

CLARKS GROUP OF HOTELS



56th ANNUAL REPORT 2016-17
U P HOTELS LIMITED

U P HOTELS LIMITED

BOARD OF DIRECTORS

Shri Bisheshwar Prasad Singh (Appointed by Hon'ble NCLT, New Delhi vide Order dated 19.08.2016)	Non-Executive Independent Director
Shri Apurv Kumar	Joint Managing Director & CFO
Shri Rupak Gupta	Joint Managing Director & CFO
Shri Arvind Kumar	Non-Executive Director
Smt. Supriya Gupta	Non-Executive Director
Shri Shafi Alam (Appointed w.e.f. 12.05.2017)	Independent Director
Shri Ravinder Kumar Chadha (Ceased w.e.f. 31.03.2017)	Independent Director

COMPANY SECRETARY

Shri Sidharth Ghatak
(Resigned w.e.f. 16.05.2016)

Shri Prakash Chandra Prusty
(Joined w.e.f. 15.02.2017)

BANKERS

State Bank of India
Union Bank of India
AXIS Bank
Allahabad Bank

AUDITORS

M/s. Ray & Ray
Chartered Accountants

HOTELS

Hotel Clarks Shiraz, Agra
Hotel Clarks Amer, Jaipur
Hotel Clarks Avadh, Lucknow
Hotel Clarks Khajuraho, Khajuraho

REGISTERED OFFICE & OPERATIONS HEADQUARTERS

1101, Surya Kiran, 19,
Kasturba Gandhi Marg,
New Delhi – 110001.

REGISTRAR & TRANSFER AGENTS

Skyline Financial Services Private Limited
D-153/A, 1st Floor, Okhla Industrial Area,
Phase I, New Delhi– 110 020.

CONTENTS

Notice of AGM	.....	01
Board's Report	.....	16
Management Discussions & Analysis	.....	47
Corporate Governance Report	.....	49
Auditor's Certificate on Corporate Governance	.....	63
Auditor's Report	.....	65
Balance Sheet	.....	75
Statement of Profit & Loss	.....	76
Cash Flow Statement	.....	77
Notes to Financial Statements	.....	79

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 56th (fifty sixth) Annual General Meeting of the members of U P Hotels Limited will be held on Monday the 25th day of September, 2017 at 2.30 p.m. at Modi Hall, PHD House, Opposite Asian Games Village, New Delhi - 110016 to transact the following business:

Ordinary Business:

1. Adoption of financial Statements

To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2017 and the reports of the Board of Directors and the Auditors thereon.

2. Appointment of Mrs. Supriya Gupta as a director liable to retire by rotation

To appoint a director in place of Mrs. Supriya Gupta (DIN - 00009188), who retires by rotation and being eligible offer herself for re-appointment.

3. Appointment of Auditors

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

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the Company hereby appoints M/s. Satinder Goyal & Co., Chartered Accountants (Firm's Registration No. 027334N) as the Statutory Auditors of the Company for a term of five consecutive years, to hold office from the conclusion of 56th Annual General Meeting till the conclusion of the 61st Annual General Meeting of the Company to be held in calendar year 2022, subject to annual ratification by members at every Annual General Meeting, on such remuneration as may be mutually agreed between the Board of Directors and the Auditors."

Special Business:

4. Re-appointment and Fixation of Remuneration of Mr. Apurv Kumar

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

"RESOLVED THAT pursuant to the provisions of section 197, 198 and other applicable provisions of the Companies Act, 2013, Schedule V to the Companies Act, 2013 and rules made the Companies Act, 2013, as amended from time to time, consent of the company be and is hereby accorded to re-appoint Mr. Apurv Kumar as Joint Managing Director & Chief Financial Officer of the company for a period of one year with effect from 15th May, 2017 on the terms and conditions, as detailed below:

Salary: Rs. 2,50,000/- per month

Perquisites & Allowances:

In addition to the salary, Mr. Apurv Kumar shall also be entitled to the following perquisites and allowances:

- i) Accommodation (furnished or otherwise) or house rent allowance in lieu thereof;
- ii) Reimbursement of utilities such as gas, water, electricity etc.;
- iii) Reimbursement of medical expenses restricted to one month's salary;
- iv) Fee of clubs;
- v) Personal accident insurance/medical insurance;
- vi) The perquisites and allowances as may be agreed to by the Board of Directors.

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

Mr. Apurv Kumar shall also be entitled to following perquisites which shall not be included in the computation of the aforesaid ceiling on perquisites and allowances:

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

Mr. Apurv Kumar will not be entitled to any sitting fee for attending meeting of the Board or of any Committee thereof.

The terms and conditions of the said appointment and/or Agreement may be varied/enhanced from time to time by the Board of Directors as it may in its discretion deem fit within the maximum amounts payable to managing and whole-time directors as per schedule V to the Companies Act, 2013 or any amendments made hereafter in this regard.

This will be the minimum remuneration payable to Mr. Apurv Kumar, Joint Managing Director & Chief Financial Officer irrespective of the quantum of profits / loss during the financial year."

5. Re-appointment and Fixation of Remuneration of Mr. Rupak Gupta

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

"RESOLVED THAT pursuant to the provisions of section 197, 198 and other applicable provisions of the Companies Act, 2013, Schedule V to the Companies Act, 2013 and rules made the Companies Act, 2013, as amended from time to time, consent of the company be and is hereby accorded to re-appoint Mr. Rupak Gupta as Joint Managing Director & Chief Financial Officer of the company for a period of one year with effect from 15th May, 2017 on the terms and conditions, as detailed below:

Salary: Rs. 2,50,000/- per month

Perquisites & Allowances:

In addition to the salary, Mr. Rupak Gupta shall also be entitled to the following perquisites and allowances as given hereunder:

- i) Accommodation (furnished or otherwise) or house rent allowance in lieu thereof;
- ii) Reimbursement of utilities such as gas, water, electricity;
- iii) Reimbursement of medical expenses restricted to one month's salary;
- iv) Fee of clubs;
- v) Personal accident insurance/medical insurance;
- vi) Other perquisites and allowances as may be agreed to by the Board of Directors;

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

U P Hotels Ltd.

Mr. Rupak Gupta shall also be entitled to following perquisites which shall not be included in the computation of the aforesaid ceiling on perquisites and allowances:

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

Mr. Rupak Gupta will not be entitled to any sitting fee for attending meeting of the Board or of any Committee thereof.

The terms and conditions of the said appointment and/or Agreement may be varied/enhanced from time to time by the Board of Directors as it may in its discretion deem fit within the maximum amounts payable to managing and whole-time directors as per schedule V to the Companies Act, 2013 or any amendments made hereafter in this regard.

This will be the minimum remuneration payable to Mr. Rupak Gupta, Joint Managing Director & Chief Financial Officer irrespective of the quantum of profits / loss during the financial year."

6. Appointment of Mr. Shafi Alam as a Director of the company

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

"RESOLVED THAT pursuant to the provisions of Sections 160 read and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Articles of Association of the Company, Mr. Shafi Alam (DIN:07145727) who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 12th May, 2017 and who holds office up to the date of ensuing Annual General Meeting of the Company and in respect of whom a notice has been received from the member in writing along with requisite deposit proposing his candidature for the office of director be and is hereby appointed as a Director of the Company."

RESOLVED FURTHER THAT Company Secretary of the company be and is hereby authorized to do all such acts, deeds and things as may be required for the above resolution."

7. Appointment of Mr. Shafi Alam as an Independent Director of the company

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Shafi Alam (DIN:07145727) be and is hereby appointed as an Independent Director of the company to hold office upto 2 (two) consecutive years commencing from 12.05.2017."

8. Alteration of Articles of Association of the company

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors
For **U P HOTELS LIMITED**

Apurv Kumar
(Joint Managing Director & CFO)
DIN: 00043538

Date: 20.08.2017
Place: New Delhi

Registered Office:

1101, Surya Kiran, 19, K G Marg, New Delhi – 110001.

