Director and Smt. Supriya Gupta, Executive Director. |

IV Disclosures:

| | | |
|---|--|--|
| 1 | The shareholders of the company shall be informed of the remuneration package of the managerial persons | Informed vide Notice of this annual general meeting |
| 2 | <p>The following disclosures shall be mentioned in the Board of Directors' report under the heading "Corporate governance", if any, attached to the annual report:-</p> <ul style="list-style-type: none"> i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors ii) Details of fixed component and performance linked incentives alongwith the performance criteria; iii) Service contracts, notice period, severance fees iv) Stock option details, if any and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable. | The necessary details are provided in the Director's Report. |

New Delhi
Dated: 27th May, 2013

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

By **Order of the Board**
Sd/-
SIDHARTH GHATAK
COMPANY SECRETARY

DIRECTORS' REPORT

To The Members

Your Directors have pleasure in presenting the Fifty Second Annual Report with the Audited Accounts and Auditors' Report for the year ended 31st March, 2013.

FINANCIAL PERFORMANCE

| | Year ended 31st March | |
|--|-----------------------|--------------------|
| | 2013 ₹ | 2012 ₹ |
| Profit before tax | 97,278,278 | 154,139,690 |
| Current tax – | | |
| Income tax | 32,719,875 | 48,559,795 |
| Deferred tax | 1,614,195 | (792,539) |
| Profit after tax | 62,944,208 | 106,372,434 |
| Balance profit / (loss) brought forward from previous year | 343,973,640 | 279,618,525 |
| Available for appropriation | 406,917,848 | 385,990,959 |
| Appropriation | | |
| Transfer to general reserve | 6,294,421 | 10,637,244 |
| Proposed dividend | 27,000,000 | 27,000,000 |
| Tax on dividend | 4,588,650 | 4,380,075 |
| Balance profit carried to Balance Sheet | 369,034,777 | 343,973,640 |
| | 406,917,848 | 385,990,959 |

Your Company recorded a turnover of ₹757,482,285 as compared to ₹747,195,429 in the previous year, an increase of 1.38% over the previous year. The profit for the year after tax amounted to ₹62,944,208 as against ₹106,372,434 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 31st March, 2013. This dividend is subject to the approval of the members at the forthcoming Annual General Meeting.

RESERVES

Your Directors have transferred a sum of ₹6,294,421 to General Reserve, pursuant to the Provisions of the Companies (Transfer of Profits to Reserves) Rules, 1975.

COMPLIANCE OF CLAUSE 40A

The Board of Directors has, subject to the approval of the shareholders and the Orders in the ongoing

proceedings in the Hon'ble Civil Court, Lucknow (Sr. Division) decided to issue Bonus Shares only to the public shareholders for complying with Clause 40A of the Listing Agreement. As such, the delisting proposal approved by the Board of Directors on 13th February, 2013 stands withdrawn.

DIRECTORS

In accordance with the Companies Act, 1956 and the Company's Articles of Association, S/Shri Rajendra Suraiya, Mohinder Kapur & Arvind Kumar retire by rotation and being eligible offer themselves for reappointment.

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

S/Shri Pramod B Agarwala & Sanjiv Swarup have resigned from the directorship of the company. Your Directors wish to place on record their appreciation of the contribution made by them during their tenure on the Board of your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) That in the preparation of the accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected sound accounting policies and applied them consistently and made adjustments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2013 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 ₹292,992,725 and the outgo was ₹11,564,113.

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 initiated corrective action and the physical verification of fixed assets at remaining units would be carried out in ensuing year.

The remuneration to whole-time directors was paid in terms of shareholders' approval dated 28th August, 2010. Due to decline in profitability, the remuneration approved exceeded the limit specified under Section 309 (3) read with Section 198 by ₹4,787,223. The company is seeking approval of Central Government for waiver of recovery of excess remuneration paid.

The company is applying to the Civil Court, Lucknow, (Sr. Division) to give permission to enable the company to comply with Clause 40A of the Listing Agreement.

OTHER INFORMATION

The Audit Committee of the Company reviewed the financial statements for the year under review at its meeting held on 27th May, 2013 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

Birendra Kumar

27th May, 2013

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, 2013

| S. No. | Name | Age (years) | Designation | Gross Remuneration (₹) | Qualification | Experience (years) | Date of Joining | Previous Employment | % of equity shares |
|--------|---------------------|-------------|------------------------------|------------------------|--|--------------------|-----------------|----------------------------|--------------------|
| 1 | Shri Birendra Kumar | 74 | Chairman & Managing Director | 4,880,200 | B.Sc. Diploma in Business Admn. Harvard University | 55 | October, 1979 | Hotel Clarks Varanasi Ltd. | 1.983 |
| 2 | Shri Apurv Kumar | 52 | Joint Managing Director | 4,072,390 | Graduate from Mumbai University Hospitality Management from Cornell University USA, MBA. Alumni Harvard Business School. | 25 | January, 1995 | Bonita India Ltd | 0.650 |
| 3 | Shri Rupak Gupta | 43 | Joint Managing Director | 3,926,862 | B.Sc. Management University of New Haven, CT, USA Hotel Management Cornell University USA | 16 | February, 1997 | 1st Employment | 15.158 |
| 4 | Smt. Supriya Gupta | 66 | Executive Director | 3,443,592 | Graduate from Delhi University and post graduate in Economics & Social Anthropology from Cambridge University. | 19 | May, 2010 | Banaras House Pvt Ltd | Nil |

Notes:

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

MANAGEMENT DISCUSSIONS & ANALYSIS

Industry Outlook

The hotel industry has been adversely affected by the impact of sluggish growth in the Indian economy & financial crisis in Euro zone, large capacity additions by hotels across India without a corresponding increase in the demand.

As a result, occupancy levels and average room rates have remained stagnant. Escalation in cost of power, staff etc. have put pressure on the margins and profitability. This trend is likely to continue in the near future.

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 and increase its efficiency to meet these concerns.

Your company endeavors to continuously renovate 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 ₹757,482,285 as compared to ₹747,195,429 in the previous year, an increase of 1.38 % over the previous year. The profit for the year after tax amounted to ₹62,944,208 as against ₹106,372,434 recorded in the previous year.

The average occupancy % registered a decline of 3.09%, the average room rate increased by 4.57 % 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 735.

Corporate Social Responsibilities

CSR Vision: Clarks is committed to conducting business sustainably and ethically improving the quality of life of the workforce and their families; contributing consistent value to the hospitality industry; and growing along with and not at the expense of the society at large. Education forms a major tool towards creating a better life and society as a whole.

The company is deeply committed to its obligations towards society at large and the environment.

At Hotel Clarks Amer, the hotel

- i) provides free training along with uniform and medical facilities at Clarks Centre of Excellence to economically backward students who have the required potential with offers of employment

- ii) provides free mid-day meals and other support to students in two schools viz Rajiv Gandhi Prathamik Shala Bagriyon-Ki-Dhani, and Rajiv Gandhi Prathamik Shala Bhillonki Dhani at Phagi Village.
- iii) supports the following NGOs:
 - Help in Suffering – for the welfare of animals
 - FAITH – for providing nutritious meals and other support to HIV infected children at orphanages
- iv) organises blood donation camps where employees donate blood for blood banks.
- v) has adopted Industrial Training Institute (ITI) for women at Alwar and adequately support it to create a better learning environment for women below poverty line.
- vi) has been entrusted by IAAI with landscaping and maintaining the green field area at international airport at Jaipur

At Hotel Clarks Shiraz , the hotel

- i) regularly supplies food material to Shishu Bhawan Mother Teresa Charitable Home.
- ii) donates discarded movable inventories to TEARS, an institution for blind & mentally retarded children.
- iii) supports Adarsh Mahila Mandal, (an NGO for welfare of poor women) by buying laundry bags, envelopes etc. from them.

At Hotel Clarks Avadh, the hotel

- i) distributes old uniform including winter clothing to the under privileged society through NGOs.
- ii) regularly organizes pulse polio camps as per the programme declared by the Government.
- iii) maintains public park of Lucknow Nagar Nigam

For and on behalf of the Board of Directors

Sd/-

New Delhi

27th May, 2013

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 31st March, 2013, 71 % of the Board comprises of Non-Executive Directors. 50% of the Board comprises of Independent Directors and the balance 50% represents promoter Directors. Independent Directors do not have any material pecuniary relationship and haven't entered into any transactions with the Company, its promoters & its management, which in the judgement of the Board may affect independence of the judgement of the Directors.

2.2 Composition as on 31st March, 2013

The composition of the Board of Directors and the number of other directorships and committee memberships/chairmanships (excluding this company) as on 31st March, 2013 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 | Chair-person | Member |
| Shri Birendra Kumar (Chairman & Managing Director) | Promoter – Executive | 4 | 4 | - | - |
| Shri Apurv Kumar (Joint Managing Director) | Promoter – Executive | 5 | 10 | - | - |
| Shri Rupak Gupta (Joint Managing Director) | Promoter – Executive | 2# | 9# | - | - |
| Smt. Supriya Gupta (Executive Director) | Promoter – Executive | 1 | 5 | - | - |
| 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 | 6 | 9 | - | - |
| Shri Mohinder Kapur | Independent – Non-Executive | - | 5 | - | - |

Includes a foreign company

@ Includes Chairmanship of other companies

S/Shri Pramod B Agrawala and Sanjiv Swarup have since resigned from the directorship of the company on 24th & 25th May, 2013 respectively and as such the number of independent directors is less than 50% for which corrective steps are being taken by the company.

2.3 Attendance at Board Meetings

During the financial year ended 31st March, 2013, four board meetings were held on 29th May, 2012, 11th August, 2012, 29th October, 2012 and 13th February, 2013. 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 1st September, 2012 |
|----------------------------|-----------------------|----------|---|
| | Held | Attended | |
| Shri Birendra Kumar | 4 | 3 | No |
| Shri Apurv Kumar | 4 | 4 | Yes |
| Shri Rupak Gupta | 4 | 4 | Yes |
| Shri Rakesh Mahendra Gupta | 4 | 4 | Yes |
| Smt Supriya Gupta | 4 | 3 | Yes |
| Shri Sushil Kumar | 4 | 2 | Yes |
| Shri Girish Narain Mehra | 4 | 3 | Yes |
| Shri Pramod B Agarwala | 4 | 4 | Yes |
| Shri Rajendra Suraiya | 4 | 3 | 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 31st March, 2013, 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 2012-13."

