

U P HOTELS LIMITED

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

NOTICE

NOTICE is hereby given that an Extra-Ordinary General Meeting of the Company will be held on Tuesday, the 23rd July, 2013 at 11.30 a.m. at PHD House, Opposite Asian Games Village, New Delhi-110 016 to transact the following business:

SPECIAL BUSINESS

1. To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary** Resolution.

"RESOLVED THAT pursuant to the provisions of Section 94 of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the **"Companies Act"**) and all other applicable provisions, if any and the provisions of the Memorandum and Articles of Association of the Company, the authorised share capital of the Company be and is hereby increased from ₹700,00,000 (Rupees seven crores only) divided into 60,00,000 equity shares of ₹10 each and 100,000 preference shares of ₹100 each to ₹800,00,000 (Rupees eight crores only) divided into 70,00,000 equity shares of ₹10 each and 100,000 preference shares of ₹100 each."

"RESOLVED FURTHER THAT appropriate amendments shall be made in Clause 5 of the Memorandum of Association of the Company."

2. To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary** Resolution.

"RESOLVED THAT in order to ensure compliance with the minimum public shareholding requirements under the Securities Contract (Regulation) Rules, 1957 and as prescribed under Clause 40A of the equity listing agreement entered into by the Company with the BSE Limited, and pursuant to the applicable provisions of the Companies Act, 1956, as amended and Chapter IX of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, and subject to the Orders in ongoing proceedings in Civil Court, Lucknow, and pursuant to Article 143 of the Articles of Association of the Company and such other approvals, permissions and sanctions as may be necessary and subject further to such terms, conditions, alterations, modifications, changes and variations as may be specified while according such approvals which the Board of Directors of the Company be and is hereby authorised to accept, if it thinks fit, the Company be and is hereby authorised to capitalise upto ₹96,39,470 out of ['Reserves and Surplus Account'] and transferred to share capital account towards issue

and allotment of equity shares not exceeding 9,63,947 equity shares of par value ₹10/- each, as bonus shares credited as fully paid-up, to members of company, excluding the promoters and promoter group entities of the Company, whose names stand in the Register of Members of the Company or in the respective beneficiary account with their respective depository participants, on such date as the directors may determine, as a 'Record Date', for the purpose in the proportion of 31 new fully paid-up equity shares each for every 20 equity shares held by them and that the bonus shares so issued and allotted be treated for all purposes as an increase of the nominal amount of the equity capital of the Company held by each such member/person and not as income and that the said equity shares be issued and allotted, inter-alia, on the following terms and conditions:

- (a) The new equity shares to be issued and allotted as bonus shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects and carry the same rights as the then existing equity shares of the Company, notwithstanding the date or dates of allotment thereof, including entitlement to payment of dividend, if declared, for the financial year in which the same are allotted;
- (b) No letters of allotment shall be issued for the bonus shares and the share certificates in respect thereof shall be delivered within three months from the date of their allotment; and
- (c) The issue and allotment of fully paid-up new equity shares as bonus shares to the extent that they relate to non-residents shall be subject to approval of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment thereof for the time being in force)."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may in its sole and absolute discretion, deem necessary, expedient, usual or proper and to settle any question, doubt or difficulty that may arise with regard to the issue and allotment of bonus shares as aforesaid or any other matter incidental or consequential thereto.

No fractions, if any arising out of the issue and allotment of the Bonus Shares shall be allotted by the Company and the Company shall not issue any certificate or coupon in respect thereof but all such fractional entitlements, if any, shall be consolidated and the Bonus Shares, in lieu thereof, shall be allotted by the Board to

the nominee(s) to be appointed by the Board, who shall hold the same as trustee(s) for the members entitled thereto, and sell the said Shares so arising at the prevailing market rate and pay to the Company the net sale proceeds thereof, after adjusting there from the cost and expenses in respect of such sale, for distribution to Members in proportion to their fractional entitlements.

For the purpose of giving effect to this Resolution, the Board or if so authorized by the Board, the Shareholders' Grievance and Share transfer committee be and is hereby authorized to do all such acts/deeds, matters and things including fixing the Record Date for the purpose and give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding."

By Order of the Board

Sd/-

New Delhi

Sidharth Ghatak

Dated: 25th June, 2013

Company Secretary

Registered Office:

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

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying notice dated 25th June, 2013.

Item No. 1 & 2

Clause 40A of the Listing Agreement with the Stock Exchanges requires the Public Shareholding in the Company to be not less than 25%. At present the Promoters hold 47,72,960 Equity Shares representing 88.39% of the Shares of the Company, the balance 6,27,040 Equity Shares representing 11.61% of the Shares of the Company being held by the Public Shareholders. Clause 40A of the listing agreement was amended in terms of Circular No. CIR/CFD/DIL/11/2012 dated 29th August, 2012 issued by the Securities and Exchange Board of India (SEBI) to prescribe bonus issue to public shareholders to the exclusion of promoters as an additional method of increasing public shareholding.

