# TWO-UP FINANCIAL SERVICES LIMITED

**(FORMERLY KNOWN AS GOMTI FINLEASE (INDIA) LIMITED)**

## 20th Annual Report

## 2012-2013

# TWO-UP FINANCIAL SERVICES LIMITED

**(FORMERLY KNOWN AS GOMTI FINLEASE (INDIA) LIMITED)**

**20TH ANNUAL REPORT 2012-2013**

**Board of Directors:**

| | | |
|---|---|---|
| Mr. Surendra Kedia | - | Additional Director (Executive) (w.e.f. 26th March 2013)<br>Chairman and Whole-time Director (w.e.f. 3rd July 2013) |
| Mr. Vinod Deora | - | Additional Director (Executive) (w.e.f. 26th March 2013)<br>Managing Director (w.e.f. 3rd July 2013) |
| Mr. Dinesh Jalan | - | Additional Director (Executive) (w.e.f. 26th March 2013)<br>Joint Managing Director (w.e.f. 3rd July 2013) |
| Mr. Konath Kannampilly | - | Additional Director (Non-Executive Independent Director)<br>(w.e.f. 26th March 2013) |
| Mr. Balram Jhunjhunwala | - | Non-Executive Independent Director |
| Mr. Ghanshyamchandra Sharma | - | Non-Executive Independent Director |
| Mr. Pawan Agarwal | - | Executive Director (upto 15th March 2013) |

**Registered Office:**

228/5-B, Akshay Mittal, Mittal Industrial Estate,
Andheri Kurla Road, Marol, Andheri (East),
Mumbai – 400059

**Auditors:**

M/s. Singrodia Goyal & Co.,
Chartered Accountants

**Bankers:**

Kotak Mahindra Bank Limited
The Shamrao Vittal Co-operative Bank Limited

**Registrar & Share Transfer Agent:**

M/s. Bigshare Services Pvt. Ltd. E-2/3,
Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (East),
Mumbai- 400072.

# NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of TWO- UP FINANCIAL SERVICES LIMITED (formerly known as Gomti Finlease (India) Limited) will be held on Monday, 5th August 2013 at 11.00 a.m. at Unit No. 170, Building No. 5B, Mittal Industrial Estate, Andheri Kurla Road, Marol, Andheri (East), Mumbai- 400059 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 and the Profit and Loss Account for the year ended as on that date and the report of the Board of Directors' and Auditors' thereon;

2. To appoint a Director in place of Mr. Balram Ramabtar Jhunjhunwala, who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

3. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

   To appoint M/s. ASL & Company, Chartered Accountants, Firm registration no. 101921W as Statutory Auditors of the Company in place of retiring auditors M/s Singrodia Goyal & Co. to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

4. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

   **"RESOLVED THAT Mr. Surendra Kedia**, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 128 of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing as per Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

   **"RESOLVED THAT Mr. Vinod Deora**, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 128 of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing as per Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

6. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

   **"RESOLVED THAT Mr. Dinesh Jalan**, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 128 of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing as per Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

7. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

   **"RESOLVED THAT Mr. Konath Kannampilly**, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 128 of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing as per Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. **To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution:**

   **"RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310, 311, 314, 316, 317 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification(s) or reenactment thereof, for the time being in force), read with the Articles of Association of the Company, and subject to the approvals, consents, permissions, sanctions, etc., of the Central Government and all other authorities, if and to the extent applicable and required, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which shall include duly authorized committee thereof for the time being in force exercising the powers conferred upon it by the Board), the Company hereby approves the appointment of **Mr. Surendra Kedia**, as the **Whole-time Director** of the Company, designated as **Executive Chairman**, liable to retire by rotation, for a period of five years with effect from 3rd July 2013 till 2nd July 2018 on the terms and conditions, including remuneration as stated in the Explanatory Statement annexed to this Notice and the draft agreement as placed before the meeting and initialed by the Chairman for the purpose of identification.

**RESOLVED FURTHER THAT** where in any financial year during the tenure of Mr.Surendra Kedia, Whole-time Director designated as Executive Chairman of the Company, as above, the Company has no profits or its profits are inadequate, the Company will pay to the Executive Chairman a minimum remuneration by way of salary, benefits, perquisites, allowances, etc. subject to the provisions of Sections 198, 269, 302, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956 as amended from time to time and subject to the approval of the Central Government, if and to the extent necessary and such other approvals, permission as may be required.

**RESOLVED FURTHER THAT** the Board Directors be and is hereby authorised to take all such steps as may be necessary, proper, expedient or desirable to give effect to this resolution or to make modifications as may be deemed to be in the interest of the Company, with liberty to the Board to alter and vary the terms and conditions of the aforesaid reappointment, including but not limited to the remuneration payable to Mr. Surendra Kedia, from time to time, in accordance with and subject to the limits as stated in the Explanatory Statement annexed to this Notice or as may be stipulated by the Central Government if and to the extent necessary and applicable and to do all such act, deeds, matters and things for giving effect to this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of its powers to any of its committee(s) or any director or officer or person, to give effect to the aforesaid resolution.

9. **To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution:**

**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310, 311, 314, 316, 317 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification(s) or reenactment thereof, for the time being in force), read with the Articles of Association of the Company, and subject to the approvals, consents, permissions, sanctions, etc., of the Central Government and all other authorities, if and to the extent applicable and required, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which shall include duly authorized committee thereof for the time being in force exercising the powers conferred upon it by the Board), the Company hereby approves the appointment of **Mr. Vinod Deora**, as the **Managing Director** of the Company, not liable to retire by rotation, for a period of five years with effect from 3rd July 2013 till 2nd July 2018 on the terms and conditions, including remuneration as stated in the Explanatory Statement annexed to this Notice and the draft agreement as placed before the meeting and initialed by the Chairman for the purpose of identification.

**RESOLVED FURTHER THAT** where in any financial year during the tenure of Mr. Vinod Deora, Managing Director of the Company, as above, the Company has no profits or its profits are inadequate, the Company will pay to the Managing Director a minimum remuneration by way of salary, benefits, perquisites, allowances, etc. subject to the provisions of Sections 198, 269, 302, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956 as amended from time to time and subject to the approval of the Central Government, if and to the extent necessary and such other approvals, permission as may be required.

**RESOLVED FURTHER THAT** the Board Directors be and is hereby authorised to take all such steps as may be necessary, proper, expedient or desirable to give effect to this resolution or to make modifications as may be deemed to be in the interest of the Company, with liberty to the Board to alter and vary the terms and conditions of the aforesaid reappointment, including but not limited to the remuneration payable to Mr. Vinod Deora, from time to time, in accordance with and subject to the limits as stated in the Explanatory Statement annexed to this Notice or as may be stipulated by the Central Government if and to the extent necessary and applicable and to do all such act, deeds, matters and things for giving effect to this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of its powers to any of its committee(s) or any director or officer or person, to give effect to the aforesaid resolution.

10. **To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution:**

**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310, 311, 314, 316, 317 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification(s) or reenactment thereof, for the time being in force), read with the Articles of Association of the Company, and subject to the approvals, consents, permissions, sanctions, etc., of the Central Government and all other authorities, if and to the extent applicable and required, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which shall include duly authorized committee thereof for the time being in force exercising the powers conferred upon it by the Board), the Company hereby approves the appointment of **Mr. Dinesh Jalan**, as the **Joint Managing Director** of the Company, not liable to retire by rotation, for a period of five years with effect from 3rd July 2013 till 2nd July 2018 on the terms and conditions, including remuneration as stated in the Explanatory Statement annexed to this Notice and the draft agreement as placed before the meeting and initialed by the Chairman for the purpose of identification.

**RESOLVED FURTHER THAT** where in any financial year during the tenure of Mr. Dinesh Jalan, Joint Managing Director of the Company, as above, the Company has no profits or its profits are inadequate, the Company will pay to the Joint Managing Director a minimum remuneration by way of salary, benefits, perquisites, allowances, etc. subject to the provisions of

Sections 198, 269, 302, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956 as amended from time to time and subject to the approval of the Central Government, if and to the extent necessary and such other approvals, permission as may be required.

**RESOLVED FURTHER THAT** the Board Directors be and is hereby authorised to take all such steps as may be necessary, proper, expedient or desirable to give effect to this resolution or to make modifications as may be deemed to be in the interest of the Company, with liberty to the Board to alter and vary the terms and conditions of the aforesaid reappointment, including but not limited to the remuneration payable to Mr. Jalan , from time to time, in accordance with and subject to the limits as stated in the Explanatory Statement annexed to this Notice or as may be stipulated by the Central Government if and to the extent necessary and applicable and to do all such act, deeds, matters and things for giving effect to this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of its powers to any of its committee(s) or any director or officer or person, to give effect to the aforesaid resolution.

11. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

"**RESOLVED THAT** pursuant to provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force)(**"Companies Act"**) and subject to the provisions of the Memorandum of Association and the Articles of Association of the Company, the listing agreements (**"Listing Agreements"**) entered into by the Company with the BSE Limited and the Ahmedabad Stock Exchange (**"Stock Exchanges"**) where the equity shares of the Company are listed and the regulations for preferential issue issued by the Securities and Exchange Board of India (**"SEBI"**) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (including any amendment thereto or re-enactment thereof for the time being in force) (**"SEBI (ICDR) Regulations"**) and other applicable rules, regulations, clarifications and/or guidelines, if any, of SEBI and any other applicable laws and subject to requisite sanctions, approvals or consents, if any, of the Central Government, Stock Exchange(s), SEBI, RBI, banks and financial institutions that have provided finance to the Company (if applicable) and any other appropriate authorities, institutions, bodies under any other applicable laws, statutes, rules and regulations for the time being and from time to time in force and further subject to such terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of them while granting such approvals which the Board of Directors (which terms shall include any Committee or Managing Director or Officer authorized by the Board) (**"Board"**) be and is hereby authorized to accept and subject to such conditions and modifications as may be considered appropriate by the Board, consent, authority and approval of the Company be and is hereby accorded to the Board (with powers to delegate all, or any of the powers hereby conferred to any duly authorized committee thereof) to create, offer, issue and allot on preferential basis, at its sole and absolute discretion, such number of equity shares of the Company having a face value of Rs.10/- each (**"Equity Shares"**) at a price determined in accordance with Chapter VII of the SEBI (ICDR) Regulations on the Relevant Date i.e. 6th July 2013 and/ or any other applicable Regulations, if any, to the promoters group as mentioned below:

| Sr. No. | Name of Allottees | Category | No. of Shares |
|---|---|---|---|
| 1. | Jaiseanto Industries Pvt Ltd | Promoters Group | 2,00,000 |
| 2. | Dolly Exim Pvt Ltd | Promoters Group | 1,30,000 |
| 3. | A B Overseas Pvt Ltd | Promoters Group | 3,30,000 |
| 4. | Aman Merchandise Pvt Ltd. | Promoters Group | 40,000 |
| 5. | Starpoint Vinimay Pvt Ltd | Promoters Group | 2,90,000 |
| | **Total** | | **9,90,000** |

**RESOLVED FURTHER THAT** the "Relevant Date" in relation to issue of Equity Shares pursuant to this resolution in accordance with the SEBI (ICDR) Regulations be 6th July 2013, being the date 30 days prior to the date of the passing of this special resolution in the Annual General Meeting of the Members of the Company or such other date as may be prescribed in accordance with the SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** the Equity Shares be issued and allotted to the Allottees within a period of fifteen (15) days from the passing of this special resolution provided that where the allotment of Equity Shares is pending on account of pendency of any approvals for such allotment by any regulatory authority or the Central Government or RBI, the allotment shall be completed within a period of fifteen (15) days from the date of such approval or such other extended period as may be permitted under the SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** the Equity Shares so issued and allotted shall rank pari passu in all respects with the existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** the entire pre-issue shareholding of the Allottees, if any, shall be subject to lock-in from the Relevant Date up to a period of six months from the date of preferential allotment of the Equity Shares or such other period as may be applicable under the SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** the Equity Shares issued and allotted to the Allottees on a preferential basis as above shall be subject to lock-in in accordance with the SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** the Equity Shares issued and allotted to the Allottees on a preferential basis as above, shall be listed and traded on all the Stock Exchanges on which the existing equity shares of the Company are listed.

**RESOLVED FURTHER THAT** the Company is authorised to file all necessary applications, papers and documents with the National Securities Depository Limited and Central Depository Services (I) Limited, the Stock Exchanges or any other authorities for admission of the Equity Shares issued and allotted to the Allottees on preferential basis as above.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorised do all such acts, deeds, matters and things as it may, at its discretion deem necessary or desirable for such purpose, including without limitation, appointment of consultants, solicitors, merchant bankers, or any other agencies as may be required, and entering into arrangements for listing, trading, depository services and such other arrangements and agreements as may be necessary, and also to seek listing of the Equity Shares so issued with the Stock Exchanges with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard to any such issue, offer or allotment of Equity Shares and in complying with any regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authorities of this resolution."

**NOTES:**

1. **A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/ HER AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed to the hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 29th July 2013 to Monday, 5th August 2013 (both days inclusive) for taking record of the Members of the Company for the purpose of Annual General Meeting (AGM).
4. Members are requested to notify the changes, if any, in their address to the Company's Share Transfer Agent, Bigshare Services Private Limited immediately, in respect of their physical shares if any, quoting their folio numbers and to their Depository Participants (DPs) in respect of their electronic share accounts.
5. Members/ proxies are requested to bring their copies of Annual Report at the Annual General Meeting.
6. Corporate Members are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
7. Members are requested to send all share transfer lodgments (Physical mode)/ correspondence to the Registrar and Share Transfer Agent at the following address unto the date of book closure:

   **M/s. Bigshare Services Pvt. Ltd.**

   E-2/3, Ansa Industrial Estate, Sakivihar Road,
   Saki Naka, Andheri (East),
   Mumbai – 400 072.
8. The Members are requested to dematerialize their shareholdings to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or the Company's Registrars and Transfer Agents.
9. Members/Proxies should bring the Attendance Slip sent herewith duly filled in, for attending the Meeting.
10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. Members holding shares in same/identical name(s) under different folios are requested to apply for consolidation of such folio and relevant share certificate.
12. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting to facilitate identification of Membership at the meeting.
13. Members desiring any information as regards the accounts are requested to write to the Company atleast 7 days before the date of the meeting, so as to enable the management to keep the information ready.
14. The Equity Shares of the Company are listed at BSE Limited and Ahmedabad Stock Exchange Limited and the Company has paid requisite annual listing fees for the year 2012-2013 to the Exchanges.

15. In terms of Section 109A of the Companies Act, 1956 facility for making nominations is available for shareholders in respect of the physical shares held by them. Nomination forms can be obtained from the Company's Registered Office.
16. As required under Clause 49 of the Listing Agreement, the details of the Director's seeking appointment/ reappointment are separately attached as **Annexure A**.

**ATTENTION MEMBERS**

**GREEN INITIATIVE IN CORPORATE GOVERNANCE**

The Ministry of Corporate Affairs, Government of India, has permitted companies to send electronic copies of Annual Report, notices etc., to the e-mail ids of shareholders. With a view to lend a strong support to this environment friendly initiative of the Government of India, Annual Reports for Financial Year 2012-13 of your Company has been sent via Electronic Mode (E-mail) to the Members whose E-mail ID was made available to us by the Depositories Participants. We request the Members to register / update their e-mail address on investors@twoup.in, in case they have not already registered / updated the same. Physical copies of Annual Reports have been sent to all the Members of the Company.

**By Order of the Board,**
**For Two-Up Financial Services Limited**

**Vinod Deora**
**Managing Director**

Place: Mumbai
Date: 3rd July 2013

**Registered office:**

228/5-B, Akshay Mittal, Mittal Industrial Estate,
Andheri Kurla Road, Marol, Andheri (East),
Mumbai – 400059

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

**Item No. 3:**

The Members of the Company at their Nineteenth Annual General Meeting held on 26th September 2012, appointed M/s Singrodia Goyal & Co., Chartered Accountants, Mumbai as Statutory Auditors of the Company from the conclusion of that meeting until the conclusion of the next Annual General Meeting. The retiring auditors M/s Singrodia Goyal & Co., have informed the Company that they do not wish to seek re-appointment as the Statutory Auditors of the Company at the forthcoming Annual General Meeting.

It is proposed to appoint M/s ASL & Co, Chartered Accountants, Mumbai as the Statutory Auditors of the Company in place of outgoing auditors. Special notices in terms of Section 190 of the Companies Act, 1956 have been received under Section 224(6) read with Section 225(1) of the Companies Act, 1956 from some Members of the Company proposing the appointment of M/s ASL & Co., Chartered Accountants, in place of retiring auditors. The Board of Directors recommends the aforesaid appointment for approval by Members.

None of the Directors of the Company is concerned or interested in this item of the accompanying notice.

**Item No. 4:**

Mr. Surendra Kedia was appointed as an Additional Director of the Company on 26th March 2013 by the Board of Directors and designated as Executive Director of the Company. He was appointed as the Chairman of the Company in their meeting held on 3rd July 2013. According to the provisions of Section 260 of the Companies Act, 1956, Additional Director holds office upto the date of ensuing Annual General Meeting. As required under Section 257 of the Act, a notice has been received from a member signifying his intention to propose appointment of Mr. Surendra Kedia as Director along with a deposit of Rs.500/-.

Mr. Surendra Kedia is a B.COM. Graduate. He is associated with the Company, as chief of project planning & control. He has 20 years of experience in project planning and Management. His rich experience is an asset to the Company.

The Board considers it desirable that the Company should avail the services of Mr. Surendra Kedia and recommends his appointment as Director.

None of the Directors except Mr. Surendra Kedia, himself, is interested in the resolution.

**Item No. 5:**

Mr. Vinod Deora was appointed as an Additional Director of the Company on 26th March 2013 by the Board of Directors and designated as Executive Director of the Company. He was appointed as the Managing Director of the Company by the Board of Directors in their meeting held on 3rd July 2013. According to the provisions of Section 260 of the Companies Act, 1956, Additional Director holds office upto the date of ensuing Annual General Meeting. As required under Section 257 of the Act, a notice has been received from a member signifying his intention to propose appointment of Mr. Vinod Deora as Director along with a deposit of Rs.500/-.

Mr. Vinod Deora is B.COM. Graduate. He has an experience of 35 years and his presence and guidance shall be of immense help to the Company.

The Board considers it desirable that the Company should avail the services of Mr. Vinod Deora and recommends his appointment as Director.

None of the Directors except Mr. Vinod Deora, himself, is interested in the resolution.

**Item No. 6:**

Mr. Dinesh Jalan was appointed as an Additional Director of the Company on 26th March 2013 by the Board of Directors and designated as Executive Director of the Company. He was appointed as the Joint Managing Director of the Company by the Board of Directors in their meeting held on 3rd July 2013. According to the provisions of Section 260 of the Companies Act, 1956, Additional Director holds office upto the date of ensuing Annual General Meeting. As required under Section 257 of the Act, a notice has been received from a member signifying his intention to propose appointment of Mr. Dinesh Jalan as Director along with a deposit of Rs.500/-.

The Board considers it desirable that the Company should avail the services of Mr. Dinesh Jalan and recommends his appointment as Director.

None of the Directors except Mr. Dinesh Jalan, himself, is interested in the resolution.

**Item No. 7:**

Mr. Konath Kannampilly was appointed as an Additional Director of the Company on 26th March 2013 by the Board of Directors and designated as Non-Executive Independent Director of the Company. According to the provisions of Section 260 of the Companies Act, 1956, Additional Director holds office upto the date of ensuing Annual General Meeting. As required under Section 257 of the Act, a notice has been received from a member signifying his intention to propose appointment of Mr. Konath Kannampilly as Director along with a deposit of Rs.500/-.

Mr. Konath Kannampilly is a Post Graduate in Hotel Management. He has 37 years of experience with various Hotel Groups such as the Taj, Spencers, Leela, Raheja & Orchid Group of Hotels. His vast experience will be of immense help to the Company.

The Board considers it desirable that the Company should avail the services of Mr. Konath Kannampilly and recommends his appointment as Director.

None of the Directors except Mr. Konath Kannampilly, himself, is interested in the resolution.

**Item No. 8:**

On the basis of the approval and recommendation of the Remuneration Committee, the Board of Directors of the Company, in their meeting held on 3rd July 2013 approved the appointment of Mr. Surendra Kedia, as Whole-time Director designated as Executive Chairman, pursuant to the provisions of Sections 198, 269, 309, 311, 314, 316, 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Articles of Association of the Company for a period of five years commencing from 3rd July 2013 till 2nd July 2018 and subject to the approvals, consents, permissions, sanctions and the like of the Members of the Company at the general meeting by special resolution and all other concerned statutory and other authorities, if and to the extent applicable and required.

The remuneration payable to him shall be as under:

**A. REMUNERATION AND PERQUISITES**

a) Salary: No salary shall be drawn at present. However, the salary, remuneration and perquisites shall be paid to him as may be prescribed by the Remuneration Committee and as per provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force),

b) The Company shall reimburse from time to time all expenses that he may be required to incur in the course of performance of duties as Whole-time Director of the Company.

**B. MINIMUM REMUNERATION**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary shall be treated as Minimum Remuneration under the provisions of Section II of Part II of Schedule XIII.

In addition to the above, the Whole-time Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration:

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,

b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and

c) Encashment of leave at the end of the tenure.

**C. POWERS OF THE BOARD TO DECIDE THE REMUNERATION**

Notwithstanding anything stated herein above, where in any financial year, there are no profits or inadequate profits, the Board is empowered to decide not to pay any remuneration mentioned in paragraph "A" above or pay any amount they consider reasonable in the circumstances of case. The Board's power in this behalf are absolute and if so exercised by the Board before the end of the financial year or before the accounts are passed by the Annual General Meeting will override the provisions for remuneration set out above and no commission as the case may be, will accrue and become payable to the said Whole-time Director.

