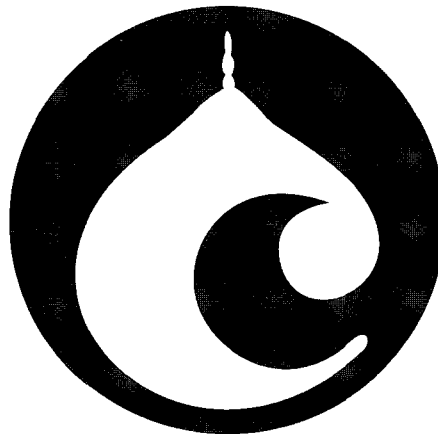


48th Annual Report
2008-2009
U.P. Hotels Limited



CLARKS
GROUP OF
HOTELS

U P HOTELS LIMITED

BOARD OF DIRECTORS

SHRI L. P. GUPTA
Chairman & Managing Director

Shri Birendra Kumar
Vice-Chairman & Managing Director

Shri Apurv Kumar
Executive Director

Shri Rupak Gupta
Executive Director

Shri Arvind Kumar

Shri Girish Narain Mehra

Shri Jag Mohan Lal

COMPANY SECRETARY

Sidharth Ghatak

BANKERS

Allahabad Bank

Standard Chartered Bank

State Bank of India

Union Bank of India

AXIS Bank

AUDITORS

M/s. Ray & Ray
Chartered Accountants

Shri Mohinder Kapur

Shri Pramod B Agarwala

Shri Rajendra Suraiya

Shri Rakesh M Gupta

Shri Ravinder Kumar Chadha

Shri Sanjiv Swarup

Shri Sushil Kumar

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.
246, 1st Floor, Sant Nagar
East of Kailash, New Delhi - 110 065.

NOTICE

NOTICE is hereby given that the Forty Eighth Annual General Meeting of U P Hotels Limited will be held on Saturday, the 29th August, 2009 at 9.30 a.m. at PHD House, Opposite Asian Games Village, New Delhi-110 016 to transact the following business:-

1. To receive and consider the Audited Balance Sheet as at 31st March, 2009 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 Girish Narain Mehra, who retires by rotation and being eligible, offers himself for reappointment.
4. To elect a Director in place of Shri Pramod B Agarwala, who retires by rotation and being eligible, offers himself for reappointment.
5. To elect a Director in place of Shri Rakesh M Gupta, who retires by rotation and being eligible, offers himself for reappointment.
6. To elect a Director in place of Shri Sanjiv Swarup, who retires by rotation and being eligible, offers himself for reappointment.
7. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

By Order of the Board

Sd/-

SIDHARTH GHATAK
Company Secretary

New Delhi
30th May, 2009

Registered Office:

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

*Certified True copy
for U. P. Hotels Ltd.*

[Signature]
Company Secretary
S Ghatak

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 Wednesday, the 26th August, 2009 to Saturday, the 29th August, 2009 (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 or after 29th August, 2009, 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 25th August, 2009.
 - 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 25th August, 2009.
- c) Shareholders holding shares in physical form are requested to advise any change in their address/ bank account details immediately to the Company's Registrar and Share Transfer Agent M/s. Skyline Financial Services (P) Ltd. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository Participants and not to the Company.
- d) Pursuant to Securities & Exchange Board of India circular No. MRD/DoP/Cir-05/2009 dated 20th May, 2009, it is mandatory for the transferee(s) of shares in physical form to furnish copy of their PAN card to the Company / RTA for registration of transfer of shares in their favour.
- e) 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 will be transferred to the fund in November 2013, October 2014 & October 2015 respectively.
- f) Members are requested to bring their copy of the Annual Report to the meeting.
- g) 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 26th August, 2009 to enable the management to give the information at the time of the meeting.

By Order of the Board

Sd/-

SIDHARTH GHATAK
Company Secretary

New Delhi
30th May, 2009

Registered Office:

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

DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting the Forty Eighth Annual Report with the Audited Accounts and Auditors' Report for the year ended 31st March, 2009.

FINANCIAL PERFORMANCE

	Year ended 31st March	
	2009	2008
	(Rupees in lacs)	
Profit before tax	1374.41	1795.04
Current Tax—Income Tax	(490.00)	(660.00)
—Wealth Tax	(1.50)	(1.40)
Tax adjustments for earlier years	14.73	(13.07)
Fringe Benefit Tax	(22.42)	(23.22)
Deferred tax	14.93	20.31
Profit after tax	890.15	1117.66
Balance Profit / (loss) brought forward from previous year	904.23	718.34
Available for appropriation	1794.38	1836.00
Appropriation		
Transfer to general reserve	89.02	300.00
Proposed dividend	135.00	540.00
Tax on dividend	22.94	91.77
Balance profit carried to balance sheet	1547.42	904.23
	1794.38	1836.00

Your Company recorded a turnover of Rs. 5902.35 lacs as compared to Rs. 6290.89 lacs in the previous year, a decrease of 6.18% over the previous year. The profit for the year after tax amounted to Rs. 890.15 lacs as against Rs. 1117.66 lacs recorded in the previous year.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2.50 per equity share i.e. 25% for the financial year ended 31st March, 2009. This dividend is subject to the approval of the members at the forthcoming Annual General Meeting.

RESERVES

Your Directors have transferred a sum of Rs. 89.02 lacs to General Reserve, pursuant to the Provisions of the Companies (Transfer of Profits to Reserves) Rules, 1975.

DIRECTORS

In accordance with the Companies Act, 1956 and the Company's Articles of Association, S/Shri Girish Narain Mehra, Pramod B Agarwala, Rakesh M Gupta & Sanjiv Swarup retire by rotation and being eligible offer themselves for reappointment.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) That in the preparation of the accounts for the financial year ended 31st March, 2009, 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, 2009 on a 'going concern' basis.

ENERGY CONSERVATION

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

TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, your Company's Foreign Exchange Earnings were Rs. 2688.52 lacs and the outgo was Rs. 89.90 lacs.

PARTICULARS OF EMPLOYEES AND DISCLOSURE OF INFORMATION

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

AUDITORS

The Auditors of the Company Messrs. Ray & Ray, Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and have given their consent for reappointment. The Company has also received a certificate from them under Section 224(1-B) of the Companies Act, 1956.

OTHER INFORMATION

The Audit Committee of the Company reviewed the financial statements for the year under review

at its meeting held on 30th May, 2009 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 financial institutions/banks, Department of Tourism and other Government Agencies.

On Behalf of the Board

Sd/-

BIRENDRA KUMAR

Vice Chairman & Managing Director

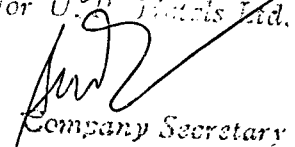
Sd/-

Apurv Kumar
Executive Director

Sd/-

Rupak Gupta
Executive Director

New Delhi
30th May, 2009

Certified True Copy
For U.P. Hotels Ltd.

Company Secretary
S. G. Latak

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, 2009

S. No.	Name	Age (years)	Designation	Gross Remuneration	Qualification	Experience (years)	Date of Joining	Previous Employment	% of equity shares
1	Shri L P Gupta	92	Chairman & Managing Director	5,188,110	I.A	71	April, 1970	Self Employed	14.428
2	Shri Birendra Kumar	70	Vice Chairman & Managing Director	4,954,003	B.Sc. Diploma in Business Admn. Harvard University	51	October, 1979	Hotel Clarks Varanasi Ltd.	1.983
3	Shri Apurv Kumar	48	Executive Director	3,104,519	Graduate from Mumbai University Hospitality Management from Cornell University USA, MBA	21	January, 1995	Bonita India Ltd	0.650
4	Shri Rupak Gupta	39	Executive Director	2,676,539	B.Sc. Management University of New Haven, CT, USA Hotel Management Cornell University USA	12	February, 1997	1st Employment	0.730

Notes:

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

MANAGEMENT DISCUSSIONS & ANALYSIS

Industry Outlook

The global economic slowdown and outbreak of SARS coupled with terrorist attacks in Mumbai and other cities has adversely affected the tourism and travel industry worldwide. The consequent slump in the inbound tourist traffic is likely to continue in the first half of 2009-10. It is expected that the situation will improve in the second half of the financial year. However, the domestic travel business presents a more optimistic picture and is expected to grow at a faster rate.

Risk & Concerns

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

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

Financial Performance

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

Your Company recorded a turnover of Rs. 5902.35 lacs as compared to Rs. 6290.89 lacs in the previous year, a decrease of 6.18% over the previous year. The profit for the year after tax amounted to Rs. 890.15 lacs as against Rs. 1117.66 lacs recorded in the previous year.

The occupancy % declined by 10.34, the average room rate registered a growth of 11.96 % in comparison to the previous financial year.

Segment Wise Performance

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

Internal Controls

The Company has a proper and adequate system of internal controls to ensure that all assets

are safeguarded and protected and that all transactions are authorized, recorded and reported correctly.

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

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

Human Resources

The Company believes that its intrinsic strength is its people. The Company has always paid special attention to recruitment and development of all categories of staff. Industrial relations have remained stable and cordial during the year. The total number of people employed by the Company is 714.