Sd/-
Birendra Kumar
Chairman & Managing Director

3. Audit Committee

3.1 Brief description of terms of reference

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

The brief terms inter alia include:

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

3.2 Composition, names of members and Chairperson as on 31st March, 2013

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

- * S/Shri Pramod B Agrawala and Sanjiv Swarup have since resigned from the directorship of the company and Shri Rajendra Suraiya has been co-opted into the committee

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

3.3 Meetings and attendance during the last financial year

During the financial year ended 31st March, 2013, four Audit Committee meetings were held on 29th May, 2012, 11th August, 2012, 29th October, 2012 and 13th February, 2013.

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

*S/Shri Pramod B Agrawala and Sanjiv Swarup have since resigned from the directorship of the company and Shri Rajendra Suraiya has been co-opted into the committee

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 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 ₹500,000 to be paid and distributed among them equally and in proportion to the period for which they served as director. However, due to inadequacy of profits, the non-executive directors have not been paid any commission during the financial year 2012-13.

4.5 Details of remuneration paid / payable to all the Directors

| Name | Sitting Fee | Salary | Contribution to PF | Perquisites & Allowances | Total |
|---|--------------------|-------------------|---------------------------|-------------------------------------|-------------------|
| | (₹) | (₹) | (₹) | (₹) | (₹) |
| Shri Arvind Kumar | 10,000 | | | | 10,000 |
| Shri Apurv Kumar Joint Managing Director* | | 3,000,000 | 360,000 | 712,390 | 4,072,390 |
| Shri Birendra Kumar Chairman & Managing Director* | | 3,600,000 | 432,000 | 848,200 | 4,880,200 |
| Shri Girish Narain Mehra | 15,000 | | | | 15,000 |
| Shri Jag Mohan Lal | 40,000 | | | | 40,000 |
| Shri Mohinder Kapur | 20,000 | | | | 20,000 |
| Shri Promod B Agarwala | 40,000 | | | | 40,000 |
| Shri Rakesh Mahendra Gupta | 20,000 | | | | 20,000 |
| Shri Ravinder Kumar Chadha | 40,000 | | | | 40,000 |
| Shri Rupak Gupta Joint Managing Director * | | 3,000,000 | 360,000 | 566,862 | 3,926,862 |
| Shri Rajendra Suraiya | 15,000 | | | | 15,000 |
| Smt. Supriya Gupta Executive Director* | | 2,700,000 | 324,000 | 419,592 | 3,443,592 |
| Shri Sushil Kumar | 10,000 | | | | 10,000 |
| Shri Sanjiv Swarup | 40,000 | | | | 40,000 |
| Total | 250,000 | 12,300,000 | 1,476,000 | 2,547,044 | 16,573,044 |

* 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.

The remuneration to whole-time directors was paid in terms of shareholders' approval dated 28th August, 2010. Due to decline in profitability, the remuneration approved exceeded the limit specified under Section 309 (3) read with Section 198 by ₹4,787,223. The company is seeking approval of Central Government for waiver of recovery of excess remuneration paid.

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. Shri Sanjiv Swarup has since resigned from the directorship of the company.

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 |
|---------|---------------------|--|------------|
| 2009-10 | 28th August, 2010 | PHD House, Opposite Asian Games Village, New Delhi | 09.30 a.m. |
| 2010-11 | 12th August, 2011 | -do- | 09.30 a.m. |
| 2011-12 | 1st September, 2012 | -do- | 11.00 a.m. |

6.2 At the Annual General Meeting of 28th August, 2010 special resolutions were passed for appointment of Shri Birendra Kumar as Chairman cum Managing Director pursuant to sections 198,269,309 and appointment of S/Shri Arjun Kumar and Akshay Gupta pursuant to section 314 and payment of commission to non-working directors pursuant to sections 198, 349 & 350 of the Companies Act, 1956.

6.3 No ordinary or special resolution requiring a postal ballot under section 192A of the Companies Act, 1956 was placed before the last Annual General Meeting. Similarly, no ordinary or special resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.

7. Disclosures

7.1 Risk assessment and its minimisation procedures have been laid down by the company and the same have been informed to the Board members. The procedures are periodically reviewed to ensure that executive management controls risk through means of properly defined framework.

- 7.2 No money, was raised by the Company through public issue, right issue, preferential issues etc. in the last financial year.
- 7.3 A summary of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee;
- 7.4 There were no material individual transactions during the financial year ended 31st March, 2013, with related parties which were not in the ordinary course of business;
- 7.5 All material transactions during the financial year ended 31st March, 2013, 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 31st March, 2013, no accounting treatment was different from that prescribed in the Accounting Standards;
- 7.9. During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets. However, the company has received a Show Cause Notice for violation of Clause 40A of the Listing Agreement as regards promoters' shareholding.
- 7.10 The directors and other identified persons have observed and complied with the requirements of Code of Conduct for Prevention of Insider Trading in Equity Shares of the Company in accordance with Securities & Exchange Board of India (Prohibition of Insider Trading), Regulations 1992.
8. Means of communication.
- 8.1 Half yearly report sent to each shareholder: No
- 8.2 Quarterly Results
- Which newspapers normally published in Financial Express (English) & Jansatta (Hindi)
 - Any website where published The company is complying with Corporate Filing and Dissemination system (CFDS) as per the Listing Agreement. The results are also periodically updated on the Company's web site www.hotelclarks.com
 - Whether it also displays official news releases and presentation made to institutional investors/ analyst No
- 8.3 Whether management discussion & analysis is a part of annual report or not Yes, management discussion & analysis is a part of the annual report.
9. General Shareholder information
- 9.1 The particulars of the directors seeking re-appointment at the forthcoming Annual General Meeting are as under:
- Shri Rajendra Suraiya – (68) BA Economic (Honours). He has 44 years experience in Industry & Business including chemicals, edible oils, export etc. Shri Rajendra Suraiya retires by rotation

and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Rajendra Suraiya as on 31st March, 2013 is nil.

- Shri Mohinder Kapur – (79) B A (Hons). He is Managing Director of Gowarsons Publishers Pvt.Ltd. He is also on the Board of various companies including Madhu Muskan Publications Pvt.Ltd. and Madhu Muskan Leasing & Financing Pvt.Ltd. Shri Mohinder Kapur retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Mohinder Kapur as on 31st March, 2013 is nil.
- Shri Arvind Kumar – (73) B.Com. LLB. He has decades of experience in the textiles and hotel industry. He is also on the Board of various companies including Hotel Clarks Varanasi Ltd., The Indian Textiles Co. Pvt. Ltd., Indus Textiles Pvt. Ltd., Kalyani Holdings & Finance Ltd, U P Hotel Clarks Ltd., Indus Techpark Pvt. Ltd, Bonita India Ltd, & Banaras International Ltd. Shri Arvind Kumar retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Arvind Kumar as on 31st March, 2013 is 29341 equity shares.

9.2 Inter-se relationship of directors:

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

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

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

None of the other directors are related to each other

9.3 AGM : Date, time & venue

52nd Annual General Meeting

Date : 28th September, 2013

Time : 11.00 a.m.

Venue : PHD House, Opposite Asian Games Village, New Delhi

9.4 Financial Calendar (tentative) for Results

1st Quarter Mid August, 2013

2nd Quarter Mid November, 2013

3rd Quarter Mid February, 2014

4th Quarter End May, 2014

9.5 Date of Book Closure 25th September, 2013 to 28th September, 2013

- 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 7th October, 2013.

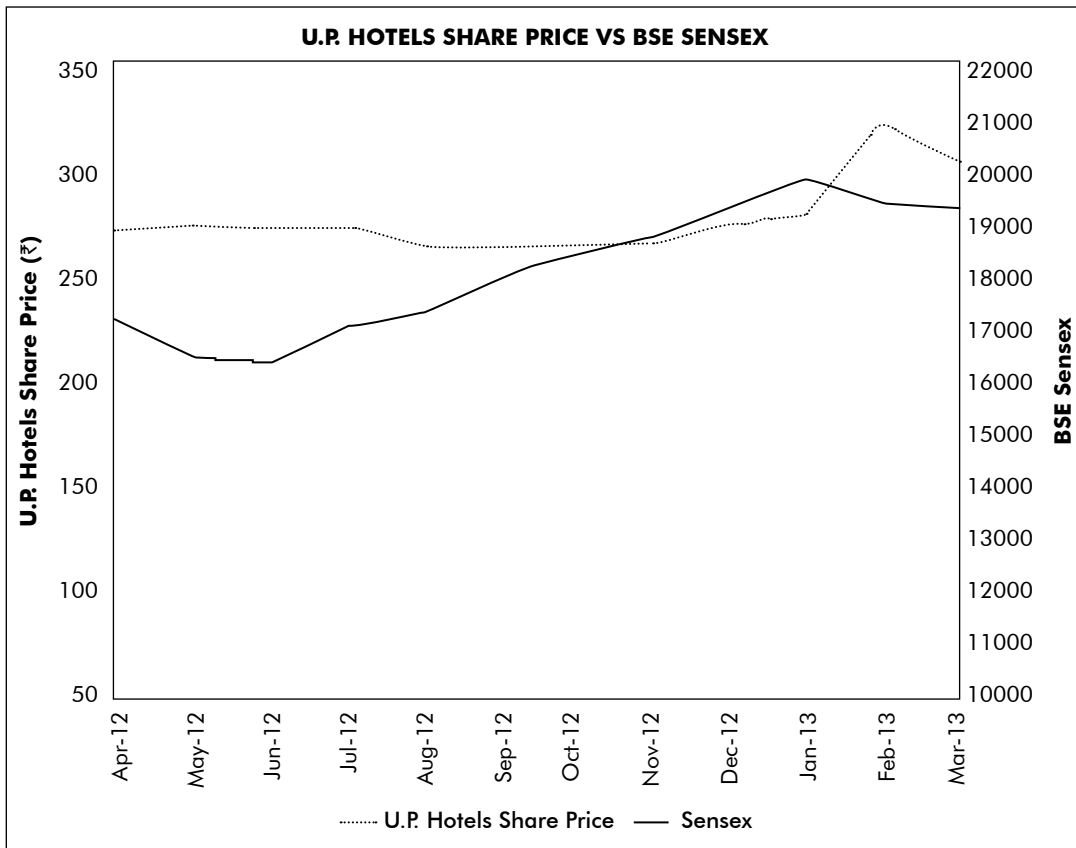
- 9.7 Listing On Stock Exchange The shares of the company are listed on BSE Ltd., Mumbai (BSE). Annual Listing fees as prescribed has been paid to the BSE Ltd. (BSE), Mumbai for 2013-2014.