Notes:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to special business to be transacted at the Fifty Sixth (56th) Annual General Meeting ("Meeting") is annexed hereto.
2. A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/ herself and a proxy need not be a member of the company. The instrument of proxy, in order to be effective, must be received by the company at least forty eight (48) hours before the time fixed for the meeting.
3. Pursuant to the provisions of section 105(1) of the Companies act, 2013, read with Rule 19 of the Companies (Management and administration) Rules, 2014, a person can act as a proxy on behalf of not exceeding fifty (50) members and holding in the aggregate not more than ten percent (10%) of the total share capital of the company carrying voting rights. A member holding more than ten percent (10%) of the total share capital of the company carrying voting rights, will not act as proxy for any other member. The holder of proxy shall prove his identity at the time of attending the Meeting.
4. Corporate members intending to send their authorized representative(s) to attend the meeting, in terms of Section 113 of the Companies Act, 2013, are requested to send to the company a certified copy of the board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.

U P Hotels Ltd.

5. This Notice is also being sent with the Annual Report along with the attendance slip, proxy form and route map of the venue of the Meeting.
6. Members/Proxies/Authorised Representatives are requested to bring the attendance slip, duly completed and signed in accordance with the specimen signatures registered with the Company, for admission to the Meeting. Members who hold shares in dematerialized form are requested to write their client 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.
7. During the period beginning twenty four (24) hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a member will be entitled to inspect the proxies lodged at any time during the business hours of the company. Documents referred to in this Notice will be available for inspection by the members at the Registered Office of the Company from 11:30 a.m. to 01:30 p.m. on all working days upto the date of the Meeting and will also be available for inspection at the venue of the Meeting and will also be available on the website of the Company www.hotelclarks.com.
8. Members holding shares in physical form are requested to inform about any change in their address or bank particulars to the Company's Registrar & Share Transfer Agent, Skyline Financial Services Pvt. Ltd., quoting their folio number. Members holding shares in de-mat form must inform about any change in their address or bank particulars to their respective Depository Participants and not to the Company. These particulars will be used by the Company for correspondence.
9. Members/ Proxies/ Authorised Representatives are requested to bring the Meeting necessary details of their shareholding and attendance slips.
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. The Register of Members and the Share Transfer Books will be closed from Monday, 18th September, 2017 to Monday, 25th September, 2017 (both days inclusive).
12. Pursuant to Section 124 (5) and 125 of the Companies act 2013, all unpaid dividend required to be transferred to the Investor Education & Protection Fund has been transferred upto the Financial Year 2009-10.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are required to submit their PAN to their Depository Participants and Members holding shares in physical form shall submit their PAN to the Company/ R & T Agents.
14. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or RTA for assistance in this regard.
15. The Members can avail nomination facility in terms of extant legal provisions in this regard. On request, the necessary Form SH-13 can be obtained from the company/RTA.
16. The Members are requested to bring their copy of the Annual Report with them at the meeting as additional copies of the same will not be made available at the meeting.
17. Pursuant to Sections 20, 101 and 136 of the Companies Act, 2013 and Rules made thereunder, Companies are allowed to send notices/documents in electronic form to their

Members. To enable the Company to send its Annual Report, Notice of AGM and other documents for the Financial Year ended 31st March, 2017 electronically, Members are requested to update their email IDs with their Depository Participants in case the shares are held in the electronic form or the Registrar & Share Transfer Agent of the Company, in case the shares are held in the physical form and accord their consent for receiving documents through electronic mode.

18. The Company is pleased to provide the e-voting facility (including remote e-voting) to members to enable them to exercise their right to vote through electronic means, in pursuance of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and administration) Rules, 2014 as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General meetings (SS2) issued by institute of Company Secretaries of India.

19. The members attending the meeting who have not cast their vote by remote e- voting shall be able to exercise their right at the Meeting through e-voting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the Meeting but shall not be entitled to cast their vote again. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Meeting will be provided by National Securities Depository Limited (NSDL).

20. The Company has appointed Mr. Amar Gopal Gambhir of A.G.G & Associates, Company Secretary in whole time practice with Membership No. FCS 3668 and Certificate of Practice No. 3653, to act as the Scrutinizer, for conducting the scrutiny of the votes cast in fair and transparent manner and he it has communicated its willingness to be appointed and will be available for the said purpose. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

The instructions for shareholders voting electronically are as under:

- I. The remote e-voting period will commence on Friday, 22nd September, 2017 at 09:30 a.m. and will end on Sunday, 24th September, 2017 at 5:00 p.m. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18th September, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is casted by the member, the member shall not be allowed to change it subsequently.
- II. Member whose email IDs are registered with the Company/Depository Participant(s) will receive an email from NSDL informing them of their User-ID and Password. Once the members receives the email, he or she will need to go through the following steps to complete the e-voting process:
 - a) Open email and open PDF file viz; "e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - b) Launch internet browser by typing the following URL:
<https://evoting.nsd.com/>
 - c) Click on shareholder- Login
 - d) Put user ID and password as initial password/PIN noted in step (i) above and click Login.
 - e) Password change menu appears. Change the Password /PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note

U P Hotels Ltd.

new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- f) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
 - g) Select "EVEN" of U. P Hotels Limited.
 - h) Now you are ready for e-Voting as cast page opens.
 - i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - j) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - k) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - l) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant board resolution/ Authority letter etc. together with attested specimen signature of the authorized signatory(ies) who are authorized to vote, to scrutinize through e-mail to clarkssuryakiran@yahoo.co.in with a copy marked to evoting@nsdl.co.in.
- III. In case a member receives physical copy of Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy] :
- a. Initial password is provided as below/at the bottom of Attendance Slip for the AGM:

EVEN (E-Voting Event Number) USER ID PASSWORD/PIN
 - b. Please follow all steps from serial no. (b) to (l) above, to cast vote.
- IV. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Download section of www.evoting.nsdl.com or call on toll free no. 1800-222-990.
- V. If you already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VI. You can also update your mobile number e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VII. Login to the e-voting website will be disabled upon five (5) unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password.
- VIII. The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date (record date) of September 18, 2017.
- IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 18, 2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you

can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com .

- X. The Chairman shall, at the meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, for all those members who are present at the meeting but have not casted their votes by availing the remote-voting facility.
- XI. The Scrutinizer will, after the conclusion of e-voting at the Meeting, first count the votes casted at the meeting and thereafter unblock the votes casted through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall make, not later than three (3) days of the conclusion of the meeting, a consolidated scrutinizer's report of the total votes casted in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XII. The Results declared along with the report of the scrutinizer shall be placed on the website of the Company www.hotelclarks.com and on the website of NSDL immediately after the declaration of result by the Chairman. The results shall also be immediately forwarded to the Stock Exchanges.
- XIII. Subject to receipt of requisite number of votes, the resolutions proposed in the Notice shall be deemed to be passed on the date of Annual General Meeting.

21. Non-resident Indian members as requested to inform about the following to the Company or its Share Transfer Agent or the concerned depository participant, as the case may be, immediately of: -

- i. The change in the residential status on return to India for permanent settlement.
- ii. The particulars of the NRE Account with a Bank in India along with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

22. Investors could also send their queries to Skyline Financial Private Limited by e-mail to admin@skylinerta.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM NO. 3

In terms of the provisions of Section 139 of Companies Act, 2013 (the "Act"), no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. The Act further prescribes that the Company has to comply with these provisions within the period specified under section 96 (1) of the Act, after three years from the date of commencement of the Act.

M/s. Ray & Ray, Chartered Accountants, existing Statutory Auditors of the Company have been in office for more than 10 years and in compliance with the provisions of the Act, the Company has to appoint a new auditor in their place. Accordingly, the Board at its meeting held on 20th August, 2017, has, subject to approval of shareholders in the forthcoming Annual General Meeting (AGM), approved and recommended the appointment of M/s. Satinder Goyal & Co., Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this 56th AGM until the conclusion of 61st AGM of the Company, subject to ratification by the Members at every AGM.

U P Hotels Ltd.

None of the Directors and Key Managerial Personnel of the Company (including relatives of Directors and Key Managerial Personnel) are, in any way, whether financially or otherwise, concerned or interested in the said resolution.