For and on behalf of the Board of Directors

Sd/-

BIRENDRA KUMAR

Vice Chairman & Managing Director

Sd/-

Apurv Kumar
Executive Director

Sd/-

Rupak Gupta
Executive Director

New Delhi
30th May, 2009

*Certified True copy
For U. P. Hotels Ltd.*

[Signature]
Company Secretary
S. G. Kataria

U.P. HOTELS LIMITED

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 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, 2009

The composition of the Board of Directors and the number of other directorships and committee memberships/chairmanships (excluding this company) as on 31st March, 2009 are as under:

Name of Director	Category of Directors	No. of other Directorships		No. of Chairmanship/ Membership held in Committees of other Companies	
		Public	Private	Chairperson	Member
Shri L P Gupta (Chairman & Managing Director)	Promoter – Executive	3	4	-	-
Shri Birendra Kumar (Vice Chairman & Managing Director)	Promoter – Executive	7	3	-	-
Shri Apurv Kumar	Promoter – Executive	3	4	-	-
Shri Rupak Gupta	Promoter – Executive	4	6#	-	-
Shri Rakesh M Gupta	Promoter – Non—Executive	2	2	-	-
Shri Sushil Kumar	Promoter – Non—Executive	1	1	-	-
Shri Girish Narain Mehra	Independent – Non—Executive	6	-	5	9@
Shri Pramod B Agarwala	Independent – Non—Executive	-	1	-	-
Shri Rajendra Suraiya	Independent – Non—Executive	-	-	-	-
Shri Jag Mohan Lal	Independent – Non—Executive	-	-	-	-
Shri Sanjiv Swarup	Independent – Non—Executive	-	-	-	-
Shri Ravinder Kumar Chadha	Independent – Non—Executive	-	-	-	-
Shri Arvind Kumar	Promoter – Non—Executive	6	8	-	-
Shri Mohinder Kapur	Independent – Non—Executive	-	4	-	-

Includes two foreign company

@ Includes Chairmanship of other companies

2.3 Attendance at Board Meetings

During the financial year ended 31st March, 2009, four board meetings were held on 24th June, 2008, 30th July, 2008, 31st October, 2008 and 30th January, 2009. The gap between two meetings is generally 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	Attended	held on 29th August 2008
Shri L P Gupta	4	4	No
Shri Birendra Kumar	4	4	Yes
Shri Apurv Kumar	4	4	Yes
Shri Rupak Gupta	4	4	Yes
Shri Rakesh M Gupta	4	3	Yes
Shri Sushil Kumar	4	1	No
Shri Girish Narain Mehra	4	3	No
Shri Pramod B Agarwala	4	4	Yes
Shri Rajendra Suraiya	4	1	No
Shri Jag Mohan Lal	4	4	Yes
Shri Sanjiv Swarup	4	4	Yes
Shri Ravinder Kumar Chadha	4	4	Yes
Shri Arvind Kumar	4	1	Yes
Shri Mohinder Kapur	4	4	Yes

2.4 All the directors have as on 31st March, 2009, 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 Vice 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 2008-09.

Sd/-
Birendra Kumar
Vice Chairman & Managing Director

U.P. HOTELS LIMITED

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, 2009.

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

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

3.3 Meetings and Attendance during the last financial year

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

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

4. Remuneration Committee

4.1 Composition:

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

4.2 Terms of reference

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

4.3 During the year, no meeting of Remuneration Committee was held.

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

4.4.2 No remuneration, other than sitting fees for attending the meetings of the board and committees thereof, is being paid to the non-executive directors of the company.

4.5 Details of Remuneration paid / payable to all the Directors

Name	Sitting Fee (Rs.)	Salary (Rs.)	Contribution to PF (Rs.)	Perquisites & Allowances (Rs.)	Commission accrued on profits (Rs.)	Total (Rs.)
Shri Arvind Kumar	5,000					5,000
Shri Apurv Kumar Executive Director *		900,000	108,000	488,683	1,607,836	3,104,519
Shri Birendra Kumar Vice Chairman & Managing Director *		1,200,000	144,000	394,331	3,215,672	4,954,003
Shri G N Mehra	15,000					15,000
Shri Jag Mohan Lal	40,000					40,000
Shri L P Gupta Chairman & Managing Director *		1,200,000		772,438	3,215,672	5,188,110
Shri Mohinder Kapur	20,000					20,000
Shri Promod B Agarwala	40,000					40,000
Shri Rakesh M Gupta	15,000					15,000
Shri Ravinder Kumar Chadha	40,000					40,000
Shri Rupak Gupta Executive Director*		900,000	108,000	60,703	1,607,836	2,676,539
Shri Rajendra Suraiya	5,000					5,000
Shri Sushil Kumar	5,000					5,000
Shri Sanjiv Swarup	40,000					40,000
Total	225,000	4,200,000	360,000	1,716,155	9,647,016	16,148,171

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

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

U.P. HOTELS LIMITED

5. Shareholders' committee The Board had constituted a shareholders'/Investors' Grievance Committee comprising of four Directors namely S/Shri Apurv Kumar, Rupak Gupta, Executive Directors, Mohinder Kapur and Sanjiv Swarup, Directors.

- 5.1 Name of non-executive director heading the committee Shri Mohinder Kapur
- 5.2 Name and designation of compliance officer Shri Sidharth Ghatak, Company Secretary
- 5.3 Number of shareholders complaints received so far 2
- 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
2005-06	30th September, 2006	PHD House, Opposite Asian Games Village, New Delhi	09:30 a.m.
2006-07	01st September, 2007	—do—	09.30 a.m.
2007-08	29th August, 2008	—do—	09.30 a.m.

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

7. Disclosures

- 7.1 Risk assessment and its minimisation procedures have been laid down by the company and the same have been informed to the Board members. The procedures are periodically reviewed to ensure that executive management controls risk through means of properly defined framework.
- 7.2 No money, was raised by the Company through public issue, right issue, preferential issues etc. in the last financial year.
- 7.3 A summary of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee;
- 7.4 There were no material individual transactions during the financial year ended 31st March, 2009, with related parties which were not in the ordinary course of business;
- 7.5 All material transactions during the financial year ended 31st March, 2009, 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 24;
- 7.8 In preparing the Annual Accounts in respect of the financial year ended 31st March, 2009, 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 letter 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 : Business Standard (English) & Veer Arjun (Hindi)
 - Any website where published : The company is complying with EDIFAR requirement as directed by SEBI.
 - 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 Girish Narain Mehra – (76) MA LLB [IAS] – Retired as Secretary, Ministry of Industry, Govt. of India. He also served as India's High Commissioner to Canada. He served as Director General of Tourism. He has also served the Boards of various public sector undertakings including Maruti Udyog Ltd., Air India, Indian Airlines etc. He has been Chairman of ITDC and PICUP. Currently he is on the Board of Amrit Banaspati Co. Ltd., Subros Ltd., Bharat Seats Ltd. and Usha Breco Ltd. Shri Girish Narain Mehra retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Girish Narain Mehra as on 31st March, 2009 is nil.
 - Shri Pramod B Agarwala (57) – B.Sc. LLB. He is an Advocate – Supreme Court of India. He has 30 years experience in the field of Arbitration, Banking, Civil Litigations, Corporate Laws, Constitutional matters, Consumers matters etc. and has been advising Banks, Corporates and individual business houses in the aforesaid fields. He is also on the Board of Banaras House Pvt. Ltd. Shri Pramod B Agrawala retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General meeting. The shareholding in the company of Shri Pramod B Agarwala as on 31st March, 2009 is nil.
 - Shri Rakesh M Gupta (59) B.Com (Hons), MBA. He has 31 years experience in Hotel Industry & Export Marketing of Home Furnishing Items. He is also on the Board of the various companies including Hotel Clarks Varanasi Ltd., U P Hotels Clarks Ltd., Banaras House Pvt. Ltd., & The Indian Textiles Co. Pvt.Ltd. Shri Rakesh M Gupta retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Rakesh M Gupta as on 31st March, 2009 is 90520 equity shares.

U.P. HOTELS LIMITED

- Shri Sanjiv Swarup – (50) B.Com. Hons, MBA. He is president in Swarup Vegetable Products (I) Ltd. Shri Sanjiv Swarup retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The shareholding in the company of Shri Sanjiv Swarup as on 31st March, 2009 is nil.

9.2 Inter-se relationship of directors:

S/Shri L P Gupta & Rupak 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

48th Annual General Meeting

Date : 29th August, 2009
Time : 9:30 a.m.
Venue : PHD House, Opposite Asian Games Village, New Delhi

9.4 Financial Calendar (tentative) for Results

1st Quarter	End July 2009
2nd Quarter	End Oct 2009
3rd Quarter	End Jan 2010
4th Quarter	End Jun 2010

9.5 Date of Book Closure 26th August, 2009 to 29th August, 2009

9.6 Dividend The company has proposed a dividend of Rs.2.50 per equity share i.e. 25 % subject to approval of shareholders at the forthcoming Annual General Meeting. The dividend, if declared, will be paid on or after 29th August, 2009.

9.7 Listing On Stock Exchange The shares of the company are listed on Bombay Stock Exchange Limited, Mumbai (BSE).

Annual Listing fees as prescribed has been paid to the Bombay Stock Exchange Ltd. (BSE), Mumbai for 2009-2010.

9.8 Stock Code 509960 (BSE)

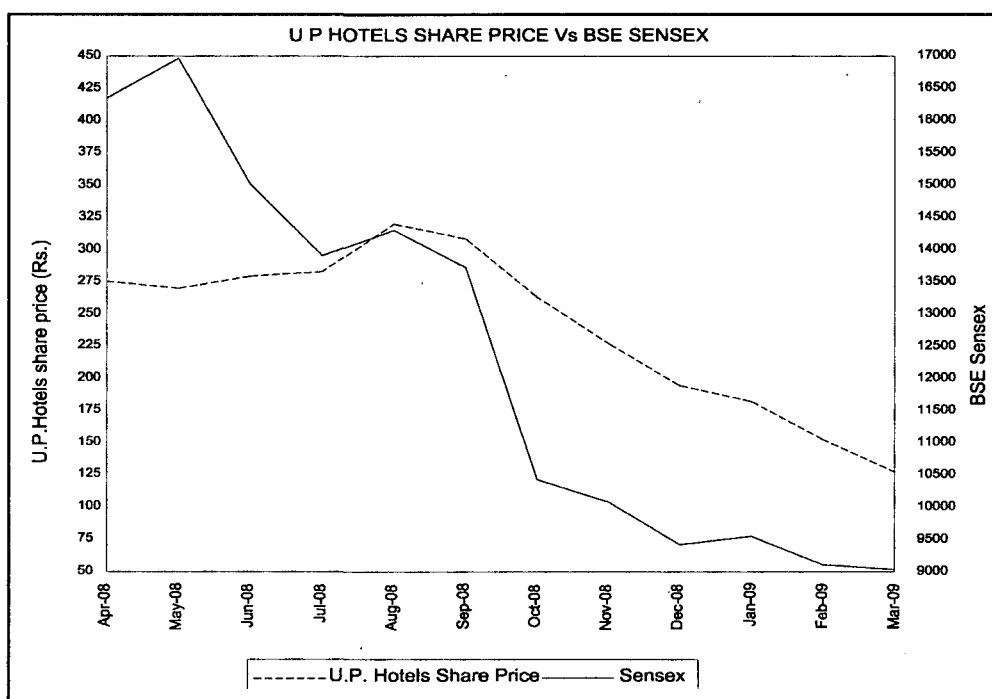
9.9 Designated e-mail ID for Investors' Grievances uphlinvestorgrievance@bol.net.in