The Board of Directors recommends this resolution to the Members for their approval.

None of the Directors except Mr. Surendra Kedia, himself is interested or concerned in this resolution.

The explanatory statement together with the Notice should be treated as an abstract of the terms of the Agreement and Memorandum of Concern or Interest under Section 302 of the Companies Act, 1956.

**Item No. 9:**

On the basis of the approval and recommendation of the Remuneration Committee, the Board of Directors of the Company, in their meeting held on 3rd July 2013 approved the appointment of Mr. Vinod Deora as Managing Director pursuant to the provisions of Sections 198, 269, 309, 311, 314, 316, 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Articles of Association of the Company for a period of five years commencing from 3rd July 2013 till 2nd July 2018 and subject to the approvals, consents, permissions, sanctions and the like of the Members of the Company at the general meeting by special resolution and all other concerned statutory and other authorities, if and to the extent applicable and required.

The remuneration payable to him shall be as under:

**A. REMUNERATION AND PERQUISITES**

a) Salary: No salary shall be drawn at present. However, the salary, remuneration and perquisites shall be paid to him as may be prescribed by the Remuneration Committee and as per provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force),

b) The Company shall reimburse from time to time all expenses that he may be required to incur in the course of performance of duties as Managing Director of the Company.

**B. MINIMUM REMUNERATION**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary shall be treated as Minimum Remuneration under the provisions of Section II of Part II of Schedule XIII.

In addition to the above, the Managing Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration:

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,

b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and

c) Encashment of leave at the end of the tenure.

**C. POWERS OF THE BOARD TO DECIDE THE REMUNERATION**

Notwithstanding anything stated herein above, where in any financial year, there are no profits or inadequate profits, the Board is empowered to decide not to pay any remuneration mentioned in paragraph "A" above or pay any amount they consider reasonable in the circumstances of case. The Board's power in this behalf are absolute and if so exercised by the Board before the end of the financial year or before the accounts are passed by the Annual General Meeting will override the provisions for remuneration set out above and no commission as the case may be, will accrue and become payable to the said Managing Director.

The Board of Directors recommends this resolution to the Members for their approval.

None of the Directors except Mr. Vinod Deora, himself is interested or concerned in this resolution.

The explanatory statement together with the Notice should be treated as an abstract of the terms of the Agreement and Memorandum of Concern or Interest under Section 302 of the Companies Act, 1956.

**Item No. 10:**

On the basis of the approval and recommendation of the Remuneration Committee, the Board of Directors of the Company, in their meeting held on 3rd July 2013 approved the appointment of Mr. Dinesh Jalan, as Joint Managing Director pursuant to the provisions of Sections 198, 269, 309, 311, 314, 316, 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Articles of Association of the Company for a period of five years commencing from 3$^{rd}$ July 2013 till 2$^{nd}$ July 2018 and subject to the approvals, consents, permissions, sanctions and the like of the Members of the Company at the general meeting by special resolution and all other concerned statutory and other authorities, if and to the extent applicable and required.

The remuneration payable to him shall be as under:

**A. REMUNERATION AND PERQUISITES**

a) Salary: No salary shall be drawn at present. However, the salary, remuneration and perquisites shall be paid to him as may be prescribed by the Remuneration Committee and as per provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force),

b) The Company shall reimburse from time to time all expenses that he may be required to incur in the course of performance of duties as Joint Managing Director of the Company.

**B. MINIMUM REMUNERATION**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary shall be treated as Minimum Remuneration under the provisions of Section II of Part II of Schedule XIII.

In addition to the above, the Joint Managing Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration:

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,

b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and

c) Encashment of leave at the end of the tenure.

**C. POWERS OF THE BOARD TO DECIDE THE REMUNERATION**

Notwithstanding anything stated herein above, where in any financial year, there are no profits or inadequate profits, the Board is empowered to decide not to pay any remuneration mentioned in paragraph "A" above or pay any amount they consider reasonable in the circumstances of case. The Board's power in this behalf are absolute and if so exercised by the Board before the end of the financial year or before the accounts are passed by the Annual General Meeting will override the provisions for remuneration set out above and no commission as the case may be, will accrue and become payable to the said Joint Managing Director.

The Board of Directors recommends this special resolution to the Members for their approval.

None of the Directors except Mr. Dinesh Jalan, himself is interested or concerned in this resolution.

The explanatory statement together with the Notice should be treated as an abstract of the terms of the Agreement and Memorandum of Concern or Interest under Section 302 of the Companies Act, 1956.

**Item No. 11:**

The Company needs long term resources for various future plans viz. capital expenditure, long term working capital requirements, undertaking expansion plans, commencing new business on account of amalgamation, investments, strategic initiatives and for general corporate purposes. As a part of mobilization of resources for these purpose, the Board of Directors subject to the approval of the Members and requisite statutory approval, if any, has proposed to offer for subscription, by way of preferential allotment upto 9,90,000 equity shares to the persons belonging to the promoter group for cash at a price calculated as per the SEBI Guidelines.

**The following disclosure for the preferential issue of Equity Shares is made in accordance with the provisions of Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the Guidelines"):**

**(i) Objects of the Issue:**

In order to generate long term resources for implementing future growth plans, it is proposed to issue equity shares on a preferential allotment basis.

The proceeds of the proposed preferential allotment of Equity Shares will strengthen the financial position of the Company.

**(ii) Intention of the Promoters / Directors / Key Management Persons to subscribe to the offer**:

| Name of Allottees (Promoter Group) | No. of Equity Shares to be allotted | Percentage of post-issue equity share capital |
|---|---|---|
| Jaiseanto Industries Pvt Ltd | 2,00,000 | 1.83 |
| Dolly Exim Pvt Ltd | 1,30,000 | 1.19 |
| A B Overseas Pvt Ltd | 3,30,000 | 3.02 |
| Aman Merchandise Pvt Ltd. | 40,000 | 0.37 |
| Starpoint Vinimay Pvt Ltd | 2,90,000 | 2.65 |
| **Total** | **9,90,000** | |

**(iii) Change in control**:

There will be no change in control after the proposed preferential allotment.

**(iv) Shareholding pattern of the Company before and after the proposed issue of equity shares:**

| | | Pre-Issue | | Post-Issue | |
|---|---|---|---|---|---|
| **Categ-ory code** | **Category of Shareholder** | **Total number of shares** | **Total sharehold-ing as a percentage of shares** | **Total number of shares** | **Total sharehold-ing as a percentage of shares** |
| (I) | (II) | (IV) | (VI) | | |
| **(A)** | **Shareholding of Promoter and Promoter Group** | | | | |
| **1** | **Indian** | | | | |

| | | | | | |
|---|---|---|---|---|---|
| (a) | Individuals/ Hindu Undivided Family | 3589908 | 36.11 | 3589908 | 32.84 |
| (b) | Central Government/ State Government(s) | 0 | 0.00 | 0 | 0.00 |
| (c) | Bodies Corporate | 3610292 | 36.32 | 4600292 | 42.08 |
| (d) | Financial Institutions/ Banks | 0 | 0.00 | 0 | 0.00 |
| (e) | Any Others(Specify) | 0 | 0.00 | 0 | 0.00 |
| | **Sub Total(A)(1)** | **7200200** | **72.43** | **8190200** | **74.92** |
| **2** | **Foreign** | | | | |
| A | Individuals (Non-Residents Individuals/ Foreign Individuals) | 0 | 0.00 | 0 | 0.00 |
| B | Bodies Corporate | 0 | 0.00 | 0 | 0.00 |
| C | Institutions | 0 | 0.00 | 0 | 0.00 |
| D | Qualified Foreign Investor | 0 | 0.00 | 0 | 0.00 |
| E | Any Others(Specify) | 0 | 0.00 | 0 | 0.00 |
| | **Sub Total(A)(2)** | **0** | **0.00** | **0** | **0.00** |
| | **Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)** | **7200200** | **72.43** | **8190200** | **74.92** |
| **(B)** | **Public shareholding** | | | | |
| **1** | **Institutions** | | | | |
| (a) | Mutual Funds/ UTI | 0 | 0.00 | 0 | 0.00 |
| (b) | Financial Institutions / Banks | 0 | 0.00 | 0 | 0.00 |
| (c) | Central Government/ State Government(s) | 0 | 0.00 | 0 | 0.00 |
| (d) | Venture Capital Funds | 0 | 0.00 | 0 | 0.00 |
| (e) | Insurance Companies | 0 | 0.00 | 0 | 0.00 |
| (f) | Foreign Institutional Investors | 0 | 0.00 | 0 | 0.00 |
| (g) | Foreign Venture Capital Investors | 0 | 0.00 | 0 | 0.00 |
| (h) | Qualified Foreign Investor | 0 | 0.00 | 0 | 0.00 |
| (i) | Any Other (specify) | 0 | 0.00 | 0 | 0.00 |
| | **Sub-Total (B)(1)** | **0** | **0.00** | **0** | **0.00** |
| **B 2** | **Non-institutions** | | | | |
| (a) | Bodies Corporate | 172400 | 1.73 | 167300 | 1.68 |
| (b) | Individuals | | | | |
| I | Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh | 200500 | 2.02 | 205500 | 2.07 |
| II | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 2368100 | 23.82 | 2368100 | 23.82 |
| (c) | Qualified Foreign Investor | 0 | 0.00 | 0 | 0.00 |
| (d) | Any Other (specify) | | | | |
| (d-i) | Clearing Members | 100 | 0.00 | 100 | 0.00 |
| | **Sub-Total (B)(2)** | **2741000** | **27.57** | **2741000** | **25.08** |
| **(B)** | **Total Public Shareholding (B)= (B)(1)+(B)(2)** | **2741000** | **27.57** | **2741000** | **25.08** |
| | **TOTAL (A)+(B)** | **9941200** | **100.00** | **10931200** | **100.00** |
| **(C)** | **Shares held by Custodians and against which Depository Receipts have been issued** | | | | |
| 1 | Promoter and Promoter Group | 0 | 0.00 | 0 | 0.00 |
| 2 | Public | 0 | 0.00 | 0 | 0.00 |
| | **Sub-Total (C )** | **0** | **0.00** | **0** | **0.00** |
| | **GRAND TOTAL (A)+(B)+(C)** | **9941200** | **100.00** | **10931200** | **100.00** |

**(v) Proposed time within which allotment shall be completed:**

The allotment of equity shares is proposed to be completed within a period of 15 days from 5th August 2013 being the date of Annual General Meeting on which the shareholders' sanction is obtained for the preferential allotment of equity shares provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Company within a period of 15 days from the date on which the Company receives all approvals from the concerned authorities in accordance with the SEBI (ICDR) Regulations.

**(vi) Identity and details of the proposed allottees:**

| Sr. No. | Name | Category | Address | Pre-issue shareholding* | % of pre-issue holding | No. of shares proposed for allotment | Post Issue holding* | % of Post Issue Holding* |
|---|---|---|---|---|---|---|---|---|
| 1. | Jaiseanto Industries Pvt. Ltd. | Promoter Group | 229/5-B, Akshay Mittal, Mittal Industrial Estate, Andheri Kurla Road, Marol, Andheri (East) | NIL | NIL | 2,00,000 | 2,00,000 | 1.83 |
| 2. | Dolly Exim Pvt. Ltd. | Promoter Group | 229/5-B, Akshay Mittal, Mittal Industrial Estate, Andheri Kurla Road, Marol, Andheri (East) | NIL | NIL | 1,30,000 | 1,30,000 | 1.19 |
| 3. | A B Overseas Pvt. Ltd. | Promoter Group | C/O Drolia's Flat, Block- D, 2nd Floor 13, Selimpur Road, Dhakuria, Kolkata-700031 | 17,64,600 | 17.75% | 3,30,000 | 20,94,600 | 19.16 |
| 4. | Aman Merchandise Pvt. Ltd. | Promoter Group | 35B, Brajadulal Street, Jorabagan, Kolkata- 700006 | NIL | NIL | 40,000 | 40,000 | 0.37 |
| 5. | Starpoint Vinimay Private Limited | Promoter Group | 31/1, Chhatawala Gali, 2nd Floor, Room No,- 211, Kolkata-700012 | NIL | NIL | 2,90,000 | 2,90,000 | 2.65 |
| | | | **Total** | **17,64,600** | **17.75%** | **9,90,000** | **27,54,600** | **25.20** |

**vii) Pricing of the issue:**

As per Chapter VII of the SEBI (ICDR) Regulations, issue of equity shares on a preferential basis to an investor, shall be made at a price not less than higher of the following:

- The average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the six months preceding the relevant date or
- The average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the two weeks preceding the relevant date.

The "Relevant Date" for determining the issue price of the preferential issue of Equity Shares to the Allottees shall be 6th July 2013 being the date which is 30 days prior to the date of the Annual General Meeting i.e. 5th August 2013.

The stock exchange means either BSE Limited or the Ahmedabad Stock Exchange Limited, being the stock exchange where the highest trading volume in respect of the shares of the Company has been recorded during the preceding six months prior to the Relevant Date in accordance with the provisions of the SEBI (ICDR) Regulations.

The price of the Equity Shares as computed on the basis set out above as on the Relevant Date will be ultimately considered for arriving at the calculation of number of Equity Shares to be issued and allotted to Allottees and the Equity Shares may be issued at that price or at a price higher but not lower than such price.

**(viii) Auditors' Certificate:**

A certificate from M/s Singrodia Goyal & Co., Chartered Accountants, Statutory Auditors of the Company is being issued certifying that the proposed preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations for preferential issue. A copy of the said certificate will be available for inspection by the shareholders at the Registered Office of the Company on all working days except Sundays and public holidays between 3p.m. and 5 p.m.

**(ix) Lock-in of proposed issue of equity shares:**

The Equity Shares proposed to be issued to the Allottees shall be subject to lock-in in accordance with SEBI (ICDR) Regulations.

Further the entire pre-issue shareholding of the Allottees, if any, shall be subject to lock-in from the Relevant Date up to a period of six months from the date of preferential allotment of the Equity Shares or such other period as may be applicable under the SEBI (ICDR) Regulations.

**(x) Undertaking:**

In terms of SEBI (ICDR) Regulations, 2009 the Company hereby undertakes that:

- The Company shall re-compute the price of the specified securities in term of provisions of these Regulations where it is required to do so.

- If the amount payable on account of the re-computation of the price is not paid within the time stipulated in the Regulations, the specified securities shall be continue to be locked-in till the time such amount is paid by the proposed allottees.

As per Section 81 of the Companies Act, 1956 and the provisions of the Listing Agreements, as and when it is proposed to increase the share capital of the Company by allotment of further shares, such shares shall be first offered to the existing shareholders of the Company in the manner laid down under Section 81 unless the shareholders decide otherwise by way of Special Resolution passed in the General Meeting of the Company.

Hence, the consent of the shareholders by way of Special Resolution is being sought for the issue of the Equity Shares on preferential basis.

The Board recommends the Special Resolution for your approval.

Except Mr. Balram Jhunjhunwala, Mr. Ghanshyamchandra Sharma and Mr. Konath Kannampilly, Non-Executive Independent Directors of the Company, the Executive Directors namely, Mr. Surendra Kedia, Mr. Vinod Deora and Mr. Dinesh Jalan are interested in the aforementioned resolution.

**By Order of the Board,**
**For Two-Up Financial Services Limited**

Place: Mumbai
Date: 3rd July 2013

**Vinod Deora**
**Managing Director**

**Registered office:**

228/5-B, Akshay Mittal, Mittal Industrial Estate,
Andheri Kurla Road, Marol, Andheri (East),
Mumbai – 400059

## Annexure A

**Details of the Director's seeking appointment/ reappointment as required under clause 49 of the listing agreement:**

| **Name of the Director** | **Mr. Balram Jhunjhunwala** | **Mr. Surendra Kedia** | **Mr. Vinod Deora** | **Mr. Dinesh Jalan** | **Mr. Konath Kannampilly** |
|---|---|---|---|---|---|
| Date of Birth | 02/12/1966 | 14/04/1955 | 03/12/1952 | 10/02/1960 | 24/03/1951 |
| Date of Appointment on the Board | 22/04/1993 | 26/03/2013 | 26/03/2013 | 26/03/2013 | 26/03/2013 |
| Qualification | B.S.C. | B.COM. | B.COM. | B.COM. | Post Graduate in Hotel Management |
| Experience | Several years experience in Marketing and Finance. | Several years of experience in project planning and management | Several years of experience business management | Several years of experience in Financial planning and management | Several years of experience in hotel management industry |
| Shareholding in the Company | NIL | 2,96,892 shares | 1,40,400 shares | 32,400 shares | NIL |
| List of Directorships held in other Companies | i) Ramfabric (India) Ltd.<br>ii) Ramply (India) Ltd. | i) KDJ Hospitality Pvt. Ltd.<br>ii) Shree Bhagwati Re-Rolling Mills Pvt. Ltd.<br>iii) Shree Bhagwati Salts (Nawa) Pvt. Ltd. | i) Santogen Textile Mills Ltd.<br>ii) Jaiseanto Industries Pvt. Ltd. | i) KDJ Hospital Ltd.<br>ii) JRK International Pvt. Ltd.<br>iii) K J Mining & Minerals Pvt. Ltd.<br>iv) Prestige City Developers Pvt. Ltd.<br>v) Blue Valley Builders Pvt. Ltd. | i) Concept Hospitality Pvt. Ltd.<br>ii) Forbes Concept Hospitality Pvt. Ltd.<br>iii) Evergreen Hospitality Pvt. Ltd.<br>iv) Out 4Sports Pvt. Ltd.<br>v) Obelia Hotels Pvt. Ltd. |
| Committee Membership | 3 | NIL | NIL | NIL | 3 |

# DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Twentieth Annual Report of your Company together with the Audited Statements of Accounts for the year ended on 31st March 2013.

(Amt in Rs.)

| Financial Results | For the year ended 31st March 2013 | For the year ended 31st March 2012 |
|---|---|---|
| Income/(Loss) | 4,60,22,738 | 21,00,131 |
| Less:- Expenditure | 4,50,06,435 | 9,01,343 |
| Profit/(Loss) before tax | 10,16,303 | 11,98,788 |
| Less:- Tax Expenses | 2,37,714 | 68,469 |
| **Profit/(Loss) After Tax** | **7,78,589** | **11,30,319** |

**OPERATIONS:**

During the year under review, KDJ Holidayscapes Ltd. (Transferor Company) was merged into your Company pursuant to the amalgamation Order dated 8th February 2013 passed by the Hon'ble High Court of Bombay. The appointed date for the amalgamation is 1st April 2011. Hence the business reflected is mainly the operations of the amalgamating company. The total income for the year under review was Rs.4,60,22,738/- as compared to Rs.21,00,131/- in the previous year. This year Company made a profit of Rs.7,78,589/- as compared to Rs.11,30,319/- in the previous year. The resources of the amalgamating Company are now part of the Company. From the Appointed Date upto the Effective date, the business of KDJ Holidayscapes Limited (Transferor Company) is deemed to have been carried out in trust for the Company. Hence, any income or profit accruing or arising and any costs, charges, expenses and losses incurred in relation to KDJ Holidayscapes in accordance with the Scheme shall be treated as of the Company. With the amalgamation the management is confident of putting better results in the coming financial years.

**DIVIDEND:**

In view to conserve the profits, the Board does not recommend any Dividend for the financial year ended 31st March 2013.

**AMALGAMATION:**

A Scheme of amalgamation of "KDJ Holidayscapes Limited" with your Company was sanctioned by the Hon'ble High Court of Bombay on 8th February 2013. The order of the Hon'ble High Court was filed with the Registrar of Companies, Maharashtra, Mumbai. In terms of Scheme of Amalgamation, 51,30,000 shares were allotted to the shareholders of KDJ Holidayscapes Limited. Out of 51,30,000 shares allotted 12,90,000 shares are under lock-in for a period of 3 years from the date of their listing at the BSE Ltd. As a result of the said amalgamation, your Company will be in a position to achieve synergy in its operations with more financial leverage. Pursuant to the Scheme all assets and liabilities of KDJ Holidayscapes have been transferred to and vested in the Company retrospectively with effect from 1st April 2011.

**CHANGE IN MANAGEMENT CONTROL:**

Pursuant to the amalgamation the Promoters of KDJ Holidayscapes Limited have also become the Promoters of the Company.

**CHANGE OF OBJECT:**

The hospitality business has been added to the main object of the Company pursuant to the amalgamation of the Company with KDJ Holidayscapes Limited and Order passed by the Hon'ble High Court of Bombay, dated 8th February 2013. The Company is now venturing into hospitality business in addition to the financial services.

**CHANGE OF NAME:**

Pursuant to the Scheme of amalgamation and Order passed by the Hon'ble High Court of Bombay dated 8th February 2013, the name of the Company will be changed to "KDJ Holidayscapes and Resorts Limited". However, the procedure for change of name of the Company is in process.

**CHANGE OF REGISTERED OFFICE:**

The Registered office of the Company was shifted from ''Ram House, 4 Gaiwadi Industrial Estate, S.V. Road, Goregaon (West), Mumbai- 400062'' to ''228/5-B, Akshay Mittal, Mittal Industrial Estate, Andheri Kurla Road, Marol, Andheri (East), Mumbai- 400059'' with effect from 26th March 2013, pursuant to the amalgamation.

**CHANGE IN AUTHORISED CAPITAL:**

The authorised share capital of the Company has been increased from Rs.11,00,00,000/- (Rupees Eleven Crores only) divided into 1,10,00,000 equity shares of Rs.10/- each to Rs.16,00,00,000/- (Rupees Sixteen Crores only) divided into 1,60,00,000 equity shares of Rs.10/- each on account of amalgamation with 'KDJ Holidayscapes Limited.