- 9.8 Stock Code 509960 (BSE)

- 9.9 Designated e-mail ID for Investors' Grievances uphlinvestorgrievance@bol.net.in

9.10 Monthly High and Low market price data of equity share traded on BSE Ltd. (BSE):

| Date | High (₹) | Low (₹) |
|-----------------|----------|---------|
| April, 2012 | 290.85 | 247.05 |
| May, 2012 | 292.75 | 249.00 |
| June, 2012 | 283.00 | 256.55 |
| July, 2012 | 283.65 | 256.70 |
| August, 2012 | 275.00 | 250.00 |
| September, 2012 | 272.35 | 250.05 |
| October, 2012 | 273.00 | 251.00 |
| November, 2012 | 283.00 | 245.05 |
| December, 2012 | 293.45 | 257.00 |
| January, 2013 | 303.45 | 255.40 |
| February, 2013 | 367.95 | 273.50 |
| March, 2013 | 320.00 | 287.00 |



- 9.11 Registrar & Transfer Agent The company has engaged the services of M/s Skyline Financial Services Pvt. Ltd. as its Registrar for physical transfer of shares as well as for electronic connectivity with NSDL & CDSL.
- 9.12 Share Transfer System To expedite the transfer in physical segment, authority has been delegated to the Share Transfer Committee of the Board. The Registrar & Transfer Agent ensures that the transferred share certificates are despatched within the stipulated time.
- 9.13 Shareholding Pattern as on 31st March, 2013

| | Category | No of Shares held | % of Share holding |
|---|--|--------------------------|---------------------------|
| 1 | Promoter's holding | | |
| | Indian Promoters* | 4,772,960 | 88.39 |
| | Foreign Promoters | Nil | Nil |
| 2 | Persons acting in concert | Nil | Nil |
| | Sub Total (1 & 2) | 4,772,960 | 88.39 |
| | Non-Promoters Holding | | |
| 3 | Institutional Investors | | |
| | 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 | Others | | |
| | a) Private Corporate Bodies | 196,735 | 3.64 |
| | b) Indian Public | 427,113 | 7.91 |
| | c) NRIs/OCBs | 2,179 | 0.04 |
| | d) Any other (Trust) | 1,013 | 0.02 |
| | Sub Total (4) | 627,040 | 11.61 |
| | Grand Total (1 to 4) | 5,400,000 | 100.00 |

*as per Promoters' declarations

9.14 Distribution of Shareholding as on 31st March, 2013

| Shareholding of Nominal Value (₹) | No. of Shareholders | % of Share-Holders | Share Amount (₹) | % of Share-Holding |
|--|----------------------------|---------------------------|-------------------------|---------------------------|
| Upto - 5000 | 1,046 | 84.56 | 1,105,900 | 2.05 |
| 5001 - 10000 | 67 | 5.42 | 471,180 | 0.87 |
| 10001-20000 | 36 | 2.91 | 537,030 | 0.99 |
| 20001-30000 | 12 | 0.97 | 289,440 | 0.54 |
| 30001-40000 | 11 | 0.89 | 389,060 | 0.72 |
| 40001-50000 | 1 | 0.08 | 47,770 | 0.09 |
| 50001-100000 | 16 | 1.29 | 1,138,390 | 2.11 |
| 100001 & above | 48 | 3.88 | 50,021,230 | 92.63 |
| Total | 1,237 | 100.00 | 54,000,000 | 100.00 |

9.15 Dematerialisation of Shares & Liquidity.

The company's shares are traded in dematerialised form and have to be delivered in the dematerialised form to all stock exchanges. The number of shares dematerialised as on 31st March, 2013 was 2,834,215 (52.49% of the total paid up capital) and the balance of 2,565,785 representing 47.51%

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 |
|--|----------------------------|----------------------|
| Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year | 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. 26812682

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

New Delhi
27th May, 2013

Sd/-
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 31st March, 2013, 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 not complied with the 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 Agreement.

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, 27th day of May 2013

INDEPENDENT AUDITOR'S REPORT

To
The Members of
U.P. Hotels Limited

Report on the Financial Statements

We have audited the accompanying financial statements of U.P. Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (the 'Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures

that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013 and;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of matter

- a) We draw attention to Note 50 to the Financial Statements regarding remuneration paid / provided in respect of whole-time directors, an excess of the limits prescribed under section 309 (3) & section 198 read with Schedule XIII of the Act, which is subject to the approval of Central Government. Our opinion is not qualified in respect of this matter.
- b) We draw attention to the Note 52 to the Financial Statements which describes that the Company has applied to the Hon'ble Civil Court, Lucknow (Sr. Division) in respect of interim order passed in the matter of civil suit filed by some promoters against most of the promoters (including the Company) not to undertake any such measures which may affect the shareholding pattern inter-se amongst promoters, to give permission to enable the Company to comply with Clause 40A of the listing agreement and as such the Company is yet to comply with the letter received from SEBI as regards Clause 40A. Our opinion

is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. 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;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For RAY & RAY

Chartered Accountants

Firm's Registration Number 301072 E

Sd/-

(Anil Kumar Sharma)

Partner

Membership Number 80085

Place: New Delhi

Date: 27th May, 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

1. a) The Company has generally maintained proper records showing full particulars regarding valuation of different type of assets including quantitative details and situation of fixed assets. *The Company is still in the process of updating its records on the new fixed assets management software.*
- b) The fixed assets at Clarks Avadh, Lucknow & Clarks Shiraz, Agra have been physically verified by a firm of Chartered Accountants during the year. The physical verification of assets at Clarks Amer, Jaipur & Clarks Khajuraho have not been carried out during the year. *In our opinion, the frequency of verification of fixed assets needs to be increased in order to be reasonable having regard to the size of the company and nature of its assets.* The discrepancies noticed on such verification carried out which were not material have been properly dealt within the books of account.
- c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2. a) As explained to us, inventories are physically verified by the Management during the year at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of inventory records of the Company, the Company is maintaining proper records of its inventory. The discrepancies noticed on verification between physical stock and book records were not material and have been properly dealt with in the books of account.
3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
- b) In view of our comments in paragraph 3 (a) above, the provisions of Clauses iii (b), iii (c) and iii (d) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- c) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
- d) In view of our comment in paragraph 3 (c) above, clauses iii (f) and iii (g) of paragraph 4 of the aforesaid Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us and having regard to the explanation that for some items purchased for which comparable alternative quotations are not available because of the nature/ quality of such items and delivery schedules and also sale of services for which suitable alternative sources are not available to obtain comparable quotations, there are generally adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of inventories, fixed assets and sale of goods and services *except for internal control over purchase of provisions and reimbursement of expenses needs to be improved.* Further, during the course of our audit *subject to comment made hereinabove*, we have neither come across nor have we been informed of any continuing failure to correct major weakness in internal control system.
5. a) On the basis of the audit procedures performed by us, and according to the information, explanation and representations given to us, we are of opinion that, the particulars of contracts or arrangements in which directors were interested as contemplated under Section 297 and sub section (6) of Section 299 of the Companies Act, 1956 and which

were required to be entered in the register maintained under Section 301 of the said Act, have been so entered.

- b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of ₹5 lacs with any party during the year. However, 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/ non deduction.*

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 (₹) |
|--------------------------------------|-------------------|
| House Tax/ Municipal Tax & Water tax | 2,872,250 |
| Purchase Tax / VAT/Entry tax etc. | 288,484 |
| Service Tax | 224,866 |
| Employees State Insurance Dues | 1,190,783 |
| Luxury Tax | 290,491 |

- 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 (₹) |
|----------------------|-----------------|-----------------------------------|--------------------------------|------------|
| Value Added Tax - UP | Value Added Tax | 2007-08 | VAT Tribunal, Agra | 2,972,203 |
| Income tax Act, 1961 | Income Tax | Assessment Year 2009-10 & 2010-11 | CIT (Appeals) Varanasi | 5,236,372 |

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). The total amount disputed (excluding interest & penalties) aggregated to ₹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
Firm's Registration Number 301072 E

Sd/-

(Anil Kumar Sharma)

Partner
Membership Number 80085
Place: New Delhi

Date: 27th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

| | Note | As at 31st March | |
|--------------------------------|------|--------------------|--------------------|
| | | 2013 (₹) | 2012 (₹) |
| EQUITY AND LIABILITIES | | | |
| Shareholder's funds | | | |
| Share Capital | 2 | 54,000,000 | 54,000,000 |
| Reserves and Surplus | 3 | 687,705,224 | 657,374,334 |
| | | 741,705,224 | 711,374,334 |
| Non-current liabilities | | | |
| Deferred tax liabilities (net) | 4 | 51,831,671 | 50,217,476 |
| Other long - term liabilities | 5 | 25,000 | 209,141 |
| Long-term provisions | 6 | 6,949,348 | 6,887,305 |
| | | 58,806,019 | 57,313,922 |
| Current liabilities | | | |
| Short - term borrowings | 7 | - | 40,375,624 |
| Trade payables | 8 | 39,043,539 | 39,386,889 |
| Other current liabilities | 9 | 83,924,159 | 76,342,677 |
| Short - term provisions | 10 | 38,283,490 | 38,156,814 |
| | | 161,251,188 | 194,262,004 |
| | | 961,762,431 | 962,950,260 |
| ASSETS | | | |
| Non- current assets | | | |
| Fixed assets | | | |
| Tangible assets | 11 | 589,641,345 | 476,863,601 |
| Intangible assets | 11 | 1,254,596 | 654,820 |
| Capital work-in-progress | | 3,321,639 | 57,940,508 |
| Long-term loans and advances | 12 | 8,995,414 | 11,464,449 |
| Other non-current assets | 13 | 2,153,045 | 172,797 |
| | | 605,366,039 | 547,096,175 |
| Current assets | | | |
| Current investments | 14 | 109,221,854 | 103,384,465 |
| Inventories | 15 | 20,626,703 | 18,756,149 |
| Trade receivables | 16 | 89,577,194 | 79,974,059 |
| Cash and bank balances | 17 | 116,819,614 | 191,897,476 |
| Short-term loans and advances | 18 | 11,653,681 | 10,494,491 |
| Other current assets | 19 | 8,497,346 | 11,347,445 |
| | | 356,396,392 | 415,854,085 |
| | | 961,762,431 | 962,950,260 |