9.10 Market Price Data

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

Date	High (Rs.)	Low (Rs.)
April, 2008	318.00	233.00
May, 2008	330.00	210.00
June, 2008	319.95	239.00
July, 2008	324.00	242.05
August, 2008	349.80	290.00
September, 2008	364.00	253.00
October, 2008	290.00	236.55
November, 2008	255.00	199.70
December, 2008	208.00	181.00
January, 2009	207.00	157.80
February, 2009	163.50	141.60
March, 2009	141.70	113.00

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



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

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

U.P. HOTELS LIMITED

9.13 Shareholding Pattern as on 31st March, 2009

	Category	No of Shares held	% of Share holding
1	Promoter's holding		
	Indian Promoters	4772960	88.39
	Foreign Promoters	Nil	Nil
2	Persons acting in concert	Nil	Nil
	Sub Total (1 & 2)	4772960	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)	33300	0.62
	(c) Foreign Institutional Investors	Nil	Nil
	Sub Total (3)	33300	0.62
4	Others		
	a) Private Corporate Bodies	150684	2.79
	b) Indian Public	430912	7.98
	c) NRIs/OCBs	11131	0.21
	d) Any other (Trust)	1013	0.01
	Sub Total (4)	593740	10.99
	Grand Total (1 to 4)	5400000	100.00

9.14 Distribution of Shareholding as on 31st March, 2009

Shareholding of Nominal Value Rs.	No. of Shareholders	% of Share holders	Share Amount Rs.	% of Share holding
Upto — 5000	857	80.77	1053620	1.95
5001 — 10000	71	6.69	500280	0.93
10001 — 20000	42	3.96	647760	1.20
20001 — 30000	14	1.32	346840	0.64
30001 — 40000	12	1.13	422830	0.78
40001 — 50000	2	0.19	99250	0.18
50001 — 100000	12	1.13	829130	1.54
100001 & above	51	4.81	50100290	92.78
Total	1061	100.00	54000000	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, 2009 was 1358328 (25.15% of the total paid up capital) and the balance of 4041672 representing 74.85% 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 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.

- 9.17 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

- 9.18 Address for correspondence

Registrars:
M/s. Skyline Financial Services Pvt.Ltd.
246 1st Floor, Sant Nagar, East of Kailash
New Delhi-110 065.
Telephone No. 26292682

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

10. Management Responsibility Statement

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

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

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

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

11. Compliance Certificate of the Auditors

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

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

For and on behalf of the Board of Directors

Sd/-

BIRENDRA KUMAR

Vice Chairman & Managing Director


Sd/-

Apurv Kumar
Executive Director

Sd/-

Rupak Gupta
Executive Director

New Delhi
30th May, 2009

For U.P. Hotels Ltd.

Company Secretary
J.G. Kataria

U.P. HOTELS LIMITED

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

To

The Members

U. P. Hotels Limited

We have examined the compliance of conditions of Corporate Governance by U.P. Hotels Limited ("the Company"), for the year ended on 31st March, 2009 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 examination was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Based on our examination, we state that:

The Company has received a letter for violation of Clause 40A of the Listing Agreement as regards promoter's shareholding.

Subject to above, in our opinion and to the best of our information and according to the explanations given to us and 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

New Delhi
30th May, 2009

Sd/-
A.K. SHARMA
Partner
Membership No. 80085

AUDITORS' REPORT

To
The Members
U.P. Hotels Limited

1. We have audited the attached Balance Sheet of U.P. Hotels Limited ('the Company') as at 31st March, 2009 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 ('the Order') as amended by Companies (Auditor's Report) (Amendment) issued by the Central Government in terms of sub - section (4A) of Section 227 of the Companies Act, 1956 ('the Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with Schedules 1 to 24 and Subject to Note 19 (iv) as regards Hotel Earnings in foreign exchange not verified by us contained in Schedule 24 of Notes to the Account, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

U.P. HOTELS LIMITED

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- (b) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For RAY & RAY
Chartered Accountants

Sd/-

A.K. SHARMA
Partner

New Delhi
30th May, 2009

Membership No. 80085

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

1. a) The Company has generally maintained proper records showing full particulars regarding valuation of different type of assets including quantitative details and situation of fixed assets.
- b) According to the informations and explanations given to us, the Company physically verifies its assets over a two year period. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this policy, the Company has physically verified certain assets during the year. According to the explanations given to us, the discrepancies noticed on physical verification were not material and these have been properly dealt with in the books of account.
- c) During the year no substantial part of fixed assets has been disposed off by the Company. Therefore, the provisions of clause 4 (i) (c) of the Companies (Auditors' Report) Order 2003 (the Order) in our opinion, are not applicable to the Company.
2. a) The inventory except goods in transit has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b) The procedures for physical verification of inventories, which were followed by the management are 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 listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clause (a), (b), (c) and (d) of clause 4 (iii) of the Order are not applicable to the Company.
- b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provision of sub-clause (e), (f) and (g) of clause 4 (iii) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us *and having regard to the explanation that for some items purchased for which comparable alternative quotations are not available because of the nature / quality of such items and delivery schedules and also sale of services for which suitable alternative sources are not available to obtain comparable quotations*, there are generally adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of inventories, fixed assets and sale of goods and services. Further, during the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weakness in internal control system.
5. a) On the basis of the audit procedures performed by us, and according to the information, explanation and representations given to us, we are of opinion that, the particulars of contracts or arrangements in which directors were interested as contemplated under Section 297 and sub section (6) of Section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered.

U.P. HOTELS LIMITED

- b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 lacs with any party during the year. However, the other transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under are not applicable. Further, during the course of our audit, we have neither come across nor have we been informed of any order passed under the aforesaid sections by Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9. a) According to records of the Company, and subject to comments in para 9 (b) below the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities *though there have been delays in few cases.*

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

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

	Amount (Rs.)	Remarks
House Tax/ Municipal Tax, Water tax, and Land Diversion tax	2,478,352	
Sales Tax/Purchase Tax/VAT/Entry tax etc.	448,194	
Service Tax	486,516	Rs. 276,000 paid subsequently.
Wealth Tax	87,101	

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

Reference is also invited to Note 2 (b) in Schedule 24, as regards the Income Tax Department having appealed to the Hon'ble High court, Allahabad against the Order of the Income Tax Appellate Tribunal upholding the views of the Company in respect of the claim of deduction regarding earnings in convertible foreign exchange under Section 80 HHD (Assessment year 1989-90 to 1991-92) and Luxury Tax Claimed under Section 43 B (Assessment Year 1987-88 to 1990-91).

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our report and in the immediately preceding financial year.
11. As per books and records maintained by the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution / bank. The Company has not issued any debentures.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.
14. The Company has maintained proper record of transaction and contracts in respect of dealing or trading in securities and other investments viz. mutual funds. All other investments viz. mutual funds have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable to the Company.
16. On the basis of the records examined by us, and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we have to state that, the company had, prima facie, applied the term loans for the purposes for which they were obtained. The Company did not have any term loans outstanding at the year end.
17. According to the information and explanations given to us and on an overall examination of the financial statements and after placing reliance on the reasonable assumptions made by Company for classification of long term and short term usages of funds, we are of the opinion that prima facie no funds raised on short term basis have been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4 (xviii) of the Order is not applicable to the Company.
19. The Company has not issued any debentures during the year. Accordingly, clause 4 (xix) of the Order is not applicable to the Company.
20. The Company has not raised any money by public issues during the year. Accordingly, clause 4 (xx) of the Order is not applicable to the Company.
21. According to the information and explanations given to us by the management no fraud on or by the Company has been noticed or reported during the course of our audit.

For RAY & RAY
Chartered Accountants

Sd/-

A.K. SHARMA

Partner

Membership No. 80085

New Delhi
30th May, 2009

U.P. HOTELS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31st March	
		2009 Rupees	2008 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	54,000,000	54,000,000
Reserves & Surplus	2	<u>436,932,633</u>	364,735,894
		490,932,633	418,735,894
Loan Funds			
Secured Loans	3	-	11,089,360
Deferred Tax Liability - Net	4	50,733,925	52,227,458
TOTAL		541,666,558	482,052,712
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	5	763,689,458	735,354,900
Less: Depreciation		<u>355,473,780</u>	341,847,357
Net Block		<u>408,215,678</u>	393,507,543
Capital Work in Progress (at cost)		<u>401,040</u>	1,768,450
		408,616,718	395,275,993
Investments	6	52,947,638	31,304,925
Current Assets, Loans & Advances:			
Interest Accrued		2,126,748	937,586
Inventories	7	13,900,375	15,399,927
Sundry Debtors	8	38,269,154	64,618,241
Cash & Bank Balances	9	127,146,339	125,810,513
Loans & Advances	10	<u>14,287,301</u>	14,074,124
		<u>195,729,917</u>	220,840,391
Less: Current Liabilities & Provisions:			
Liabilities	11	67,252,075	69,132,582
Provisions	12	<u>48,375,640</u>	96,236,015
		<u>115,627,715</u>	165,368,597
Net Current Assets		80,102,202	55,471,794
TOTAL		541,666,558	482,052,712

Significant Accounting Policies 23
Notes to the Accounts 24

Schedules 1 to 12, 23 & 24 referred to above
form an integral part of Balance Sheet