**ALLOTMENT OF EQUITY SHARES:**

Pursuant to the amalgamation the shareholders of the transferor company have been allotted 51,30,000 equity shares. The new shares are ranking pari passu with the existing equity shares of the Company. The Company has received the listing approval from the BSE Ltd. w.e.f. 20th June 2013. Accordingly the paid up capital of the Company has been increased to Rs.9,94,12,000/- (Rupees Nine Crores Ninety-four Lacs Twelve Thousand only) divided into 99,41,200 equity shares of Rs.10/- each.

**PREFERENTIAL ISSUE OF EQUITY SHARES:**

Post amalgamation, the Company is expanding its business activities to hospitality industry which requires huge funds. The management thought it desirable to raise the funds by way of equity. The Board of Directors in their meeting held on 3rd July 2013 have passed a resolution for issue of 9,90,000 equity shares on preferential basis to persons belonging to the promoter group and initiated necessary action for obtaining the in-principle approval from BSE Ltd. The Special Resolution is proposed for Members' approval in the Notice calling the Annual General Meeting.

**DELISTING OF SHARES:**

The Company sought voluntary delisting of the equity shares listed on the Ahmedabad Stock Exchange. The Members of the Company, in the previous Annual General Meeting held on 26th September 2012, accorded their consent for voluntary delisting of shares from the Ahmedabad Stock Exchange. The delisting of equity shares is still in process.

**FIXED DEPOSITS:**

The Company has not accepted any fixed deposits from the public during the year under review.

**INSURANCE:**

The assets of the Company are adequately insured to the extent required.

**DIRECTORS:**

During the year under review, Mr. Vinod Deora, Mr. Surendra Kedia and Mr. Dinesh Kumar Jalan were appointed as Additional Directors designated as Executive Directors on the Board of Directors of the Company w.e.f. 26th March 2013. Mr. Konath Kannampilly was also appointed as an Additional Director and designated as Non-Exceutive Independent Director on the Board of Directors of the Company w.e. f. 26th March 2013. According to the provisions of Section 260 of the Companies Act, 1956, they hold office as Directors only up to the date of the ensuing Annual General Meeting. The resolutions for their appointment as Directors pursuant to Section 260 of the Companies Act, 1956 are recommended for shareholders approval.

Mr. Surendra Kedia has been appointed as the Whole-time Director designated as the Executive Chairman of the Company by the Board in their meeting held on 3rd July 2013. The resolution for his appointment is recommended for shareholders' approval.

Mr. Vinod Deora has been appointed as the Managing Director of the Company by the Board in their meeting held on 3rd July 2013. The resolution for his appointment is recommended for shareholders' approval.

Mr. Dinesh Jalan has been appointed as the Joint Managing Director of the Company by the Board in their meeting held on 3rd July 2013. The resolution for his appointment is recommended for shareholders' approval.

Mr. Pawan Agarwal, Director has resigned from the Directorship of the Company (w.e.f. 15th April 2013) and provisions of the Companies Act in this regard have been complied with.

Mr. Balram Jhunjhunwala, Non-Executive Director of the Company, is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. The resolution for his reappointment as Director is recommended for shareholders' approval.

Brief resume of the Directors proposed to be appointed/ reappointed and the relevant details as stipulated under clause 49 of the Listing Agreement entered into with the Stock Exchanges are set out in the Annexure to the notes forming part of the notice calling the Annual General Meeting.

**SUBSIDIARY COMPANIES:**

During the year under review your Company has passed resolution by way of postal ballot for making investment in KDJ Hospital Ltd. Accordingly, your Company has acquired 50.72% stake and KDJ Hospital Ltd. is now a subsidiary of the Company.

Pursuant to the amalgamation of the Company, the wholly owned subsidiary company of KDJ Holidayscapes Ltd. namely, KDJ Hospitality Private Limited is now the wholly owned subsidiary of your Company.

**CONSOLIDATED FINANCIAL STATEMENTS:**

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with the applicable Accounting Standards. Pursuant to the circulars dated 8th February 2011 and 21st February 2011 issued by the Ministry of Corporate Affairs, a general exemption has been granted to the companies from annexing the individual accounts of all the subsidiaries along with the audited financial statements of the Company while publishing the Annual Report, subject to certain conditions as mentioned in the said circulars. Your Company meets the conditions stated in the aforesaid circulars and therefore the standalone financial statements of each subsidiary will not be annexed with this Annual Report of the Company for the year ended 31st March 2013.

Accordingly, the annual accounts and other related information of the subsidiary companies will be made available for inspection to the shareholders at the registered office of the Company and your Company shall furnish a hard copy of the details of accounts of subsidiaries to any shareholder on demand.

**AUDITORS:**

The Company has received a letter from M/s Singrodia Goyal & Co., Chartered Accountants and the retiring Auditors of the Company informing that they do not seek re-appointment at the forthcoming Annual General Meeting. Meanwhile the Board has received a letter from M/s ASL & Co., Chartered Accountants, u/s 224(1B) of the Act confirming their eligibility to act as Statutory Auditors of the Company, if appointed, from the conclusion of forthcoming Annual General Meeting till the conclusion of next Annual General Meeting.

The resolution for appointment of M/s ASL & Co., as the Statutory Auditors of the Company is recommended for shareholders' approval.

**AUDITORS REPORT:**

The reply of the management to the Auditors' observations as required to be given under section 217 is as follows:

| Auditors' Remark/ Observation | Management Reply |
|---|---|
| ***Basis for Qualified Opinion (Standalone)*** | |
| i) *Attention is invited to Note 25 regarding non provision for Gratuity and Leave encashment liability as required by Accounting Standard 15 (AS-15) relating to Employees Benefits. We are unable to comment upon the resultant effect on Assets, Liabilities and Profit of the year as the amount of such benefit is presently not ascertainable.* | There was hardly any employee till last year. Hence it was decided to make the provision on actual basis. Now since KDJ Holidayscapes Ltd. has amalgamated into the Company, the strength of the employees has increased in the current year. The management is considering to take appropriate steps including Gratuity policy offered by LIC and the same will be implemented shortly. |
| ii) *Attention is invited to Note 30 regarding deferment of certain expenses amounting to Rs. 7,622,358 incurred in the financial year 2011-12 and are being amortizing the said expenditure over a period of 10 years. This accounting treatment is not in accordance with the Accounting Standard 26 "Intangible Assets" notified by the Companies (Accounting Standard) Rules 2006 as such expenditure are required to be written off to the Profit and Loss Account as and when incurred. Had these expenses been debited to the Profit and Loss Account as and when incurred, the opening debit balance of the reserves and surplus would have been higher by Rs. 7,622,358. Since the company has not expensed off these expenses in previous year, as per the accounting policies followed by the Company 1/10 amount being written off this year. Had these 1/10th amount not written off profit for the year would have been higher by Rs. 762,236.* | During the financial year ended 31st March 2012 the Company has incurred certain expenses amounting to Rs. 7,622,358 for which management was of the view that these expenses are for providing future economic benefit and accordingly these expenses have not been charged to the Profit and Loss Account and has been amortised over a period of 10 years. During the year, as per the accounting policy followed consistently, the Company has amortized 1/10th of the expense amounting to Rs. 762,236 and debited the same to the Profit and Loss Account of the current year. As on 31st March 2013 unamortised portion of these expenses amounting to Rs. 6,860,122 have been reflected as "Deferred revenue expenditure" in Note 13 & Note 17 of the financial statements. |
| iii) *Attention is invited to Note 31 regarding deferment of preoperative expenses amounting to Rs 952,127 incurred in previous years and are being amortizing the said expenditure over a period of 5 years. This accounting treatment is not in accordance with the Accounting Standard 26 "Intangible Assets" notified by the Companies (Accounting Standard) Rules 2006 as such expenditure are required to be written off to the Statement of Profit and Loss Account as and when incurred. Had these expenses would have debited to the Profit and Loss Account as and when incurred, the opening debit balance of the reserves and surplus would have been higher by Rs. 952,127. Since the company has not expensed off these expenses in previous years, accounting policies followed by the Company 1/5th amount being written off this yea. Had these 1/5th amount not written off profit for the year would have been higher by Rs. 271,216.* | During the financial year ended 31st March 2011 the Company has incurred certain expenses amounting to Rs. 952,127 for which management was of the view that these expenses are for providing future economic benefit and accordingly these expenses have not been charged to the Profit and Loss Account and has been amotized over a period of 5 years. During the year, as per the accounting policy followed consistently, the Company has amortized 1/5th of the expenses amounting to Rs. 271,216 and debited the same to the Profit and Loss Account of the current year. As on 31st March 2013 unamortized portion of these expenses amounting to Rs. 680,912 have been reflected as "Preoperative expense" in Note 13 & Note 17 of the financial statements. |

| | |
|---|---|
| iv) *Attention is invited to Note 29 regarding non provision of income tax liability amounting to Rs.10,240,191 (including Rs 7,891,279 upto March 31, 2012) pertaining to previous years. Had this income tax liability accounted for in respective years, the opening debit balance of reserves and surplus would have been higher Rs 7,891,279 and current year profit would have been converted into a loss of Rs. 1,570,323 having consequential effect on the current liabilities and accumulated profit and loss account.* | Management has gone into appeal, challenging the tax liability as determined by the department. The management is confident that the order will be in favor of Company and hence no provision has been made. |

| **Annexure to Auditor's Report** | **Management Reply** |
|---|---|
| (ix)(a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty, Cess, whichever is applicable to the Company; *have not been regularly deposited with the appropriate authorities.* | The Company is taking due care to improvise the systems to avoid delays in near future. |

| **Auditors' Remark/ Observation** | **Management Reply** |
|---|---|
| ***Basis for Qualified Opinion (Consolidated)*** | |
| i) *Attention is invited to Note 28 regarding non provision for Gratuity and Leave encashment liability as required by Accounting Standard 15 (AS-15) relating to Employees Benefits. We are unable to comment upon the resultant effect on Assets, Liabilities and Profit of the year as the amount of such benefit is presently not ascertainable.* | Same as point i) of Standalone remarks |
| ii) *Attention is invited to Note 33A regarding deferment of certain expenses amounting to Rs. 7,622,358 incurred in the financial year 2011-12 and are being amortizing the said expenditure over a period of 10 years. This accounting treatment is not in accordance with the Accounting Standard 26 "Intangible Assets" notified by the Companies (Accounting Standard) Rules 2006 as such expenditure are required to be written off to the Statement of Profit and Loss Account as and when incurred. Had these expenses been debited to the Profit and Loss Account as and when incurred, the opening debit balance of the reserves and surplus would have been higher by Rs. 7,622,358. Since the company has not expensed off these expenses in previous year, as per the accounting policies followed by the Company 1/10$^{th}$ amount being written off this year. Had these 1/10$^{th}$ amount not written off profit for the year would have been higher by Rs. 762,236.* | Same as point ii) of Standalone remarks |
| iii) *Attention is also invited to Note 33B to align the above qualification in the Holding company, where certain expenses amounting to Rs 3,371,612 incurred in the previous years by the subsidiary company, KDJ Hospitality Private Limited, have been deferred and amortized over a period of 5 years from the date of commencement of business. This accounting treatment is not in accordance with the Accounting Standard 26 "Intangible Assets" notified by the Companies (Accounting Standard) Rules 2006 as such expenditure are required to be written off to the Profit and Loss Account as and when incurred. Had these expenses been debited to the Profit and Loss Account as and when incurred, the opening debit balance of the reserves and surplus would have been higher by Rs. 3,371,612* | Same as reply given in point (ii) above. |

| | |
|---|---|
| iv) *Attention is invited to Note 34A regarding deferment of preoperative expenses amounting to Rs 952,127 incurred in previous years and are being amortizing the said expenditure over a period of 5 years. This accounting treatment was not in accordance with the Accounting Standard 26 "Intangible Assets" notified by the Companies (Accounting Standard) Rules 2006 as such expenditure are required to be written off to the Statement of Profit and Loss Account as and when incurred. Had these expenses been debited to the Profit and Loss Account as and when incurred, the opening debit balance of the reserves and surplus would have been higher by Rs. 952,127. Since the company has not expensed off these expenses in previous years, as per the accounting policies followed by the Company 1/5th amount being written off this year. Had these 1/5th amount not written off profit for the year would have been higher by Rs. 271,216.* | Same as point iii) of Standalone remarks |
| v) *Attention is also invited to Note 34B to align the above qualification in the Holding company, where certain expenses amounting to Rs 46,838,496 incurred in the previous years by the subsidiary companies have been deferred and amortized over a period of 5 years from the date of commencement of business. This accounting treatment is not in accordance with the Accounting Standard 26 "Intangible Assets" notified by the Companies (Accounting Standard) Rules 2006 as such expenditure are required to be written off to the Profit and Loss Account as and when incurred. Had these expenses been debited to the Profit and Loss Account as and when incurred, the opening debit balance of the reserves and surplus would have been higher by Rs. 46,838,496.* | As explained in point (ii) above |
| vi) *Attention is invited to Note 32 regarding non provision of income tax liability amounting to Rs.10,240,191 (including Rs 7,891,279 upto March 31, 2012) pertaining to previous years. Had this income tax liability accounted for in respective years, the opening debit balance of reserves and surplus would have been higher Rs 7,891,279 and current year profit would have been converted into a loss of Rs. 1,570,323 having consequential effect on the current liabilities and accumulated profit and loss account.* | Same as point iv) of Standalone remarks |

**PARTICULARS OF EMPLOYEES:**

Pursuant to Section 217(2A) of the Companies Act, 1956, the Directors have to inform that there was no such employee as mentioned in the Section.

**CORPORATE GOVERNANCE:**

Your Company adheres to the requirements set out by the Securities and Exchange Board of India. Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, the Management Discussion and Analysis Report, Corporate Governance Report and Practicing Company Secretary's Certificate regarding compliance of the conditions of Corporate Governance are annexed hereto and form part of the Annual Report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE AND OUTGO:**

The information as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings is given below:

A. **Conservation of energy:**

(a) Energy conservation measures taken:

The Company takes adequate measures to conserve energy.

(b) Additional investments and proposal, if any, being implemented for reduction of consumption of energy: **NIL**

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: **Not applicable.**

(d) Total energy consumption and energy consumption per unit of production in respect of industries specified in the Schedule thereto

The Company is not covered under the list of specified industries, however the Company on continuous basis takes measures for conservation of power.

B. **Technology Absorption:**

(e) Efforts made in technology absorption:

Research and development (R&D):

**NIL**

Technology absorption, adaptation and innovation:

The Company is using Inhouse technology for meeting the requirements of the clients.

C. **Foreign exchange earnings and outgo:**

(f) Activities relating to exports:

The Company has no export related activities

(g) Total foreign exchange used and earned: **NIL**

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

(i) That in the preparation of the annual accounts for the financial year ended 31st March 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) That the Directors have selected such accounting policies and applied them consistently and made judgments 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 had 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 had prepared the accounts for the financial year ended 31st March 2013 on a 'going concern' basis.

**ACKNOWLEDGEMENT:**

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

**For and on behalf of the Board of Directors**
**Two-Up Financial Services Limited**

Place: Mumbai
Date: 3rd July 2013

**Surendra Kedia**
**Executive Chairman**

**Regd. Office:**

228/5-B, Akshay Mittal, Mittal Industrial Estate,
Andheri Kurla Road, Marol, Andheri (East),
Mumbai – 400059

# CORPORATE GOVERNANCE REPORT

Corporate governance is a systemic process by which organization is directed, administered, managed and controlled. It is a process to manage the business affairs of the Company towards enhancing business prosperity and accountability with the objective of realizing long term shareholder value, while taking into account the interests of the other stakeholders. In this dynamic environment, shareholders across the globe evince keen interests in the performance of the Companies and thus good corporate governance is of paramount importance for Companies seeking to distinguish themselves in the global footprint.

The equity shares of the Company are listed and admitted to dealings on the BSE Limited (BSE) and the Ahmedabad Stock Exchange Limited (ASEL). Pursuant to the provisions of the Clause 49 of the Listing Agreement, a report on Corporate Governance for the financial year ended 31st March 2013 is furnished below:

**(A) MANDATORY REQUIREMENTS**

**I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company's philosophy on corporate governance is aimed at enhancing long term shareholder value through assisting the top management in taking sound business decisions and prudent financial management achieving transparency and professionalism in all decisions and activities of the Company. Achieving excellence in corporate governance by confirming to prevalent guidelines on corporate governance and excelling in, wherever possible reviewing periodically the existing systems and controls for further improvements.

**II. BOARD OF DIRECTORS:**

a) **Composition:**

The Board comprises of Seven Directors of which 3 are Non-Executive & Independent Directors as under:

| Director | Executive/Non-Executive/ Independent |
|---|---|
| Mr. Vinod Deora | Executive |
| Mr. Surendra Kedia | Executive |
| Mr. Dinesh Jalan | Executive |
| Mr. Konath Kannampilly | Non-Executive & Independent |
| Mr. Balram Jhunjhunwala | Non-Executive & Independent |
| Mr. Ghanshyamchandra Sharma | Non-Executive & Independent |
| *Mr. Pawan Agarwal | Executive (resigned w.e.f. 15th April 2013) |
| *Mr. Pawan Agarwal tendered his resignation from the Directorship of the Company on 15th March 2013 which came into effect on 15th April 2013. | |
| The Non-Executive Independent Directors do not hold any shares in the Company. The Directors are not inter se related to each other. | |

b) **Attendance of each director at the Board Meeting and last Annual General Meeting and Number of the Directorships and Committees Memberships:**

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting and also the number of Directorships and Committee Memberships held by them in other Companies are given below: FY 2012-13 (1st April 2012 to 31st March 2013)

| Name of the Director | Category* | Board Meeting held | Attendance Particulars | | No. of other Directorships and Committee Memberships/ Chairmanships in other Indian Public Limited Company as on 31.03.13# | | |
|---|---|---|---|---|---|---|---|
| | | | Board Meeting | Last AGM | Other Director-ships | Committee Member-ships | Committee Chairman-ships |
| Mr. Vinod Deora** | E & PD | 9 | 1 | No | Nil | Nil | Nil |
| Mr. Surendra Kedia** | E & PD | 9 | 1 | No | Nil | Nil | Nil |
| Mr. Dinesh Jalan** | E & PD | 9 | 1 | No | Nil | Nil | Nil |
| Mr. Konath Kannampilly*** | ID | 9 | 1 | No | Nil | Nil | Nil |
| Mr. Ghanshyamchandra Sharma | ID | 9 | 9 | Yes | Nil | Nil | Nil |
| Mr. Pawan Agarwal* | C, E & PD | 9 | 8 | Yes | Nil | Nil | Nil |
| Mr. Balram Jhunjhunwala | ID | 9 | 9 | Yes | Nil | Nil | Nil |

C- Chairman, E- Executive, NE- Non-Executive Director, ID- Independent Director, PD- Professional Director.

# For the purpose of considering the number of other Directorships and Committee positions, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956, have been excluded and Committees other than Audit Committee and Shareholders'/Investors' Grievance Committee have been excluded.

*Ceased to be Director due to resignation w.e.f. 15th April 2013

** Appointed as Additional Directors w.e.f. 26th March 2013

*** Appointed as Independent Director w.e.f. 26th March 2013

c) **Meetings of the Board of Directors:**

During the Financial year 2012-13, Nine (9) Board Meetings were held on the following dates:

15th May 2012, 20th July 2012, 10th August 2012, 16th August 2012, 28th September 2012, 16th October 2012, 9th November 2012, 15th January 2013 and 26th March 2013.

**III. AUDIT COMMITTEE:**

a) **Brief description of terms of reference:**

The Audit Committee was reconstituted on 26th March 2013 after the appointment of Mr. Vinod Deora, Mr. Surendra Kedia, Mr. Dinesh Jalan and Mr. Konath Kannampilly and resignation of Mr. Pawan Agarwal.

The broad terms of reference of Audit Committee are in accordance with the prescribed guidelines as set out in clause 49 of the Listing Agreement executed with the Stock Exchanges that inter alia, include overseeing financial reporting processes, reviewing the financial statements, quarterly, half yearly/ annual financial results and adequacy of internal control systems, discussion with the Auditors on any significant findings etc.

b) **Composition:**

The Committee consists of One Executive and Three Non-Executive Independent Directors. The Members of the Committee have knowledge of finance, accounts, company law etc. The Chairman of the Audit Committee is an Independent Director.

At present Committee consists of:

| Name of the Member | Category | Executive, Non-Executive/ Independent |
|---|---|---|
| Mr. Balram Jhunjhunwala | Chairman | Non-Executive, Independent |
| Mr. Ghanshyamchandra Sharma | Member | Non-Executive, Independent |
| Mr. Konath Kannampilly | Member | Non-Executive, Independent |
| Mr. Pawan Agarwal | Member (upto 26th March 2013) | Executive |

c) **Meeting and attendance during the year:**

During the year under the review, Four (4) meetings of the Audit Committee were held on 15th May 2012, 10th August 2012, 9th November 2012 and 15th January 2013.

| Name of the Member | Meetings Attended |
|---|---|
| Mr. Balram Jhunjhunwala | 4 |
| Mr. Ghanshyamchandra Sharma | 4 |
| Mr. Pawan Agarwal | 4 |
| Mr. Konath Kannampilly (w.e.f. 26/3/2013) | 0 |

**IV. REMUNERATION COMMITTEE:**

a) **Brief description of terms of reference:**

The Remuneration Committee has been constituted to review and recommend the remuneration payable to the Executive Directors and Senior Management of the Company based on their performance and defined assessment criteria.