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

For and on behalf of the board

Sd/-
Birendra Kumar

Chairman & Managing Director

Sd/-
Anil Kumar SharmaPartner
Membership no. 80085
Firm Registration no: 301072E
New Delhi, 27th May,2013Sd/-
Sidharth Ghatak
Company SecretarySd/-
Apurv Kumar
Joint Managing DirectorSd/-
Rupak Gupta
Joint Managing Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

| | Note | Year ended 31st March | |
|--|------|-----------------------|--------------------|
| | | 2013 (₹) | 2012 (₹) |
| INCOME | | | |
| Revenue from operations | 20 | 731,845,189 | 719,389,423 |
| Other income (net) | 21 | 25,637,096 | 27,806,006 |
| Total Revenue | | 757,482,285 | 747,195,429 |
| Expenses: | | | |
| Consumption of provisions, beverages & others | 22 | 105,449,249 | 98,222,842 |
| Employee benefits expenses | 23 | 197,350,795 | 184,060,117 |
| Finance costs | 24 | 2,287,328 | 2,848,112 |
| Depreciation and Amortisation expense | 25 | 34,544,419 | 28,762,152 |
| Other expenses | 26 | 320,572,216 | 279,162,516 |
| Total expenses | | 660,204,007 | 593,055,739 |
| Profit before tax | | 97,278,278 | 154,139,690 |
| Tax expense: | | | |
| (a) Current tax | 27 | 32,719,875 | 48,559,795 |
| (b) Deferred tax | | 1,614,195 | (792,539) |
| | | 34,334,070 | 47,767,256 |
| Profit for the year | | 62,944,208 | 106,372,434 |
| Earnings per equity share:- Basic & diluted (₹) | 44 | 11.66 | 19.70 |

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

For and on behalf of the board

Sd/-
Anil Kumar Sharma
Partner
Membership no. 80085
Firm Registration no: 301072E
New Delhi, 27th May, 2013

Sd/-
Sidharth Ghatak
Company Secretary

Sd/-
Apurv Kumar
Joint Managing Director

Sd/-
Birendra Kumar
Chairman & Managing Director

Sd/-
Rupak Gupta
Joint Managing Director

CASH FLOW STATEMENT

| | Year ended 31st March | |
|---|-----------------------|---------------|
| | 2013 (₹) | 2012 (₹) |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit/ (loss) before tax and extraordinary Items | 97,278,278 | 154,139,690 |
| Adjustments For : | | |
| Depreciation | 34,544,419 | 28,762,152 |
| Impairment loss | 4,344 | - |
| Interest received/paid | (8,808,743) | (9,961,152) |
| Loss on sale/discard of assets | 2,252,407 | 2,616,956 |
| Provision/write off debts & advances | 559,729 | 2,718,728 |
| Provision written back / profit - current investments | 713,701 | 1,174,199 |
| Liabilities & provisions and retirement benefits | (2,665,047) | (3,248,390) |
| Depreciation written back | (12,585) | (331,026) |
| Dividend received | (6,867,267) | (7,361,422) |
| | 19,720,958 | 14,370,045 |
| Operating profit before working capital changes | 116,999,236 | 168,509,735 |
| Adjustments for : | | |
| Trade & other receivables | (14,206,302) | (21,624,546) |
| Inventories | (1,870,554) | (1,788,756) |
| Trade payables & other liabilities | 9,747,922 | (6,328,934) |
| Cash generated from operations | 110,670,302 | 19,719,464 |
| | | (3,693,838) |
| Interest paid | (2,287,328) | (2,848,112) |
| Direct taxes paid | (32,916,862) | (35,204,190) |
| Cash flow before extraordinary items | 75,466,112 | (51,248,866) |
| Extraordinary items | Nil | Nil |
| NET CASH FLOW FROM OPERATING ACTIVITIES (A) | 75,466,112 | 110,718,919 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets (including capital work in progress) | (94,366,355) | (115,146,079) |
| Sale of fixed assets | 1,428,816 | 1,524,378 |
| Purchase of investments mutual funds | (98,806,272) | (193,073,690) |
| Sale of investments | 92,255,182 | 204,156,402 |
| Interest received | 15,375,563 | 7,405,218 |
| Dividend received | 5,324,791 | 7,226,426 |
| Bank balances not considered as cash or cash equivalents | 88,312,966 | (22,256,114) |
| NET CASH USED IN INVESTING ACTIVITIES (B) | 9,524,691 | (110,163,459) |

CASH FLOW STATEMENT

| | Year ended 31st March | |
|---|-----------------------|-------------------|
| | 2013 (₹) | 2012 (₹) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend paid | (27,000,000) | (54,000,000) |
| Tax on distributable profits | (4,380,075) | (8,760,150) |
| Secured long term loans taken during the year | - | 40,375,624 |
| Secured long term loans repaid during the year | (40,375,624) | - |
| NET CASH USED IN FINANCING ACTIVITIES | (71,755,699) | (22,384,526) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 13,235,104 | (21,829,066) |
| Opening balance of cash and cash equivalents | 31,148,030 | 52,977,096 |
| Closing balance of cash and cash equivalents | 44,383,134 | 31,148,030 |

NOTES:

- 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.
- The unutilised cash credit limit as at 31st March, 2013 aggregated to ₹16,000,000 (2012 - ₹16,000,000) which would be available for future operating activities.
- 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

For and on behalf of the board

Sd/-
Anil Kumar Sharma
Partner
Membership no. 80085
Firm Registration no: 301072E
New Delhi, 27th May, 2013

Sd/-
Sidharth Ghatak
Company Secretary

Sd/-
Apurv Kumar
Joint Managing Director

Sd/-
Rupak Gupta
Joint Managing Director

Sd/-
Birendra Kumar
Chairman & Managing Director

NOTES TO ACCOUNTS

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.

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 at Jaipur & Khajuraho units and on First in First out basis at Agra & Lucknow units. 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.

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 :

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.

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.

2. SHARE CAPITAL

| | As at 31st March | |
|--|-------------------|-------------------|
| | 2013 ₹ | 2012 ₹ |
| AUTHORISED | | |
| 6,000,000 (2012- 6,000,000) Equity Shares of ₹10 each | 60,000,000 | 60,000,000 |
| 100,000 (2012 -100,000) Preference Shares of ₹100 each | 10,000,000 | 10,000,000 |
| | 70,000,000 | 70,000,000 |
| ISSUED, SUBSCRIBED & PAID UP | | |
| 5,400,000 Equity Shares of ₹10 each fully paid up | 54,000,000 | 54,000,000 |
| | 54,000,000 | 54,000,000 |

Notes

a. Reconciliation of Equity Shares

| | As at March 31, 2013 | | As at March 31, 2012 | |
|------------------------------|----------------------|------------|----------------------|------------|
| | 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 | - | - | - | - |
| At the end of the year | 5,400,000 | 54,000,000 | 5,400,000 | 54,000,000 |

b. Shareholder's holding more than 5% of Equity shares at the end of the year

| Name of the shareholders | As at March 31, 2013 | | As at March 31, 2012 | |
|---|----------------------|-------|----------------------|-------|
| | Number of shares | % | Number of shares | % |
| 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 |

- c. 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.
- d. 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.

| | As at 31st March | |
|--|--------------------|--------------------|
| | 2013 ₹ | 2012 ₹ |
| 3. RESERVES AND SURPLUS | | |
| General Reserve | | |
| As per last account | 293,917,113 | 283,279,869 |
| Add: Transfer from Profit & Loss Account | 6,294,421 | 10,637,244 |
| | 300,211,534 | 293,917,113 |
| Revaluation Reserve | | |
| As per last account | 19,483,581 | 20,508,249 |
| Less: Adjustment for depreciation (Note 38.2) | 1,024,668 | 1,024,668 |
| | 18,458,913 | 19,483,581 |
| Profit and loss account | | |
| As per last account | 343,973,640 | 279,618,525 |
| Add: Profit during the year as per statement of profit and loss | 62,944,208 | 106,372,434 |
| | 406,917,848 | 385,990,959 |
| Less: Appropriation | | |
| Transfer To General Reserve | 6,294,421 | 10,637,244 |
| Proposed Dividend on equity share (₹5/- per share - 2012 ₹5/- per share subject to shareholders' approval) | 27,000,000 | 27,000,000 |
| Tax on dividend | 4,588,650 | 4,380,075 |
| Total Surplus | 369,034,777 | 343,973,640 |
| | 687,705,224 | 657,374,334 |
| 4. DEFERRED TAX LIABILITIES - NET | | |
| Deferred tax liability on account of: | | |
| Fixed assets (excess of net block over written down value as per provision of Income Tax Act, 1961) | 65,344,689 | 62,353,960 |
| Less: Deferred tax asset on account of: | | |
| Gratuity/Leave Encashment on Retirement | 9,799,807 | 9,724,395 |
| Provision for doubtful debts , advances etc. | 1,635,877 | 1,235,886 |
| Accrued expenses deductible on payment | 2,077,334 | 1,176,203 |
| Total Assets | 13,513,018 | 12,136,484 |
| Deferred tax liabilities (net) | 51,831,671 | 50,217,476 |
| 5. OTHER LONG TERM LIABILITIES | | |
| Security Deposit | 25,000 | 192,421 |
| Advance from customers | - | 16,720 |
| | 25,000 | 209,141 |

| | | As at 31st March | |
|---|--|-------------------------|-------------------|
| | | 2013 | 2012 |
| | | ₹ | ₹ |
| 6. LONG TERM PROVISIONS | | | |
| Leave encashment | | 5,733,682 | 5,933,401 |
| Gratuity (unfunded) | | 1,215,666 | 953,904 |
| | | 6,949,348 | 6,887,305 |
| 7. SHORT TERM BORROWINGS | | | |
| Secured loans - from Banks | | - | 40,375,624 |
| | | - | 40,375,624 |
| Note: | | | |
| The secured loans from Allahabad Bank and State Bank of India is secured against the fixed deposits. The loan is repayable on demand and carries interest at floating rate linked to the base rate of respective banks. | | | |
| 8. TRADE PAYABLE | | | |
| Total outstanding dues of Micro & Small Enterprises (Note 33) | | - | - |
| Total outstanding dues of creditors other than Micro & Small Enterprises | | 39,043,539 | 39,386,889 |
| | | 39,043,539 | 39,386,889 |
| 9. OTHER CURRENT LIABILITIES | | | |
| Advance from customers | | 10,193,951 | 9,521,555 |
| Unclaimed dividends | | 1,174,302 | 1,010,430 |
| Contribution to gratuity fund | | 22,473,084 | 22,417,784 |
| Liability for capital expenditure | | 13,990,182 | 12,321,145 |
| With-holding tax and statutory dues | | 15,609,296 | 11,028,639 |
| Employee dues | | 19,270,896 | 18,893,394 |
| Retention Money | | 412,836 | 519,323 |
| Sundry deposits | | 799,612 | 630,407 |
| | | 83,924,159 | 76,342,677 |
| 10 SHORT TERM PROVISIONS | | | |
| Leave encashment | | 755,060 | 647,121 |
| Gratuity - unfunded | | 26,879 | 19,730 |
| Provision for taxation (net of advance tax) | | 5,595,124 | 5,862,111 |
| Provision for wealth tax | | 317,777 | 247,777 |
| Proposed Dividend | | 27,000,000 | 27,000,000 |
| Tax on proposed dividend | | 4,588,650 | 4,380,075 |
| | | 38,283,490 | 38,156,814 |

11. FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|--------------------------------|-----------------------|--------------------|-------------------|-----------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| | COST AS AT 31.03.12 ₹ | ADDITION ₹ | DEDUCTIONS ₹ | COST AS AT 31.03.13 ₹ | AS AT 31.03.12 ₹ | FOR THE YEAR ₹ | DEDUCTIONS ₹ | AS AT 31.03.13 ₹ | AS AT 31.03.12 ₹ |
| TANGIBLE | | | | | | | | | |
| Land Freehold | 1,815,845 | - | 4344* | 1,811,501 | - | - | - | 1,811,501 | 1,815,845 |
| Land Lease hold | 1,150,233 | - | - | 1,150,233 | 552,587 | 34,404 | - | 586,991 | 597,646 |
| Building | 460,947,162 | 91,006,092 | 1,231,208 | 550,722,046 | 190,858,553 | 10,025,354 | 1,176,510 | 199,707,397 | 270,088,609 |
| Plant & Machinery | 285,903,669 | 37,114,004 | 10,396,320 | 312,621,353 | 127,972,675 | 14,587,232 | 7,416,480 | 135,143,427 | 157,930,994 |
| Furniture & Fixtures | 76,613,575 | 13,617,124 | 1,340,938 | 88,889,761 | 60,610,913 | 5,417,186 | 1,162,054 | 64,866,045 | 16,002,662 |
| Vehicles | 48,925,705 | 9,842,610 | 2,524,633 | 56,243,682 | 23,364,629 | 4,699,161 | 2,092,150 | 25,971,640 | 25,561,076 |
| Vehicles on Hire | 6,763,285 | 74,550 | - | 6,837,835 | 1,896,516 | 463,050 | - | 2,359,566 | 4,866,769 |
| Total Tangible Assets | 882,119,474 | 151,654,380 | 15,497,443 | 1,018,276,411 | 405,255,873 | 35,226,387 | 11,847,194 | 428,635,066 | 589,641,345 |
| Previous Year | 827,717,946 | 71,139,396 | 16,737,868 | 882,119,474 | 388,645,821 | 29,537,612 | 12,927,560 | 405,255,873 | 476,863,601 |
| INTANGIBLE | | | | | | | | | |
| Trade Marks | 46,500 | 84,000 | - | 130,500 | 26,827 | 17,700 | - | 44,527 | 19,673 |
| Computer Software | 1,720,404 | 881,209 | 281,250 | 2,320,363 | 1,085,257 | 325,000 | 258,517 | 1,151,740 | 635,147 |
| Total Intangible Assets | 1,766,904 | 965,209 | 281,250 | 2,450,863 | 1,112,084 | 342,700 | 258,517 | 1,196,267 | 654,820 |
| Previous Year | 1,450,561 | 316,343 | - | 1,766,904 | 862,876 | 249,208 | - | 1,112,084 | 654,820 |

a) Leasehold land ₹163,000/- is yet to be registered in the name of the Company

b) Leasehold land measuring 1.79 acres valued at ₹433,180/- is in possession of third party at Agra. The company is taking necessary steps to obtain the vacant possession of land

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

d) * ₹4,344/- represents impairment of Freehold Land

e) Assets aggregating to ₹671,326/- are in possession of third party

f) Amount of ₹205,400/- has been forfeited and accordingly adjusted from the cost of Boiler included in Plant and Machinery

g) The Completion Certificate in respect of Clarks Brij Convention Centre costing ₹65,354,060/- is still awaited

h) Trademark ₹84,000/- is pending registration under the Trade Marks Act, 1999.

| | As at 31st March | |
|---|------------------|-------------------|
| | 2013 ₹ | 2012 ₹ |
| 12. LONG TERM LOANS AND ADVANCES (Unsecured - Considered Good) | | |
| Capital advance | 1,064,413 | 4,698,778 |
| Advances recoverable in cash or in kind for value to be received | 126,414 | 95,000 |
| Prepaid Expenses | 205,419 | 117,474 |
| Security deposits | 7,599,168 | 6,553,197 |
| | 8,995,414 | 11,464,449 |

**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 | 2,153,045 | 172,797 |
| Considered Doubtful | 2,694,865 | 2,283,383 |
| | 4,847,910 | 2,456,180 |
| Less: Provision for doubtful debts | 2,694,865 | 2,283,383 |
| | 2,153,045 | 172,797 |

14. CURRENT ASSETS

| | | |
|---------------------|--------------------|--------------------|
| Current investments | 109,221,854 | 103,384,465 |
| | 109,221,854 | 103,384,465 |

Note:

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

15. Inventories

| | | |
|---|-------------------|-------------------|
| Provisions, beverages & others (includes goods in transit - Nil 2012 - ₹28,684) | 7,994,476 | 7,666,911 |
| Other stores (includes goods in transit - ₹140,280 - 2012 - Nil) | 12,632,227 | 11,089,238 |
| | 20,626,703 | 18,756,149 |

Note:

Inventories are valued at cost or net realisable value whichever is lower. Reference is drawn to Significant Account Policies ' Inventories'.

**16. TRADE RECEIVABLES (Unsecured)
Considered Good**

| | | |
|---|-------------------|-------------------|
| Outstanding for a period exceeding six months from the due date | 1,020,390 | 916,445 |
| Other debts | 88,556,804 | 79,057,614 |
| | 89,577,194 | 79,974,059 |

| | Year ended 31st March | |
|---|-----------------------|-------------------|
| | 2013 ₹ | 2012 ₹ |
| 21. OTHER INCOME | | |
| Profit on sale of mutual funds | 107,646 | 132,863 |
| Liabilities & Provisions written back | 2,665,047 | 3,248,390 |
| Provision for leave encashment written back | 91,780 | - |
| Depreciation of early years written back | 12,585 | 331,026 |
| Interest income | 11,096,071 | 12,809,264 |
| Dividend - current investment (mutual fund) | 6,867,267 | 7,361,422 |
| Miscellaneous income | 1,014,530 | 1,466,972 |
| Sales Tax/Service tax/Luxury Tax etc Refund | 1,477,171 | 91,062 |
| Foreign Exchange gain / loss | 2,304,999 | 2,365,007 |
| | 25,637,096 | 27,806,006 |

22. CONSUMPTION OF PROVISIONS, BEVERAGES AND OTHERS

| | | |
|--------------------|--------------------|-------------------|
| Opening Stock | 7,666,911 | 7,818,774 |
| Add:Purchases | 105,776,814 | 98,070,979 |
| | 113,443,725 | 105,889,753 |
| Less:Closing Stock | 7,994,476 | 7,666,911 |
| Consumption | 105,449,249 | 98,222,842 |

23. EMPLOYEE BENEFITS EXPENSES

| | | |
|---|--------------------|--------------------|
| Salary Wages, Bonus, Commission etc | 169,365,828 | 154,178,543 |
| Provision for leave encasment | - | 169,650 |
| Provision for gratuity | 324,211 | 437,221 |
| Contribution to Provident and other Funds | 17,746,097 | 15,875,556 |
| Contract labour | 1,354,004 | 1,061,781 |
| Staff Welfare Expenses* | 8,560,655 | 12,337,366 |
| | 197,350,795 | 184,060,117 |

*include staff training ₹330,122 (2012 - ₹5,081,819)

24. FINANCE COST

| | | |
|----------------------|------------------|------------------|
| Interest Expense* | 2,207,364 | 2,656,018 |
| Other Borrowing Cost | 79,964 | 192,094 |
| | 2,287,328 | 2,848,112 |

* Interest expense includes income tax interest ₹105,941 (2012 - ₹ 61,777)

| | Year ended 31st March | |
|--|-----------------------|-------------------|
| | 2013 ₹ | 2012 ₹ |
| 25. DEPRECIATION & AMORTIZATION | | |
| Tangible Assets | 34,201,719 | 28,512,944 |
| Intangible Assets | 342,700 | 249,208 |
| | 34,544,419 | 28,762,152 |