The Board of Directors recommend the ordinary resolution as set out in item no. 4 of the Notice for approval of members.

ITEM NO. 4

Mr. Apurv Kumar is Jt. Managing Director & CFO of the company and his appointment as Jt. Managing Director & CFO was expiring on 14th May, 2017. On the recommendation of Nomination & Remuneration Committee, the Board in its meeting held on 12.05.2017 re-appointed Mr. Apurv Kumar as Jt. Managing Director & CFO for a period of one year with effect from 15.05.2017 to 14.05.2017.

Mr. Apurv Kumar aged about 56 years. He has done Graduation from Mumbai University Hospitality Management from Cornell University USA, MBA, Alumni Harvard Business School and enriched with an experience of more than 28 years in Industrial and Commercial activities. Mr. Apurv Kumar has traveled widely and has attended many prestigious seminars in India and abroad. He is actively involved in the Management and operations of the Hotels and is extensively involved into the day to day operations of the Company. He has played a pivotal role in the modernization of the Hotels owned by the company.

Keeping in view, Mr. Apurv Kumar's vast experience, expertise, performance and long association with your Company, it will be in the interest of your Company to approve his re-appointment and remuneration as proposed in the resolution no. 4 of this notice.

The terms of remuneration are duly considered and recommended by the Nomination & Remuneration Committee in their Meeting held on 18.03.2017. Brief resume of Mr. Apurva Kumar, nature of his expertise in specific functional areas, names of companies in which they hold directorships and memberships /chairmanships of Board Committees, their shareholding in the Company, relationships amongst directors inter-se as stipulated under Listing Regulations, are provided in this notice and Boards' Report.

None of the directors and key managerial personnel and their relatives, except Mr. Arvind Kumar, may be deemed to be concerned or interested, whether directly or indirectly, financially or otherwise.

The Board recommends the Special Resolution set out at item no. 4 of this Notice for approval by the members of the Company.

ITEM NO. 5

Mr. Rupak Gupta is Jt. Managing Director & CFO of the company and his appointment as Jt. Managing Director & CFO was expiring on 14th May, 2017. On the recommendation of Nomination & Remuneration Committee, the Board in its meeting held on 12.05.2017 re-appointed Mr. Rupak Gupta as Jt. Managing Director & CFO for a period of one year with effect from 15.05.2017 to 14.05.2017.

Mr. Rupak Gupta aged about 46 years, has completed his B.Sc. Management from University of New Haven, CT. Apart from this, he has done Hotel Management Course from Cornell University USA and enriched with an experience of more than 17 years in Industrial and Commercial activities. He is actively involved in the Management and operations of the Hotels and is extensively involved into the day to day operations of the Company. He has played a key role in taking new initiatives and bringing new Ideas which has helped towards the growth of the Company.

Keeping in view, Mr. Rupak Gupta's vast knowledge, experience, performance and long association with your Company, it will be in the interest of your Company to approve his re-appointment and remuneration as proposed in the resolution no. 5 of this notice.

The terms of remuneration are duly considered and recommended by the Nomination & Remuneration Committee in their Meeting held on 18.03.2017. Brief resume of Mr. Rupak Gupta, nature of his expertise in specific functional areas, names of companies in which they hold directorships and

memberships /chairmanships of Board Committees, their shareholding in the Company, relationships amongst directors inter-se as stipulated under Listing Regulations, are provided in this notice and Boards' Report.

None of the directors and key managerial personnel and their relatives, except Mrs. Supriya Gupta as Executive Director being mother, may be deemed to be concerned or interested, whether directly or indirectly, financially or otherwise.

The Board recommends the Special Resolution set out at item no. 5 of this Notice for approval by the members of the Company.

STATEMENT AS PER SCHEDULE V - PART II SECTION II FOR ITEM NOS. 4 & 5

I. GENERAL INFORMATION

1. Nature of industry: Hotel Industry.

2. Date or expected date of commencement of commercial production

The company started its commercial production in the year 1962.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable

4. Financial performance based on given indicators.

Financial Performance

(Rs.)

Particulars	31.03.2017	31.03.2016
Turnover	87,89,44,889	86,87,57,452
PBT	6,98,78,160	7,30,71,013
Taxes	2,83,55,411	3,37,81,044
PAT	4,15,22,749	3,92,89,969

Capital structure

(Rs.)

Particulars	31.03.2017	31.03.2016
Equity Share Capital	5,40,00,000	5,40,00,000
Reserve & Surplus	74,46,76,543	71,18,85,906
Net worth	79,86,76,543	76,58,85,906

5. Foreign investment or collaborators, if any: **NA**

II. INFORMATION ABOUT THE APPOINTEES:

Particulars	Mr. Apurv Kumar	Mr. Rupak Gupta
Background details	Mr. Apurv Kumar is Graduate from Mumbai University. He completed Hospitality Management From Cornell University USA, An MBA Alumni of Harward Business School and possesses an experience of more than 27 years in industrial and commercial activities.	Mr. Rupak Gupta is a B. Sc. Management University of New Haven, CT, USA Hotel Management from Cornell University USA and possesses an experience of more than 18 years in industrial and commercial activities.
Past remuneration	2,50,000/- per month(exclusive all allowances and perquisites)	2,50,000/- per month (exclusive all allowances and perquisites) Information on comparative remuneration profiles with respect to industry, size of the company is not available.
Recognition or awards	N.A.	N.A.
Job Profile	Mr. Apurv Kumar is Joint Managing Director & CFO of the company. He has contributed a lot to the growth of the company. He is actively involved in the Management and operations of the Hotels and is extensively involved into the day to day operations of the Company.	Mr. Rupak Gupta is Joint Managing Director & CFO of the company. He has contributed a lot to the growth of the company. He is actively involved in the Management and operations of the Hotels and is extensively involved into the day to day operations of the Company.
Remuneration proposed	2,50,000/- (exclusive all allowances and perquisites)	2,50,000/- (exclusive all allowances and perquisites)
Comparative remuneration profile with respect to industry, size of the company and profile of the position and person	Information on comparative remuneration profiles with respect to industry, size of the company is not available	Information on comparative remuneration profiles with respect to industry, size of the company is not available.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr. Arvind Kumar (Non-Executive Director) is paternal uncle of Mr. Apurv Kumar.	Mr. Rupak Gupta is son of Ms. Supriya Gupta (Director) of the Company.

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits:

The business of the Company is substantially dependent on the domestic and foreign tourists. Various new hotels have come up in the vicinity and giving tough competition. As a result, there was lot of pressure on occupancy level and average room rate. Escalation in Staff cost, power cost, etc. have also put pressure on margins and profitability.

2. Steps taken or proposed to be taken for improvement.

The company is emphasizing in reducing cost, renovating its properties from time to time to meet the increasing competition in the market.

3. Expected increase in productivity and profits in measurable terms:

Since the company is working on reducing cost and generating more revenue, it is expected to perform better than the last year yet the improvement can not be quantified in measurable term as our business is of a seasonal nature and market remains uncertain.

4. Disclosures

The Corporate Governance report which forms part of the Boards' Report contains details of remuneration being paid to Mr. Rupak Gupta and Mr. Apurv Kumar during the period under review.

ITEM NO 6 & 7:

The Board in its meeting dated 12.05.2017 appointed Mr. Shafi Alam as an additional Director of the Company to hold office upto the date of this Annual General Meeting and is eligible for appointment as a Director. Mr. Shafi Alam is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as Director.

The company has received a notice from a shareholder under section 160 of the Companies Act, 2013 proposing to appoint Mr. Shafi Alam as a director of the company. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Shafi Alam as a Director, for the approval by the shareholders of the Company.

The Board in its meeting dated 12.05.2017 also appointed Mr. Shafi Alam as an Independent Director of the Company subject to approval of shareholders. As per the provisions of Companies Act 2013, the Independent Directors shall be appointed for not more than two terms of upto five years each and shall not be liable to retire by rotation at every AGM. In terms of Companies Act, 2013 and Listing Regulations 2015, Mr. Shafi Alam has been appointed for a period of two years with effect from 12.05.2017, subject to approval of shareholders.