**Composition:**

| Name of the Member | Designation | Non-Executive/ Independent |
|---|---|---|
| Mr. Balram Jhunjhunwala | Chairman | Non-Executive Independent |
| Mr. Ghanshyamchandra Sharma | Member | Non-Executive Independent |
| Mr. Konath Kannampilly (w.e.f. 26/3/2013) | Member | Non-Executive Independent |

b) **Meeting and attendance during the year:**

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

c) **Remuneration Policy:**

The Committee shall recommend the remuneration payable to Managing Director and Joint Managing Director or any Executive Directors based on their contribution to the growth and development of the Company, keeping in mind the remuneration package of the industry.

d) **Details of Remuneration Paid:**

The Board decided not to pay any remuneration to the Directors during the year under review. However, all the Directors are entitled to sitting fees including Executive Director. Since the Company was non operative, the Non- Executive Directors have willingly foregone their sitting fees. Accordingly only the Executive Director has been paid sitting fees during the year under review.

**V. SHAREHOLDERS'/ INVESTORS' GRIEVANCE & SHARE TRANSFER COMMITTEE:**

The Committee was reconstituted on 26th March 2013 after appointment of Mr. Konath Kannampilly.

a) **Constitution and terms of reference of the Committee:**

| Name of the Member | Designation | Non-Executive/ Independent |
|---|---|---|
| Mr. Balram Jhunjhunwala | Chairman | Non-Executive Independent |
| Mr. Ghanshyamchandra Sharma | Member | Non-Executive Independent |
| Mr. Konath Kannampilly (w.e.f. 26/3/2013) | Member | Non-Executive Independent |
| Mr. Pawan Agarwal (upto 26/3/2013) | Member | Executive |

The Committee specifically looks into the redressal of the shareholders' complaints in respect of all matters including transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, dematerialization of shares and investors' complaints etc.

b) **Name and designation of the Compliance Officer:**

Ms. Sheela Mestry acts as the Compliance officer of the Company.

c) **Number of Shareholders complaints received:**

There were two complaints received during the year under review and the same were resolved.

d) **Meeting and attendance during the year:**

The Committee met Four (4) times during the year under review, i.e. 15th May 2012, 10th August 2012, 9th November 2012 and 15th January 2013. All the members of the Committee were present at the meetings.

**VI. GENERAL BODY MEETINGS:**

a) **Details of the last three Annual General Meetings of the Company held and the Special Resolutions passed thereat as under:**

| Financial Year | AGM | Day, Date & Time | Venue | Special Resolution Passed |
|---|---|---|---|---|
| 2011-2012 | 19th AGM | 26th September 2012 at 10.30 A.M | Ram House, 4 Gaiwadi Industrial Estate, S.V. Road, Goregaon (W), Mumbai 400062. | **Yes** |
| 2010-2011 | 18th AGM | 24th October 2011 at 10.00 A.M | Ram House, 4 Gaiwadi Industrial Estate, S.V. Road, Goregaon (W), Mumbai 400062. | **Nil** |
| 2009-2010 | 17th AGM | 27th September 2010 at 10.00 A.M | Ram House, 4 Gaiwadi Industrial Estate, S.V. Road, Goregaon (W), Mumbai 400062. | **Nil** |

The Special Resolution proposed at the nineteenth Annual General Meeting was unanimously passed by show of hands by the Members present.

b) **Ordinary and Special Resolutions passed through Postal Ballot:**

During the financial year under review, following Special resolutions were passed through postal ballot as under:

i) Under Section 372A of the Companies Act, 1956 for making investment by way of acquisition, purchase, subscription or otherwise of shares/ securities in excess of the limits prescribed u/s 372A in KDJ Hospital Limited.

**Details of voting pattern:**

| Particulars | No. of Postal Ballot forms | Representing No. of shares | % of Votes |
|---|---|---|---|
| (a) Total Postal Ballot forms received | 44 | 3885900 | 100.00% |
| (b) Less: Invalid postal ballot forms | 1 | 100000 | 2.57% |
| (c) Net valid postal ballot forms | 43 | 3785900 | 97.43% |
| (d) Postal ballot forms with assent for the resolution | 43 | 3785900 | 97.43% |
| (e) Postal ballot forms with dissent for the resolution | 0 | 0 | 0 |

ii) Under Section 372A of the Companies Act, 1956 for making Inter Corporate Loans in excess of the limits prescribed u/s 372A in KDJ Hospital Limited.

**Details of voting pattern:**

| Particulars | No. of Postal Ballot forms | Representing No. of shares | % of Votes |
|---|---|---|---|
| (a) Total Postal Ballot forms received | 44 | 3885900 | 100.00% |
| (b) Less: Invalid postal ballot forms | 1 | 100000 | 2.57% |
| (c) Net valid postal ballot forms | 43 | 3785900 | 97.43% |
| (d) Postal ballot forms with assent for the resolution | 43 | 3785000 | 97.40% |
| (e) Postal ballot forms with dissent for the resolution | 0 | 0 | 0 |

c) **Person who conducted the postal ballot exercise:**

Mr. Hemanshu Kapadia, Practicing Company Secretary acted as the Scrutinizer for the Postal Ballot process.

d) **Whether any special resolution is proposed to be conducted through postal ballot:**

Except as mentioned above, there is no resolution proposed to be passed through postal ballot.

e) **Procedure for postal ballot:**

The Company has followed the procedure prescribed under Section 192A of the Companies, Act. 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2011.

**VII. DISCLOSURES:**

(i) **Basis of related party transactions:**

During the year 2012-13 under review there were no materially significant related party transactions of the Company with its Promoters, Directors or the management, their subsidiaries or relatives, etc. that had a potential conflict with the interest of the Company at large.

(ii) **Details of non-compliance by the Company:**

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.

(iii) **Whistle Blower Policy:**

The Board of Directors affirm and confirm that no personnel have been denied access to the Audit Committee. However, a formal Whistle Blower Policy is not in place.

**VIII. MEANS OF COMMUNICATION:**

The quarterly, half yearly and annual results are communicated to both Stock Exchanges where the Company's shares are listed, as soon as the same are approved by the Board of Directors of the Company. Further, the results are published in English and Marathi newspaper. The results are not sent individually to the shareholders.

The financial results are displayed on the website of the Company- www.twoup.in

**IX. GENERAL SHAREHOLDERS INFORMATION:**

a) **20th Annual General Meeting:**

| | | |
|---|---|---|
| Day, Date and Time | : | Monday, 5th August 2013 at 11.00 a.m. |
| Venue | : | Unit No. 170, Building No. 5B, Mittal Industrial Estate, Andheri Kurla Road, Marol, Andheri (East), Mumbai- 400059 |

**b) Financial Year** : 1st April 2012 to 31st March 2013

**c) Date of Book Closure** : Monday, 29th July 2013 to Monday, 5th August 2013 (both days inclusive)

**d) Dividend payment date** : Not applicable

**e) Listing on Stock Exchange** :

i) BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001.

ii) *Ahmedabad Stock Exchange Limited
Kamdhenu Complex, Opp. Sahajanand College, Panjrapole, Ahmedabad, Gujarat 380015 (*Applied for delisting)

**f) Stock Code**

i) BSE Limited : 530701

ii) Ahmedabad Stock Exchange Limited : 19544

Demat ISIN : INE089E01017

**g) Market price Data: High, Low during each month in the financial year 2012-2013:**

| Month | BSE | |
|---|---|---|
| | High | Low |
| April-2012 | 69.00 | 49.50 |
| May-2012 | 58.70 | 51.05 |
| June-2012 | 64.00 | 48.70 |
| July-2012 | 70.55 | 57.85 |
| August-2012 | 60.70 | 48.50 |
| September-2012 | 60.40 | 48.50 |
| October-2012 | 71.20 | 51.80 |
| November-2012 | 91.75 | 61.05 |
| December-2012 | 113.45 | 63.70 |
| January-2013 | 128.80 | 96.20 |
| February-2013 | 134.00 | 125.00 |
| March-2013 | No Trading | No Trading |

**h) Registrar and Share Transfer Agent:**

M/s Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai – 400072.\

**g) Share Transfer System:**

Share Transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects.

**j) Distribution of shareholding as on 31st March 2013:**

| Grouping of Shares | No. of Shareholders | % of total Shareholders | No. of Shares per Category | % of total shares |
|---|---|---|---|---|
| 1 - 5000 | 171 | 49.85 | 4,76,000 | 0.48 |
| 5001 to 10000 | 41 | 11.95 | 3,34,000 | 0.34 |
| 10001 to 20000 | 30 | 8.75 | 4,86,000 | 0.49 |
| 20001 to 30000 | 8 | 2.33 | 1,90,000 | 0.19 |
| 30001 to 40000 | 8 | 2.33 | 2,87,000 | 0.29 |
| 40001 to 50000 | 8 | 2.33 | 3,55,000 | 0.36 |
| 50001 to 100000 | 6 | 1.75 | 4,12,000 | 0.41 |
| 100001 and above | 71 | 20.70 | 9,68,72,000 | 97.44 |
| **Total** | 343 | 100 | 9,94,12,000 | 100 |

| Category | No. of Shareholders | No. of Shares held | % of total shares |
|---|---|---|---|
| Promoters | 23 | 72,00,200 | 72.43 |
| Financial Institution | -- | -- | -- |
| Bodies Corporate | 31 | 1,67,300 | 1.68 |
| Indian Public | 289 | 25,73,700 | 25.89 |
| Foreign Bodies Corporate | -- | -- | -- |
| **Total** | **343** | **99,41,200** | **100** |

k) **Dematerialization of shares and liquidity:**

As on 31st March 2013, 47.55 % of the Company's total equity shares representing 47,26,900 shares were held in dematerialized form and balance 52.45% representing 52,14,300 shares were held in physical form.

l) **Outstanding GDRS/ADRS/Warrants or any convertible instruments, conversion date and likely impact on equity:**

There were no such outstanding instruments as on 31st March 2013.

m) **Plant locations:**

The Company is not having any plants.

n) **Address for correspondence:**

- **For share transfer/ dematerialization of shares/ other queries relating to the securities:**

  M/s. Bigshare Services Pvt. Ltd. E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai- 400072.

- **For queries on Annual Report or investors' assistance:**

  228/5-B, Akshay Mittal, Mittal Industrial Estate, Andheri Kurla Road, Marol, Andheri (East), Mumbai- 400059.

(B) **NON MANDATORY REQUIREMENTS:**

1. Chairman

   The Company has an Executive Chairman and hence the requirement pertaining to reimbursement of expenses to Non-Executive Chairman does not arise.

2. Remuneration Committee:

   The Company has a Remuneration Committee. Please refer para IV under Mandatory Requirements.

3. Shareholder Rights:

   As the Company's financial results are published in English newspaper having a wide circulation all over India and in Marathi newspaper widely circulated in Mumbai, the same are not sent to the shareholders of the Company individually. The results are also posted on the Company's website.

4. Audit qualifications:

   The observations/ remarks of the Auditors are replied to by the management in the Directors' Report.

5. Training of Board Members:

   The necessary training will be provided to the Board Members, as and when required.

6. Mechanism to evaluate Non-Executive Board Members:

   The Board of Directors does not feel the necessity to evaluate the performance of its Non-Executive Directors.

7. Whistle Blower Policy:

   The Company has not yet formulated Whistle Blower Policy.

**For Two-Up Financial Services Limited**

Date: 3rd July 2013
Place: Mumbai

**Surendra Kedia**
**Executive Chairman**

## CEO/ CFO CERTIFICATION

**To**

**The Board of Directors**

**Two-up Financial Services Limited**

I, Vinod Deora, Managing Director of the Company, to the best of my knowledge and belief, certify that:-

(a) I have reviewed the Balance Sheet & Profit & Loss Account (Statement of Profit & Loss) and all the schedules and notes on accounts, as well as the cash flow statements, and Directors' Report for the year and to the best of my knowledge and belief:

  (i) These statements do not contain any untrue statement of a material fact or omit any material fact or contain statements that might be misleading,

  (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) I accept responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the Internal Control Systems of the Company and the same have been disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps have been taken or proposed to be taken to rectify these deficiencies.

(d) I have indicated to auditors and the Audit committee that:

  (i) there are no significant changes in internal control during the year;

  (ii) there have been no significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the Financial Statements; and

  (iii) I am not aware of any instance of significant fraud and involvement therein of the Management or an employee having a significant role in the Company's internal control system.

**For Two-Up Financial Services Limited**

**Place: Mumbai**
**Date: 3rd July 2013**

**Vinod Deora**
**Managing Director**

## ANNUAL CERTIFICATION BY CHIEF EXECUTIVE OFFICER/ MANAGING DIRECTOR PURSUANT TO CLAUSE 49 I D (II) OF THE LISTING AGREEMENT:

As the Managing Director of Two-up Financial Services Limited and pursuant to Clause 49 I D (ii) of the Listing agreement, I hereby declare and certify that all the Board members of the Company have affirmed compliance with the code of conduct as adopted by the Company for the year 2012-13.

**For Two-Up Financial Services Limited**

**Place: Mumbai**
**Date: 3rd July 2013**

**Vinod Deora**
**Managing Director**

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

**The Members of Two-up Financial Services Limited**

We have examined the compliance of conditions of Corporate Governance by Two-up Financial Services Limited, for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause 49. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the Listing Agreement subject to our following observations:

a) In terms of compliance under clause 49 I (A)(ii) of the Listing Agreement, the Board of Directors of the Company comprised of 4 Executive Directors and 3 Non-Executive Independent Directors during the period from 26th March 2013 to 31st March 2013.

b) The compliance officer has acted as the Secretary of the Audit Committee under clause 49 II (A)(vi) of the Listing Agreement.

c) Code of conduct in terms of clause 49(I)(D)(i) is not posted on the website of the Company.

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 Hemanshu Kapadia & Associates**

**Hemanshu Kapadia**

Date: 3rd July 2013 | **Proprietor**

Place: Mumbai | **C.P. No. 2285**

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(i) **Industry Structure and Developments:**

The Company was incorporated with the main object of leasing and finance in the year 1993. The Company had made application to the Reserve Bank of India which was rejected. Since then, the Company has not carried out NBFC activities. The main object of the Company was changed to providing financial services. Further, pursuant to the amalgamation, the Company has amended its main object clause to venture into hospitality business.

On the back of the global economic revival and signs of development worldwide, the Indian economy has shown remarkable signs of improvement, with the promise of better performance. The financial year 2012-13 is backed by broad-based growth across emerging verticals. The Indian hospitality industry has recorded healthy growth on account of increase in the arrival of foreign tourists as well as increased tourist movement within the country. Hospitality chains are expected to increase their presence in strategically important parts of the country to leverage the opportunity of increasing tourism demand.

(ii) **Opportunities and Strengths:**

The Company's operation mainly consisted of trading in shares and lending of Money. The economic situation is not that comfortable due to rising interest rate situation. Post amalgamation the Company will be concentrating on the hospitality business activities.

India has a rich cultural heritage. The "unity in diversity" tag attracts most tourists not only from outside the country but also from within the country. The India hospitality industry has recorded healthy growth in recent years owing to a number of factors:

- Economic Growth
- Increased tourist movement
- Changing consumer preferences.

(iii) **Segment-wise Performance:**

In accordance with the requirements of Accounting Standard 17 "Segment Reporting", the Company's business consists of one reportable business segment i.e. "Sale of Vacation Ownership", hence no separate disclosures pertaining to attributable Revenues, Profits, Assets, Liabilities, Capital Employed are given.

(iv) **Outlook**:

The growth potential is significant as evident from the continued interest both at domestic as well as global level in the Indian Hospitality Industry. With increase in the number of tourists, India is fast becoming the hottest tourist destination. Growth in tourism will definitely lead to increase in the number of hotels and restaurants in the country.

Therefore, your Company is also being expected to grow in the coming years.

(v) **Risks and concerns:**

Hospitality business in general is sensitive to fluctuations in the economy. The sector may be unfavourably affected by changes in domestic and global economies, changes in local market conditions, competition in the industry, government policies and regulations, other natural and social factors. In addition to economic risks, your Company faces risks from socio-political environment, political instability etc., which may affect the hospitality business in the country.

The industry is witnessing heightened competition from the existing players in the industry as well as the arrival of new players. Your Company is confident of facing these challenges and is optimist of performing better.

(vi) **Internal Control systems and their adequacy:**

The Company has a system of internal controls to ensure that all its assets are properly safeguarded. The Internal Control system is supplemented by programs of internal audit to ensure that the assets are properly accounted for and the business operations are conducted in adherence to laid down policies and procedures. The internal control system also focuses on processes to ensure integrity of the Company's financial accounting and reporting processes and compliance with the Company's legal obligations. The Company has an Audit Committee of the Board of Directors which meets regularly to review inter alia risk management policies, adequacies of internal controls, the audit findings on the various segments of the business, the financial information and other issues related to the Company's operations.

(vii) **Operational Performance:**

The resources of the amalgamating Company are now part of the Company. From the Appointed Date upto the Effective date, the business of KDJ Holidayscapes Limited (Transferor Company) is deemed to have been carried out in trust for the Company. And hence, any income or profit accruing or arising and any costs, charges, expenses and losses incurred in relation to KDJ Holidayscapes in accordance with the Scheme shall be treated as of the Company.

(viii) **Human Resources:**

In the service oriented industry the employee plays a key role in customer satisfaction and its most valuable resource. Adequate number of well qualified and experienced staff exists for the day-to-day operations of the Company. Creativity and dedication of all the employees represent the most precious assets of the Company. The Company has considered its human resources as the most valuable ingredient of the functioning of the Company and utmost endeavor is made to maintain good relation with the employees at all levels.

**Cautionary Statement:**

Statement in this “Management Discussion and Analysis” may be considered to be “forward looking statements” within the meaning of applicable securities laws or regulations. This statement is based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company’s actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

**For and on behalf of Board of Directors**
**Two-Up Financial Services Limited**

Place: Mumbai
Date: 3rd July 2013

**Surendra Kedia**
**Executive Chairman**

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Two-up Financial Services Limited,**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Two-up Financial Services Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud and error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

***Basis for Qualified Opinion***

i) *Attention is invited to Note 25 regarding non provision for Gratuity and Leave encashment liability as required by Accounting Standard 15 (AS-15) relating to Employees Benefits. We are unable to comment upon the resultant effect on Assets, Liabilities and Profit of the year as the amount of such benefit is presently not ascertainable.*

ii) *Attention is invited to Note 30 regarding deferment of certain expenses amounting to Rs. 7,622,358 incurred in the financial year 2011-12 and are being amortizing the said expenditure over a period of 10 years. This accounting treatment is not in accordance with the Accounting Standard 26 "Intangible Assets" notified by the Companies (Accounting Standard) Rules 2006 as such expenditure are required to be written off to the Profit and Loss Account as and when incurred. Had these expenses been debited to the Profit and Loss Account as and when incurred, the opening debit balance of the reserves and surplus would have been higher by Rs. 7,622,358. Since the company has not expensed off these expenses in previous year, as per the accounting policies followed by the Company 1/10 amount being written off this year. Had these 1/10th amount not written off profit for the year would have been higher by Rs. 762,236.*

iii) *Attention is invited to Note 31 regarding deferment of preoperative expenses amounting to Rs 952,127 incurred in previous years and are being amortizing the said expenditure over a period of 5 years. This accounting treatment is not in accordance with the Accounting Standard 26 "Intangible Assets" notified by the Companies (Accounting Standard) Rules 2006 as such expenditure are required to be written off to the Statement of Profit and Loss Account as and when incurred. Had these expenses would have debited to the Profit and Loss Account as and when incurred, the opening debit balance of the reserves and surplus would have been higher by Rs. 952,127. Since the company has not expensed off these expenses in previous years, accounting policies followed by the Company 1/5th amount being written off this yea. Had these 1/5th amount not written off profit for the year would have been higher by Rs. 271,216.*

iv) *Attention is invited to Note 29 regarding non provision of income tax liability amounting to Rs.10,240,191 (including Rs 7,891,279 upto March 31, 2012) pertaining to previous years. Had this income tax liability accounted for in respective years, the opening debit balance of reserves and surplus would have been higher Rs 7,891,279 and current year profit would have been converted into a loss of Rs. 1,570,323 having consequential effect on the current liabilities and accumulated profit and loss account.*

***Opinion***

In our opinion and to the best of our information and according to the explanations given to us, except the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

   (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except para no. (i), (ii) and (iii) as mentioned in 'Basis of Qualified Opinion'.

   (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956;

***For Singrodia Goyal & Co.***
Chartered Accountants
***Firm Reg. No. 112081W***

Place : Mumbai
Date : May 30, 2013

***Suresh Murarka***
Partner
**Mem. No. : 044739**

## Annexure to Auditor's Report

**Annexure** referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the accounts of **Two-up Financial Services Limited** for the year ended March 31, 2013.

As required by the Companies (Auditors Report) Order, 2003 and amendments thereto and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

(i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) All the assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.

(c) The Company has not disposed off substantial part of its fixed assets during the year and going concern status of the Company is not affected.

(ii) (a) The Company has purchased and consumed food and grocery items which are perishable in nature and the amount of such purchase being immaterial the Company does not maintain proper records of the inventory in this regard and also not physically verified during the year.

iii) (a) The Company has not granted any loan, secured or unsecured to any party covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) In view of our comments in Para (iii) (a) above clause 4(iii) (b) (c) and (d) of the said Order are not applicable to the Company.

(c) The Company has taken interest-free unsecured loans from twelve parties covered in the register maintained under Section 301 of the Companies Act, 1956 on call basis. The Maximum amount outstanding during the year was Rs. 42,319,058 and the year-end balance was Rs.29,969,805.