26. OTHER EXPENSES

| | | |
|--|--------------------|--------------------|
| Renewals & replacement | 14,333,672 | 15,395,605 |
| Upkeep & Service Cost | 15,024,513 | 13,704,527 |
| Power & Fuel | 87,053,768 | 76,988,795 |
| Rent | 7,414,143 | 6,904,243 |
| Repair & Maintenance | | |
| - Building | 35,636,494 | 28,181,414 |
| - Plant & Machinery | 14,845,291 | 12,304,679 |
| - Others | 12,904,364 | 9,968,725 |
| Insurance | 2,275,804 | 2,217,518 |
| Impairment of asset | 4,344 | - |
| Rates & Taxes | 17,358,040 | 9,298,911 |
| Decoration & garden maintenance | 3,412,359 | 5,415,435 |
| Advertisement publicity & others | 7,775,214 | 7,042,611 |
| Commission to Travel Agents | 1,661,576 | 1,445,444 |
| Travelling, conveyance & car maintenance | 34,211,861 | 28,818,503 |
| Postage, telephone & telex | 5,903,788 | 5,458,773 |
| Printing & Stationery | 3,570,434 | 3,628,509 |
| Music, Band, Orchestra & Cable TV | 4,247,643 | 3,363,877 |
| Banquet & catering | 15,418,314 | 12,916,459 |
| Hire Charges | 8,469,028 | 9,246,171 |
| Provision for Diminution in value of Investments | 821,347 | 1,307,062 |
| Provision / Write off Debts & Advances | 559,729 | 2,718,728 |
| Legal & Professional Expenses | 6,679,702 | 6,263,795 |
| Loss on sale / discard of assets | 2,252,407 | 2,616,956 |
| Directors Sitting Fee & Commision to Other directors | 250,000 | 770,000 |
| Fee to Internal Auditors | 1,558,520 | 1,597,375 |
| Auditors' Remuneration (Note 39) | 745,500 | 709,500 |
| Listing/Filing Fee | 29,603 | 29,005 |
| Donation & Subscription | 2,631,927 | 3,474,814 |
| Miscellaneous expenses including re-imbusement of expenses to auditors ₹11,250 & penalty ₹1,493,957 (2012 - ₹10,250 & 24,579 respectively) | 13,522,831 | 7,375,082 |
| | 320,572,216 | 279,162,516 |

27. TAX

| | | |
|---|-------------------|-------------------|
| Current Tax | | |
| - Income Tax | 28,897,881 | 49,438,823 |
| - Tax Adjustments Pertaining To Earlier Years | 3,821,994 | (879,028) |
| | 32,719,875 | 48,559,795 |

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:

| | | |
|-----------------|------------|----------------------|
| Income Tax | ₹5,236,372 | (2012- ₹ Nil) |
| Value Added Tax | ₹2,972,203 | (2012 - ₹6,909,904) |
| Other Claims | ₹1,627,011 | (2012- ₹2,181,321) |

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. The total amount disputed (excluding interest and penalties) in the matter aggregates to ₹5,859,000 (2012- ₹5,859,000). 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) ₹13,059,275 (2012 - ₹6,586,762).

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:

| | 2013 | | 2012 | |
|-------------------------------------|-------|--------|-------|--------|
| | | ₹ | | ₹ |
| Cash & Bank Balances | | | | |
| \$ | 1,930 | 97,678 | 610 | 29,219 |
| Euro | 1,360 | 88,468 | 920 | 58,604 |
| £ | 20 | 1,543 | - | - |
| Loans & Advances (security deposit) | | | | |
| CHF | - | - | 1,250 | 70,638 |

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. During the year the Company has changed the basis of arriving cost from weighted average cost to FIFO basis at one of its location Clarks Avadh, due to change in software. The effect of such a change on the statement of Profit & Loss would not be material.

33. The company has not received from parties any information / memorandum (as required to be filed by suppliers / vendors with notified authority under Micro, Small & Medium Enterprises Act, 2009) claiming their status as Micro, Small or Medium Enterprises. As such, the company does not owe any dues on account of principal amount together with interest and accordingly no additional disclosures are made. This has been relied upon by the auditors.

34. Details of current investments – mutual fund

| Schedules to Accounts | As at 31st March | | | |
|---|----------------------|------------|----------------------|------------|
| | 2013 No. of Units | ₹ | 2012 No. of Units | ₹ |
| INVESTMENTS - CURRENT (MUTUAL FUNDS) Quoted (Non-Trade) | | | | |
| Birla Sunlife Dynamic Bond Fund Retail Dividend Payout Monthly (NAV ₹4,007,248.37, 2012 ₹3,988,083.83) | 379,495.840 | 4,000,000 | 379,495.840 | 4,000,000 |
| HDFC FMP 370D November 2011 (2) Quarterly Dividend Series XIX (NAV ₹ Nil , 2012 ₹3,009,780.00) | - | - | 300,000.000 | 3,000,000 |
| HDFC MF Monthly Income Plan Long Term Monthly Dividend (NAV ₹14,921,375.50, 2012 ₹14,707,215.64) | 1,150,160.368 | 14,500,000 | 1,150,160.368 | 14,500,000 |
| HDFC Equity Fund- Dividend Option Payout (NAV ₹ 4,603,176.19, 2012 ₹4,920,349.47) | 122,460.725 | 5,502,361 | 122,460.725 | 5,502,361 |
| HDFC FMP 13M Sept 2011(1) Quarterly Dividend Series XVIII (NAV ₹ Nil 2012 ₹10,028,100.00) | - | - | 1,000,000.000 | 10,000,000 |

| Schedules to Accounts | As at 31st March | | | |
|--|----------------------|------------|----------------------|------------|
| | 2013 No. of Units | ₹ | 2012 No. of Units | ₹ |
| HDFC FMP 92D Mar 2012 Dividend Series XIX Option: Payout (NAV ₹ Nil, 2012 ₹2,515,475.00) | - | - | 250,000.000 | 2,500,000 |
| HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option- Dividend Weekly Option Payout (NAV ₹11,199,683.23, 2012 ₹ Nil) | 1,104,320.107 | 11,200,000 | - | - |
| HDFC Short Term Plan Dividend Option Payout (NAV ₹3,001,307.89 , 2012 ₹ Nil) | 290,641.349 | 3,000,000 | - | - |
| HDFC Income Fund Dividend Option Payout (NAV ₹7,977,401.86 , 2012 ₹ Nil) | 710,561.407 | 8,104,734 | - | - |
| ICICI Prudential Dynamic Plan - Dividend (NAV ₹ Nil 2012 ₹2,428,213.76) | - | - | 139,716.320 | 2,500,000 |
| IDFC Fixed Maturity Plan-Qrly Series 70 Dividend (NAV Nil, 2012 ₹5,035,950.00) | - | - | 500,000.000 | 5,000,000 |
| JM Floater Short Term Fund(Direct) Daily Dividend (NAV ₹7,856,160.76 , 2012 ₹ Nil) | 778,732.084 | 7,856,161 | - | - |
| J.M.Money Manager Fund Regular Plan - Daily Dividend (NAV ₹ Nil, 2012 ₹2,666,438.49) | - | - | 266,345.542 | 2,666,439 |
| Reliance Growth Fund Retail Plan Growth Plan (NAV ₹2,201,185.66 , 2012 ₹2,169,649.78) | 5,001.250 | 2,000,000 | 5,001.250 | 2,000,000 |
| Reliance Monthly Income Plan Monthly Dividend Plan (NAV ₹3,820,337.11, 2012 ₹3,784,327.32) | 350,972.633 | 4,000,000 | 350,972.633 | 4,000,000 |
| Reliance Regular Savings Fund -Equity Plan Growth Option (NAV ₹788,821.87, 2012 ₹736,040.45) | 26,600.859 | 550,276 | 26,600.859 | 550,276 |
| Reliance Dynamic Bond Fund Dividend Plan (NAV ₹18,904,705.31 , 2012 ₹12,089,784.31) | 1,422,465.242 | 19,990,240 | 904,937.522 | 12,734,191 |
| Reliance Dynamic Bond Fund - Quarterly Dividend Plan (NAV ₹5,171,047.77 , 2012 ₹ Nil) | 499,555.396 | 5,000,000 | - | - |
| Reliance Fixed Horizon Fund - XXI -Series 18 - Growth Plan (NAV ₹3,327,540.00 , 2012 ₹3,025,860.00) | 300,000.000 | 3,000,000 | 300,000.000 | 3,000,000 |
| Reliance Quarterly Interval Fund - Series III Retail Dividend Plan (NAV ₹ Nil, 2012 ₹7,304,483.23) | - | - | 725,061.119 | 7,256,049 |
| Templeton India Low Duration Fund (NAV ₹5,810,289.14, 2012 ₹15,185,615.74) | 563,525.803 | 5,865,397 | 1,443,787.804 | 15,000,000 |
| TFLD C2 TATA Floater Fund - Daily Dividend (NAV ₹ Nil, 2012 ₹4,500,941.65) | - | - | 448,497.514 | 4,500,942 |

| Schedules to Accounts | As at 31st March | | | |
|--|----------------------|--------------------|----------------------|--------------------|
| | 2013 No. of Units | ₹ | 2012 No. of Units | ₹ |
| UTI Fixed Income Interval Fund Series II Quarterly Interval Plan VII Dividend Plan Payout (NAV ₹ Nil, 2012 ₹2,201,825.47) | - | - | 219,936.218 | 2,200,000 |
| UTI Short Term Income Fund Institutional - Income Option (NAV ₹2,830,867.12 , 2012 ₹ Nil) | 257,440.490 | 2,800,000 | - | - |
| Total (a) | | 97,369,169 | | 100,910,258 |
| UNQUOTED (Non-Trade) | | | | |
| TATA Fixed Income Portfolio Fund -C2 Reg Half Yearly (NAV ₹4,199,147.19 , 2012 ₹4,004,810.70) | 397,578.745 | 4,000,000 | 397,578.745 | 4,000,000 |
| UTI Treasury Advantage Fund - Direct Institutional Monthly Dividend Plan -Payout (NAV ₹10,242,342.04 , 2012 ₹ Nil) | 9,937.400 | 10,199,824 | - | - |
| Total (b) | | 14,199,824 | | 4,000,000 |
| Total (a+b) | | 111,568,993 | | 104,910,258 |
| Less: Provision for diminution in value of investments | | 2,347,139 | | 1,525,793 |
| | | 109,221,854 | | 103,384,465 |
| Aggregate value of quoted investments | | 95,022,030 | | 99,384,465 |
| Aggregate value of unquoted investments | | <u>14,199,824</u> | | <u>4,000,000</u> |
| | | 109,221,854 | | 103,384,465 |
| Net asset value of investments | | 110,862,637 | | 104,302,945 |

35. Pending assessments of Luxury Tax, Value Added Tax, Employees State Insurance, Provident Fund, Service 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 ₹16,000,000 (2012 – ₹16,000,000) 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 ₹67,800,000 (2012 - ₹67,800,000).
37. 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.
- 38.1 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.
- 38.2 Since depreciation has been calculated on the revalued cost, the difference of depreciation on original cost and the revalued figure amounting to ₹1,024,668 (2012 - ₹1,024,668) has been withdrawn from revaluation reserve and deducted from depreciation for the year.