Mr. Shafi Alam aged about 64 years having about 40 years of experience in Administration. He joined Indian Police Service in Bihar Cadre in the year 1977. He is a Science Graduate from St. Stephen's College, Delhi. He has been posted as Superintendent of Police in various districts of Bihar. He has also served on deputation to Central Government as DIG (Personnel) in CISF and on promotion as IG Headquarter and Northern Sector. He was also posted as Additional Director General, Railways, Armed Police and Police Modernisation. He also served as Director General, Bihar State Human Rights Commission. He retired as Director General, National Crime Records Bureau (NCRB).

Your Board considers that his association with the company would be beneficial for the company. Mr. Shafi Alam has given declaration to the Board of Directors to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. In the opinion of the Board, Mr. Shafi Alam fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for being appointed as an Independent Director of the Company.

U P Hotels Ltd.

In line with the requirement & compliance of the Companies Act, 2013, it is therefore proposed to appoint Mr. Shafi Alam, as an Independent Director on the Board of the Company upto two consecutive years, with effect from 12.05.2016, not liable to retire by rotation.

A copy of the Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company www.hotelclarks.com. This Statement may also be regarded as a disclosure under the Listing Regulations 2015.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than proposed Independent Director for his appointment, is concerned or interested, financially or otherwise, in these Resolutions.

The Board commends the Ordinary Resolution as set out at item no. 6 & 7 for approval of the Members.

ITEM NO 8:

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

With the coming into force of the Companies Act, 2013, several regulations of the existing AoA of the Company require alteration or deletions in several articles. Accordingly, it is considered expedient to wholly replace the existing AoA by a new set of Articles to make it consistent with the provisions of Companies Act, 2013 including the Rules framed thereunder.

Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- a. new provisions relating to appointment of chief executive officer, chief financial officer, in addition to company secretary;
- b. the nominee(s) of a deceased sole member are recognized as having title to the deceased's interest in the shares;
- c. existing articles have been streamlined and aligned with the Act;
- d. the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included so as to allow the company maximum flexibility in its operation.
- e. provisions of the existing AoA which are already part of Act and Rules made thereunder have not been reproduced in the new draft AoA as they would only create duplication and would warrant repeated alteration as and when the Act and Rules are changed/amended.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection at the Registered Office of the Company during the business hours on any working day, up to the date of the Annual General Meeting and during the Annual General Meeting. The proposed draft Articles of Association is available on the Company's website at www.hotelclarks.in for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 8 of the Notice.

The Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

Details of Directors seeking appointment & re-appointments:

Name of Director	Mr. Apurv Kumar	Mr. Rupak Gupta	Mrs. Supriya Gupta	Mr. Shafi Alam
Date of Birth	19.01.1961	28.03.1970	27.12.1939	04.06.1953
Nationality	Indian	Indian	Indian	Indian
Date of Appointment in the Company	06.08.1998	06.08.1998	17.02.2004	14.05.2017
Qualification	Graduate from Mumbai University, Hospitality Management From Cornell University USA, MBA, Alumni Harward Business School	B.Sc. Management from University of New Haven, CT, USA and Hotel Management from Cornell University, USA	B.Com, LL.B.	Science Graduate from St. Stephan's College, Delhi.
Expertise in specific functional areas	He has been an innovator in the hospitality industry for close to three decades. He is actively involved in the Management and operations of the Hotels and is extensively involved into the day to day operations of the Company.	He has wide experience in operation of hotels, exports. He is actively involved in the Management and operations of the Hotels and is extensively involved into the day to day operations of the Company.	He has decades of experience in the textiles and hotel industry.	He has 49 years experience in Banking Industry. He is a management consultant. He has held senior positions in multinational banks including ANZ Grindlays Bank, China Trust Commercial Bank, etc.
No. of equity shares held in the Company	35,126	8,18,524	Nil	Nil
Other Directorship	1. Bonita India Ltd. 2. Clement Orient Pvt. Ltd. 3. The Indian Textiles Co. Pvt. Ltd. 4. Uttar Pradesh Export Industries Ltd. 5. Hospitality Technologies Pvt. Ltd. 6. Brijrama Hospitality Ltd. 7. Indus Textile Pvt. Ltd. 8. Divik Wellnes Center Pvt. Ltd. 9. Indus Techpark Pvt. Ltd.	1. Banaras Global Pvt. Ltd. 2. Banaras House Engineering Pvt. Ltd. 3. Banaras House Pvt. Ltd. 4. U P Hotels India Ltd. 5. Indian Textile Company (Holdings) Pvt. Ltd. 6. The Indian Textiles Co. Pvt. Ltd. 7. Uttar Pradesh Export Industries Ltd. 8. Hotel Clarks	1. Banaras House Pvt. Ltd. 2. Banaras House Engineering Pvt. Ltd. 3. Banaras Global Ltd. 4. U P Hotels India Ltd. 5. Indian Textiles Co. (Holdings) Pvt. Ltd.	Nil

U P Hotels Ltd.

	10. Banaras House Pvt. Ltd. 11. Great Value Hotels Pvt Ltd 12. Hotel Clarks Varanasi 13. Rashtriya Vikas Ltd 14. Shiraz Foods Ltd. 15. Carbon Paste Ltd. 16. Clarks Brij Hotels India Ltd. 17. Nagreeka Brij Hotels Bhav Nagar Pvt Ltd. 18. Pride Hospitality Limited	Varanasi Limited		
Other Committee Membership	-	-	-	-

By Order of the Board of Directors
For **U P HOTELS LIMITED**

Apurv Kumar
(Joint Managing Director & CFO)
DIN: 00043538

Date: 20.08.2017
Place: New Delhi

BOARDS' REPORT

Dear Members,

Your Directors are pleased to present the 56th Annual Report of the Company for the financial year ended March 31, 2017.

FINANCIALS**(Figures in actual)**

Financial Results	Current Year (Rs.) 2016-17	Previous Year (Rs.) 2015-16
Revenue from Operations	87,89,44,889	86,87,57,452
Other Income(net)	2,90,94,984	2,28,10,005
Expenditure	77,30,83,002	75,05,07,685
Depreciation	6,50,78,711	6,79,88,759
Profit/(Loss) before tax	6,98,78,160	7,30,71,013
Current tax	3,18,17,671	3,78,16,390
Deferred tax	(34,62,260)	(40,35,346)
Profit/(Loss) after tax carried to B/S	4,15,22,749	3,92,89,969
Balance profit / (loss) brought forward from previous year	42,23,42,312	38,95,51,675
Available for appropriation	46,38,65,061	42,88,41,644
Less: Appropriation		
Transfer to general reserve	-	-
Proposed dividend	Nil	54,00,000
Tax on dividend	Nil	10,99,332
Balance profit carried to Balance Sheet	46,38,65,061	42,23,42,312

STATE OF AFFAIRS

Your Company recorded a turnover of Rs. 87,89,44,889/- as compared to Rs. 86,87,57,452/- in the previous year, an increase of 1.17% over the previous year. The profit for the year after tax amounted to Rs. 42,23,42,312/- as against Rs. 3,92,89,969/- recorded in the previous year. The Profit after tax of the company increased by 5.68%.

DIVIDEND

No dividend has been recommended by the Board for the financial year ended 31st March, 2017.

DEPOSITS

The Company has not accepted any deposits during the Financial Year under review.

TRANSFER TO GENERAL RESERVES

During the financial year the company has not transferred any amount out of the profits of the Company to the General Reserves.

U P Hotels Ltd.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Apurv Kumar and Mr. Rupak Gupta were re-appointed as Joint Managing Directors of the company with effect from 15th May, 2016 to 14th May, 2017. The Board in its meeting dated 12th May, 2017 re-appointed Mr. Apurv Kumar and Mr. Rupak Gupta as Joint Managing Directors of the company for a period of one year with effect from 15th May, 2017 to 14th May, 2018. The Board has recommended their re-appointment at the ensuing Annual General Meeting.