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

FOR RAY & RAY
Chartered Accountants

Sd/-
A K SHARMA
Partner
Membership No. 80085
New Delhi
30th May, 2009

Sd/-
SIDHARTH GHATAK
Company Secretary

Sd/-
BIRENDRA KUMAR
Vice Chairman & Managing Director

Sd/-
APURV KUMAR
Executive Director

Sd/-
RUPAK GUPTA
Executive Director

Certified True copy
For U. P. Hotels Ltd.,

S G Ghatak
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

		Schedule	
		Year ended 31st March	
		2009	2008
		Rupees	Rupees
INCOME			
Guest Accommodation, Restaurants, Bar			
Banquets and Other Services	13	562,965,184	608,584,463
Other Income	14	27,270,192	20,504,705
		<u>590,235,376</u>	<u>629,089,168</u>
EXPENDITURE			
Consumption of Provisions, Beverages, Wines & Smokes	15	64,419,079	66,191,615
Employees' Remuneration & Welfare Expenses	16	141,837,660	138,377,131
Upkeep & Service Cost	17	86,832,576	90,539,217
Repairs & Maintenance	18	37,151,612	37,790,131
Administrative & Selling Expenses	19	50,467,915	48,081,743
Other expenses	20	42,409,194	36,139,492
Interest	21	2,260,762	4,073,401
Depreciation		27,415,461	28,392,105
		<u>452,794,259</u>	<u>449,584,835</u>
Profit for the year before taxation		137,441,117	179,504,333
Taxation	22	48,425,385	67,738,390
Profit after Taxation		<u>89,015,732</u>	<u>111,765,943</u>
Balance Brought Forward From Previous Year		90,422,444	71,833,801
		<u>179,438,176</u>	<u>183,599,744</u>
APPROPRIATIONS			
General Reserve		8,901,573	30,000,000
Proposed Dividend		13,500,000	54,000,000
Tax On Dividend		2,294,325	9,177,300
Balance carried to Balance Sheet		154,742,278	90,422,444
		<u>179,438,176</u>	<u>183,599,744</u>
Basic & Diluted Earnings per Share (in Rupees) face value Rs. 10 (Note 18)		16.48	20.70
Number of Shares		5,400,000	5,400,000

Significant Accounting Policies 23
Notes to the Accounts 24

Schedules 13 to 24 referred to above
form an integral part of Profit & Loss Account

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

FOR RAY & RAY
Chartered Accountants

Sd/-
A K SHARMA
Partner
Membership No. 80085
New Delhi
30th May, 2009

Sd/-
SIDHARTH GHATAK
Company Secretary

Sd/-
BIRENDRA KUMAR
Vice Chairman & Managing Director

Sd/-
APURV KUMAR
Executive Director

Sd/-
RUPAK GUPTA
Executive Director

*Certified True copy
For U.P. Hotels Ltd.*

[Signature]
Company Secretary
S. Ghatak

U.P. HOTELS LIMITED

CASH FLOW STATEMENT

	<u>Year ended 31st March</u>	
	<u>2009</u>	<u>2008</u>
	<u>Rupees</u>	<u>Rupees</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before Tax and Extraordinary Items	137,441,117	179,504,333
Adjustments For :		
Depreciation	27,415,461	28,392,105
Interest received/paid	(5,563,862)	(3,504,180)
Loss on sale/discard of assets	3,736,274	2,950,320
Provision/Write off Debts & Advances	677,793	511,902
Provision/ loss - current investments	2,389,454	743,223
Liabilities & Provisions and Retirement Benefits	(4,861,295)	(2,522,661)
Dividend Received	(2,815,576)	(54,190)
	<u>20,978,249</u>	<u>26,516,519</u>
Operating Profit Before Working Capital Changes	158,419,366	206,020,852
Adjustments for :		
Trade and Other Receivables	26,110,941	(11,200,931)
Inventories	1,499,552	(2,411,332)
Trade Payables & Other Liabilities	216,898	22,991,311
	<u>27,827,391</u>	<u>9,379,048</u>
Cash Generated From Operations	186,246,757	215,399,900
Interest Paid	(2,372,987)	(4,323,787)
Interest Received	6,635,462	7,369,844
Direct Taxes Paid	(47,815,538)	(70,227,225)
	<u>(43,553,063)</u>	<u>(67,181,168)</u>
Cash Flow Before Extraordinary Items	142,693,694	148,218,732
Extraordinary Items	Nil	Nil
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	<u>142,693,694</u>	<u>148,218,732</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets(Including Capital Work in Progress)	(46,132,915)	(47,537,103)
Sale of Fixed Assets	615,787	823,574
Acquisitions of Companies	Nil	Nil
Purchase of Investments Mutual Funds	(135,888,033)	(32,048,148)
Sale of Investments	111,855,866	Nil
Interest Received	Nil	Nil
Dividend Received	2,346,272	54,190
Loans made to other parties	Nil	Nil
NET CASH USED IN INVESTING ACTIVITIES (B)	<u>(67,203,023)</u>	<u>(78,707,487)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	Nil	Nil
Proceeds from Long Term Borrowings	Nil	Nil
Repayment of Finance Lease Liabilities	Nil	Nil
Dividend Paid	(54,000,000)	(10,800,000)
Tax on distributable profits	(9,177,300)	(1,835,460)
Secured Long Term Loans taken during the year	-	250,000
Secured Long Term Loans repaid during the year	(10,980,050)	(36,006,875)
Secured Short Term Loans taken during the year	Nil	Nil
Secured Short Term Loans repaid during the year	Nil	Nil
Unsecured Long Term Loans taken during the year	Nil	Nil
Unsecured Long Term Loans repaid during the year	Nil	Nil
Unsecured Short Term Loans taken during the year	Nil	Nil
Unsecured Short Term Loans repaid during the year	Nil	Nil
NET CASH USED IN FINANCING ACTIVITIES	<u>(74,157,350)</u>	<u>(48,392,335)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	1,333,321	21,118,910
Opening Balance of Cash and Cash Equivalents	125,749,981	104,631,071
Closing Balance of Cash and Cash Equivalents	<u>127,083,302</u>	<u>125,749,981</u>

NOTES:

1. The Cash Flow Statement has been prepared in the indirect method except in the case of interest, purchase, rent & sale of assets & dividend which have been considered on the basis of actual cash movement, with corresponding adjustments in assets & liabilities. Taxes paid have been treated as operating activities.
2. Cash & Cash Equivalents represents Cash & Bank Balances & excludes margin deposit Rs. 63,037 (2008 - Rs. 60,532).
3. The unutilised cash credit limit as at 31st March, 2009 aggregated to Rs.16,000,000 which would be available for future operating activities.
4. The previous year's figures have been regrouped /recast, wherever necessary, to conform to this year's classification.

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

For RAY & RAY
Chartered Accountants

Sd/-
A K SHARMA
Partner
Membership No. 80085
New Delhi
30th May, 2009

Sd/-
SIDHARTH GHATAK
Company Secretary

Sd/-
BIRENDRA KUMAR
Vice Chairman & Managing Director

Sd/-
APURV KUMAR
Executive Director

Sd/-
RUPAK GUPTA
Executive Director

*Certified True copy
For U.P. Hotels Ltd.
[Signature]
Company Secretary
S G Ghatak*

U.P. HOTELS LIMITED

SCHEDULES TO ACCOUNTS

	As at 31st March	
	2009	2008
	Rupees	Rupees
1. SHARE CAPITAL		
AUTHORISED		
6,000,000 Equity Shares of Rs.10 each	60,000,000	60,000,000
100,000 Preference Shares of Rs.100 each	10,000,000	10,000,000
	<u>70,000,000</u>	<u>70,000,000</u>
ISSUED, SUBSCRIBED, CALLED & PAID UP		
5,400,000 Equity Shares of Rs.10 each fully paid up	54,000,000	54,000,000
	<u>54,000,000</u>	<u>54,000,000</u>
Note: Equity Shares include 3,900,000 Shares issued as fully paid up Bonus Shares by Capitalisation of Capital Redemption Reserve Rs. 2,000,000 and General Reserve Rs. 37,000,000		
2. RESERVES & SURPLUS		
REVALUATION RESERVE		
As per last year	23,582,253	24,606,921
Less: Transferred to Profit & Loss Account (Note 11)	<u>1,024,668</u>	<u>1,024,668</u>
	22,557,585	23,582,253
GENERAL RESERVE		
As per last account	250,731,197	220,731,197
Add: Transfer From Profit & Loss Account	<u>8,901,573</u>	<u>30,000,000</u>
	259,632,770	250,731,197
PROFIT & LOSS ACCOUNT (as per annexed account)	154,742,278	90,422,444
	<u>436,932,633</u>	<u>364,735,894</u>
3. SECURED LOANS		
a) Allahabad Bank - Term Loan	-	10,405,618
Interest accrued & due	-	109,310
b) ICICI Bank Limited	-	373,922
c) TML Financial Services Limited	-	200,510
	<u>-</u>	<u>11,089,360</u>

Notes:

- The cash credit & term loan from Allahabad Bank are secured by hypothecation of the present and future movable assets i.e. stock of provisions, wines, crockery, cutlery, linen and other stores and also present and future book-debts and cash in hand of the Company's Hotels. The loan is additionally secured by mortgage of the Company's hotels at Jaipur to the extent of Rs. 443 lacs and at Agra to the extent of Rs. 235 lacs. The loan is personally guaranteed by Chairman cum Managing Director and Vice Chairman cum Managing Director. The unutilised cash credit limit as at 31st March, 2009 aggregated to Rs. 160 lacs.
- Amount due within next twelve months Rs. Nil (2008- Rs. 59.66 lacs)

SCHEDULES TO ACCOUNTS

	Rupees	As at 31st March	
		2009 Rupees	2008 Rupees
4. DEFERRED TAX LIABILITY - NET			
Liability			
Fixed Assets (excess of Net Block over written down value as per provision of Income Tax Act 1961).		62,545,814	63,091,236
Less: Asset			
Gratuity/Leave Encashment on Retirement	7,652,614		8,867,092
Provision for Doubtful Debts, Advances & Diminution in value of investments	1,618,349		742,011
Sums allowable under Section 43B	<u>2,540,926</u>		<u>1,254,675</u>
		11,811,889	<u>10,863,778</u>
		<u>50,733,925</u>	<u>52,227,458</u>

5. FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31st March 2008 Rupees	Additions Rupees	Deductions Rupees	Cost as at 31st March 2009 Rupees	As at 31st March 2008 Rupees	For the year Rupees	Sales/ Adjustments Rupees	As at 31st March 2009 Rupees	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
LAND FREE HOLD	1,815,845	-	-	1,815,845	-	-	-	-	1,815,845	1,815,845
LAND LEASE HOLD	1,150,233	-	-	1,150,233	297,354	152,021	-	449,375	700,858	852,879
BUILDING	404,439,082	15,045,383	239,796	419,244,669	160,915,601	8,022,798	229,743	168,708,656	250,536,013	243,523,481
PLANT & MACHINERY	223,082,858	22,766,184	13,417,785	232,431,257	109,929,411	13,110,194	10,454,131	112,585,474	119,845,783	113,153,447
FURNITURE & FIXTURES	66,581,402	5,142,096	3,456,204	68,267,294	56,339,809	3,368,321	3,128,450	56,579,680	11,687,614	10,241,593
VEHICLES	37,294,623	3,717,759	1,219,139	39,793,243	14,098,816	3,608,783	993,142	16,714,457	23,078,786	23,195,807
INTANGIBLE										
TRADE MARKS	21,000	-	-	21,000	21,000	-	-	21,000	-	-
COMPUTER SOFTWARE	969,857	4,300	8,240	965,917	245,366	178,012	8,240	415,138	550,779	724,491
CURRENT YEAR	735,354,900	46,675,722	18,341,164	763,689,458	341,847,357	28,440,129	14,813,706	355,473,780	408,215,678	393,507,543
PREVIOUS YEAR	703,230,957	47,248,572	15,124,629	735,354,900	323,781,319	29,416,773	11,350,735	341,847,357	393,507,543	—

Notes:

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

SCHEDULES TO ACCOUNTS	As at 31st March			
	2009		2008	
	No. of units	Rupees	No. of units*	Rupees
6. INVESTMENT - CURRENT INVESTMENT - MUTUAL FUNDS (UNQUOTED)(Non Trade)				
Birla Sun Life Savings Fund - Retail Growth (NAV Rs. 25.16 lacs, 2008 Rs. Nil)	153,703.328	2,500,000	—	—
Birla Sun Life Income Plus - Growth (NAV Rs. 96.75 lacs, 2008 - Rs. Nil)	244,255.340	9,799,060	—	—
Canara Robeco Income Dividend (Income) Fund (NAV Rs. 92.33 lacs, 2008 - Rs. Nil)	616,031.833	10,045,631	—	—
HDFC FMP -90 D March 2008 Retail Plan Dividend (NAV Rs. Nil, 2008 - Rs. 30.05 lacs)	—	—	300,000.000	3,000,000
HDFC Qlty Interval Fund - Plan C Wholesale -Dividend Reinvest (NAV Rs. Nil, 2008 - Rs. 101.29 lacs)	—	—	999,360.409	10,000,000
ICICI Prudential Interval Fund Qlty Interval Plan Retail dividend reinvest (NAV Rs. Nil, 2008 - Rs. 50.48 lacs)	—	—	504,279.829	5,042,800
Kotak FMP 3M Series 27-Dividend (NAV Rs. Nil, 2008 - Rs. 25.13 lacs)	—	—	250,000.000	2,500,000
Lotus India Qlty Interval Fund - Plan D - Dividend (NAV Rs. Nil, 2008 - Rs. 25.10 lacs)	—	—	249,987.501	2,500,000
Fortis Money Plus Regular Dividend (NAV Rs. 170.72 lacs, 2008 - Rs. Nil)	1,707,137.767	17,190,197	—	—
Reliance Fixed Horizon Fund VIII Series 4 Institutional Dividend Plan (NAV Rs. 130.20 lacs, 2008 - Rs. Nil)	1,300,000.000	13,029,160	—	—
Reliance Growth Equity - Growth Plan Growth Action (NAV Rs. 10.36 lacs, 2008 - Rs. 16.69 lacs)	5,001.250	2,000,000	5,001.250	2,000,000
Reliance Media & Entertainment Growth Plan Growth Option (NAV Rs.4.11 lacs, 2008 - Rs. 15.88 lacs)	30,000.000	1,045,074	57,412.200	2,000,000
SBI Debt Funds Series - 90 days -20 -Dividend (NAV Rs. Nil, 2008 - Rs. 20.21 lacs)	—	—	200,530.656	2,005,348
SBI Mutual Fund - SBI Debt Funds Series - 90 days-21-Dividend (NAV Rs. Nil, 2008 - Rs. 30.21 lacs)	—	—	300,000.000	3,000,000
		55,609,122		32,048,148
Less: Provision for diminution in value of investments		2,661,484		743,223
		52,947,638		31,304,925

Note * Purchased in 2008. Purchases and sales made in 2009 are disclosed in Note 16

7. INVENTORIES	As at 31st March	
	2009	2008
	Rupees	Rupees
(as taken, valued and certified by the Management)		
Provisions & Beverages	1,507,843	1,719,989
Wines & Liquor	4,360,138	4,206,554
Cigar & Smokes	47,629	83,798
Crockery, Cutlery, Chinaware, Linen etc.	3,516,359	3,925,721
Other stores	4,282,897	5,362,691
Goods in transit	185,509	101,174
	13,900,375	15,399,927

U.P. HOTELS LIMITED

SCHEDULES TO ACCOUNTS

	As at 31st March	
	2009	2008
	Rupees	Rupees
8. SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months		
- Considered good	914,247	631,780
- Considered doubtful	<u>2,040,620</u>	<u>1,439,807</u>
	2,954,867	2,071,587
Other Debts		
- Considered good	37,354,907	63,986,461
- Considered doubtful	<u>59,148</u>	<u>-</u>
	37,414,055	63,986,461
	40,368,922	66,058,048
Less: Provisions	<u>2,099,768</u>	<u>1,439,807</u>
	38,269,154	64,618,241
Particulars		
Debts due from firms or private companies in which any director is a partner or a Director or a Member	192,962	193,212
9. CASH AND BANK BALANCES		
Cash/Cheques in hand	3,350,377	2,017,119
With Scheduled Banks on:		
- Current Accounts	36,352,224	38,072,954
- Fixed Deposits(Note 4)	86,834,949	85,500,116
- Margin Accounts (Note 4)	63,037	60,532
- Unpaid Dividend Account	467,754	153,210
- Savings Bank / Recurring Deposit Accounts	<u>77,998</u>	<u>6,582</u>
	127,146,339	125,810,513
10. LOANS & ADVANCES (Unsecured - Considered good)		
Advances recoverable in cash or in kind or for value to be received	8,926,528	9,106,760
Sundry Deposits	5,192,580	4,967,364
Fringe Benefit Tax (represents excess payment over provision)	168,193	-
	<u>14,287,301</u>	<u>14,074,124</u>
11. LIABILITIES		
Sundry Creditors		
- total outstanding dues of Micro Enterprises & Small Enterprises (Note 6)	-	-
- total outstanding dues of creditors other than Micro Enterprises & Small Enterprises	51,163,832	50,286,874
Due To Directors	9,708,726	12,287,742
Earnest Money & Security Deposits (Including from Employees & Shops)	330,305	216,999
Interest accrued but not due	-	2,915
Other Liabilities	5,581,458	6,184,842
Amount to be deposited with Investor Education and Protection Fund to the extent as and when required	467,754	153,210
Unclaimed Dividend	<u>467,754</u>	<u>153,210</u>
	67,252,075	69,132,582

SCHEDULES TO ACCOUNTS

	As at 31st March	
	2009	2008
	Rupees	Rupees
12. PROVISIONS		
Provisions for		
- Income Tax less payments (represents excess provision for taxation over advance payments in certain Assessment Years)	7,490,846	5,011,388
- Wealth Tax	237,101	227,101
- Fringe benefit Tax (Net of advance payments)	-	217,885
Provision for Leave encashment on retirement	5,923,504	5,099,434
Provision for Gratuity	18,929,864	22,502,907
Proposed Dividend	13,500,000	54,000,000
Tax on Dividend	2,294,325	9,177,300
	<u>48,375,640</u>	<u>96,236,015</u>
	Year ended 31st March	
	2009	2008
	Rupees	Rupees
13. GUEST ACCOMMODATION, RESTAURANTS, BAR, BANQUETS & OTHER SERVICES		
Rooms	315,979,036	349,502,066
Food & Beverages	185,300,721	192,932,275
Wines & Liquor	44,976,957	47,214,977
Cigar & Smokes	549,771	736,552
Telephone & Telex	1,882,062	2,575,658
Laundry	2,075,228	2,115,941
Other Services	12,201,409	13,506,994
	<u>562,965,184</u>	<u>608,584,463</u>
14. OTHER INCOME		
Shop License fee (Note 13)	5,925,445	5,808,918
Liabilities & Provisions Written Back/ Bad Debts recovered	4,861,295	2,522,661
Interest from banks Rs.7,742,968 (2008- Rs. 7,360,998) & from others Rs. 81,656 (2008-Rs. 216,583) Tax deducted at source		
Rs. 565,314 and Rs. Nil (2008-Rs.125,427 & 6,732 respectively)	7,824,624	7,577,581
Dividend (Current Investment - Mutual Fund)	2,815,576	54,190
Foreign Exchange Gain	1,891,441	1,708,751
Sundries	3,951,811	2,832,604
	<u>27,270,192</u>	<u>20,504,705</u>

U.P. HOTELS LIMITED

15. CONSUMPTION OF PROVISIONS, BEVERAGES, WINES & SMOKES	Provisions & Beverages Rupees	Wines & Liquors Rupees	Cigar & Smokes Rupees	Total Rupees
Opening Stock	1,719,989	4,206,554	83,798	6,010,341
	(1,525,402)	(3,369,937)	(55,748)	(4,951,087)
Add: Purchases	54,271,622	9,784,332	268,394	64,324,348
	(55,380,083)	(11,415,247)	(455,539)	(67,250,869)
	<u>55,991,611</u>	<u>13,990,886</u>	<u>352,192</u>	<u>70,334,689</u>
	(56,905,485)	(14,785,184)	(511,287)	(72,201,956)
Less: Closing Stock	1,507,843	4,360,138	47,629	5,915,610
	(1,719,989)	(4,206,554)	(83,798)	(6,010,341)
Consumption	<u>54,483,768</u>	<u>9,630,748</u>	<u>304,563</u>	<u>64,419,079</u>
	(55,185,496)	(10,578,630)	(427,489)	(66,191,615)