39. Payment to Auditors (excluding Service Tax)

| | 2013 ₹ | 2012 ₹ |
|--------------------------------------|------------------|------------------|
| Audit fee | 520,000 | 500,000 |
| Tax audit fee | 70,000 | 55,000 |
| Other services | - | 50,000 |
| For certification and limited review | 155,500 | 104,500 |
| Total | 745,500 | 709,500 |

40. Disclosures in respect of company's operating lease arrangements entered on or after 1st 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.

41. 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.

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

A) Related parties and their relationship

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

a) Directors

Shri Birendra Kumar (Chairman & Managing Director)

Shri Apurv Kumar (Joint Managing Director)

Shri Rupak Gupta (Joint Managing Director)

Smt. Supriya Gupta (Executive Director)

Shri Rakesh M Gupta

Shri Sushil Kumar

Shri Arvind Kumar

- b) Relatives of Directors
 - Shri Upendra Kumar
 - Shri Manish Kumar
 - Smt. Rajeshwari Kumar
 - Smt. Renuka Kumar
 - Shri Anoop Kumar
 - Shri Binay Kumar
 - Shri Ravi M Gupta
 - Shri Vivek Kumar
 - Shri Arjun Kumar
 - Shri Akshay Gupta
 - Shri Anant Kumar
 - Smt. Aditi G Mittal

- iii) Enterprise in which Key Management Personnel have significant influence:
 - U.P. Hotels Clarks Limited
 - U.P. Hotels India Limited
 - Kalyani Holdings & Finance Limited
 - The Indian Textiles Co. 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 Limited
 - Silk Emporium
 - Oriental Textiles
 - Rastriya Vikas Limited
 - Oriental Emporium
 - Jaipur Shop
 - Pride Hospitality Limited
 - Clarks Brij Hotels (I) Limited

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

| | Year ended 31st March | |
|--|-----------------------|-------------------|
| | 2013 ₹ | 2012 ₹ |
| Transaction with parties referred to in A (ii) above | | |
| a) Remuneration paid to Directors (including commission) | | |
| Shri Birendra Kumar | 4,880,200 | 5,096,877 |
| Shri Apurv Kumar | 4,072,390 | 4,378,160 |
| Shri Rupak Gupta | 3,926,862 | 4,152,515 |
| Smt. Supriya Gupta | 3,443,592 | 3,780,504 |
| | 16,323,044 | 17,408,056 |
| b) Dividend paid to Directors | | |
| Shri Birendra Kumar | 202,350 | 404,700 |
| Shri Apurv Kumar | 175,630 | 351,260 |
| Shri Rupak Gupta | 4,092,620 | 8,185,240 |
| Shri Arvind Kumar | 146,705 | 293,410 |
| Shri Sushil Kumar | 389,620 | 779,240 |
| Shri Rakesh M Gupta | 452,600 | 905,200 |
| | 5,459,525 | 10,919,050 |
| c) Remuneration paid to relatives of Directors | | |
| Shri Anoop Kumar | 1,123,062 | 754,508 |
| Smt. Renuka Kumar | 360,406 | 341,399 |
| Shri Manish Kumar | 430,080 | 430,080 |
| Shri Ravi M Gupta | 542,745 | 532,223 |
| Smt. Rajeshwari Kumar | 290,336 | 289,830 |
| Shri Akshay Gupta | 550,008 | 550,008 |
| Shri Arjun Kumar | 570,024 | 543,276 |
| Shri Anant Kumar | 565,137 | 322,739 |
| | 4,431,798 | 3,764,063 |
| d) Dividend paid to relatives of directors | | |
| Shri Binay Kumar | 214,300 | 428,600 |
| Smt. Veena Binay Kumar | 711,000 | 1,422,000 |
| Smt. Rani Upsam | 221,400 | 442,800 |
| Smt. Rajeshwari Kumar | 111,000 | 222,000 |
| Shri Arjun Kumar | 238,900 | 477,800 |
| Shri Anant Kumar | 103,460 | 206,920 |
| Shri Anoop Kumar | 431,860 | 863,720 |
| Shri Aryavir Kumar | 4,000 | 8,000 |
| Smt. Renuka Kumar | 4,000 | 8,000 |
| Smt. Vibha Agrawal | 415,080 | 830,160 |
| Shri Vivek Kumar | 322,830 | 645,660 |
| Smt. Shipra Kumar | 180,000 | 360,000 |
| Shri Udit Kumar | 64,470 | 128,940 |
| Shri Manish Kumar | 632,100 | 1,264,200 |

| | | Year ended 31st March | |
|----|---|------------------------------|-------------------|
| | | 2013 | 2012 |
| | | ₹ | ₹ |
| d) | Dividend paid to relatives of directors | | |
| | Smt. Meera S Kumar | 491,240 | 982,480 |
| | Shri Upendra Kumar | 1,163,980 | 2,327,960 |
| | Smt. Anuradha Kumar | 125,460 | 250,920 |
| | Smt. Sudhira Gupta | 231,400 | 462,800 |
| | Shri Ravi M Gupta | 500,400 | 1,000,800 |
| | Smt. Nandini Gupta | 183,600 | 367,200 |
| | Shri Arnav Kumar | 64,470 | 128,940 |
| | Birendra Kumar & Sons | 333,000 | 666,000 |
| | Binay Kumar & Family | 83,125 | 166,250 |
| | Binay Kumar & Sons | 58,260 | 116,520 |
| | Kumar Sushil (HUF) | 491,400 | 982,800 |
| | P D Gupta & Sons | 18,000 | 36,000 |
| | | 7,398,735 | 14,797,470 |
| e) | Rent Paid | | |
| | Shri Apurv Kumar | 240,000 | 240,000 |
| | Smt. Aditi G Mittal | 420,000 | 420,000 |
| | | 660,000 | 660,000 |
| f) | Staff Training | | |
| | Shri Akshay Gupta | - | 831,003 |
| | Shri Arjun Kumar | - | 3,797,728 |
| | | - | 4,628,731 |
| g) | Sitting Fee | | |
| | Shri Arvind Kumar | 10,000 | 10,000 |
| | Shri Rakesh M Gupta | 20,000 | 20,000 |
| | Shri Sushil Kumar | 10,000 | 15,000 |
| | | 40,000 | 45,000 |
| h) | Commission | | |
| | Shri Arvind Kumar | - | 50,000 |
| | Shri Rakesh M Gupta | - | 50,000 |
| | Shri Sushil Kumar | - | 50,000 |
| | | - | 150,000 |
| i) | Amount outstanding at year end | | |
| | Payable | | |
| | Shri Birendra Kumar | - | 248,271 |
| | Shri Apurv Kumar | 38,250 | 435,870 |
| | Shri Rupak Gupta | 137,419 | 318,686 |
| | Smt. Supriya Gupta | 120,000 | 368,271 |
| | Shri Arjun Kumar | 48,067 | 31,167 |
| | Smt. Rajeshwari Kumar | 23,000 | 14,600 |
| | Shri Akshay Gupta | 41,034 | 38,134 |
| | Shri Arvind Kumar | - | 50,000 |
| | Shri Rakesh M Gupta | - | 50,000 |
| | Shri Sushil Kumar | - | 50,000 |
| | Shri Manish Kumar | 25,160 | 25,160 |
| | Smt. Aditi G Mittal | 358,983 | 297,897 |
| | Shri Anant Kumar | 48,067 | 31,167 |
| | | 839,980 | 1,959,223 |

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

| | Year ended 31st March | |
|---|-----------------------|-------------------|
| | 2013 ₹ | 2012 ₹ |
| a) Shop Licence fee received | | |
| Silk Emporium | 101,121 | 86,817 |
| ANK Travels Limited | 83,592 | 82,056 |
| Jaipur Shop | 60,000 | 60,000 |
| Pride Hospitality Limited | 60,000 | 60,000 |
| Clarks Brij Hotels (I) Limited | 90,000 | - |
| | 394,713 | 288,873 |
| b) Amount outstanding at the year end | | |
| - Receivable | | |
| Silk Emporium- licence fee | 44,721 | 720 |
| c) Dividend paid to companies | | |
| The Indian Textiles Co. Private Limited | 6,568,380 | 13,136,760 |
| Hotel Clarks Varanasi Limited | 897,700 | 1,795,400 |
| Banaras House Private Limited | 2,700,000 | 5,400,000 |
| Bonita India Limited | 500 | 1,000 |
| | 10,166,580 | 20,333,160 |

43. Employees Benefits

43.1 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 ₹11,542,998 (2012 - ₹11,146,644) on account of Provident Fund has been debited to contribution to provident and other funds. Employees State Insurance contribution ₹2,887,461 (2012 - ₹2,689,017) has been debited to staff welfare expenses.

43.2 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 31st March, 2013 by Actuaries under the Projected Unit Credit Method. Provisions were made to bring the gratuity liability in line with the actuarial valuation.