(d) Other terms and conditions on which the loans have been taken are prima facie, not prejudicial to the interest of the Company.

(e) In view of our comments in para (iii) (c) and (d) above, clause (iii) (g) of the said Order is not applicable to the Company.

(iv) There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control systems.

(v) (a) The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needs to be entered into the register maintained under that section have been so entered.

(b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) The Company does not have a formal internal audit system. However, according to the information and explanations given to us, operating control systems are commensurate with the size of the Company and nature of its business.

(viii) The Central Government has not prescribed for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the Company.

(ix) (a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty, Cess, whichever is applicable to the Company; *have not been regularly deposited with the appropriate authorities*.

(b) Accordingly to the information and explanation given to us, of, the undisputed statutory dues in respect of Provident Fund, Investor Education Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other Statutory dues; whichever is applicable to the Company, outstanding at the year-end for a period of more than six months from the date they became payable, are as follows:

| Name of Statute | Amount (Rs.) | Period to which amount relates | Due date | Date of Payment |
|---|---|---|---|---|
| Provident Fund | 192,640 | FY 2012-13 | 15th of every subsequent month | Paid Rs 49,143 on April 05, 2013 and Rs 143,497 May 20, 2013 |
| ESIC | 124,174 | FY 2012-13 | 21st of every subsequent month | Paid Rs 77,924 on April 05, 2013 and Rs 46,250 May 20, 2013 |
| Service Tax | 4,929,169 | FY 2012-13 and FY 2011-12 | 5th of every subsequent month | Not yet paid |
| Income Tax (Refer Note 29) | 10,240,191 | AY 1994-95 and AY 1995-96 | - | Not yet paid |

(c) There are no amount in respect of any disputed sales tax, income tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute with the relevant authorities.

(x) The Company has accumulated losses at the end of the financial year which is not more than fifty per cent of net worth of the Company. After considering the impact of qualifications mentioned in Para (i) to (iv) of 'Basis of Qualified Opinion' the Company has incurred cash losses during the current financial year and in the immediately preceding financial year.

(xi) The Company has no facilities from banks and financial institutions.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the Company

(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company has not obtained any term loans during the year.

(xvii) On an overall examination of the balance sheet of the Company, we are of the opinion that no short-term funds have been used for long-term investments.

(xviii) The Company has not made any preferential allotment of shares during the year.

(xix) The Company has not issued any debentures during the year.

(xx) The Company has not raised any money through public issues during the year.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year.

***For Singrodia Goyal & Co.***
Chartered Accountants
**Firm Reg. No : 112081W**

***Suresh Murarka***
Partner
**Mem. No. 044739**

Place: Mumbai
Date: May 30, 2013

## Balance Sheet as at March 31, 2013

(Amount in Rs.)

| Particulars | Note | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | 2 | 99,412,000 | 48,112,000 |
| Reserves and Surplus | 3 | (9,791,518) | (3,157,223) |
| | | **89,620,482** | **44,954,777** |
| **Non-current liabilities** | | | |
| Deferred Tax Liabilities (Net) | 4 | 101,222 | - |
| Other Long-Term Liabilities | 5 | 31,573,677 | - |
| | | **31,674,899** | **-** |
| **Current liabilities** | | | |
| Short-Term Borrowings | 6 | 29,969,805 | 1,850,000 |
| Trade Payables | 7 | 1,153,793 | 49,006 |
| Other Current Liabilities | 8 | 9,517,589 | 460,397 |
| Short-Term Provisions | 9 | 7,398,645 | 120,000 |
| | | **48,039,831** | **2,479,403** |
| | | **169,335,212** | **47,434,180** |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Fixed Assets | 10 | | |
| - Tangible Assets | | 1,431,822 | - |
| - Intangible Assets | | 29,440 | - |
| Non-Current Investments | 11 | 86,396,000 | 496,000 |
| Long-Term Loans and Advances | 12 | 2,288,939 | 6,000,000 |
| Other Non-Current Assets | 13 | 41,635,224 | - |
| | | 131,781,425 | 6,496,000 |
| **Current Assets** | | | |
| Trade Receivables | 14 | 25,536,036 | - |
| Cash and Bank Balances | 15 | 7,613,679 | 6,725,127 |
| Short-Term Loans and Advances | 16 | 3,202,435 | 34,213,053 |
| Other Current Assets | 17 | 1,201,637 | - |
| | | 37,553,787 | 40,938,180 |
| Total | | **169,335,212** | **47,434,180** |
| Accompanying notes to the financial statements | 1 to 36 | | |

| In terms of our report of even date | For and on behalf of the Board of Directors of | | |
|---|---|---|---|
| **For Singrodia Goyal & Co.** | **Two-Up Financial Services Limited** | | |
| *Chartered Accountants* | | | |
| Firm Registration No. 112081W | | | |
| **Suresh Murarka** | **Surendra Kedia** | **Vinod Deora** | **Dinesh Jalan** |
| *Partner* | Director | Director | Director |
| **Membership No. 044739** | | | |
| Place: Mumbai | Place: Mumbai | | |
| Date: May 30, 2013 | Date: May 30, 2013 | | |

## Statement of Profit & Loss for the year ended March 31, 2013

(Amount in Rs.)

| Particulars | Note | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|---|
| **REVENUE:** | | | |
| Revenue from Operations | 18 | 40,546,614 | 700,300 |
| Other Income | 19 | 5,476,124 | 1,399,831 |
| Total Revenue | | **46,022,738** | **2,100,131** |
| **EXPENSES:** | | | |
| Cost of Services | 20 | 3,427,584 | - |
| Employee benefits expense | 21 | 18,115,067 | 134,000 |
| Finance Costs | 22 | 108,946 | 370 |
| Depreciation and Amortization Expense | 10 | 506,174 | - |
| Other Expenses | 23 | 22,848,664 | 766,973 |
| **Total Expenses** | | **45,006,435** | **901,343** |
| Profit Before Tax | | 1,016,303 | 1,198,788 |
| **Tax Expense:** | | | |
| Current Tax | | 136,493 | 64,000 |
| Deferred Tax | | 101,222 | 4,469 |
| Profit for the year | | **778,589** | **1,130,319** |
| Earnings per equity share (Nominal value of Rs 10/- each) | 24 | | |
| (1) Basic | | 0.08 | 0.32 |
| (2) Diluted | | 0.08 | 0.32 |
| Accompanying notes to the financial statements | 1 to 36 | | |

In terms of our report of even date
**For Singrodia Goyal & Co.**
*Chartered Accountants*
Firm Registration No. 112081W

**Suresh Murarka**
*Partner*
**Membership No. 044739**

Place: Mumbai
Date: May 30, 2013

For and on behalf of the Board of Directors of
**Two-Up Financial Services Limited**

| **Surendra Kedia** | **Vinod Deora** | **Dinesh Jalan** |
|---|---|---|
| Director | Director | Director |

Place: Mumbai
Date: May 30, 2013

## Cash Flow Statement for the year ended March 31, 2013

(Amount in Rs.)

| Particulars | | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|---|
| A. | **Cash Flow from Operating Activities** | | |
| | Net Profit before taxation | **1,016,303** | **1,198,788** |
| | Adjustments for: | | |
| | Depreciation on Fixed Assets | 506,174 | - |
| | Inventories written off | 24,000 | |
| | Deduct: | | |
| | Profit on sale of Fixed Assets | 4,010 | - |
| | Interest Income | 2,762,046 | - |
| | **Operating Profit before Working Capital changes** | **(1,219,579)** | **1,198,788** |
| | Adjustments for : | | |
| | (Increase) / Decrease in Trade Receivables | 2,058,839 | - |
| | (Increase) / Decrease in Other Current Assets | 1,078,290 | - |
| | (Increase) / Decrease in Other Non-Current Assets | (33,024,408) | - |
| | Increase / (Decrease) in Short-Term Borrowings | 28,119,805 | 1,850,000 |
| | Increase / (Decrease) in Trade Payable | 473,300 | 26,930 |
| | Increase / (Decrease) in Other Current Liabilities | 5,976,352 | 463,721 |
| | Increase / (Decrease) in Short-Term Provisions | 2,908,317 | - |
| | Increase / (Decrease) in Long-Term Provisions | 10,110,511 | - |
| | **CASH GENERATED FROM OPERATIONS** | 16,481,426 | 3,539,439 |
| | Income Taxes Paid | (470,749) | (239,933) |
| | **Net Cash Inflow from Operating Activities** | **16,010,677** | **3,299,506** |
| B. | **Cash Flow from Investing Activities** | | |
| | Purchase of Investments | (85,900,000) | (496,000) |
| | Purchase of Fixed Assets | (846,152) | - |
| | Sale Proceeds from Fixed Assets | 18,990 | - |
| | Fixed deposit with banks matured having original maturity over three months | 145,645 | - |
| | Fixed deposit placed with banks having original maturity over three months | - | (6,588,950) |
| | Long-Term Loans & Advances given / (received back) | 4,798,487 | (6,000,000) |
| | Short-Term Loans & Advances given / (received back) | 31,424,564 | (29,325,850) |
| | Interest Received | 2,762,046 | - |
| | **Net Cash Outflow from Investing activities** | **(47,596,421)** | **(42,410,800)** |
| C. | **Cash Flow from Financing Activities** | | |
| | Share application money | (2,700,000) | - |
| | Proceeds from Issue of Shares (Refer Note 3 below) | 47,700,000 | 39,237,567 |
| | Repayment of Long-Term Borrowings | (12,637,116) | - |
| | **Net Cash Inflow Financing Activities** | **32,362,884** | **39,237,567** |
| | **Net Increase / (Decrease) in Cash and Cash Equivalents** | **777,140** | **126,273** |
| | Cash and Cash Equivalents at the beginning of the year | 136,177 | 9,904 |
| | Cash and Cash Equivalents acquired on merger of KDJ Holidayscapes Limited (Refer Note 2 below) | 257,057 | - |
| | **Cash and Cash Equivalents at the end of the year** | **1,170,375** | **136,177** |

**Notes :**

1) Cash and Cash Equivalent at the end of the year consists of Cash in hand and Balances with banks and are net of Short-Term Loans and Advances from banks as follows :

| **Particulars** | **As at March 31, 2013** | **As at March 31, 2012** |
|---|---|---|
| Closing Cash and Cash Equivalents | | |
| Cash in hand | 530,362 | 126,437 |
| Bank balances | 640,012 | 9,740 |
| | **1,170,374** | **136,177** |

2) The figures of the current year include changes in the cash flow of the erstwhile KDJ Holidayscapes Limited, which was amalgamated with the Company w.e.f April 01, 2011 and are therefore to that extent not comparable with previous year's figures.

3) Proceeds from Issue of Shares, is reflected in the following:

| **Particulars** | **As at March 31, 2013** | **As at March 31, 2012** |
|---|---|---|
| Equity shares issued on account of amalgamation | 51,300,000 | - |
| Deficit on account of excess capital issued pursuant to amalgamation | (3,600,000) | - |
| | **47,700,000** | **-** |

In terms of our report of even date
**For Singrodia Goyal & Co.**
*Chartered Accountants*
Firm Registration No. 112081W

**Suresh Murarka**
*Partner*
**Membership No. 044739**

Place: Mumbai
Date: May 30, 2013

For and on behalf of the Board of Directors of
**Two-Up Financial Services Limited**

**Surendra Kedia** — Director
**Vinod Deora** — Director
**Dinesh Jalan** — Director

Place: Mumbai
Date: May 30, 2013

# Notes to Financial Statements for the year ended March 31, 2013

**Note 1 : Significant Accounting Policies**

**A Basis of Accounting:**

The Financial Statements have been prepared under the historical cost convention, on an accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles in India and comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules 2006 to the extent applicable and in accordance with the relevant provisions of the Companies Act, 1956.

**B Use of Estimates:**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the financial statements and the reported amounts of revenues and expenses during the reporting period.

Difference between actual results and estimates are recognized in the periods in which the results are known/ materialize.

**C Revenue Recognition**

**i)** Admission fee is recognised as income on receipt of minimum subscription fees.

**ii)** Entitlement fee which entitles the vacation ownership member for the vacation ownership facilities over the membership usage period, is recognised as income equally over the entitled vacation period.

**iii)** Annual subscription fee dues from members are recognised as income on an accrual basis.

**iv)** Income from resorts includes income from room rentals, food and beverages, etc. and is recognised when services are rendered.

**v)** Interest income from loans is accounted on time proportion basis.

**vi)** Dividend income from investments is accounted as and when right to receive the payment is established.

**vii)** Commission Income is recognised on accrual basis as per the terms of the agreements.

**D Inventory:**

Inventories are carried at lower of cost and net realisable value.

**E Fixed Assets:**

Fixed Assets are stated at actual cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**F Depreciation:**

**Tangible Asset**

Depreciation on Fixed Assets has been provided on 'Written Down Value' as per the rates and in the manner specified in Scheduled XIV of the Companies Act, 1956.

**Intangible Asset**

Trademarks is amortised on Straight Line Method over a period of five years.

**G Investments:**

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investment and are carried at cost less any provision for permanent diminution in value. Investments other than long term investments being current investments are valued at cost or fair value whichever is lower.

**H Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account.

**I Accounting for Taxes of Income:-**

**Current Taxes**

Provision for current income-tax is recognized in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions

**Deferred Taxes**

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future. Deferred tax assets are reviewed as at each Balance Sheet date.

**J Employee Benefits :**

Gratuity & Leave Encashment is accounted for in the year of payment.

**K Provisions and Contingent Liabilities:**

i) Provisions are recognized in terms of Accounting Standard 29- “Provisions, Contingent Liabilities and Contingent Assets notified by the Companies (Accounting Standard) Rules 2006, when there is a present legal or statutory obligation as a result of past events where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

ii) Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or where reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

iii) Contingent Liabilities are disclosed by way of notes.

**L Impairment of Assets:**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**M** Deferred Revenue Expenditure are being amortized over next 10 years, depending upon their future benefits.

**N** Pre-operative expenses are being amortized over next 5 years, depending upon their future benefits.

**Note 2 : Share Capital**

a. **Details of Authorised, Issued and Subscribed Share Capital**

(Amount in Rs.)

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Authorised Capital** | | |
| 160,00,000 (PY: 11,000,000) Equity Shares of Rs.10/- each | 160,000,000 | 110,000,000 |
| **Issued, Subscribed and Paid up Capital** | | |
| 9,941,200 (PY: 4,811,200) Equity Shares of Rs.10/- each fully paid-up | 99,412,000 | 48,112,000 |
| | **99,412,000** | **48,112,000** |

During the year the Authorized Share Capital of the Company has been increased to Rs 160,000,000 divided into 16,000,000 Equity Shares of Rs.10 each pursuant to Scheme of Amalgamation and Order dated 8th February 2013 passed by the Hon'ble High Court of Bombay.

b. **Terms & Conditions**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Shareholders having more than 5 % shareholding**

| Name of Shareholder | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | No of Equity shares held | Percentage | No of Equity shares held | Percentage |
| Chirania Trading LLP | 1,620,200 | 16.30% | 1,620,200 | 33.68% |
| AB Overseas Private Limited | 17,64,600 | 17.75% | 150,000 | 3.12% |
| Ushakiran Vinodkumar Deora | 810,000 | 8.15% | - | - |

d. **Reconciliation of number of shares**

| Particulars | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | Number | Amount (Rs.) | Number | Amount (Rs.) |
| **Equity Shares** | | | | |
| Shares outstanding at the beginning of the year | 4,811,200 | 48,112,000 | 3,001,200 | 30,012,000 |
| Shares issued during the year | 5,130,000 * | 51,300,000 * | 1,810,000 | 18,100,000 |
| Shares outstanding at the end of the year | **9,941,200** | **99,412,000** | **4,811,200** | **48,112,000** |

***** Issued during the year on account of amalgamation of KDJ Holidayscapes Limited

**Note 3 : Reserves and Surplus**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| A. **Securities premium account** | | |
| Opening balance | 21,137,567 | 21,720,000 |
| Less: Share issue expense | - | 582,433 |
| | 21,137,567 | 21,137,567 |
| B. **Surplus / (Deficit) in the statement of profit and loss** | | |
| Opening balance | (24,294,790) | (25,425,109) |
| Profit / (Loss) of KDJ Holidayscapes Limited on account of amalgamation (Refer Note 28): | | |
| i) Loss upto March 31, 2011 | (3,776,777) | - |
| ii) Profit from April 01, 2011 to March 31, 2012 | 163,894 | - |
| iii) Excess capital issued on account of amalgamation | (3,800,000) | - |
| Add: Profit for the year | 778,588 | 1,130,319 |
| | (30,929,085) | (24,294,790) |
| | **(9,791,518)** | **(3,157,223)** |

**Note 4 : Deferred Tax Liabilities (Net)**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Deferred tax liabilities** | | |
| Excess of net block of fixed assets as per books of accounts over net block for tax purpose | 101,222 | - |
| | **101,222** | **-** |

**Note 5 : Other Long-Term Liabilities**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Deferred revenue income (Refer Note 32) | 31,473,677 | - |
| Franchise deposit | 100,000 | - |
| | **31,573,677** | **-** |

**Note 6 : Short-Term Borrowings**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **UNSECURED** | | |
| Loans from related parties repayable on demand | 29,969,805 | 1,850,000 |
| | **29,969,805** | **1,850,000** |

**Note 7 : Trade Payables**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Due to Micro and Small Enterprises | - | - |
| Due to others | 1,153,793 | 49,006 |
| | **1,153,793** | **49,006** |

The names of the Micro, Small and Medium Enterprises suppliers defined under "The Micro Small and Medium Enterprises Development Act 2006" could not be identified, as the necessary evidence is not in the possession of the Company.

**Note 8 : Other Current Liabilities**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Statutory dues payable | 8,038,302 | 12,589 |
| Current portion of deferred revenue income | 1,310,653 | - |
| Cheques overdrawn | 20,369 | 447,808 |
| Others | 148,264 | - |
| | **9,517,589** | **460,397** |

**Note 9 : Short-Term Provisions**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Provision for employee benefits | 1,988,436 | - |
| Provision for expenses | 5,410,209 | 120,000 |
| | **7,398,645** | **120,000** |

**Note 10 : Fixed Assets** **(Amount in Rs.)**

| PARTICULARS | Gross Block | | | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2012 | Additions on account of amalgamation | Additions | Deductions | As at March 31, 2013 | Upto March 31, 2012 | Additions on account of amalgamation | Depreciation charge for the Year | Adjustments | Upto March 31, 2013 | As at March 31, 2013 | As at March 31, 2012 |
| **Tangible Assets** | | | | | | | | | | | | |
| Office Equipment's | - | 229,019 | 270,951 | 18,990 | 480,980 | - | 38,519 | 48,913 | 4,010 | 83,422 | 397,558 | |
| Computers | - | 1,024,128 | 306,326 | - | 1,330,454 | - | 319,672 | 385,246 | - | 704,918 | 625,536 | |
| Furniture & Fixtures | - | 255,300 | 268,875 | - | 524,175 | - | 50,791 | 64,655 | - | 115,446 | 408,729 | |
| **Sub-Total (A)** | **-** | **1,508,447** | **846,152** | **18,990** | **2,335,609** | **-** | **408,982** | **498,814** | **4,010** | **903,787** | **1,431,822** | |
| **Intangible Assets** | | | | | | | | | | | | |
| Trademarks | - | 46,000 | - | - | 46,000 | - | 9,200 | 7,360 | - | 16,560 | 29,440 | |
| **Sub-Total (B)** | **-** | **46,000** | **-** | **-** | **46,000** | **-** | **9,200** | **7,360** | **-** | **16,560** | **29,440** | |
| **Total (A+B)** | **-** | **1,554,447** | **846,152** | **18,990** | **2,381,609** | **-** | **418,182** | **506,174** | **4,010** | **920,347** | **1,461,262** | **-** |
| **Previous Year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | |

**Note 11 : Non-Current Investments**
**(Unquoted, Long Term)**

| **Particulars** | **As at March 31, 2013** | **As at March 31, 2012** |
|---|---|---|
| **<u>Trade Investments</u>** | | |
| **Investments in subsidiaries:** | | |
| KDJ Hospitality Private Limited | 44,500,000 | - |
| 4,99,997 (PY: Nil) Equity Shares of Face Value of Rs.10/- each fully paid-up | | |
| KDJ Hospital Limited (Formerly known as 'KDJ Hotels & Resorts Limited') | 41,896,000 | 496,000 |
| 4,63,600 (PY: 49,600) Equity Shares of Face Value of Rs.10/- each fully paid-up | | |
| | **86,396,000** | **496,000** |

**Note 12 : Long-Term Loans and Advances**

| **Particulars** | **As at March 31, 2013** | **As at March 31, 2012** |
|---|---|---|
| **<u>(Unsecured, Considered Good</u>** | | |
| Advances towards capital goods | - | 6,000,000 |
| Security deposits | 231,200 | - |
| Other Loans & Advances | 2,057,739 | - |
| **<u>Unsecured, Considered Doubtful</u>** | | |
| Other Loans & Advances | 8,946,700 | 8,946,700 |
| Less: Provision for doubtful loans and advances | (8,946,700) | (8,946,700) |
| | - | - |
| | **2,288,939** | **6,000,000** |

**Note 13 : Other Non-Current Assets**

| **Particulars** | **As at March 31, 2013** | **As at March 31, 2012** |
|---|---|---|
| Long-term Trade receivables (Unsecured, Considered Good) | 35,244,801 | - |
| Deferred revenue expenditure (Refer Note 30) | 6,097,886 | - |
| Preoperative expenses (Refer Note 31) | 292,536 | - |
| | **41,635,224** | **-** |