Note: Figures in Brackets indicate figures for 2008

	Year ended 31st March 2009 Rupees	2008 Rupees
16. EMPLOYEES' REMUNERATION & WELFARE EXPENSES		
Salary, Wages, Bonus, Commission etc.	126,092,705	120,248,533
Contribution to Provident Fund & Other Funds	10,002,500	9,918,108
Workmen & Staff Welfare Expenses	3,148,067	2,561,931
Staff Training & Recruitment	693,246	1,223,428
Provision for Gratuity	-	3,087,341
Provision for leave encashment	824,070	484,148
Contractual Labour	1,077,072	853,642
	<u>141,837,660</u>	<u>138,377,131</u>
17. UPKEEP & SERVICE COST		
Linen, Uniform, Washing & Laundry Expenses	2,027,068	2,020,263
Expenses on Apartment & Board	8,479,861	8,370,582
Water Charges	361,544	351,837
Renewals & Replacement	12,921,911	14,054,342
Power & Fuel	60,287,590	62,360,034
Decoration & Garden Maintenance	2,754,602	3,382,159
	<u>86,832,576</u>	<u>90,539,217</u>
18. REPAIRS & MAINTENANCE		
Building	19,065,580	21,083,549
Plant & Machinery	10,144,572	9,098,832
Others	7,941,460	7,607,750
	<u>37,151,612</u>	<u>37,790,131</u>
19. ADMINISTRATIVE & SELLING EXPENSES		
Rent (Note 13)	3,893,777	3,591,100
Rates, Taxes & Excise Duty	8,811,967	4,784,647
Insurance	2,362,494	2,798,114
Advertisement, Publicity & Other Promotional Expenses	5,191,059	6,820,933
Commission to Travel Agents/Others	783,109	1,196,747
Travelling & Conveyance	20,784,329	19,779,259
Postage, Telephone and Telex (Note 13)	5,057,427	5,252,702
Printing & Stationery	3,583,753	3,858,241
	<u>50,467,915</u>	<u>48,081,743</u>

SCHEDULES TO ACCOUNTS

	Year ended 31st March	
	2009	2008
	Rupees	Rupees
20. OTHER EXPENSES		
Music, Band and Orchestra	1,300,415	1,643,926
F & B and Banquet Expenses	9,310,194	8,237,446
Hire Charges	6,076,177	5,823,668
Loss on sale/discard of assets	3,736,274	2,950,320
Provision /Loss - Current Investments	2,389,454	743,223
Provision/ Write Off -Debts & Advances	677,793	511,902
Security Expenses	1,699,153	1,236,021
Legal and Professional Expenses	7,124,983	5,213,953
Directors' Sitting Fee	225,000	315,000
Payment to Internal Auditors	1,508,668	2,053,668
Auditors' Remuneration (Note 10)	534,000	564,500
Listing/Filing Fee	28,961	85,598
Donations	408,600	376,601
Subscription	2,109,394	1,831,110
Books and Periodicals	371,236	500,829
Bank Charges etc.	2,241,489	2,672,361
Sales/Luxury/Purchase Tax etc	1,136,861	225,617
Sundries (including reimbursement of expenses to Auditors Rs. 9250 (2008 -Rs.11,068) and Compensation Rs. 300,000 (2008 -Nil)	1,530,542	1,153,749
	<u>42,409,194</u>	<u>36,139,492</u>
21. INTEREST		
Fixed	777,063	3,125,372
Others	1,483,699	948,029
	<u>2,260,762</u>	<u>4,073,401</u>
22. PROVISION FOR TAXATION		
a. Current Tax -Income Tax	49,000,000	66,000,000
-Wealth Tax	150,000	140,000
b. Tax Adjustments Pertaining To Earlier Years	(1,473,169)	1,306,639
c. Fringe Benefit Tax	2,242,087	2,322,379
d. Deferred Tax	(1,493,533)	(2,030,628)
	<u>48,425,385</u>	<u>67,738,390</u>
23. SIGNIFICANT ACCOUNTING POLICIES		
1. Basis of preparation :		
i) The financial statements have been prepared to comply in all material aspects with the Notified Accounting Standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956.		
ii) Financial statements are based on historical cost and are prepared on accrual basis, except where impairment is made and revaluation is carried out.		
iii) Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.		
2. Use of estimates :		
The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reported period. Differences		

U.P. HOTELS LIMITED

between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. Fixed assets & depreciation :

- i) Fixed assets are stated at cost of acquisition including taxes, duties, freight and other incidental expenses related to acquisition, construction and installation. Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised. Wherever assets are revalued, amount added on revaluation based on approved valuer's report is disclosed separately as required by the Companies Act, 1956.
- ii) Capital work in progress includes cost of assets, expenditure incurred and interest on funds deployed.
- iii) No write off is made on leasehold land acquired on 99 years basis. Leasehold land acquired for a shorter period is amortised over the period of lease. Freehold land is not amortised.
- iv) Depreciation on fixed assets is provided on straight line method at the rates which are in conformity with the requirements of the Companies Act, 1956. Assets costing up to Rs. 5000 are depreciated fully in the year of purchase / capitalization.
- v) The difference between depreciation calculated and provided on the revalued amount of fixed assets and depreciation calculated on the original cost of fixed assets has been recouped from revaluation reserve.

4. Intangible assets :

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

5. Impairment of assets :

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

6. Investments :

Current investments comprising investments in units of mutual fund are carried at lower of cost and fair value.

7. Inventories :

- i) Stocks are stated at lower of cost and realisable value after considering obsolescence. Cost is ascertained on weighted average basis.
- ii) Inventories at the year end are as per the physical verification conducted by the management. Unserviceable / damaged / discarded stocks and shortages observed at the time of physical verification are charged to Profit & Loss Account.
- iii) Crockery, cutlery, uniform, linen etc. in circulation and stock of printed stationery are charged off to revenue.

8. Sundry debtors / loans & advances:

Sundry debtors, loans & advances are stated after adequate provisions and have a value on realisation at least equal to the amount stated.

9. Recognition of income & expenses :

- i) Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is recognized upon rendering of service.
- ii) Income from deposits etc., is credited to revenue in the year of its accrual on time proportion basis taking into account the amount deposited and rate of interest. The income is stated in full with the tax deducted thereon being accounted for under the head tax refunds/payments. Dividend income is recognized when right to receive payment is established.
- iii) Expenditure incurred on renovation / improvement in or in relation to existing facility, structure, plant or equipment are charged off to revenue. Where there is extension to building or increase in capacity of equipment and plant, the amounts incurred thereon are capitalised.
- iv) Income / sales exclude sales tax / value added tax, luxury tax, service tax etc.

10. Employees benefits :

- i) Defined contribution plans
Company's contribution paid / payable during the year to ESI and Provident Fund are recognized in the Profit & Loss Account. Provident Fund and ESI contributions are made to a government administered Provident /ESIC Fund towards which the company has no further obligation beyond its monthly contribution.
- ii) Defined benefit plans
Company provides retirement benefits in the form of gratuity (funded at all units except Khajuraho) and leave encashment (unfunded) which are measured using the projected unit credit method with actuarial valuation being carried out at each valuation date.
- iii) Termination benefits are recognized as an expense as and when incurred.
- iv) Actuarial gains / losses are immediately taken to Profit & Loss Account and are not deferred.

11. Transactions in foreign currency :

- i) Sales made in foreign currency are being converted at exchange rate prevailing on the day the bills are raised. The realisation of foreign currency on account of settlement of bills over the counter and encashment of foreign exchange are being translated at exchange rate prevailing on that date. Gain / loss arising out of fluctuation in exchange rate is accounted for on realisation.
- ii) Payments made in foreign currency are converted at the rate prevalent on the day of remittance. Liability on account of foreign currency is converted at the exchange rate prevailing as at the end of year except in cases of subsequent payments where liability is provided at actuals. Monetary items denominated in foreign currency are converted at the exchange rate prevailing at the year end.

12. Lease :

- i) In respect of assets acquired on or after 1.4.2001, the same are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between finance charges and reduction of lease liabilities so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are charged to Profit & Loss Account.
- ii) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss account on a straight-line basis over the lease term.

U.P. HOTELS LIMITED

13. Proposed dividend :

Dividend recommended by the Board of Directors is provided for in the accounts, pending shareholder's approval.

14. Taxes on income :

Tax expenses comprises current tax, deferred tax and fringe benefit tax after taking into consideration benefits available under the provisions of Income tax Act, 1961, Wealth tax Act, 1957 etc.

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-asses realisation /liabilities.

The Company has provided / accounted fringe benefit tax in accordance with applicable Income Tax Laws.

15. Earnings per share :

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the year.

The weighted average number of equity shares in issue during the year and previous year are adjusted for events that have changed the number of equity shares in issue without corresponding change in recoveries.

16. Provisions / contingent liabilities :

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate 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. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefit is remote.

17. Prior period, extraordinary items and changes in accounting policies :

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

18. 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.

24. NOTES TO THE ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (as certified by the management) Rs. 37.23 lacs (2008 – Rs. 37.26 lacs).
2. Contingent liabilities not provided for in respect of:
 - a) Claims against the Company not acknowledged as debts and not provided for:
Demand raised by government authorities / suppliers etc. Rs. 102.61 lacs (2008 – Rs. 32.78 lacs). No provision has been made as the probability of the claim succeeding is remote.