Mrs. Supriya Gupta was Executive Director till 14th May, 2017. She will retire by rotation at the ensuing Annual General Meeting, being eligible, offer herself for re-appointment at the ensuing Annual General Meeting.

During the year under review, Mr. Ravinder Kumar Chadha ceased to be an Independent Director of the company effective from 31.03.2017.

The Board in its meeting dated 12th May, 2017, appointed Mr. Shafi Alam as an Additional & Independent Director with effect from 12.05.2017. Necessary resolutions for his appointment as a director & an independent director have been recommended at the ensuing Annual General Meeting.

Mr. Apurv Kumar and Mr. Rupak Gupta are also Chief Financial Officer of the company during the year under review. Mr. Sidharth Ghatak was the Company Secretary of the Company; however, he resigned on 16.05.2016. Mr. Prakash Chandra Prusty joined the company on 15th February, 2017 as Company Secretary.

INDEPENDENT DIRECTORS

The company has received necessary declarations from the Independent Directors under section 149(6) of the Companies Act, 2013 that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of Listing Regulations, 2015. A Separate Meeting of the Independent Directors pursuant to Sec. 149(8) and Schedule IV of the Companies Act, 2013 was held on 20.02.2017.

The Company has put in place an induction and familiarisation program for all its Directors including the Independent Directors. The familiarisation program for Independent Directors in terms of provisions of Regulation 46(2)(i) of Listing Regulations, is uploaded on the website of the Company at www.hotelclarks.com.

MEETINGS OF THE BOARD

There were eight meetings of the Board were held during the year under review. For further details, please refer to corporate governance report being part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors' state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 and loss of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) The directors, *as the* company is a listed company; it had laid down internal financial controls to be followed by the company and the internal control procedures are commensurate with the size of the company and the nature of its business with regards to purchases of inventory, fixed assets and with regard to the sale of goods are adequate and are operating effectively.*

(f) The directors has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

* Kindly refer to the para "Internal Financial Controls" given herein below.

Due to the ongoing disputes and internal differences between the promoters group/management, there were certain non-compliances relating to various Acts, Listing Regulations, 2015 which are still pending. However, pursuant to the order of National Company Law Tribunal (NCLT) dated 19-08-2016 and 21-12-2016, the Company has been able to attain various compliances and is in the process to comply with the remaining non-compliances.

AUDITORS AND AUDITORS REPORT

Pursuant to the provisions of section 139 of the Companies Act 2013, the tenure of current auditors - M/s Ray & Ray, Chartered Accountants, shall come to an end at the conclusion of forthcoming Annual General Meeting (AGM) of the Company. Accordingly, M/s Satinder Goyal & Co., Chartered Accountants, (Firm Registration No.027334N) have been recommended by the Audit Committee and by the Board to be appointed as Statutory Auditors of the Company for a term of five consecutive years, to hold office from the conclusion of the ensuing 56th AGM until the conclusion of 61st AGM of the company to be held in calendar year 2022, subject to annual ratification by members at every AGM and on such remuneration as may be mutually agreed between the Board and the Auditors.

M/s Satinder Goyal & Co., Chartered Accountants, have consented to their appointment as Statutory Auditors and have confirmed that their appointment, if made, will be in accordance with Section 139 read with Section 141 of the Act. Members are requested to approve the appointment of M/s Satinder Goyal & Co., Chartered Accountants.

AUDITORS' OBSERVATION

The current Auditors have submitted their Report on the Financial statements of the Company for the year ended 31st march, 2017. The Auditors' Observations /qualifications on non-compliances on various provisions of the Companies Act, 1956 & Companies Act, 2013, SEBI Act, 1992, Listing Agreement / Regulations and other laws applicable to the Company are given in Auditors' Report.

The Company has complied with most of the non-compliances as mentioned by the Auditors in their Report and in the notes to accounts from point no. 51 to 56. The Directors have submitted their clarifications upon the said observations / qualifications in the **Annexure-1** attached to this Report.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed A G G & Associates, a Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the year ended 31st March, 2017. The Secretarial Audit Report is annexed as **Annexure 2**. The Board of Directors of the Company has initiated necessary measures as required for the rectification of the non-compliances and observations which have been referred in the Report. The Board has submitted its replies upon the said observations in the **Annexure-1** attached to this Report.

SUSPENSION FROM TRADING / COMPLIANCE OF REGULATION 31(2) OF SEBI LODR REGULATIONS / CLAUSE 40A OF ERSTWHILE LISTING AGREEMENT

The trading in shares of the company has been suspended with effect from 25th February, 2015 on account of non-compliance with clause 41 of the Listing Agreement for two consecutive quarters i.e. June, 2014 and September, 2014.

U P Hotels Ltd.

The non-compliance with clause 41 of the Listing Agreement was not intentional. There have been differences of opinion of few promoter directors on the operation of the company and such differences of opinion could not be settled/cured which led to delay / deferment of finalization of financial results.

The Company has not been able to take steps for compliance with Regulation 31(2) (Clause 40A of the Listing Agreement). Securities & Exchange Board of India vide its order dated 04.06.2013 and 02.12.2014 inter alia directed freezing of voting rights and corporate benefits with respect to excess of proportionate promoter/promoter group shareholding. The appeal filed before the Securities Appellate Tribunal has been disposed of with certain directions. The Company is hopeful of compliance of taking required steps to comply with such directions.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the financial year under review, the company has not granted any loans and advances to related parties and Associate Companies.

FINANCIAL PERFORMANCE / FINANCIAL POSITION OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES

There are no Subsidiary Companies/Associate Companies/ Joint venture associated with the Company.

CHANGE IN THE NATURE OF BUSINESS:

No changes occurred in the nature of business during the financial year under review.

ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Board of Directors has made the annual evaluation of its own performance and that of its committees and individual directors based on assessment of the questionnaires furnished by the directors/members of various committees in respect of their self assessment as well as the assessment of the Board/Committees followed by the discussions with the directors/ members of the Committees.

POLICY ON DIRECTORS' APPOINTMENT AND POLICY ON REMUNERATION

Pursuant to Section 134(3)(e) and Section 178(3) of the Companies Act, 2013, the policy on appointment of Board members including criteria for determining qualifications, positive attributes, independence of a Director and the policy on remuneration of Directors, KMP and other employees is attached as **Annexure 3**.

MATERIAL CHANGES DURING THE FINANCIAL YEAR

There were no material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EARNINGS AND OUTGO SECTION-134(3)(m) OF THE COMPANIES ACT, 2013 AND RULE-8 OF COMPANIES (ACCOUNTS) RULES, 2014

Your company monitors the systems and methods devised in the context of energy conservation on an ongoing basis and has implemented the energy conservation programme which includes use of Energy Efficient Lightning (LED) at all units, operating the steam boiler at reduce steam pressure 5 bar instead of 10 bar and replaced diesel fire hot water generator by heat pump at Hotel Clarks Avadh which has the effect of saving of around Rs.1500000/-, and for the Technology Absorption, the Company has evolved systems and methods for Hotel services which are reviewed to meet emerging needs on an ongoing basis for cost effectiveness, the other details have been specified in the **Annexure 4**.

AUDIT COMMITTEE & WHISTLE BLOWER/VIGIL MECHANISM POLICY

The Audit Committee of the company during the period under review comprised of Justice Mr. B. P. Singh (Retd.) – Chairman, Mr. Arvind Kumar & Mr. Ravinder Kumar Chadha as members. However, due to ceastion of Mr. Ravinder Kumar Chadha as director of the company, the Board reconstituted the Audit Committee. As on date of this report the Audit Committee comprises with members Justice Mr. B. P. Singh (Retd.) – Chairman, Mr. Arvind Kumar & Mr. Shafi Alam as members

In line with the provisions of Section 177 (9) of the Act and Clause 22 of the SEBI Listing Regulations, your company has adopted a policy on Vigil Mechanism / Whistle Blower Policy which provides the Directors and employees of the company to report actual or suspected fraud or violation of your Company's Code of Conduct. The Whistle Blower Policy/Vigil Mechanism is available at company's website at www.hotelclarks.com.