**Note 14 : Trade Receivables**
**(Unsecured)**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Trade receivables outstanding** | | |
| - for a period exceeding six months from the date they are due for payment | 2,547,200 | 2,847,200 |
| - other receivables | 25,536,036 | - |
| | 28,083,236 | 2,847,200 |
| Of which | | |
| - considered good | 25,536,036 | - |
| - considered doubtful | 2,547,200 | 2,847,200 |
| | 28,083,236 | 2,847,200 |
| Provision for doubtful receivables | (2,547,200) | (2,847,200) |
| | **25,536,036** | **-** |

**Note 15 : Cash and Bank Balances**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Cash & Cash Equivalents** | | |
| Balance with banks: | | |
| - In current accounts | 640,012 | 9,740 |
| Cash on hand | 530,362 | 126,437 |
| **Other Bank Balances** | | |
| Fixed deposits (Three month to twelve months of original maturity period) | 6,443,305 | 6,588,950 |
| | **7,613,679** | **6,725,127** |

**Note 16 : Short-Term Loans and Advances**
**(Unsecured, Considered Good)**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Loans and advances to others | 597,615 | 34,213,053 |
| Prepaid expenses | 2,604,820 | - |
| | **3,202,435** | **34,213,053** |

**Note 17 : Other Current Assets**
**(Unsecured, Considered Good )**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Current portion of deferred revenue expenditure (Refer Note 30) | 762,236 | - |
| Current portion of preoperative expenses (Refer Note 31) | 388,376 | - |
| Other current assets | 51,025 | - |
| | **1,201,637** | **-** |

**Note 18 : Revenue from Operations**

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Income from sales of vacation ownership | **36,418,076** | - |
| Annual subscription fees | **2,217,907** | - |
| Income from resorts: | | |
| - Room rentals | **1,292,488** | - |
| - Food and beverages | **618,143** | - |
| Consultancy fees | **-** | 700,300 |
| | **40,546,614** | 700,300 |

**Note 19 : Other Income**

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Interest income | **2,762,046** | 1,399,768 |
| Commission | **1,972,299** | - |
| Bad debts recovered during the year | **369,000** | - |
| Provisions for doubtful debts written back | **300,000** | - |
| Miscellaneous income | **72,779** | 63 |
| | **5,476,124** | 1,399,831 |

**Note 20 : Cost of Services**

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| RCI enrollment fees | **2,229,500** | - |
| Rent | **715,000** | - |
| Other costs | **483,084** | |
| | **3,427,584** | **-** |

**Note 21 : Employee benefits expense**

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Directors sitting fees | **60,000** | 50,000 |
| Salaries and incentives | **16,643,246** | 84,000 |
| Contribution to provident and other funds | **673,020** | - |
| Employee welfare expenses | **738,801** | - |
| | **18,115,067** | 134,000 |

**Note 22 : Finance Costs**

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Bank charges | **108,946** | 370 |
| | **108,946** | 370 |

**Note 23 : Other Expenses**

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Rent | **1,912,523** | - |
| Rates & taxes | **654,954** | 241,583 |
| Printing and stationary | **767,318** | 8,646 |
| Electricity charges | **1,257,640** | - |
| Communication expenses | **1,443,467** | - |
| Travelling and conveyance | **2,312,997** | 13,328 |
| Legal and professional fees | **1,282,580** | 385,528 |
| Repair & Maintenance - others | **868,920** | - |
| Housekeeping charges | **551,920** | - |
| Hotel booking charges | **817,506** | - |
| Advertisement expenses | **600,791** | 40,814 |
| Business promotion | **3,528,785** | - |
| Selling & distribution expenses | **3,194,364** | - |
| Website development charges | **356,337** | - |
| Auditors remuneration | **84,778** | 52,255 |
| Preliminary expenses written off | **589,585** | - |
| Preoperative expenses written off | **271,216** | - |
| Deferred revenue expenditure written off | **762,236** | - |
| Bad debts written Off | **-** | 1,340,000 |
| Less: Reversal of Provision | **-** | (1,340,000) |
| Other expenses | **1,590,747** | 24,819 |
| | **22,848,664** | 766,973 |

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| As Auditor | **55,000** | 22,472 |
| For taxation matters | **8,427** | 8,273 |
| For other services | **21,351** | 21,510 |
| **TOTAL** | **84,778** | 52,255 |

**Note 24 : Earnings Per Share**

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **Basic Earnings per Share** | | |
| Profit/(Loss) attributable to Equity shareholders | **778,589** | 1,130,319 |
| Weighted average number of equity shares | **9,941,200** | 3,574,861 |
| **Basic Earnings Per Share** | **0.08** | 0.32 |
| **Face value per Share** | **10.00** | 10.00 |
| **Dilutive Earnings per Share** | | |
| Profit after adjusting interest on potential equity shares | **778,589** | 1,130,319 |
| Weighted average number of equity share after considering potential equity shares | **9,941,200** | 3,574,861 |
| **Dilutive Earnings per Share** | **0.08** | 0.32 |

**Note 25 : Employee Benefits**

Disclosure pursuant to Accounting Standard - 15 'Employee Benefits' has not been given as the same has been accounted on payment basis.

**Note 26 :**

**a)** In the opinion of Board of Directors; the Current Assets, Loans & Advances are realizable in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of amount reasonably necessary.

**Note 27 : Related Party disclosures**

**a. List of related parties and relationships:**

**i) Key Managerial Personnel**

| | |
|---|---|
| Pawan Agarwal<br>Vinodkumar Shubhkaran Deora (w.e.f. March 26, 2013)<br>Surendra Kedia (w.e.f. March 26, 2013)<br>Dinesh Kumar Jalan (w.e.f. March 26, 2013) | Directors |

**ii) Relatives of Key Managerial Personnel**

Usha Kiran Deora

Rajesh Jalan

Lata Jalan

**iii) Enterprises under significant influence:**

Dolly Exim Private Limited

Santogen Textile Mills Limited

A B Overseas Private. Limited

Prestige Mini Township Private Limited

Sea Scape Riva Hotel Private Limited

Jamuna Estate Private Limited

**iv) Subsidiaries**

KDJ Hospital Limited

KDJ Hospitality Private Limited

**b. Transactions with Related Parties :**

| Name of Party | Nature of Transaction | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|---|
| Pawan Agarwal | Sitting fees paid | 60,000 | 50,000 |
| Surendra Kedia | Loan taken | 1,636,000 * | - |
| | Loan repaid | 4,886,000 * | - |
| Dinesh Kumar Jalan | Loan taken | 1,050,000 * | - |
| | Loan repaid | 1,732,839 * | - |
| Usha Kiran Deora | Rent paid | 1,146,072 * | - |
| Rajesh Jalan | Loan repaid | 1,319,662 * | - |
| Lata Jalan | Loan repaid | 22,493 * | - |
| Dolly Exim Private Limited | Loan taken | 2,800,000 * | - |
| | Loan repaid | 2,800,000 * | - |
| A B Overseas Private. Limited | Loan taken | 16,290,000 * | - |
| | Loan repaid | 14,250,000 * | - |
| Prestige Mini Township Private Limited | Loan taken | 8,586,000 * | - |
| Sea Scape Riva Hotel Private Limited | Loan taken | 155,636 * | - |
| | Loan repaid | 155,636 * | - |
| Jamuna Estate Private Limited | Loan taken | 2,500,000 * | - |
| Santogen Textile Mills Limited | Loan taken | 3,637,949 * | - |
| KDJ Hospital Limited | Loan given | 11,000,000 * | - |
| | Loan received back | 11,000,000 * | - |
| | Loan taken | 11,125,493 * | - |
| | Loan repaid | 3,797,286 * | - |
| KDJ Hospitality Private Limited | Loan taken | 3,373,953 * | - |
| | Loan repaid | 6,067,126 * | - |

* Transactions by erstwhile KDJ Holidayscapes Limited

**c. Balance Outstanding of Related Parties :**

| Name of Party | Receivable / Payable | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|
| Mr. Pawan Agarwal | Director Sitting fees payable | - | 15,000 |
| KDJ Hospitality Private Limited | Loan Payable | 1,918,598 | 500,000 |
| Santogen Textile Mills Limited | Loan Payable | 6,186,000 | - |
| A B Overseas Private Limited | Loan Payable | 2,740,000 | - |
| Prestige Mini Township Private Limited | Loan Payable | 8,586,000 | - |
| KDJ Hospital Limited | Loan Payable | 7,328,207 | - |
| Jamuna Estate Private Limited | Loan Payable | 2,500,000 | - |

**Note 28 : Amalgamation**

a) Nature of business of amalgamating company:

The Operation of KDJ Holidayscapes Limited (Holidayscapes) include providing Vacation Membership to its members.

b) Holidayscapes have been amalgamated with the Company with effect from April 01, 2011 in terms of the scheme of amalgamation (Scheme) sanctioned by the Honorable High Court of Mumbai vide their Order dated February 08, 2013. Pursuant to scheme all assets and liabilities of Holidayscapes have been transferred to and vested in the Company retrospectively with effect from April 01, 2011. Pursuant to amalgamation of Holidayscapes with the Company 5,130,000 equity shares of Rs 10/- each fully paid up of the Company were issued and alloted to the shareholders of erstwhile KDJ Holidayscapes Limited in accordance with swap ratio of 108:100. These shares have been subsequently allotted on March 26, 2013.

c) The amalgamation stated above have been accounted for under the “pooling of interests” method as prescribed by Accounting Standard (AS-14) notified under Section 211(3C) of the Companies Act, 1956. Accordingly, the assets, liabilities and reserves of Holidayscapes as at April 01, 2011 have been taken over at their book values. As stipulated in the scheme of amalgamation, all reserves of the above mentioned company have been transferred to the General Reserve except for the balance lying in the statement of profit and loss as on March 31, 2011, which have been transferred to the deficit in the statement of profit and loss of the Company.

From the Appointed Date upto the Effective date, the business of Holidayscapes Limited is deemed to have been carried out in trust for the Company. And hence, any income or profit accruing or arising and any costs, charges, expenses and losses incurred in relation to Holidayscapes in accordance with the Scheme shall be treated as of the Company.

Pending completion of the formalities for transfer of titles of assets and liabilities acquired, such assets and liabilities are included in the books of the Company under the name of the erstwhile company.

The difference between the book value of assets and liabilities recorded in the Company have been adjusted to Reserves.

Accordingly, the amalgamation have resulted in transfer of assets, liabilities and reserves in accordance with the terms of the Scheme at the following summarized values on April 01, 2011:

| Particulars | Amount (Rs) |
|---|---|
| **Assets** | |
| Fixed Assets | 521,600 |
| Long Term Loans and Advances | 861,182 |
| Other Non-Current Assets | 984,236 |
| Inventories | 24,000 |
| Trade Receivables | 8,013,978 |
| Cash and Cash Equivalents | 1,000,797 |
| Short-Term Loans and Advances | 960,500 |
| **Less Liabilities** | |
| Long-Term Borrowings | (3,651,167) |
| Other Long Term Liabilities | (6,224,390) |
| Trade Payables | (556,877) |
| Other Current Liabilities | (3,460,636) |
| Equity Share Capital | (2,250,000) |
| Loss on account of amalgamation | (3,776,777) |

The amalgamation have resulted in transfer of profit for financial year 2011-12 of KDJ Holidayscapes to the Company, which has been included in Reserves of the Company, and these are the following summarized values:

| Particulars | Amount (Rs) |
|---|---|
| Total Revenue | 21,484,232 |
| Total Expenses | 28,934,196 |
| Profit / (Loss) before exceptional item and tax | (7,449,964) |
| Exceptional item: | |
| Expenses of deferred revenue nature | 7,622,358 |
| Profit before tax | 172,394 |
| Tax expense: | |
| Current tax | 8,500 |
| Deferred tax asset | (1,060,150) |
| Profit after tax | 1,224,044 |
| Less: Deferred tax liability reversed | 1,060,150 |
| Profit for FY 2011-12, on account of amalgamation | 163,894 |

Loss incurred on account of excess capital issued to the shareholders of Holidayscapes, is reflected in the following:

| Particulars | Amount (Rs) |
|---|---|
| Excess capital issued on equity share capital: | |
| Till April 01, 2013 | 180,000 |
| FY 2011-12 | 20,000 |
| FY 2012-13 | 3,600,000 |
| | 3,800,000 |

**Note 29 : Income Tax Demand**

No Provision has been made in accounts in respect of Income tax Liability as detailed below for interest under section 234 B and 220(2) as per orders passed for prior years as representation is being made by the Company before higher authorities for waiver of interest and the management is of the opinion that there would be no liability on this account.

| Period for which amount relates | 2012-13 | 2011-12 |
|---|---|---|
| A.Y. 1994-1995 | 2,961,492 | 1,172,162 |
| A.Y. 1995-1996 | 7,278,699 | 6,719,117 |
| **Total** | **10,240,191** | **7,891,279** |

**Note 30 : Deferred Revenue Expenditure**

During the financial year ended March 31, 2012 the Company has incurred certain expenses amounting to Rs. 7,622,358 for which management was of the view that these expenses are providing future economic benefit and accordingly these expenses have not been charged to the Profit and Loss Account and has been amortised over a period of 10 years . During the year, as per the accounting policy followed consistently, the Company has amortized 1/10th of the expenses amounting to Rs. 762,236 and debited the same to the Profit and Loss Account of the current year. As on March 31, 2013 unamortised portion of these expenses amounting to Rs. 6,860,122 have been reflected as "Deferred revenue expenditure" in Note 13 & Note 17.

**Note 31 : Preoperative Expenses**

During the financial year ended March 31, 2011 the Company has incurred certain expenses amounting to Rs. 952,127 for which management was of the view that these expenses are providing future economic benefit and accordingly these expenses have not been charged to the Profit and Loss Account and has been amortised over a period of 5 years. During the year, as per the accounting policy followed consistently, the Company has amortized 1/5th of the expenses amounting to Rs. 271,216 and debited the same to the Profit and Loss Account of the current year. As on March 31, 2013 unamortised portion of these expenses amounting to Rs. 680,912 have been reflected as "Preoperative expenses" in Note 13 & Note 17.

**Note 32 : Deferred revenue income**

Membership fees, received or receivable from the members are accounted as Admission fees and Deferred Revenue Income under 'Other Long-Term Liabilities / Other Current Liabilities' and same have been amortized over the entitled vacation period.

**Note 33 :** Food and grocery items which are perishable in nature and are immaterial in value and are thus charged to Statement of Profit and Loss as an expense in the year of purchase.

**Note 34 : Operating Leases**

The Company has taken premises on operating lease and entered into non-cancellable Leave and License agreements with various parties. The disclosure required to be made in accordance with Accounting Standard 19 on "Leases" is as under:

a) Future minimum lease payments under non-cancellable operating lease in aggregate for the following periods:

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Not later than one year | 1,292,250 | - |
| Later than one year and not later than five years | 1,540,000 | - |
| Later than five years | - | - |
| **Total** | **2,832,250** | **-** |

**Note 35 : Segment Reporting**

In accordance with the requirements of Accounting Standard 17 "Segment Reporting", the Company's business consists of one reportable business segment i.e. "Sale of Vacation Ownership", hence no separate disclosures pertaining to attributable Revenues, Profits, Assets, Liabilities, Capital Employed are given.

**Note 36 :** Figures of the previous year have been regrouped, reclassified and/or rearranged wherever considered necessary to correspond with the figures of current year. However in view of amalgamation (Note no. 28 above) the same are strictly not comparable.

In terms of our report of even date
**For Singrodia Goyal & Co.**
*Chartered Accountants*
Firm Registration No. 112081W

**Suresh Murarka**
*Partner*
**Membership No. 044739**

Place: Mumbai
Date: May 30, 2013

For and on behalf of the Board of Directors of
**Two-Up Financial Services Limited**

**Surendra Kedia** Director
**Vinod Deora** Director
**Dinesh Jalan** Director

Place: Mumbai
Date: May 30, 2013

# INDEPENDENT AUDITOR'S REPORT

**To,**

**The Board of Directors of Two-up Financial Services Limited,**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Two-up Financial Services Limited** ("the Company") and its subsidiaries (hereinafter collectively referred to as "the Group"), which comprises the Consolidated Balance Sheet as at March 31, 2013 and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the* Consolidated *Financial Statements***

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position and consolidated financial performance and consolidated cash flow of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating and appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

***Basis for Qualified Opinion***

*i) Attention is invited to Note 28 regarding non provision for Gratuity and Leave encashment liability as required by Accounting Standard 15 (AS-15) relating to Employees Benefits. We are unable to comment upon the resultant effect on Assets, Liabilities and Profit of the year as the amount of such benefit is presently not ascertainable.*

*ii) Attention is invited to Note 33A regarding deferment of certain expenses amounting to Rs. 7,622,358 incurred in the financial year 2011-12 and are being amortizing the said expenditure over a period of 10 years. This accounting treatment is not in accordance with the Accounting Standard 26 "Intangible Assets" notified by the Companies (Accounting Standard) Rules 2006 as such expenditure are required to be written off to the Statement of Profit and Loss Account as and when incurred. Had these expenses been debited to the Profit and Loss Account as and when incurred, the opening debit balance of the reserves and surplus would have been higher by Rs. 7,622,358. Since the company has not expensed off these expenses in previous year, as per the accounting policies followed by the Company 1/10$^{th}$ amount being written off this year. Had these 1/10$^{th}$ amount not written off profit for the year would have been higher by Rs. 762,236.*

*iii) Attention is also invited to Note 33B to align the above qualification in the Holding company, where certain expenses amounting to Rs 3,371,612 incurred in the previous years by the subsidiary company, KDJ Hospitality Private Limited, have been deferred and amortized over a period of 5 years from the date of commencement of business. This accounting treatment is not in accordance with the Accounting Standard 26 "Intangible Assets" notified by the Companies (Accounting Standard) Rules 2006 as such expenditure are required to be written off to the Profit and Loss Account as and when incurred. Had these expenses been debited to the Profit and Loss Account as and when incurred, the opening debit balance of the reserves and surplus would have been higher by Rs. 3,371,612.*

*iv) Attention is invited to Note 34A regarding deferment of preoperative expenses amounting to Rs 952,127 incurred in previous years and are being amortizing the said expenditure over a period of 5 years. This accounting treatment was not in accordance with the Accounting Standard 26 "Intangible Assets" notified by the Companies (Accounting Standard) Rules 2006 as such expenditure are required to be written off to the Statement of Profit and Loss Account as and when incurred. Had these expenses been debited to the Profit and Loss Account as and when incurred, the opening debit balance of the reserves and surplus would have been higher by Rs. 952,127. Since the company has not expensed off these expenses in previous years, as per the accounting policies followed by the Company 1/5th amount being written off this year. Had these 1/5th amount not written off profit for the year would have been higher by Rs. 271,216.*

*v) Attention is also invited to Note 34B to align the above qualification in the Holding company, where certain expenses amounting to Rs 46,838,496 incurred in the previous years by the subsidiary companies have been deferred and amortized over a period of 5 years from the date of commencement of business. This accounting treatment is not in accordance with the Accounting Standard 26 "Intangible Assets" notified by the Companies (Accounting Standard) Rules 2006 as such expenditure are required to be written off to the Profit and Loss Account as and when incurred. Had these expenses been debited to the Profit and Loss Account as and when incurred, the opening debit balance of the reserves and surplus would have been higher by Rs. 46,838,496.*

*vi) Attention is invited to Note 32 regarding non provision of income tax liability amounting to Rs.10,240,191 (including Rs 7,891,279 upto March 31, 2012) pertaining to previous years. Had this income tax liability accounted for in respective years, the opening debit balance of reserves and surplus would have been higher Rs 7,891,279 and current year profit would have been converted into a loss of Rs. 1,570,323 having consequential effect on the current liabilities and accumulated profit and loss account.*

***Opinion***

In our opinion and to the best of our information and according to the explanations given to us, except the possible effects of the matter described in the 'Basis for Qualified Opinion' paragraph, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;

(b) in the case of the Consolidated Statement of Profit and Loss Account, of the profit of the Group for the year ended on that date; and

(c) in case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

***Other Matters***

We did not audit the financial statements / financial information of two subsidiaries viz., KDJ Hospital Limited and KDJ Hospitality Private Limited, whose financial statements / financial information reflect total net assets of Rs.138,002,519 as at March 31, 2013 and total revenues of Rs.23,568,282 and net cash flows amounting to Rs.618,242 for the year ended on that date. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

***For Singrodia Goyal & Co.***
Chartered Accountants
***Firm Reg. No. 112081W***

***Suresh Murarka***
Partner
**Mem. No. : 044739**

Place : Mumbai
Date : May 30, 2013

## Consolidated Balance Sheet for the year ended March 31, 2013

(Amount in Rs.)

| Particulars | Note | As at March 31, 2013 |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **Shareholders' Funds** | | |
| Share Capital | 2 | 99,412,000 |
| Reserves and Surplus | 3 | (2,415,213) |
| Share application money pending allotment | 4 | 4,300,000 |
| | | **101,296,787** |
| **Minority Interest** | | 42,743,113 |
| **Non-Current Liabilities** | | |
| Long-Term Borrowings | 5 | 315,475,123 |
| Other Long-Term Liabilities | 6 | 31,721,190 |
| | | **347,196,313** |
| **Current Liabilities** | | |
| Short-Term Borrowings | 7 | 20,723,000 |
| Trade Payables | 8 | 2,017,515 |
| Other Current Liabilities | 9 | 45,124,393 |
| Short-Term Provisions | 10 | 7,893,255 |
| | | **75,758,163** |
| | | **566,994,376** |
| **ASSETS** | | |
| **Non-Current Assets** | | |
| Fixed Assets | 11 | |
| - Tangible Assets | | 170,327,761 |
| - Intangible Assets | | 29,440 |
| - Capital Work-in-Progress | | 237,989,498 |
| Goodwill on Consolidation | | 3,019,690 |
| Deferred Tax Assets (Net) | 12 | 1,255,341 |
| Long-Term Loans and Advances | 13 | 18,442,576 |
| Other Non-Current Assets | 14 | 88,870,917 |
| | | **519,935,222** |
| **Current Assets** | | |
| Inventories | 15 | 926,433 |
| Trade Receivables | 16 | 26,236,108 |
| Cash and Cash Bank Balances | 17 | 12,155,839 |
| Short-Term Loans and Advances | 18 | 3,212,473 |
| Other Current Assets | 19 | 4,528,301 |
| | | **47,059,154** |
| | | **566,994,376** |
| *Accompanying notes to the financial statements* | 1 to 39 | |