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- b) The Income Tax Department has appealed to the Hon'ble High Court, Allahabad against the order of the Income Tax Appellate Tribunal upholding the views of the company in respect of the claim of deduction regarding earnings in convertible foreign exchange under Section 80 HHD for Assessment Years 1989-90 to 1991-92 and luxury tax claimed under Section 43B for Assessment Years 1987-88 to 1990-91. Pending decision, liability, if any, is unascertained. The Company 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 Uttar Pradesh. 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 legal forums and sought reliefs. The ultimate liability, if any, with respect to their claims is not ascertainable and in the opinion of management, would not have material effect on the accounts.
- 3.1 Balance confirmations have not been received from most of the parties showing debit/credit balances.
- 3.2 In the opinion of the Board, the value on realization of current assets, loans & advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
4. Margin /fixed deposits of Rs. 113,037 (2008 - Rs. 73,039) have been made / lodged for obtaining guarantees in favour of various government authorities.
5. Foreign exchange exposures not hedged by derivative instruments or otherwise:

	2009		2008	
	Rupees		Rupees	
Cash & Bank Balances				
US \$	37,028	1,755,561	27,044	1,054,501
Euro	0	0	720	44,043
£	0	0	40	3,102
Jap Yen	0	0	15,000	5,562

6. The Company has not received any information / memorandum (as required to be filed by suppliers / vendors with the notified authority under Micro, Small and Medium Enterprises Development Act, 2006), claiming their status as Micro, Small or Medium Enterprises. Consequently, the amount paid / payable together with interest paid/payable to these parties under this Act is Nil.
7. Pending assessments of luxury tax, sales tax, service tax, expenditure tax, house & water tax etc. further liability, if any, could not be ascertained and provided for in account.
8. No amount is paid / payable by the company under Section 441 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.
9. Depreciation has been provided in the accounts on "Straight Line Method" at rates prescribed in Schedule XIV to the Companies Act, 1956 except for specific assets stated below where different rates are applied which are not less than those prescribed under the Companies Act, 1956 :
- i) Leasehold land is amortised over a period of 30 years. Leasehold land acquired on 99 years basis is not amortised.

U.P. HOTELS LIMITED

- ii) Intangible assets viz trade marks and computer software are being amortised over a period of sixty months.
10. Auditors' remuneration includes audit fee Rs. 405,000 (2008 - Rs. 405,000) tax audit fee Rs. 55,000 (2008-Rs. 55,000) certificate fee Rs. 10,500 (2008-Rs. 41,000) and mid term reviews Rs. 63,500 (2008-Rs. 63,500). Other expenses include a sum of Rs. 66,688 (2008 - Rs. 69,772) paid to auditors as service tax.
11. Since depreciation has been calculated on the revalued costs, the difference of depreciation on original cost and the revalued figures amounting to Rs. 1,024,668 (2008-Rs. 1,024,668) has been withdrawn from the revaluation reserve and deducted from the gross depreciation for the year.
- 12.1 Managerial remuneration (excluding contribution to gratuity fund and provision for leave encashment since the same is provided on an actuarial basis for company as a whole) paid/ payable to Directors

	Year ended 31st March	
	2009	2008
	Rupees	Rupees
Salaries	4,200,000	4,200,000
Contribution to provident fund and other funds	360,000	216,000
Other perquisites (benefits in cash or in kind)	1,716,155	1,589,704
Sitting fee	225,000	315,000
Commission to Managing Director(s) & Executive Director(s)	9,647,016	12,097,032
	<u>16,148,171</u>	<u>18,417,736</u>

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

		Rupees
Net profit before tax		137,441,117
Add: Remuneration to directors	15,923,171	
Sitting fee	225,000	
Provision / Loss : Investments	2,389,454	
Provision for doubtful debts & advances	677,793	
Sale/discard of assets	3,736,274	
Donation	<u>408,600</u>	<u>23,360,292</u>
		160,801,409
Less: Provision for doubtful debts & advances written back		<u>17,832</u>
Net profit in accordance with section 198 of the Companies Act.		<u>160,783,577</u>
Commission payable to Managing Director(s) @2% of net profit to each		6,431,344
Commission payable to Executive Director(s) @ 1% of net profit to each		<u>3,215,672</u>
Total commission payable		<u>9,647,016</u>

- 13.1 (i) The Company has entered into operating lease arrangement for office premises, guest house for outsiders and residential premises for employees/directors. Some of the significant terms and conditions of the arrangements are:

- agreements may generally be terminated by either party on serving a notice period
 - the lease arrangements are generally renewed on expiry of lease period subject to mutual agreement
 - the company shall not sublet, assign or part with the possession of the premises without prior written consent of lessor.
- (ii) Rent in respect of above are charged to Profit & Loss account.
- (iii) The year wise break up of future minimum lease payments in respect of leased premises are as under:

	Year ended 31st March	
	2009	2008
	Rupees	Rupees
Total future minimum lease payments	8,360,418	3,420,772
Not later than one year	3,247,782	1,873,727
Later than one year but not later than five years	5,112,636	887,295
Later than five years	—	659,750

- 13.2 The company has also entered into operating lease arrangements for assets viz. Alcatel Omni PCX Office Telephone System. Future lease rental payments are as under:

	Year ended 31st March	
	2009	2008
	Rupees	Rupees
Not later than one year	165,450	168,540
Later than one year not later than five years	420,519	603,935

General description of arrangements-

- (i) Future lease rental payments are determined on the basis of annual lease payment as per agreement.
 - (ii) At the expiry of the lease term, the Company has an option either to return the assets or extend the term by giving notice in writing.
- 13.3 (i) The Company has also entered into operating leases relating to shops etc. Shop licence fee have been recognised as income in the Profit & Loss Account.
- (ii) Future minimum lease payments recoverable by the Company in respect of shops and office premises are as follows:

	Year ended 31st March	
	2009	2008
	Rupees	Rupees
(a) Not later than one year	3,781,981	1,539,047
(b) Later than one year but not later than five years	2,228,055	1,601,132
(c) Later than five years	—	1,300,104

14. The Company's only business is hoteliering and hence disclosure of segment-wise information is not applicable under Accounting Standard 17 – 'Segment Reporting' (AS-17). There is no geographical segment to be reported since all operations are undertaken in India.

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15. Related party transactions

A) Related parties and their relationship

i) Subsidiary Companies – Nil

ii) Key management personnel :-

a) Directors

Shri L P Gupta (Chairman & Managing Director)
Shri Birendra Kumar (Vice Chairman & Managing Director)
Shri Apurv Kumar (Executive Director)
Shri Rupak Gupta (Executive Director)
Shri Rakesh M Gupta
Shri Sushil Kumar
Shri Arvind Kumar

b) Relatives of Directors

Smt. Supriya Gupta
Shri Upendra Kumar
Shri Manish Kumar
Smt. Rajeshwari Kumar
Smt. Renuka Kumar
Shri Anoop Kumar
Smt. Minakshi Gupta
Shri Binay Kumar
Shri Ravi M Gupta
Shri Vivek Kumar

iii) Enterprise in which key management personnel have significant influence:

U.P. Hotels Clarks Ltd.
U.P. Hotels India Ltd.
Kalyani Holdings and Finance Ltd.
Indian Textiles Company Private Ltd.
Indian Textiles Company (Holdings) Pvt. Ltd.
Hotel Clarks Varanasi Limited
Great Value Hotels Limited
Carbon Paste Limited
Banaras House Pvt. Limited
Banaras House IGA South Asia Ltd.
Bonita India Ltd.
Banaras International Limited
Banaras Global Limited
Banaras House Engg Private Limited
U P Export Industries Limited
ANK Travels Limited
Silk Emporium
Oriental Textiles
Jaipur Silk Emporium
Rastriya Vikas Limited
Oriental Emporium
Jaipur Shop
Chandauli Agro Dairy Products Pvt. Ltd.
Pride Hospitality Pvt. Ltd.
Clarks Brij Hotels (I) Pvt. Ltd.

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

	Year ended 31st March	
	2009	2008
	Rupees	Rupees
Transaction with parties referred to in A (ii) above		
a) Remuneration paid to directors	15,923,171	18,102,736
b) Remuneration paid to relatives of directors	2,606,422	2,534,289
c) Rent paid	660,000	660,000
d) Sitting Fee	25,000	50,000
e) Staff training	520,000	25,900
f) Amount outstanding at year end		
— Payable (including due to Managing Director(s) – Rs. 6,474,544 (2008 - Rs. 8,102,898)	9,743,486	12,405,702
ii) Transaction with parties in A (iii) above at arms length		
a) Purchase of goods & services	58,216	833,546
b) Purchase of fixed assets	—	232,775
c) Sale of goods/services	7,465	62,383
d) Licence fee received	279,111	272,602
e) Amounts outstanding at the year end :		
— Receivables	192,962	193,127
— Payable	31,342	2,650

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16. Investments acquired and sold during the year:-

Mutual fund scheme Description	Purchases made during the year		Sales made during the year	
	Units	Amount (Rs.)	Units	Amount (Rs.)
Birla Sun Life Savings Fund - Retail Growth	153,703.330	2,500,000	-	-
Birla Sun Life Income Plus – Growth	244,255.340	9,799,060	-	-
Birla Sun Life Income Plus - Quarterly Dividend – Reinvestment	830,097.605	10,000,000	830,097.605	9,726,171
Birla Sun Life Short Term Fund Retail – Growth	618,756.442	9,726,171	618,756.442	9,799,060
Canara Robeco Income Dividend (Income) Fund	616,031.833	10,045,631	-	-
Canara Robeco Liquid Plus - Daily Dividend Reinvestment	809,667.940	10,045,631	809,667.940	10,045,631
HDFC FMP -90 D March 2008 Retail Plan Dividend	-	-	300,000.000	3,000,000
HDFC FMP -90 D March 2008 Retail Plan Dividend	300,000.000	3,000,000	300,000.000	3,000,000
HDFC FMP 90D May 2008 (VIII) Retail Plan Dividend Pay Out	500,000.000	5,000,000	500,000.000	5,000,000
HDFC Qty Interval Fund - Plan C Wholesale - Dividend Reinvest	19,196.189	192,077	1,018,556.589	10,190,761
ICICI Prudential Flexible Income Plan Dividend Daily Reinvest	492,991.384	5,212,644	492,991.384	5,212,644
ICICI Prudential Interval Fund Qty Interval Plan - Retail dividend reinvest	14,429.850	144,311	518,709.679	5,187,564
Kotak FMP 3M Series 27 –Dividend	5,186.353	51,864	255,186.353	2,551,864
LIC MF Liquid Plus Fund - Daily Dividend Plan	516,423.288	5,164,233	516,423.288	5,164,233
Lotus India Qty Interval Fund - Plan C – Dividend	249,433.785	2,500,000	249,433.785	2,494,887
Lotus India Qty Interval Fund - Plan D - Dividend	10,170.163	101,702	260,157.664	2,602,253
Fortis Money Plus Regular Dividend	1,707,137.767	17,190,197	-	-
Fortis Money Plus Regular Growth	1,087,304.740	14,000,000	1,087,304.740	14,190,197
Reliance Fixed Horizon Fund VIII Series 4- Institutional Dividend Plan	1,300,000.000	13,029,160	-	-
Reliance Fixed Horizon Fund VIII Series 4- Institutional Growth Plan	1,300,000.000	13,000,000	1,300,000.000	13,029,160
Reliance Media & Entertainment - Growth Plan Growth Option	-	-	27,412.202	426,010
SBI Debt Fund Series - 90 Days - 24 - Growth	204,071.426	2,040,714	204,071.426	2,085,488
SBI Debt Fund Series - 90 Days - 25 - Dividend	305,373.300	3,053,733	305,373.300	3,053,733
SBI Debt Funds Series - 90 days -20 -Dividend	3,540.770	35,408	204,071.426	2,040,714
SBI Mutual Fund - SBI Debt Funds Series - 90 days-21- Dividend	5,549.700	55,497	305,549.700	3,055,497