NOMINATION & REMUNERATION COMMITTEE, STAKEHOLDERS' RELATIONSHIP COMMITTEE

The details on composition, meetings, etc of Nomination & Remuneration Committee and Stakeholders' Relationship Committee were given in Corporate Governance Report, being part of this report.

CORPORATE SOCIAL REPONSIBILITY (CSR) COMMITTEE

The details on the composition of the Corporate Social Responsibility (CSR) Committee are provided in the Report on Corporate Governance being part of this report

The brief outline of the Corporate Social Responsibility (CSR) Policy of your Company and the initiatives undertaken by your Company on CSR activities during the year are set out in "**Annexure 5**" of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company www.hotelclarks.com.

The company was required to spend Rs. 12,10,331/- on CSR activities during the year under review. The company has spend Rs.3,80,725/- on CSR activities during the year. However, due to unavoidable circumstances, the company could not spend balance Rs. 8,29,606/- on the CSR activities. The company will spend Rs.8,26,606/- together with unutilised CSR funds of Rs. 35,00,231/- pertaining to financial years 2014-15 and 2015-16 during the current year.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The table containing the names and other Particulars of employees of the Company in accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is appended as **Annexure 6** of the Board's report.

The Company did not employ any such person whose particulars are required to be given under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, as amended from time to time.

RISK MANAGEMENT

Risk is an integral and unavoidable component of business and your company is committed to managing the risk in a proactive and effective manner. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishi.ng the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, legal risk.

The company has formulated a Policy on Risk Management for identification, evaluation, monitoring and minimization of identifiable risks and to ensure business growth with financial stability of the Company.

INTERNAL FINANCIAL CONTROLS

As per Section 134(5)(e) of the Companies Act, 2013, Internal Financial Control (IFC) means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely reparation of reliable financial information.

The Company has a systematic process and well-defined roles and responsibilities for people at different hierarchical levels. The IFC system of company comprises due compliances of company's policies and Standard Operating Procedures (SOPs) and internal audit checks. However, due to the differences and disagreements between the management and ongoing suits which have been filed at the Hon'ble Civil Court, Lucknow, and in the Hon'ble NCLT, New Delhi, the appropriate discussions, supervisions, review on the affairs, operation of the company, the manner of strengthening the internal financial controls could not take place during the year under review at Board level. However, the Audit Committee discusses and take note of the Internal Audit Report at appropriate intervals and issue verbal advise to the Internal Auditors and units for better control.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted a policy on prevention of sexual harassment under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the FY 2016-17, no cases of sexual harassment was reported by any female.

EXTRACT OF ANNUAL RETURN

Extract of Annual Return in form MGT-9 as per Sec-92(3) and Rule-12(1) of the Companies Management and administrative rule 2014 of the Company is annexed herewith as **Annexure 7** to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS & CORPORATE GOVERNANCE

The Reports on the Management Discussion and Analysis and Corporate Governance as required pursuant to Clause 49 of the Listing Agreement form an integral part of this report as **Annexure 8 and 9** respectively and are set out as separate sections to this Annual Report. A Certificate from the Auditors of the company, certifying compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing Agreement, is annexed with the report on Corporate Governance.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

There have been transactions entered into by the company with related parties during the financial year. The related party transactions have been mentioned at the Notes No. 39 and 55.1 (d) of the Notes to Accounts. The Audit Committee in its meeting dated 08.08.2017 has approved the related party transactions entered into by the company during the financial years 2014-15, 2015-16 and 2016-17 subject to the approval of Board and decision of Hon'ble National Company Law Tribunal (NCLT). Since the related party transactions are *inter alia* part of a legal case pending before the NCLT, the Board was of the opinion that any decision of the Board on the related party transactions may be contrary to the decision of the NCLT which may not be executable later. Accordingly, the Board has deferred its decision on related party transactions till the final decision of NCLT. Hence, the disclosures of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 in Form No. AOC 2 could not be provided in this report.

OTHER DISCLOSURES

- i. There was no change in Authorised Share Capital of the company during the year under review.
- ii. The Company has not bought back any of its securities during the year under review.
- iii. The Company has not issued any Sweat Equity Shares during the year under review.
- iv. No Bonus Shares were issued during the year under review.
- v. The Company has not provided any Stock Option Scheme to the employees during the year under review.
- vi. The company did not issue equity shares with differential rights as to dividend, voting or otherwise.
- vii. The Auditors have not reported any fraud during the year under review;
- viii. As the company has no holding or subsidiary company, the information relating to receiving remuneration or commission from holding company or subsidiary company by the Jt. Managing Directors does not arise.
- ix. No significant and material orders were passed by the regulators during the period under review.

ACKNOWLEDGEMENT

The Board expresses its sincere appreciation to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your company during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

**For and on behalf of Board
for U P HOTELS LIMITED**

Bisheshwar Prasad Singh
**(Non-Executive Chairman-
Independent Director)**
DIN: 06949954
ADD: House No. 7,
Second Floor,
Block- A, Neeti Bagh
New Delhi-110016

Apurv Kumar
**(Jt. Managing Director &
CFO)**
DIN: 00043538
ADD: 28 Shree Vihar
Colony, Near Hotel
Clark Amer, J L Nehru
Marg, Jaipur- 302018

Rupak Gupta
**(Jt. Managing Director &
CFO)**
DIN: 00007310
ADD: 35-A, Friends
Colony, (East)
New Delhi- 110065

Date: 20.08.2017
Place: New Delhi

Reply by the Directors on the Observation of Statutory Auditors and Secretarial Auditors

1. As regards unspent CSR amount, the Company will spend it during the current financial year.
2. As regards non-compliance of related party transactions, since the related party transactions are *inter alia* part of a legal case pending before the National Company Law Tribunal (NCLT), the Board is of the opinion that any decision of the Board on the related party transactions may be contrary to the decision of the NCLT which may not be executable later and hence the decision on related party transactions has been deferred till the final decision of NCLT.
3. As regards Note 52 of the Notes to Accounts, the act was done inadvertently & the company has realized the amount by 30.06.2017. The company will make necessary application for condonation.
4. As regards non-compliance of Minimum Public Shareholding, the Notes 53.1 to 53.3 of the Notes to Accounts are self explanatory.
5. The Auditor's note presents details regarding the issue of Oppression and mismanagement being pending in National Company Law Tribunal (NCLT) as a result of application filed by one group of promoters. By its order dated 19.08.2016, NCLT has directed both the Jt. Managing directors to continue in their respective positions. As regards non implementation of Policy on Risk Management, the Note 54.3 to the Notes to Accounts is self explanatory.
6. Due to disputes / differences / litigations / disagreements, the Company has not been able to comply with various provisions. The Company is taking the necessary steps for the completion of the pending compliances and is in the process of ensuring submission of the same with the respective Authorities. The Directors will analyse the financial position and future prospects of the company and will ensure to make efforts towards the finalization of the Capital Budget and Operation Budget and present the same at the earliest before the Board of directors for obtaining their approval. After this the Company will file the applications for compounding of non-compliances with the appropriate authorities.
7. The company has got actuarial valuation from an Independent Actuary for reported matter. The company will take necessary steps for transferring the title deeds of immovable properties in its name.
8. The Board is taking steps to resolve all the pending disputes/Issues between the promoters, particularly as per the directions issued by the Hon'ble National Company Law Tribunal, New Delhi, in their order dated 19.08.2016 and 21.12.2016. Since then the company has complied with most of the non-compliances and is taking further steps to comply with the pending non-compliances during the current financial year.
9. The company will comply with Regulations 41 in the current financial year. Further, the company will endeavor to comply with regard to 100% dematerialization of promoter's shares and related party transactions. The company has complied with regard to evaluation of performance of Board during the year. With regard to various notices/complaint from Registrar of Companies, New Delhi, the notes no. 56.1 & 56.2 to Notes to accounts are self explanatory.
10. As regards Internal financial controls, the notes no. 54.1 and 54.3 are self explanatory and the company is in the process of strengthening the same.