In terms of our report of even date
**For Singrodia Goyal & Co.**
*Chartered Accountants*
Firm Registration No. 112081W

**Suresh Murarka**
*Partner*
**Membership No. 044739**

Place: Mumbai
Date: May 30, 2013

For and on behalf of the Board of Directors of
**Two-Up Financial Services Limited**

| **Surendra Kedia** | **Vinod Deora** | **Dinesh Jalan** |
|---|---|---|
| Director | Director | Director |

Place: Mumbai
Date: May 30, 2013

## Consolidated Statement of Profit & Loss for the year ended on March 31, 2013

(Amount in Rs.)

| Particulars | Note | Year ended March 31, 2013 |
|---|---|---|
| **REVENUE :** | | |
| Revenue from Operations | 20 | 44,858,459 |
| Other Income | 21 | 24,732,560 |
| **Total Revenue** | | **69,591,019** |
| **EXPENSES :** | | |
| Cost of Services / Materials Consumed | 22 | 5,796,271 |
| Employee Benefits Expense | 23 | 20,567,124 |
| Finance Costs | 24 | 5,063,942 |
| Depreciation and Amortization Expense | 11 | 6,473,068 |
| Other Expenses | 25 | 26,546,313 |
| **Total Expenses** | | **64,446,717** |
| Profit before tax | | 5,144,302 |
| **Tax Expenses:** | | |
| Current Tax | | 291,492 |
| Deferred Tax | | (1,202,286) |
| Profit for the year | | **6,055,096** |
| Earnings per equity share (Nominal value of Rs 10/- each) | 26 | |
| (1) Basic | | 0.61 |
| (2) Diluted | | 0.61 |
| *Accompanying notes to the financial statements* | 1 to 39 | |

In terms of our report of even date
**For Singrodia Goyal & Co.**
*Chartered Accountants*
Firm Registration No. 112081W

For and on behalf of the Board of Directors of
**Two-Up Financial Services Limited**

**Suresh Murarka**
*Partner*
**Membership No. 044739**
Place: Mumbai
Date: May 30, 2013

**Surendra Kedia** — Director
**Vinod Deora** — Director
**Dinesh Jalan** — Director

Place: Mumbai
Date: May 30, 2013

## Consolidated Cash Flow Statement for the year ended March 31, 2013

(Amount in Rs.)

| Particulars | | Year ended March 31, 2013 |
|---|---|---|
| A. | **Cash Flow from Operating Activities** | |
| | Net Profit before taxation | **5,144,300** |
| | Adjustments for: | |
| | Depreciation on Fixed Assets | 7,360,598 |
| | Preliminary expenses written off | 28,708 |
| | Interest | 4,532,281 |
| | Inventories written off | 24,000 |
| | Deduct: | |
| | Profit on sale of Fixed Assets | 4,010 |
| | Interest Income | 2,762,046 |
| | **Operating Profit before Working Capital changes** | **14,323,831** |
| | Adjustments for : | |
| | (Increase) / Decrease in Trade and Other Receivables | 14,085,846 |
| | (Increase) / Decrease in Inventories | 348,023 |
| | (Increase) / Decrease in Other Current Assets | 1,078,290 |
| | (Increase) / Decrease in Other Non-Current Assets | (33,024,408) |
| | Increase / (Decrease) in Short-Term Borrowings | 28,119,805 |
| | Increase / (Decrease) in Trade and Other Payable | (4,751,240) |
| | Increase / (Decrease) in Other Current Liabilities | 5,976,352 |
| | Increase / (Decrease) in Short-Term Provisions | 2,908,317 |
| | Increase / (Decrease) in Long-Term Provisions | 10,110,511 |
| | **CASH GENERATED FROM OPERATIONS** | 39,175,328 |
| | Income Taxes Paid | (471,099) |
| | **Net Cash Inflow from Operating Activities** | **38,704,229** |
| B. | **Cash Flow from Investing Activities** | |
| | Purchase of Equity Shares of Subsidiaries | (85,900,000) |
| | Purchase of Fixed Assets (including CWIP) | (24,899,251) |
| | Capital Advances | - |
| | Sale Proceeds from Fixed Assets | 18,990 |
| | Fixed deposit with banks matured having original maturity over three months | 145,645 |
| | Fixed deposit placed with banks having original maturity over three months | - |
| | Long-Term Loans & Advances given / (received back) | 17,237,158 |
| | Short-Term Loans & Advances given / (received back) | 31,424,564 |
| | Interest Received | 2,762,046 |
| | **Net Cash Outflow from Investing activities** | **(59,210,849)** |

## Consolidated Cash Flow Statement for the year ended March 31, 2013

(Amount in Rs.)

| Particulars | Year ended March 31, 2013 |
|---|---|
| **C. Cash Flow from Financing Activities** | |
| Share application money | (2,700,000) |
| Proceeds from Issue of Shares (Refer Note 3 below) | 47,700,000 |
| Share Premium received | - |
| Repayment of Long-Term Borrowings | (18,565,716) |
| Interest paid | (4,532,281) |
| **Net Cash Inflow Financing Activities** | **21,902,003** |
| **Net Increase / (Decrease) in Cash and Cash Equivalents** | **1,395,383** |
| Cash and Cash Equivalents at the beginning of the year | 4,060,094 |
| Cash and Cash Equivalents acquired on merger of KDJ Holidayscapes Limited (Refer Note 2 below) | 257,057 |
| **Cash and Cash Equivalents at the end of the year** | **5,712,534** |

**Notes :**

1) Cash and Cash Equivalent at the end of the year consists of Cash in hand and Balances with banks and are net of Short-Term Loans and Advances from banks as follows:

| Particulars | As at March 31, 2013 |
|---|---|
| Closing Cash and Cash Equivalents | |
| Cash in hand | 705,581 |
| Bank balances | 5,006,953 |
| | **5,712,534** |

2) The figures of the current year include changes in the cash flow of the erstwhile KDJ Holidayscapes Limited, which was amalgamated with the Company w.e.f April 01, 2011.

3) Proceeds from Issue of Shares, is reflected in the following:

| Particulars | As at March 31, 2013 |
|---|---|
| Equity shares issued on account of amalgamation | 51,300,000 |
| Deficit on account of excess capital issued pursuant to amalgamation | (3,600,000) |
| Proceeds from Issue of Shares to minority shareholders | 250,000 |
| | **47,950,000** |

4) Comparative figures for March 31, 2012 have not been furnished as the Company had no subsidiary during that year.

In terms of our report of even date
**For Singrodia Goyal & Co.**
*Chartered Accountants*
Firm Registration No. 112081W

**Suresh Murarka**
*Partner*
**Membership No. 044739**
Place: Mumbai
Date: May 30, 2013

For and on behalf of the Board of Directors
**Two-Up Financial Services Limited**

Surendra Kedia, Director
Vinod Deora, Director
Dinesh Jalan, Director

Place: Mumbai
Date: May 30, 2013

# Notes to Consolidated Financial Statements for the year ended March 31, 2013

**Note 1 : Significant Accounting Policies**

**A Basis of Accounting:**

The Financial Statements have been prepared under the historical cost convention, on an accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles in India and comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules 2006 to the extent applicable and in accordance with the relevant provisions of the Companies Act, 1956.

**B Basis of Consolidation:**

The Consolidated Financial Statements related to Two-up Financial Services Limited (“the Company”) and its Subsidiary Companies have been prepared on the following basis:

(a) The Financial Statements of the Company and its Subsidiaries have been combined on a line by line basis by adding together the balances of like items of Assets, Liabilities, Incomes and Expenditures after fully eliminating the intra group balances and intra group transactions resulting in unrealized profit or loss in accordance with Accounting Standard 21 on Consolidated Financial Statements.

(b) The Consolidated Financial Statements have been prepared using uniform accounting policies like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company’s separate Financial Statements except :

**In case of the Holding Company**

i) Deferred Revenue Expenditure are being amortized over next 10 years, depending upon their future benefits.

ii) Pre-operative expenses are being amortized over next 5 years, depending upon their future benefits.

**In case of KDJ Hospitality Private Limited**

i) Pre-operative and deferred revenue expenses are being write off over a period of 5 years from the date of commencement of business.

(c) The excess of cost to the company of its investments in the subsidiaries over its portion of equity of subsidiaries at the dates they become subsidiaries is recognized in the financial statements as goodwill on consolidation.

(d) The excess of Company’s portion of equity of the subsidiaries over the cost to the Company of its investments at the dates they become subsidiaries is recognized in the financial statements as capital reserve on consolidation.

Details of subsidiaries whose assets, liabilities, income and expenses are included in the Consolidation and the Company’s holding therein are as under:

**C Other Significant Accounting Policies:**

**a) Revenue Recognition**

i) Admission fee is recognised as income on admission of a member.

ii) Entitlement fee which entitles the vacation ownership member for the vacation ownership facilities over the membership usage period, is recognised as income equally over the entitled vacation period.

iii) Annual subscription fee dues from members are recognised as income on an accrual basis.

iv) Income from resorts includes income from room rentals, food and beverages, etc. and is recognised when services are rendered.

v) Interest income from loans is accounted on time proportion basis.

vi) Dividend income from investments is accounted as and when right to receive the payment is established.

vii) Commission Income is recognised on accrual basis as per the terms of the agreements.

**b) Fixed Assets:**

Fixed Assets are stated at actual cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**c) Depreciation:**

**Tangible Asset**

Depreciation on Fixed Assets has been provided on ‘Written Down Value’ as per the rates and in the manner specified in Scheduled XIV of the Companies Act, 1956.

**Intangible Asset**

Trademarks is amortised on Straight Line Method over a period of five years.

**d) Inventory:**

Inventories are carried at lower of cost and net realisable value.

**e) Investments:**

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investment and are carried at cost less any provision for permanent diminution in value. Investments other than long term investments being current investments are valued at cost or fair value whichever is lower.

**f) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account.

**g) Accounting for Taxes of Income:-**

**Current Taxes**

Provision for current income-tax is recognized in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions

**Deferred Taxes**

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax Assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future. Deferred Tax Assets are reviewed as at each Balance Sheet date.

**h) Employee Benefits :**

Gratuity & Leave Encashment is accounted for in the year of payment.

i) Provisions and Contingent Liabilities:

i) Provisions are recognized in terms of Accounting Standard 29- "Provisions, Contingent Liabilities and Contingent Assets notified by the Companies (Accounting Standard) Rules 2006, when there is a present legal or statutory obligation as a result of past events where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

ii) Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or where reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

iii) Contingent Liabilities are disclosed by way of notes.

**j) Impairment of Assets:**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

## Note 2 : Share Capital

### a. Details of Authorised, Issued and Subscribed Share Capital

| Particulars | As at March 31, 2013 |
|---|---|
| **Authorised Capital** | |
| 160,00,000 Equity Shares of Rs.10/- each | 160,000,000 |
| **Issued Subscribed and Paid up Capital** | |
| 9,941,200 Equity Shares of Rs.10/- each fully paid-up | 99,412,000 |
| | **99,412,000** |

During the year the Authorized Share Capital of the Company has been increased to Rs 160,000,000 divided into 16,000,000 Equity Shares of Rs.10 each pursuant to Scheme of Amalgamation and Order dated 8th February 2013 passed by the Hon'ble High Court of Bombay.

### b. Terms & Conditions

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c. Shareholders having more than 5 % shareholding

| Name of Shareholder | As at March 31, 2013 | |
|---|---|---|
| | No of Equity shares held | Percentage |
| Chirania Trading LLP | 1,620,200 | 16.30% |
| AB Overseas Private Limited | 1,614,600 | 16.24% |
| Ushakiran Vinodkumar Deora | 810,000 | 8.15% |

### d. Reconciliation of number of shares

| Particulars | As at March 31, 2013 | |
|---|---|---|
| | Number | Amount (Rs.) |
| **Equity Shares** | | |
| Shares outstanding at the beginning of the year | 4,811,200 | 48,112,000 |
| Shares issued during the year on account of amalgamation of KDJ Holidayscapes Limited | 5,130,000 | 51,300,000 |
| Shares outstanding at the end of the year | **9,941,200** | **99,412,000** |

## Note 3 : Reserves and Surplus

| | Particulars | As at March 31, 2013 |
|---|---|---|
| A. | **Capital reserve on Consolidation** | 2,099,797 |
| B. | **Securities Premium Account** | 21,137,567 |
| C. | **Surplus / (Deficit) in the Statement of Profit and Loss** | |
| | Opening balance | (24,294,790) |
| | Less: Profit / (Loss) of KDJ Holidayscapes Limited on account of amalgamation (Refer Note 30): | - |
| | i) Loss upto March 31, 2011 | (3,776,777) |
| | ii) Profit from April 01, 2011 to March 31, 2012 | 163,894 |
| | iii) Excess capital issues on account of amalgamation | (3,800,000) |
| | Add: Profit for the year | 6,055,096 |
| | | (25,652,577) |
| | | **(2,415,213)** |

**Note 4 : Share application money pending allotment**

| Particulars | As at March 31, 2013 |
|---|---|
| Share application money pending allotment | 4,300,000 |
| | **4,300,000** |

**Note 5 : Long-Term Borrowings**

| Particulars | As at March 31, 2013 |
|---|---|
| **Secured** | |
| Term loan from banks | 255,497,439 |
| **Unsecured** | |
| From related parties | 59,977,684 |
| | **315,475,123** |

**Note 6 : Other Long-Term Liabilities**

| Particulars | As at March 31, 2013 |
|---|---|
| Deferred revenue income (Refer Note 34) | 31,473,677 |
| Franchisee deposit | 100,000 |
| Others | 147,513 |
| | **31,721,190** |

**Note 7 : Short-Term Borrowings**

| Particulars | As at March 31, 2013 |
|---|---|
| **UNSECURED** | |
| Loans from related parties repayable on demand | 20,723,000 |
| | **20,723,000** |

**Note 8 : Trade Payables**

| Particulars | As at March 31, 2013 |
|---|---|
| Due to Micro and Small Enterprises | - |
| Due to others | 2,017,515 |
| | **2,017,515** |

The names of the Micro, Small and Medium Enterprises suppliers defined under “The Micro Small and Medium Enterprises Development Act 2006” could not be identified, as the necessary evidence is not in the possession of the Company.

**Note 9 : Other Current Liabilities**

| Particulars | As at March 31, 2013 |
|---|---|
| Current maturities of long-term debt | 25,612,141 |
| Current portion of deferred revenue income | 1,310,653 |
| Payable for capital assets | 5,192,710 |
| Statutory dues payable | 8,979,417 |
| Advance from customers | 125,329 |
| Cheques overdrawn | 20,369 |
| Others | 3,883,773 |
| | **45,124,393** |

## Note 10 : Short-Term Provisions

| Particulars | As at March 31, 2013 |
|---|---|
| Provision for employees benefits | 2,256,449 |
| Provision for expenses | 5,636,806 |
| | **7,893,255** |

## Note 11 : Fixed Assets

(Amount in Rs.)

| PARTICULARS | Gross Block | | | | | | Accumulated Depreciation | | | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2012 | Additions on account of amalgamation | Additions on account of acquisition of subsidiary | Additions | Deductions | As at March 31, 2013 | Upto March 31, 2012 | Additions on account of amalgamation | Additions on account of acquisition of subsidiary | Depreciation charge for the Year | Adjustments | Upto March 31, 2013 | As at March 31st, 2013 |
| **Tangible Assets** | | | | | | | | | | | | | |
| Land | - | - | - | 51,007,856 | - | 51,007,856 | - | - | - | - | - | - | 51,007,856 |
| Building | - | - | - | 102,998,370 | - | 102,998,370 | - | - | - | 3,414,466 | - | 3,414,466 | 99,583,904 |
| Plant & Machinery | - | 229,019 | 995,642 | 270,951 | 18,990 | 1,476,622 | - | 38,519 | 172,659 | 133,430 | 4,010 | 340,598 | 1,136,024 |
| Computers | - | 1,024,128 | 1,053,888 | 306,326 | - | 2,384,342 | - | 319,672 | 193,035 | 646,480 | - | 1,159,187 | 1,225,155 |
| Air Conditioners | - | - | 1,968,793 | - | - | 1,968,793 | - | - | 343,139 | 166,948 | - | 510,087 | 1,458,706 |
| Office Equipments | - | - | 2,071,294 | 1,639,921 | - | 3,711,215 | - | - | 345,121 | 252,473 | - | 597,594 | 3,113,621 |
| Electric Installations | - | - | 1,390,627 | 4,048,653 | - | 5,439,280 | - | - | 228,239 | 306,066 | - | 534,305 | 4,904,975 |
| Motor Car | - | - | 452,476 | - | - | 452,476 | - | - | 137,941 | 62,393 | - | 200,334 | 252,142 |
| Kitchen Items | - | - | 2,408,464 | 91,380 | - | 2,499,844 | - | - | 291,729 | 221,122 | - | 512,851 | 1,986,993 |
| Furniture & Fixtures | - | 255,300 | 6,183,006 | 1,809,072 | - | 8,247,378 | - | 50,791 | 1,275,871 | 1,262,331 | - | 2,588,992 | 5,658,386 |
| **Sub-Total (A)** | **-** | **1,508,447** | **16,524,190** | **162,172,529** | **18,990** | **180,186,176** | **-** | **408,982** | **2,987,734** | **6,465,708** | **4,010** | **9,858,415** | **170,327,761** |
| **Intangible Assets** | | | | | | | | | | | | | |
| Trademarks | - | 46,000 | - | - | - | 46,000 | - | 9,200 | - | 7,360 | - | 16,560 | 29,440 |
| **Sub-Total (B)** | **-** | **46,000** | **-** | **-** | **-** | **46,000** | **-** | **9,200** | **-** | **7,360** | **-** | **16,560** | **29,440** |
| **Total (A+B)** | **-** | **1,554,447** | **16,524,190** | **162,172,529** | **18,990** | **180,232,176** | **-** | **418,182** | **2,987,734** | **6,473,068** | **4,010** | **9,874,975** | **170,357,201** |

## Note 12 : Deferred Tax Assets (Net)

| Particulars | As at March 31, 2013 |
|---|---|
| **Deferred tax Assets** | |
| Excess of net block of fixed assets per books of accounts as over net block for tax | 1,255,341 |
| | **1,255,341** |

## Note 13 : Long-Term Loans and Advances

| Particulars | As at March 31, 2013 |
|---|---|
| **Unsecured, Considered Good** | |
| Advances towards capital goods | 14,148,253 |
| Security deposits | 562,845 |
| Loans & Advances to: | |
| Related parties | 1,523,739 |
| Others | 2,207,739 |
| **Unsecured, Considered Doubtful** | |
| Other Loans & Advances | 8,946,700 |
| Less: Provision for doubtful loans and advances | (8,946,700) |
| | **18,442,576** |

**Note 14 : Other Non-Current Assets**

| Particulars | As at March 31, 2013 |
|---|---|
| Long-term Trade receivables (Unsecured, Considered Good) | 35,244,801 |
| Deferred revenue expenditure (Refer Note 32) | 7,821,146 |
| Preoperative expenses (Refer Note 33) | 45,768,465 |
| Balances with revenue authorities (Unsecured, Considered Good) | 36,504 |
| | **88,870,917** |

**Note 15 : Inventories**

**(As Taken, Valued & Certified by Management)**

| Particulars | As at March 31, 2013 |
|---|---|
| Consumables | 926,433 |
| | **926,433** |

**Note 16 : Trade Receivables**
**(Unsecured)**

| Particulars | As at March 31, 2013 |
|---|---|
| **Trade receivables outstanding** | |
| - for a period exceeding six months from the date they are due for payment | 2,909,039 |
| - other receivables | 25,874,269 |
| | 28,783,308 |
| Of which | |
| - considered good | 26,236,108 |
| - considered doubtful | 2,547,200 |
| | 28,783,308 |
| Provision for doubtful receivables | (2,547,200) |
| | **26,236,108** |

**Note 17 : Cash and Cash Bank Balances**

| Particulars | As at March 31, 2013 |
|---|---|
| **Cash & Cash Equivalents** | |
| Balance with banks: | |
| - In current accounts | 5,006,953 |
| Cash on hand | 705,581 |
| **Other Bank Balances** | |
| Fixed deposits (Three months to twelve months of original maturity period) | 6,443,305 |
| | **12,155,839** |

**Note 18 : Short-Term Loans and Advances**
**(Unsecured, Considered Good)**

| Particulars | As at March 31, 2013 |
|---|---|
| Loans and advances to others | 597,616 |
| Prepaid expenses | 2,614,857 |
| | **3,212,473** |

**Note 19 : Other Current Assets**
**(Unsecured Considered Good )**

| Particulars | As at March 31, 2013 |
|---|---|
| Current portion of deferred revenue expenditure (Refer Note 32) | 2,410,588 |
| Current portion of preoperative expenses (Refer Note 33) | 1,750,943 |
| Others | 366,771 |
| | **4,528,301** |