| Description | Gratuity | | | | Leave Encashment | |
|--|--------------|--------------|-------------|-------------|------------------|-------------|
| | Funded | | Non Funded | | Non Funded | |
| | 2013 (₹) | 2012 (₹) | 2013 (₹) | 2012 (₹) | 2013 (₹) | 2012 (₹) |
| Change In present value of obligation | | | | | | |
| Present Value of Obligation as at beginning of the year | 54,128,315 | 49,218,165 | 973,634 | 922,947 | 6,580,552 | 6,410,872 |
| Interest Cost | 4,330,265 | 3,937,453 | 77,891 | 73,836 | 526,442 | 512,870 |
| Current Service Cost | 2,738,084 | 2,447,304 | 133,316 | 99,690 | 657,158 | 623,569 |
| Benefits Paid | (7,537,869) | (5,140,044) | - | - | (398,403) | (1,151,771) |
| Actuarial (gain)/loss on obligation | 1,045,761 | 2,846,773 | 57,704 | (122,839) | (876,977) | 184,982 |
| Present value of obligation as at end of the year | 54,704,556 | 53,309,651 | 1,242,545 | 973,634 | 6,488,742 | 6,580,522 |
| Change in the fair value of plan assets | | | | | | |
| Fair value of plan assets at the beginning of year | 30,891,867 | 28,818,600 | - | - | - | - |
| Expected return on plan assets | 2,874,683 | 2,671,714 | - | - | - | - |
| Contributions | 6,002,791 | 4,541,597 | - | - | - | - |
| Benefits paid | (7,537,869) | (5,140,044) | - | - | - | - |
| Actuarial gain/(loss) on plan assets | - | - | - | - | - | - |
| Fair value of plan assets at the end of the year | 32,231,472 | 30,891,867 | - | - | - | - |
| Fair Value of plan assets | | | | | | |
| Fair value of plan assets at beginning of year | 30,891,867 | 28,818,600 | - | - | - | - |
| Actual return on plan assets | 2,874,683 | 2,671,714 | - | - | - | - |
| Contributions | 6,002,791 | 4,541,597 | - | - | - | - |
| Benefits paid | (7,537,869) | (5,140,044) | - | - | - | - |
| Fair value of plan assets at the end of year | 32,231,472 | 30,891,867 | - | - | - | - |
| Funded status | (22,473,084) | (22,417,784) | (1,242,545) | (973,634) | (6,488,742) | (6,580,522) |
| Actuarial gain / loss recognized | | | | | | |
| Actuarial gain/(loss) on obligation | (1,045,761) | (2,846,773) | (57,704) | 122,839 | 876,977 | (184,982) |
| Actuarial (gain)/loss for the year - plan assets | - | - | - | - | - | - |
| Total (gain)/ loss for the period | 1,045,761 | 2,846,773 | 57,704 | (122,839) | (876,977) | 184,982 |
| Actuarial (Gain)/Loss recognised in the year | 1,045,761 | 2,846,773 | 57,704 | (122,839) | (876,977) | 184,982 |
| The amount to be recognized in the balance sheet and statement of profit & loss | | | | | | |
| Present value of obligation as at end of the year | 54,704,556 | 53,309,651 | 1,242,545 | 973,634 | 6,488,742 | 6,580,522 |
| Fair value of plan assets at the end of year | 32,231,472 | 30,891,867 | - | - | - | - |
| Funded status | (22,473,084) | (22,417,784) | (1,242,545) | (973,634) | (6,488,742) | (6,580,522) |
| Net liability recognized in balance sheet | (22,473,084) | (22,417,784) | (1,242,545) | (973,634) | (6,488,742) | (6,580,522) |
| Expenses recognized in statement of Profit & Loss | | | | | | |
| Current service cost | 2,738,084 | 2,447,304 | 133,316 | 99,690 | 657,158 | 623,569 |
| Interest cost | 4,330,265 | 3,937,453 | 77,891 | 73,836 | 526,442 | 512,870 |
| Expected return on plan assets | (2,874,683) | (2,671,714) | - | - | - | - |
| Net actuarial (gain)/loss recognized in the year | 1,045,761 | 2,846,773 | 57,704 | (122,839) | (876,977) | 184,982 |
| Expenses recognized in statement of Profit & Loss | 5,239,427 | 6,559,816 | 268,911 | 50,687 | 306,623 | 1,321,421 |
| Investment details - invested with LIC | 100% | 100% | | | | |

43.4 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 | | Funded | | Non Funded | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| a. Discount rate | 8% | 8% | 8% | 8% | 8% | 8% | 8% | 8% |
| b. Expected rate of return on plan assets | - | - | - | - | - | - | - | - |
| c. Mortality rate | IALM (1994-96) | LIC (1994-96) | IALM (1994-96) | LIC (1994-96) | IALM (1994-96) | LIC (1994-96) | IALM (1994-96) | LIC (1994-96) |
| d. Withdrawal rate | | | | | Ultimate | Ultimate | | Ultimate |
| - upto 30 years of age | 3.00 | 3.00 | 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 | 2.00 | 2.00 |
| - above 44 years of age | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| e. Future salary increase | 7% | 7% | 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.

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

43.6

| | Gratuity | | | | | | Leave Encashment | | | | | | |
|--|--------------|--------------|--------------|--------------|-------------|-----------|------------------|-----------|-------------|-------------|-------------|-------------|------|
| | Funded* | | | Non Funded | | | Funded | | | Non Funded | | | |
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 | 2010 |
| Present value of obligation as at end of the year | 54,704,556 | 53,309,651 | 50,849,859 | 41,223,687 | 1,242,545 | 973,634 | 922,947 | 847,790 | 6,488,742 | 6,580,522 | 6,410,872 | 5,730,721 | |
| Fair value of plan assets at the end of year | 32,231,472 | 30,891,867 | 28,818,609 | 26,133,777 | - | - | - | - | - | - | - | - | - |
| Surplus / (Deficit) | (22,473,084) | (22,417,784) | (22,031,250) | (15,089,910) | (1,242,545) | (973,634) | (922,947) | (847,790) | (6,488,742) | (6,580,522) | (6,410,872) | (5,730,721) | |
| Experience Adjustments on Plan Liabilities [(Loss)/Gain] | - | - | - | - | (57,704) | 122,839 | 199,821 | (191,285) | 87,677 | (184,982) | 385,427 | 1,136,637 | |
| Experience Adjustments on Plan Assets [(Loss)/Gain] | - | - | - | - | - | - | - | - | - | - | - | - | - |

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

44. Earnings per share

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

| | Year ended 31st March | |
|---|-----------------------|-------------|
| | 2013 ₹ | 2012 ₹ |
| Profit for the year after tax | 62,944,208 | 106,372,434 |
| Number of Equity Shares | 5,400,000 | 5,400,000 |
| Basic & Diluted earnings per share of face value of ₹10/- | 11.66 | 19.70 |

45. Earnings in foreign currency

| | | |
|--|-------------|-------------|
| 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 Include indirect earnings from Travel Agents) | 292,992,725 | 278,302,473 |

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

| | | |
|----------------------------------|-----------|------------|
| i) Provision, beverages & others | 1,218,807 | - |
| ii) Capital Goods | 1,780,159 | 12,699,133 |

47. Expenditure in foreign currency

| | | |
|---|-----------|------------|
| Travelling, advertisement, subscription training etc. | 8,245,787 | 10,213,318 |
| Commission | 319,360 | 116,424 |

48. Consumption of provisions, beverages and others:

| | 2013 | | 2012 | |
|------------|-----------|--------|------------|--------|
| | ₹ | % | ₹ | % |
| Imported | 3,979,833 | 44.46 | - | - |
| Indigenous | 4,972,606 | 55.54 | 98,222,842 | 100.00 |
| | 8,952,439 | 100.00 | 98,222,842 | 100.00 |

49. 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.

50. The remuneration to whole-time directors was paid in terms of shareholders' approval dated 28th August, 2010. In view of inadequacy of profits for the year 2012-13, the remuneration paid / provided to whole-time director, which is in excess by ₹4,787,223 of the limits prescribed under section 309 (3) and Section 198 read with Schedule XIII of the Companies Act, 1956 which is subject to approval of the Central Government. The Company is seeking approval of Central Government for waiver of recovery of such excess remuneration. Pending approval of the Central Government an amount of ₹4,787,223 being excess remuneration for the year is held in trust by the whole-time directors.
51. Inadvertently, there was a delay of one day in deposition of ₹5,400,000 out of total sum of ₹27,000,000 in a separate bank account as required by Sec. 205 (1A) of the Companies Act, 1956.
52. The Hon'ble Addl. Civil Judge (Sr. Division) Lucknow passed an interim order dated 20th March, 2013 in the matter of civil suit filed by some promoters against most of promoters (including the company) not to undertake any such measures which may affect the shareholding pattern inter-se amongst promoters. The company has applied to the Civil Court Lucknow (Sr. Division) to give permission to enable the Company to comply with Clause 40A of the listing agreement and as such the company is yet to comply with the letter received from SEBI as regards Clause 40A. The Company's delisting proposal also stands withdrawn.
53. Previous year's figures have been regrouped/ reclassified wherever necessary to confirm to this year's classification.

For and on behalf of the board

Sd/-

Birendra Kumar

Chairman & Managing Director

Sd/-

Sidharth Ghatak

Company Secretary

Sd/-

Apurv Kumar

Joint Managing Director

Sd/-

Rupak Gupta

Joint Managing Director

New Delhi, 27th May, 2013

U.P. HOTELS LTD.

Registered Office-Cum-Operation Head Quarters

1101, "Surya Kiran", 19, Kasturba Gandhi Marg, New Delhi-110001

Phone : 23722596-8, 23312367, 41510326 • Fax : 91-11-23312990

E-Mail : sales@hotelclarks.in • Web : http://www.hotelclarksshiraz.com



CLARKS
GROUP OF
HOTELS

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

| | | |
|---|--|--|
| 1 | Name of the company | U P Hotels Limited |
| 2 | Annual financial statements for the year ended | 31 st March, 2013 |
| 3 | Type of Audit observation | <p>Matter of Emphasis</p> <p><i>"a) We draw attention to Note 50 to the Financial Statements regarding remuneration paid / provided in respect of whole-time directors, an excess of the limits prescribed under section 309 (3) & section 198 read with Schedule XIII of the Act, which is subject to the approval of Central Government. Our opinion is not qualified in respect of this matter.</i></p> <p><i>b) We draw attention to the Note 52 to the Financial Statements which describes that the Company has applied to the Hon'ble Civil Court, Lucknow (Sr. Division) in respect of interim order passed in the matter of civil suit filed by some promoters against most of the promoters (including the Company) not to undertake any such measures which may affect the shareholding pattern inter-se amongst promoters, to give permission to enable the Company to comply with Clause 40A of the listing agreement and as such the Company is yet to comply with the letter received from SEBI as regards Clause 40A. Our opinion is not qualified in respect of this matter".</i></p> |



U.P. HOTELS LTD.

Registered Office-Cum-Operation Head Quarters

1101, "Surya Kiran", 19, Kasturba Gandhi Marg, New Delhi-110001

Phone : 23722596-8, 23312367, 41510326 • Fax : 91-11-23312990

E-Mail : sales@hotelclarks.in • Web : http://www.hotelclarksshiraz.com



CLARKS
GROUP OF
HOTELS

| | | |
|---|--------------------------|------------|
| 4 | Frequency of observation | First time |
|---|--------------------------|------------|

Birendra Kumar
Chairman & Managing Director
& Chief Executive Officer

Apurv Kumar
Joint Managing Directors & Chief Financial Officers

Rupak Gupta

For Ray & Ray
Chartered Accountants

Anil Kumar Sharma
Membership No. 80085
Partner
Firm Registration. No. 301072E
New Delhi, 27th May, 2013



Ravinder Kumar Chadha
Audit Committee Chairman