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2017
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

The Members,
U P HOTELS LIMITED
1101 Surya Kiran Building
19 Kasturba Gandhi Marg,
New Delhi- 110001

I Amar Gopal Gambhir, Practising Company Secretary have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **U P Hotels Limited** (hereinafter called the "company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **U P Hotels Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March.,2017 has complied with all the statutory provisions listed hereunder except some specific provisions/compliances as per the details given in the Secretarial Audit Report.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **U P Hotels Limited** ("the Company") for the financial year ended on 31st March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the Company during the Audit Period)**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the Audit Period)**
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**

U P Hotels Ltd.

- e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit Period)**
- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
- g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
- i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Regulations entered into by the Company with BSE Ltd.

During the period under review the Company has not complied completely with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above

The following are the list of non Compliances noticed by us as per the records, Documents and information furnished to us:-

- 1. The company has not complied with Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement), 2015 (erstwhile clause 41 of the Listing Agreement) as it has not published financial results for any of the quarters ending 31st March, 2017. The trading of the shares in the company has been suspended and the depositories have been asked to freeze the entire shareholding of the promoter & promoter group of the company and the BSE Limited has also levied a Penalty on the Company vide its letter dated 12th January 2015 .**
- 2. The Company has not filed the Corporate Governance Reports with the Stock Exchange for any of the quarters except for the last quarter during the financial year 2016-17. However as on date of issuing this Secretarial Audit Report, the Company has filed the Corporate Governance Reports for the remaining quarters also.**
- 3. Pursuant to General order No. 1 of 2015 dated 20th of July 2015 of SEBI:**
 - (I) The trading in the shares of the Company on BSE has been suspended and depositories have been directed to freeze the entire shareholding of the promoter and promoter group of the company.**
 - (II) No transfer/ pledge of shares in the Suspended Company of Promoters & Promoter group and Directors will takes place until 3 months after revocation of suspension and.**
 - (III) The Suspended Company, Its Promoters and Directors shall not issue prospectus, any other document or advertisement soliciting money from the public for the issue of securities, directly or Indirectly; till the suspension is revoked by the recognized Stock exchange or securities of such Company are delisted in accordance with the applicable delisting requirements, whichever is earlier.**

4. The Company has not complied with the Regulation 38 of SEBI (LODR), 2015 (erstwhile Clause 40A of the Listing Agreement) with regard to Minimum Public Shareholding (MPS).
5. As per Section 149 (4) of the Companies Act, 2013 at least one third of the total number of Directors should be Independent Director(s) and as per SEBI (LODR) 2015, in case of executive chairman at least half of the Board should be Independent. These provisions were non compliant, however with effect from 22nd August, 2016, the company appointed one non-executive independent director as Chairman of the company and complied with these provisions.
6. The Company had contravened the provisions of Section 152 of the Companies Act, 2013 which states that the Total number of retiring directors shall be 2/3rd of the total number of Directors. However with effect from 22nd August, 2016, the company appointed one non-executive independent director as Chairman of the company and complied with these provisions.
7. During the year under review Company, the composition of the Audit Committee and Nomination & Remuneration Committee were non compliant. However, with effect from 22nd August, 2016, the company appointed one non-executive independent director as Chairman of the company and reconstituted these committees as per the requirement of the Act.
8. As per Regulation 18 of the SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015, at least four Meetings of the Audit Committee is required to be held during the financial year, however only three meetings of the Audit Committee has been held during the year under review. Further, the gap between the two meetings shall not exceed 120 days, However, there is a gap of more than 120 days in the meeting held between 07/09/2016 and 20/02/2017.
9. As per section 173(1) of the Companies Act, 2013, there shall be minimum number of four meetings of Board of Directors every year and the gap between the two meetings shall not exceed 120 days. However there is a gap of more than 120 days in the meeting held between 07/09/2016 and 25/01/2017.
10. The Company has not yet achieved 100 percent dematerialization of the promoter's group as required under circular No. DCS/COMP/CIR-03/2011-12 dated 29.06.2011 of BSE Ltd.
11. Under Regulation 42 of the SEBI (LODR), 2015, the Company did not comply with the requirement with regard to Annual closure of Register of Members and transfer books for the Financial Year 2015-16.
12. During the Financial Year the Company has not executed the NEW LISTING AGREEMENT as mandated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the company has received a reminder mail from the BSE Limited dated 3rd November 2016 in this regard. However, as on the date of issuing secretarial Audit Report Audit Report the Company has executed the Listing Agreement with BSE Limited.
13. During the year under review, the Company has reconstituted the Corporate Social Responsibility (CSR) Committee and framed a Policy on CSR as required under Section 135 of the Companies Act, 2013. The company did not spend the entire amount allocated for CSR activities for the financial year 2016-17 during the year under review.
14. The Related Party Transactions were not approved by the Board and the Audit Committee as per the requirement of Sec. 188 of the Companies Act, 2013 and the Rules thereof and as pursuant to the Reg. 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, since no Contracts with the Related Party were approved therefore the same was

not entered in the Register maintained under Section 189 of the Companies Act, 2013(erstwhile Section 301 of the Companies Act, 1956).

15. The Company did not file the return of the financial statements for the financial year 2015-16. However, as on the date of issuing Secretarial Audit Report the Company has complied with the same.
16. As per Regulation 17 of SEBI (LODR), 2015, the performance evaluation of Independent Directors shall be done by the entire Board of Directors of the Company, provided that the Independent Directors shall not participate in the evaluation performance. However during the year under review the Company has not complied with the same.
17. The Company has conducted the Annual General Meetings for the F.Y 2013-14, 2014-15 and 2015-16 in the Financial Year 2016-17 in compliance with the Orders dated 10.08.2016 and 21.012.2016 of Hon'ble National Company Law Tribunal.
18. The company had received following notices/complaint from Ministry of Corporate Affairs (Office of Registrar of Companies):

Notice / Complaint	Notice Reference	Date
Notice for default under section 159/166/210(3)/220 of the Companies Act, 1956	ROC-DL/SCN/NF/2016/606	13/04/2016
Notice for default under section 96 of the Companies Act, 2013	STA/Comp/4005/3667	03/06/2016
Notice for default under section 137/92/96 of the Companies Act, 2013	Received through E-mail	03/10/2016
Complaint alleging that the company has not complied with the provisions of the Companies Act, 2013/1956 and other laws applicable to the company	STA/COMP/4482/14368	24/11/2016
Notice under Section 206(4) of the Companies Act, 2013	ROC/TS/GP/ u p hotels / 206(1)/15748	28-12-2016

Necessary replies have been filed by the company on the above mentioned notices/complaint with the Office of Registrar of Companies. Further, as per the Order dated 10.08.2016 of Hon'ble National Company Law Tribunal, notices dated 13.04.2016 and 03.06.2016 issued by Registrar of Companies, New Delhi to U P Hotels Limited have been stayed.

I FURTHER REPORT THAT for the purpose of examining adequacy of compliances with other applicable laws including industry sector/specific, under both Central and State Legislations, reliance has been based on the compliance certificates / reports issued by the Company Secretary based on the reports received by the company secretary from its hotel and service units etc. as part of the Company's Compliance Management and Reporting system. Based on the aforesaid internal Compliance Certificates/reports, we are of the opinion that the Company has generally complied with the following: -

1. Deposit of Employee Provident Fund, Employee State Insurance and Miscellaneous Provisions Act 1952 and other employee related statutory dues.
2. Applicable State and Central laws, including those related to the Environment, Food Safety and Standards and Prevention of Food Adulteration Act, 1954, Standards of Weights & Measure Act, 1976 pertaining to the operations of the Company.

However the notices received from the Statutory Authority, if any, are reported as part of the Board process for Compliance reporting and appropriate action is taken from time to time.

3. Deposit of taxes relating to Income Tax, Value added Tax, Central Excise, Central Sales Tax Act, Municipal /Local Authorities Taxes, Service Tax, Luxury tax and other applicable taxes including tax deducted at source. However cases of disputed tax liabilities of substantial amount are in appeal with the Concerned Authorities.
4. Applicable stipulations pertaining to the Payment of Wages Act, Minimum Wages Act, Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975 and other related legislations.