17. Employees benefits

17.1 Defined contribution plans.

The Company makes contribution towards Provident Fund and ESI for qualifying employees. The Provident Fund & ESI plans are operated by Regional Provident Fund Commissioner and Director, Employees' State Insurance Corporation. The Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. The only obligation of the Company with respect to their retirement benefit plan is to make specified contribution at specified rates. The Company has recognized Rs. 6,959,217 (2008- Rs. 6,656,646) for Provident Fund and Rs. 2,139,505 (2008 – Rs. 2,381,899) for ESI.

17.2 Defined benefit plan

Gratuity

The Company makes annual contribution to Employees Group Gratuity cum Life Assurance Scheme of Life Insurance Corporation of India (funded) at all units except at Khajuraho. The scheme provides for lump sum payment to vested employees, on departure, of an amount equal to 15 days salary (last drawn) for each completed year of service. Vesting occur on

completion of five years service. The recent actuarial valuation was carried out at 31st March, 2009 by Life Insurance Corporation of India under the Projected Unit Credit Method. The actuarial valuation at Khajuraho is carried out by an Actuary under the Projected Unit Credit Method. Provisions have been made to bring gratuity liability in line with actuarial valuation.

17.3 Disclosure relating to defined benefit plan as per actuarial valuation as on 31st March, 2009 and recognized in the financial statements

Description	Gratuity		Leave
	Funded	Non Funded	Encashment Non Funded
Table showing changes in present value of obligation as on 31st March, 2009			
Present value of obligation as at beginning of the year	38,993,156	360,253	5,099,434
Interest cost	1,334,112	28,820	407,955
Current service cost	1,033,480	69,480	630,569
Benefits paid	(4,303,214)	-	-
Actuarial (gain)/loss on obligation	2,944,679	76,745	(214,454)
Present value of obligation as at end of the year	40,002,213	535,298	5,923,504
Table showing changes in the fair value of plan assets as on 31st March, 2009			
Fair value of plan assets at beginning of year	16,850,502	-	-
Expected return on plan assets	1,714,411	-	-
Contributions	7,345,948	-	-
Benefits paid	(4,303,214)	-	-
Actuarial gain/(loss) on plan assets	-	-	-
Fair value of plan assets at end of year	21,607,647	-	-
Table showing fair value of plan assets			
Fair value of plan assets at beginning of year	16,850,502	-	-
Actual return on plan assets	1,714,411	-	-
Contributions	7,345,948	-	-
Benefits paid	(4,303,214)	-	-
Fair value of plan assets at end of year	21,607,647	-	-
Funded status	(18,394,566)	(535,298)	(5,923,504)
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)			
Actuarial Gain/(Loss) recognised as on 31st March, 2009			
Actuarial (Gain) / Loss on obligation	(2,944,679)	(76,745)	(214,454)
Actuarial (Gain) / Loss for the year – plan assets	-	-	-
Actuarial (Gain) / Loss on obligation	2,944,679	76,745	214,454
Actuarial (Gain) / Loss recognised in the year	2,944,679	76,745	214,454
The amount to be recognised in the Balance Sheet and statement of Profit & Loss			
Present value of obligation as at end of the year	40,002,213	535,298	5,923,504
Fair value of plan assets at end of year	21,607,647	-	-
Funded status	(18,394,566)	(535,298)	(5,923,504)
Net assets /(liability) recognised in balance sheet	18,394,566	535,298	5,923,504
Expenses recognised in statement of Profit & Loss			
Current service cost	1,033,480	69,480	630,569
Interest cost	1,334,112	28,820	407,955
Expected return on plan assets	(1,714,411)	-	-
Actuarial (Gain) / Loss recognised in the year	2,944,679	76,745	(214,454)
Expenses recognised in statement of Profit & Loss	3,597,860	175,045	824,070
Investment details			
Invested with LIC	100%	-	-

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

a) Discount rate	8%	8%	8%
b) Expected rate of return on plan assets	-	-	-
c) Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
d) Withdrawal rate			
- up to 30 years of age	3.00	3.00	3.00
- up to 44 years of age	2.00	2.00	2.00
- above 44 years of age	1.00	1.00	1.00
e) Future salary increase	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.

17.5 Institute of Chartered Accountants of India has issued a limited revision to AS 15 (revised) which allows an entity to make disclosures required by paragraph 120 (n) of AS 15 (revised) prospectively from the transition date. The limited revision has not yet been incorporated in AS 15 notified under Companies (Accounting Standard) Rules, 2006. Company expects that limited revision will be incorporated in notified standards shortly. In view of the above, the Company has not disclosed the information required to be disclosed under para 120 (n) of AS 15 (revised).

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

18. Earnings per share
Computation of both basic and diluted earnings per share of Rs. 10/- each

	Year ended 31st March	
	2009	2008
	Rupees	Rupees
Profit for the year after tax	89,015,732	111,765,943
Number of Equity Shares	5,400,000	5,400,000
Basic & Diluted earnings per share in Rupees of face value of Rs. 10/-	16.48	20.70

19. 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 not verified by the auditors)	268,852,132	328,481,503

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

i) Provision, stores, wines etc.	966,319	1,154,810
ii) Capital goods	5,614,576	4,638,827
iii) Components /spares etc	—	—

21. Expenditure in foreign currency		
i) Interest	—	—
ii) Membership	—	—
iii) Other matters - Travelling, advertisement, subscription etc	2,408,677	3,763,021

22. Value of consumption of Wines & Liquor

	2009		2008	
	Rupees	%	Rupees	%
Imported	2,324,198	24.13	2,335,733	22.08
Indigenous	7,306,550	75.87	8,242,897	77.92
	9,630,748	100.00	10,578,630	100.00

23. 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.

24. Since it is not practicable to give quantitywise details in respect of purchase, consumption, turnover, stocks etc., the Department of Company Affairs in exercise of its powers conferred by sub-section (4) of Section 211 of the Companies Act, 1956, by its Order No. 46/70/2008-CL-III dated 14th May, 2008 has exempted the Company from giving such details for the years ending on 31st March, 2008, 31st March, 2009 and 31st March, 2010. However, the said Order require the Company to disclose certain additional particulars which have been disclosed.

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

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

I. Registration Details

Registration No.	17307
State Code	55
Balance Sheet Date	31st March, 2009

II. Capital Raised during the year

(Amount in Rs. Thousands)

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

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousands)

Total Liabilities	657,294
Total Assets	657,294

U.P. HOTELS LIMITED

Sources of Funds

Paid up Capital	54,000
Reserves & Surplus (including Revaluation Reserve Rs. 22,558)	436,933
Secured Loans	—
Unsecured Loans	—
Deferred Tax - Net	50,734

Application of Funds

Net Fixed Assets	408,617
Investments	52,948
Net Current Assets	80,102
Miscellaneous Expenditure	—
Accumulated Losses	—

IV. Performance of Company

(Amount in Rs. Thousands)

Turnover (including other income)	590,235
Total Expenditure (after Extra Ordinary items)	452,794
Profit / Loss before Tax	137,441
Profit / Loss after Tax	89,016
Earnings per share – Rs.	16.48
Dividend Rate %	25

V. Generic Names of three principal products / services of company

(As per monetary terms)

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

Schedule 1 to 24 form an integral part of the financial statements

Signatures to Schedules 1 to 24

Sd/-

BIRENDRA KUMAR

Vice Chairman & Managing Director

New Delhi
30th May, 2009

Sd/-

SIDHARTH GHATAK
Company Secretary


Sd/-

APURV KUMAR
Executive Director

Sd/-

RUPAK GUPTA
Executive Director

Certified True copy
For U.P. Hotels Ltd.


Company Secretary
S Ghatak

U.P. HOTELS LIMITED

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

ATTENDANCE SLIP

48th Annual General Meeting — 29th August, 2009

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

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

I hereby record my presence at the 48th ANNUAL GENERAL MEETING of the Company held on Saturday, the 29th August, 2009 at PHD House, Opposite Asian Games Village, New Delhi-110016 at 09.30 a.m.

Member's/Proxy's name in BLOCK LETTERS

Member's/Proxy's Signature

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

U.P. HOTELS LIMITED

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

PROXY FORM

48th Annual General Meeting — 29th August, 2009

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

I/We _____ of _____ in the district of _____ being

a Member/Members of the above named Company, hereby appoint _____

of _____ in the district of _____ or falling

him/her _____ of _____ in the district of _____

as my/our proxy to vote for me/us on my/our behalf at the 48th ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 29th August, 2009 at PHD House, Opposite Asian Games Village, New Delhi-110016 at 09.30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2009

Signature of Proxy _____ Signature of the Member _____

Affix
Revenue
Stamp

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