The matter was considered by the Board at its Meeting held on 27th May, 2013 when it was decided that an increase in the Public Shareholding to the desired level could best be achieved pursuant to the said SEBI circular by issue of Bonus Shares only to the Public Shareholders, to the exclusion of Promoters Shareholders of the Company whose names shall appear in the Register of Members or

in the respective beneficiary account with their respective Depository Participants, on the 'Record Date' to be determined by the Board or if so authorized by the Board, by the Shareholders' Grievance and Share Transfer Committee, for the purpose, the proportion of 31 (Thirty One) Equity Share(s) of ₹10/- (Rupees Ten) each for every 20 (Twenty) Equity Share(s) of ₹10/- (Rupees Ten) each held by them.

The company has received consents from its promoters holding 71.41% approximately of the paid up share capital of the company waiving / forgoing their right to bonus shares in the proposed issue of bonus shares for complying with Clause 40A of the Listing Agreement.

The Hon'ble Addl. Civil Judge (Sr. Division) Lucknow passed an interim order dated 20th March, 2013 in the matter of civil suit filed by some promoters against most of promoters (including the company) to not to undertake any such measures which may affect the shareholding pattern inter-se amongst promoters.

However, it is submitted that the Company has filed an Application before the Court of Additional Civil Judge (Senior Division), Lucknow for Modification/ Clarification of the aforesaid interim order passed by the Hon'ble Court on 20th March, 2013, wherein the Company has sought a Modification/ Clarification in the Orders of the Hon'ble Court to the extent that the Company shall be allowed to comply with the statutory compliances of SEBI i.e. of minimum public shareholding requirement.

Approval of shareholders is required by way of Ordinary Resolution for issuance of bonus shares to public shareholders to the exclusion of promoters

In order to facilitate the Issue of Bonus shares by capitalisation of reserve it is necessary to increase the authorised capital of the company to ₹8,00,00,000 divided into 70,00,000 Equity shares of ₹10/- each and 1,00,000 Preference Shares of ₹100/- each. The Memorandum and Articles of Association are accordingly sought to be altered.

The Directors of the Company may be deemed to be concerned or interested in the resolutions set out in Item Nos 1 & 2 of the convening Notice to the extent of their shareholding in the Company.

The pre and post bonus issue shareholding pattern of the Company is summarized as under:

	Present		After Propose Bonus	
	No. of shares	%	No. of Shares	%
A. Promoters (*)	47,72,960	88.39	47,72,960	75.00
B. Public	6,27,040	11.61	15,90,987	25.00
Total	54,00,000	100.00	63,63,947	100.00

(*) Break up of promoters holding as on date:

	Names	No. of Shares
1	Shri Binay Kumar	42,860
2	Binay Kumar & Family	16,625
3	Binay Kumar & Sons	11,652
4	Smt. Veena Binay Kumar	1,42,200
5	Shri Alok Kumar	69,300
6	Smt. Uma Kumar	28,800
7	Shri Aditya Kumar	53,692
8	Shri Birendra Kumar	40,470
9	Birendra Kumar & Sons	66,600
10	Smt. Rani Upsam	44,280
11	Shri Apurv Kumar	35,126
12	Smt. Rajeshwari Kumar	22,200
13	Shri Arjun Kumar	47,780
14	Shri Anant Kumar	20,692
15	Shri Anoop Kumar	86,372
16	Shri Aryavir Kumar	800
17	Smt. Renuka Kumar	800
18	Shri Arvind Kumar	29,341
19	Smt. Vibha Agrawal	83,016
20	Shri Vivek Kumar	64,566
21	Smt. Shipra Kumar	36,000
22	Shri Udit Kumar	12,894
23	Shri Manish Kumar	1,26,420
24	Shri Rupak Gupta	7,79,126
25	P D Gupta & Sons	3,600
26	Shri Rupak Gupta	39,398
27	Shri Sushil Kumar	77,924
28	Kumar Sushil (HUF)	98,280
29	Smt. Meera S Kumar	98,248
30	Shri Upendra Kumar	2,32,796
31	Smt. Anuradha Kumar	25,092
32	Shri Chaitanya Kumar	16,200
33	Shri Rakesh M Gupta	90,520
34	Smt. Sudhira Gupta	46,280
35	Shri Ravi M Gupta	1,00,080
36	Smt. Nandini Gupta	36,720
37	Shri Arnav Kumar	12,894
38	M/s. The Indian Textiles Co. Pvt. Ltd.	13,13,676
39	M/s. Hotel Clarks Varanasi Ltd.	1,79,540
40	M/s. Banaras House Pvt. Ltd.	5,40,000
41	M/s. Bonita India Ltd.	100
	Total	47,72,960

The Securities and Exchange Board of India (SEBI) has vide its Order No. WTM/PS/08/CFD/JUNE/2013 dated 4th June, 2013 in relation to the compliance by the company with the requirement of minimum public shareholding, in exercise of the powers conferred upon it by virtue of Sections 19 & under Sections 11(1), 11(2)(j), 11(4) and 11(B) of the Securities and Exchange Board of India Act, 1992 ('SEBI Act') read with section 12A of Securities Contracts (Regulation) Act, 1956 ('SCRA'), pending passing of the final order in the case directed freezing of voting rights and corporate benefits with respect to the excess of proportionate promoter/promoter group shareholding in respect of the company till such time the company complies with minimum public shareholding requirement.

By Order of the Board

Sd/-

New Delhi

Sidharth Ghatak

Dated: 25th June, 2013

Company Secretary

Registered Office:

1101, Surya Kiran

19, Kasturba Gandhi Marg

New Delhi-110 001.