**Note 20 : Revenue from Operations**

| Particulars | Year ended March 31, 2013 |
|---|---|
| Income from sale of vacation ownership | 36,418,076 |
| Membership fees | 1,389,669 |
| Annual subscription fees | 2,217,907 |
| Income from resorts: | |
| - Room rentals | 2,859,949 |
| - Food and beverages | 1,287,259 |
| - Others | 685,600 |
| | **44,858,459** |

**Note 21 : Other Income**

| Particulars | Year ended March 31, 2013 |
|---|---|
| Interest income | 2,818,406 |
| Commission | 5,972,299 |
| Profit on trading on commodity exchange | 15,200,179 |
| Bad debts recovered during the year | 369,000 |
| Provisions written back | 300,000 |
| Miscellaneous income | 72,676 |
| | **24,732,560** |

**Note 22 : Cost of Services / Materials Consumed**

| Particulars | Year ended March 31, 2013 |
|---|---|
| Cost of materials consumed | 2,368,687 |
| Cost of services: | |
| RCI enrollment fees | 2,229,500 |
| Rent | 715,000 |
| Other costs | 483,084 |
| | - |
| | **5,796,271** |

**Note 23 : Employee Benefits Expense**

| Particulars | Year ended March 31, 2013 |
|---|---|
| Directors Sitting fees | 60,000 |
| Salaries and incentives | 19,082,700 |
| Contribution to provident and other funds | 673,020 |
| Employee welfare expenses | 751,404 |
| | **20,567,124** |

**Note 24 : Finance Costs**

| Particulars | Year ended March 31, 2013 |
|---|---|
| Bank charges | 131,441 |
| Interest expense | 4,532,281 |
| Other borrowing cost | 400,220 |
| | **5,063,942** |

**Note 25 : Other Expenses**

| Particulars | Year ended March 31, 2013 |
|---|---|
| Rent | 1,985,313 |
| Rates & taxes | 979,145 |
| Printing & stationary | 879,284 |
| Electricity charges | 1,705,348 |
| Communication expenses | 1,548,974 |
| Travelling and conveyance | 3,126,998 |
| Legal and professional fees | 1,990,651 |
| Repair & Maintenance - others | 1,094,157 |
| Housekeeping charges | 551,920 |
| Hotel booking charges | 817,506 |
| Advertisement expenses | 600,791 |
| Business promotion | 3,528,785 |
| Selling & distributions expenses | 3,483,485 |
| Website development charges | 356,337 |
| Auditors remuneration | 84,778 |
| Preliminary expenses written off | 618,293 |
| Preoperative expenses written off | 271,216 |
| Deferred revenue expenditure written off | 762,236 |
| Security Charges | 423,764 |
| Other expenses | 1,737,333 |
| | **26,546,313** |

**Note : 26 Earnings Per Share**

| Particulars | Year ended March 31, 2013 |
|---|---|
| **Basic Earnings per Share** | |
| Profit/(Loss) attributable to Equity shareholders | 6,055,096 |
| Weighted average number of equity shares | 9,941,200 |
| **Basic Earnings Per Share** | 0.61 |
| **Face value per Share** | 10 |
| **Dilutive Earnings per Share** | 0.61 |

**Note 27 :** Details of subsidiaries whose assets, liabilities, income and expenses are included in the Consolidation and the Company's holding therein are as under:

| Entity | Proportion of Groups interest (%) | Date of acquisition - of control |
|---|---|---|
| KDJ Hospitality Private Limited | 100% | 16-Jul-12 |
| KDJ Hopital Limited (Formerly known as 'KDJ Hotels & Resorts Limited') | 50.72% | 30-Mar-13 |

**Note 28 : Employee Benefits**

Disclosure pursuant to Accounting Standard - 15 'Employee Benefits' has not been given as the same has been accounted on payment basis.

**Note 29 :**

a) In the opinion of Board of Directors; the Current Assets, Loans & Advances are realizable in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of amount reasonably necessary.

**Note 30 : Related Party disclosures**

**A. Related party disclosure of Two-up Financial Services Limited**

**a. List of related parties and relationships:**

**i) Key Managerial Personnel**

Pawan Agarwal
Vinodkumar Shubhkaran Deora (w.e.f. March 26, 2013)
Surendra Kedia (w.e.f. March 26, 2013)
Dinesh Kumar Jalan (w.e.f. March 26, 2013)
} Directors

**i) Relatives of Key Managerial Personnel**

Usha Kiran Deora
Rajesh Jalan
Lata Jalan

**iii) Enterprises under significant influence:**

Dolly Exim Private Limited
Santogen Textile Mills Limited
A B Overseas Private Limited
Prestige Mini Township Private Limited
Sea Scape Riva Hotel Private Limited
Jamuna Estate Private Limited

**b. Transactions with Related Parties :**

| Name of Party | Nature of Transaction | Year ended March 31, 2013 |
|---|---|---|
| Pawan Agarwal | Sitting fees paid | 60,000 |
| Surendra Kedia | Loan taken | 1,636,000 * |
| | Loan repaid | 4,886,000 * |
| Dinesh Kumar Jalan | Loan taken | 1,050,000 * |
| | Loan repaid | 1,732,839 * |
| Usha Kiran deora | Rent paid | 1,146,072 * |
| Rajesh Jalan | Loan repaid | 1,319,662 * |
| Lata Jalan | Loan repaid | 22,493 * |
| Dolly Exim Private Limited | Loan taken | 2,800,000 * |
| | Loan repaid | 2,800,000 * |
| A B Overseas Private Limited | Loan taken | 16,290,000 * |
| | Loan repaid | 14,250,000 * |
| Prestige Mini Township Private Limited | Loan taken | 8,586,000 * |
| Sea Scape Riva Hotel Private Limited | Loan taken | 155,636 * |
| | Loan repaid | 155,636 * |
| Jamuna Estate Private Limited | Loan taken | 2,500,000 * |
| Santogen Textile Mills Limited | Loan taken | 3,637,949 * |

* Transactions by erstwhile KDJ Holidayscapes Limited

c. **Balance Outstanding of Related Parties :**

| Name of Party | Receivable / Payable | As at March 31, 2013 |
|---|---|---|
| Pawan Agarwal | Director Sitting fees Payable | - |
| Santogen Textile Mills Limited | Loan Payable | 6,186,000 |
| A B Overseas Private Limited | Loan Payable | 2,740,000 |
| Prestige Mini Township Private Limited | Loan Payable | 8,586,000 |
| Jamuna Estate Private Limited | Loan Payable | 2,500,000 |

**B. Related party disclosure of KDJ Hospital Limited**

**a. Related Party & their Relationship**

**i) Key Management Personnel**

Surendra Kedia
Ashok kumar Deora
Dinesh Jalan

**ii) Relatives of Key management personnel and their enterprises where transaction have taken place**

Lata Jalan
Rajesh Jalan
Nirmal Kedia
Vinay Kedia
Virendra Kedia
Shashi kedia
Surendra Kedia
Aman Merchantile P. Ltd.
Seascape Riva Hotels P. Ltd.
Santogen Textile Mills Ltd.
AB Overseas P.Ltd

**b. Transaction with the related Party**

| Particulars | Year ended March 31, 2013 |
|---|---|
| Loan Received | 55,100,000 |
| Loans Repaid | 59,800,000 |
| Loans and advances granted | 17,495,400 |
| Advances received back | 6,343,980 |
| Equity shares issued | 2,640,000 |
| Share premium received | 23,760,000 |
| Sale of assets under construction | 4,155,171 |

**C. Related party disclosure of KDJ Hospitality Private Limited**

**a. Related Party & their Relationship**

**i) Key Management Personnel**

Surendra Kedia
Ashok kumar Deora
Mrs. Lata Jalan

**ii) Relatives Of Key management personnel and their enterprises where transaction have taken place**

Dinesh jalan
Rajesh Jalan
Nirmal Kedia
Vinay Kedia
Virendra Kedia
Shashi kedia
Surendra Kedia
Aman Merchantile P. Ltd.
Seascape Riva Hotels P. Ltd.
Santogen Textile Mills Ltd.
AB Overseas P. Ltd.
Prestige Mini Township P. Ltd.
Rajwara Traders Ltd.
Prestige city Developers P. Ltd.

**b. Transaction with the related Party**

| Particulars | Year ended March 31, 2013 |
|---|---|
| Loan Received | 52,497,400 |
| Loans Repaid | 50,296,213 |
| Reimbursement of electricity charges | 1,084,263 |
| Income from club | 1,435,000 |
| Advances received towards sale of goods and services | 950,000 |
| Purchase of fixed assets | 4,155,171 |

**Note:** Party wise transactions are not disclosed in case of subsidiary companies, as the same has not been reflected in the Audited Financial Statement of subsidiary companies.

**Note 31 : Amalgamation**

a) Nature of business of amalgamating company:

The Operation of KDJ Holidayscapes Limited (Holidayscapes) include providing Vacation Membership to its members.

b) Holidayscapes have been amalgamated with the Company with effect from April 01, 2011 in terms of the scheme of amalgamation (Scheme) sanctioned by the Honorable High Court of Mumbai vide their Order dated February 08, 2013. Pursuant to scheme all assets and liabilities of Holidayscapes have been transferred to and vested in the Company retrospectively with effect from April 01, 2011. Pursuant to amalgamation of Holidayscapes with the Company 5,130,000 equity shares of Rs 10/- each fully paid up of the Company were issued and allotted to the shareholders of erstwhile KDJ Holidayscapes Limited in accordance with swap ratio of 108:100. These shares have been subsequently allotted on March 25, 2013.

c) The amalgamation stated above have been accounted for under the “pooling of interests” method as prescribed by Accounting Standard (AS-14) notified under Section 211(3C) of the Companies Act, 1956. Accordingly, the assets, liabilities and reserves of Holidayscapes as at April 01, 2011 have been taken over at their book values. As stipulated in the scheme of amalgamation, all reserves of the above mentioned company have been transferred to the General Reserve except for the balance lying in the statement of profit and loss as on March 31, 2011, which have been transferred to the deficit in the statement of profit and loss of the Company.

From the Appointed Date upto the Effective date, the business of Holidayscapes Limited is deemed to have been carried out in trust for the Company. And hence, any income or profit accruing or arising and any costs, charges, expenses and losses incurred in relation to Holidayscapes in accordance with the Scheme shall be treated as of the Company.

Pending completion of the formalities for transfer of titles of assets and liabilities acquired, such assets and liabilities are included in the books of the Company under the name of the erstwhile company.

The difference between the book value of assets and liabilities recorded in the Company have been adjusted to Reserves.

Accordingly, the amalgamation have resulted in transfer of assets, liabilities and reserves in accordance with the terms of the Scheme at the following summarized values on April 01, 2011:

| Particulars | Amount (Rs) |
|---|---|
| **Assets** | |
| Fixed Assets | 521,600 |
| Long Term Loans and Advances | 861,182 |
| Other Non-Current Assets | 984,236 |
| Inventories | 24,000 |
| Trade Receivables | 8,013,978 |
| Cash and Cash Equivalents | 1,000,797 |
| Short-Term Loans and Advances | 960,500 |
| | |
| **Less Liabilities** | |
| Long-Term Borrowings | (3,651,167) |
| Other Long Term Liabilities | (6,224,390) |
| Trade Payables | (556,877) |
| Other Current Liabilities | (3,460,636) |
| Equity Share Capital | (2,250,000) |
| Loss on account of amalgamation | (3,776,777) |

The amalgamation have resulted in transfer of profit for financial year 2011-12 of KDJ Holidayscapes to the Company, which has been included in Reserves of the Company, and the following is the summarized values:

| Particulars | Amount (Rs) |
|---|---|
| Total Revenue | 21,484,232 |
| Total Expenses | 28,934,196 |
| Profit before exceptional item and tax | (7,449,964) |
| Exceptional item: | |
| Expenses of deferred revenue nature | 7,622,358 |
| Profit before tax | 172,394 |
| Tax expense: | |
| Current tax | 8,500 |
| Deferred tax asset | (1,060,150) |
| Profit after tax | 1,224,044 |
| Less: Deferred tax liability reversed | 1,060,150 |
| Profit for FY 2011-12, on account of amalgamation | 163,894 |

Loss incurred on account of excess capital issued to the shareholders of Holidayscapes, is reflected in the following:

| Particulars | Amount (Rs) |
|---|---|
| Excess capital issued on equity share capital: | |
| Till April 01, 2013 | 180,000 |
| FY 2011-12 | 20,000 |
| FY 2012-13 | 3,600,000 |
| | **3,800,000** |

**Note 32 : Income Tax Demand**

No Provision has been made in accounts in respect of Income tax Liability as detailed below for interest under section 234 B and 220(2) as per orders passed for prior years as representation is being made by the Company before higher authorities for waiver of interest and the management is of the opinion that there would be no liability on this account.

| Period for which amount relates | 2012-13 |
|---|---|
| A.Y. 1994-1995 | 2,961,492 |
| A.Y. 1995-1996 | 7,278,699 |
| **Total** | **10,240,191** |

**Note 33 : Deferred Revenue Expenditure**

A) During the financial year ended March 31, 2012 the Holding Company has incurred certain expenses amounting to Rs. 7,622,358 for which management was of the view that these expenses are providing future economic benefit and accordingly these expenses have not been charged to the Profit and Loss Account and has been amortised over a period of 10 years. During the year, as per the accounting policy followed consistently, the Company has amortized 1/10 of the expenses amounting to Rs. 762,236 and debited the same to the Profit and Loss Account of the current year. As on March 31, 2013 unamortised portion of these expenses amounting to Rs. 6,860,122 have been reflected as “Deferred revenue expenditure“ in Note 14 & Note 19.

B) Also in case of the subsidiary company, KDJ Hospitality Private Limited, certain expenses amounting to Rs. 3,371,612 incurred in previous years for which management was of the view that these expenses are providing future economic benefit and will be amortized over a period of 5 years from the date of commencement of business. As on March 31, 2013 unamortised portion of these expenses amounting to Rs. 3,371,612 have been reflected as “Deferred revenue expenditure“ in Note 14 & Note 19.

**Note 34 : Preoperative Expenses**

A) During the financial year ended March 31, 2011 the Holding Company has incurred certain expenses amounting to Rs. 952,127 for which management was of the view that these expenses are providing future economic benefit and accordingly these expenses have not been charged to the Profit and Loss Account and has been amortised over a period of 5 years. During the year, as per the accounting policy followed consistently, the Company has amortized 1/5 of the expenses amounting to Rs. 271,216 and debited the same to the Profit and Loss Account of the current year. As on March 31, 2013 unamortised portion of these expenses amounting to Rs. 680,912 have been reflected as “Preoperative expenses” in Note 14 & Note 19.

B) Also in case of the subsidiary companies, certain expenses amounting to Rs. 46,838,496 incurred in previous years for which management was of the view that these expenses are providing future economic benefit and will be amortized over a period of 5 years from the date of commencement of business. As on March 31, 2013 unamortised portion of these expenses amounting to Rs. 46,838,496 have been reflected as “Preoperative expenses” in Note 14 & Note 19.

**Note 35 : Deferred revenue income**

Membership fees, received or receivable from the members are accounted as Admission fees and Deferred Revenue Income under 'Other Long-Term Liabilities / Other Current Liabilities' and same have been amortized over the entitled vacation period.

**Note 36 :** Food and grocery items which are perishable in nature and are immaterial in value and are thus charged to Statement of Profit and Loss as an expense in the year of purchase.

**Note 37 : Operating leases**

The Company has taken premises on operating lease and entered into non-cancellable Leave and License agreements with various parties. The disclosure required to be made in accordance with Accounting Standard 19 on "Leases" is as under:

a) Future minimum lease payments under non-cancellable operating lease in aggregate for the following periods:

| **Particulars** | **As at March 31, 2013** |
|---|---|
| Not later than one year | 1,292,250 |
| Later than one year and not later than five years | 1,540,000 |
| Later than five years | - |
| **Total** | **2,832,250** |

**Note 38 : Segment Reporting**
In accordance with the requirements of Accounting Standard 17 "Segment Reporting", the Company's business consists of one reportable business segment i.e. "Sale of Vacation Ownership", hence no separate disclosures pertaining to attributable Revenues, Profits, Assets, Liabilities, Capital Employed are given.

**Note 39 :** Comparative figures for March 31, 2012 for Consolidation have not been furnished as the Company had no subsidiary during that year.

In terms of our report of even date
**For Singrodia Goyal & Co.**
*Chartered Accountants*
Firm Registration No. 112081W

**Suresh Murarka**
*Partner*
**Membership No. 044739**
Place: Mumbai
Date: May 30, 2013

For and on behalf of the Board of Directors
**Two-Up Financial Services Limited**

| Surendra Kedia | Vinod Deora | Dinesh Jalan |
|---|---|---|
| Director | Director | Director |

Place: Mumbai
Date: May 30, 2013

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

| | | | |
|---|---|---|---|
| 1 | Name of Subsidiary | KDJ Hospital Limited (Formerly known as 'KDJ Hotels & Resorts Limited') | KDJ Hospitality Private Limited |
| 2 | Financial Year of the Subsidiary ended on | 31/3/2013 | 31/3/2013 |
| 3 | Date from which it become Subsidiary | 30/3/2013 | 16/7/2012 |
| 4 | No. of Shares held by Two-up Financial Services Limited with Its nominee in the subsidiary at the end of the financial year of the Subsidiary Company | 4,63,600 (PY: 49,600) Equity Shares of Face Value of Rs.10/- each fully paid-up | 4,99,997 (PY: Nil) Equity Shares of Face Value of Rs.10/- each fully paid-up |
| | Extent of interest of Holding Company | 50.72% | 100% |
| 5 | Net aggregate profits/ (losses) of the subsidiary for the current year so far as it concerns the members of the holding company (Amount in Rs.) | | |
| | a) dealt with or provided for in the accounts of the holding company | Nil | Nil |
| | b) not dealt with or provided for in the accounts of holding company | Nil | Rs. 19,04,200 |
| 6 | Net aggregate profits / (losses) for previous financial years of the subsidiary so far as it concerns the members of the holding company | | |
| | a) dealt with or provided for in the accounts of the holding company | NA | NA |
| | b) not dealt with or provided for in the accounts of holding company | NA | NA |

*Both companies have become subsidiaries in the financial year under review therefore the previous year figure have been taken as Not applicable.

(Amt. in Rs.)

| Subsidiary | KDJ Hospital Limited (Formerly known as 'KDJ Hotels & Resorts Limited') | KDJ Hospitality Private Limited |
|---|---:|---:|
| Issued and Subscribed Capital | 91,40,000 | 50,00,000 |
| Reserves | 7,77,60,823 | 4,18,01,696 |
| Total Assets | 30,10,40,438 | 19,72,08,211 |
| Total Liabilities | 30,10,40,438 | 19,72,08,211 |
| Investments | Nil | Nil |
| Turnover | Nil | 2,41,69,413 |
| Profit/(loss) before taxation | Nil | 75,692 |
| Provision for taxation | Nil | (11,48,508) |
| Profit/(loss) after taxation | Nil | 19,04,200 |
| Proposed Dividend | Nil | Nil |

For Two-up Financial Services Ltd.

Surendra Kedia
Chairman

Place: Mumbai
Date: 3rd July 2013

# TWO-UP FINANCIAL SERVICES LIMITED

*(FORMERLY KNOWN AS GOMTI FINLEASE (INDIA) LIMITED)*

Registered Office : 228/5-B, Akshay Mittal, Mittal Industrial Estate, Andheri Kurla Road, Marol, Andheri (East), Mumbai- 400059

## ATTENDANCE SLIP

Annual General Meeting on Monday, 5th August, 2013 at 11.00 A.M. at Unit No. 170, Building No. 5B, Mittal Industrial Estate, Andheri Kurla Road, Marol, Andheri (East), Mumbai- 400059

**PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.**

| | |
|---|---|
| **DP Id*** | **Registered Folio No.** |
| **Client Id*** | |

NAME AND ADDRESS OF THE MEMBER:

No. of Share(s) held:

I hereby record my presence at the Twentieth Annual General Meeting of the Company at Unit No. 170, Building No. 5B, Mittal Industrial Estate, Andheri Kurla Road, Marol, Andheri (East), Mumbai- 400059, on Monday, 5th August, 2013 at 11.00 A.M.

Signature of the Member/Proxy ________________________________

* Applicable for investors holding shares in electronic form.

________________________________TEAR HERE________________________________

# TWO-UP FINANCIAL SERVICES LIMITED

*(FORMERLY KNOWN AS GOMTI FINLEASE (INDIA) LIMITED)*

Registered Office : 228/5-B, Akshay Mittal, Mittal Industrial Estate, Andheri Kurla Road, Marol, Andheri (East), Mumbai- 400059.

## PROXY FORM

| | |
|---|---|
| **DP Id*** | **Registered Folio No.** |
| **Client Id*** | |

I/We ________________________________ of ________________________________ being Member(s) of TWO-UP FINANCIAL SERVICES LIMITED hereby appoint ________________________ of ________________________ or failing him/her ________________________ of ________________________ as my/our proxy to vote for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on Monday, 5th August, 2013 at 11.00 A.M. and at any adjournment thereof.

Signed ..................... 2013.

Place: .........................................

| |
|---|
| Affix<br>Re. 1/-<br>Revenue<br>Stamp |

________________
Signature

* Applicable for Members holding shares in electronic form.

**Note**: The Proxy in order to be effective, should be duly completed, stamped, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting. The Proxy need not be a Member of the Company.

# NOTES

**BOOK-POST**

If undelivered please return to :

**TWO-UP FINANCIAL SERVICES LIMITED**

228/5-B, Akshay Mittal, Mittal Industrial Estate,
Andheri Kurla Road, Marol, Andheri (East),
Mumbai – 400059