I FURTHER REPORT THAT as on the date of reporting the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in accordance with the provisions of the companies Act, 2013 including the Rules thereof and Secretarial Standard-1, also a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I FURTHER REPORT THAT there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For AGG & Associates

**Amar Gopal Gambhir
Practising Company Secretary
FCS No.3668
C P No.:3653**

**Place:- New Delhi
Date:- 08.08.2017**

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

To,
The Members
UP HOTELS LIMITED

Our Report of Even date is to be read along with this Letter

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the Compliance of Law, Rules and regulations and Happening of events etc.
5. The Compliance of the above provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management was conducted the affairs of the Company.

For AGG & Associates

Amar Gopal Gambhir
Practising Company Secretary
FCS No.3668
C P No.:3653

Place:- New Delhi
Date:- 08.08.2017

U P HOTELS LIMITED**Nomination and Remuneration Policy**

The Nomination and Remuneration Committee of U P Hotels Limited (the Company) shall consist of 3 or more non-executive directors out of which not less than half shall be Independent.

1. OBJECTIVE

The Nomination and Remuneration Committee (the Committee) and Nomination and Remuneration Policy (this Policy), is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules made there under and Clause 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Key Objectives of the Committee would inter-alia be:

- to recommend to the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board members
- to recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management

2. DEFINITIONS**(a) Key Managerial Personnel:**

Key Managerial Personnel means Managing Director or Chief Executive Officer or Manager, Whole time Director; Chief Financial Officer, Company Secretary, and such other officer as may be prescribed.

(b) Senior Management:

Senior Management means personnel of the Company who are members of its core management team excluding the Board of Directors, and shall also include all members of management one level below the executive directors including all functional heads.

3. ROLE OF COMMITTEE

The role of the Committee *inter-alia* will be the following:

- to formulate a criteria for determining qualifications, positive attributes and independence of a Director
- to recommend to the Board the appointment and removal of Director, KMP and Senior Management
- to carry out evaluation of performance of the Directors
- to recommend to the Board on policy relating to remuneration for Directors, (including whole-time Directors), Key Managerial Personnel and Senior Management.
- to devise a policy on Board diversity
- to develop a succession plan for the Board and to regularly review the plan

4. MEMBERSHIP

- The Committee shall consist of a minimum three (03) non-executive directors, majority of them being independent.
- Minimum two (02) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.

U P Hotels Ltd.

- Term of the Committee shall be continued unless otherwise terminated by the Board of Directors.

5. CHAIRPERSON

The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company may be appointed as a member of the Committee but shall not be the Chairperson of the Committee.

In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

The Chairperson of the Committee shall attend the general meetings of the Company or in his/her absence, any other member of the Committee authorised by him/her in this behalf.

6. FREQUENCY OF MEETINGS

The Meetings of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

The Committee may invite such executives, officials or such other persons as it considers appropriate to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as the Secretary of the Committee.

9. VOTING

Matters arising for determination at the Committee Meetings shall be decided by a majority of votes of the Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

10. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

- to ensure that there is an appropriate induction and training programme in place for new Directors and members of the Senior Management and reviewing its effectiveness;
- to ensure that on appointment to the Board, Non-Executive Directors and Independent Directors receive a formal letter of appointment in accordance with the guidelines provided under the Companies Act, 2013;
- to determine the appropriate size, diversity and composition of the Board;
- to set a formal and transparent procedure for selecting new Directors for appointment to the Board;
- to develop a succession plan for the Board and Senior Management and regularly reviewing the plan;
- to evaluate the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

- to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- to consider any other matters as may be requested by the Board.

11. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

- to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- to delegate any of its powers to one or more of its Members or the Secretary of the Committee
- to consider any other matters as may be requested by the Board;

12. MINUTES OF COMMITTEE MEETING

The proceedings of all meetings must be written in the form of Minutes and these Minutes must be signed by the Chairperson of the Committee at the subsequent Meeting or within one month from the date of the Meeting, whichever is earlier. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meetings.

13. NOTIFICATION

This Policy, including amendments thereof, shall be made available on the Company's website and in the Boards' Report of the Company.

14. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.

CRITERIA LAID DOWN BY THE NOMINATION AND REMUNERATION COMMITTEE FOR DETERMINING THE FOLLOWING:-

I. Qualifications for appointment of Directors (including Independent Directors):

The incumbent Directors shall be persons of eminence, standing and knowledge with significant achievements and experience in business, professions and / or public service. Broadly, the following points need to be considered by the Committee: -

- Their financial or business literacy, skills, etc.
- Their technical and industry experience.
- Other appropriate qualification / experience to meet the objectives of the Company.

U P Hotels Ltd.

- As per the applicable provisions of Companies Act 2013, Rules made there as amended from time to time.

The Nomination and Remuneration Committee shall have discretion to evaluate, consider and fix any other criteria or norms, from time to time, for selection of the most suitable candidate/s.

II. Positive attributes of Directors (including Independent Directors):

The following are some of the positive attributes of Directors (including Independent Directors) to be considered by the Committee -

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the hotel & tourism industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there as amended from time to time.

III. Criteria for appointment of KMP & Senior Management:

The following criteria needs to be considered by the Committee for appointment of any Key Managerial Personnel & Senior Management of the Company –

- To possess the necessary qualifications, experience, skills and expertise to effectively discharge their duties and responsibilities.
- To practice and encourage professionalism and transparent working environment.
- To build teams and carry the team members along for achieving the goals/objectives and corporate mission.
- To adhere strictly to the Company's Code of Conduct for the time being in force and as amended from time to time.
- Any other responsibility that may be given in the course of their association with the Company.

IV Policy Relating to Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel:

- To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.

- To ensure that no director / KMP/ other employee is involved in deciding his or her own remuneration.
- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weight age to arrive at a competitive quantum of remuneration.
- To ensure that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated.
- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.
- Following criteria are also to be considered: -
 - Responsibilities and duties ;
 - Time and efforts devoted;
 - Value addition;
 - Profitability of the Company and growth of its business;
 - Analysing each and every position and skills for fixing the remuneration yardstick;
 - Other criteria as may be applicable.
- Consistent application of remuneration parameters across the organisation.
- Provisions of law with regard making payment of remuneration, as may be applicable, are to be complied with.
- Whenever there is any deviation from the Policy, the justification / reasons thereof should also be indicated / disclosed adequately.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo Pursuant to section 134(3)(m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 and forming part of Directors' Report.

A.	CONSERVATION OF ENERGY		2016-17	
	1.	Steps taken for conservation	As mentioned in the Boards' Report	
	2.	Steps taken for utilizing alternate sources of energy		
	3.	Capital investment on energy conservation equipments		
B.	TECHNOLOGY ABSORPTION			
	1.	Efforts made for technology absorption	As mentioned in the Boards' Report	
	2.	Benefits derived		
	3.	Expenditure on Research & Development, if any		
	4.	Details of Technology imported, if any		
	5.	Year of Import		
	6.	Whether imported technology fully absorbed		
	7.	Areas where absorption of imported technology has not taken place, if any		
C.	FOREIGN EXCHANGE EARNING AND OUTGO:		FINANCIAL YEARS	
			2016-17	2015-16
	1.	CIF Value of Imports	23,11,165	31,68,984
	2.	Expenditure in Foreign Currency	53,19,648	37,35,649
	3.	Earnings in Foreign Exchange	2,88,33,913	1,86,13,380

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Brief outline of the Company's Corporate Social Responsibility (CSR) Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:

U P Hotels Ltd recognizes that its business activities have wide impact on the societies in which it operates and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. The company endeavors to make CSR a key business process for sustainable development.

U P Hotels Limited framed its CSR policy taking into account the following measures: -

- a) Welfare measures for the community at large so as to ensure the poorer section of the Society derived the maximum benefits.
- b) Contribution to the society at large by way of social and cultural development, imparting education, training and social awareness specially with regard to the economically backward class for their development and generation of income to avoid any liability of employment.
- c) Protection and safeguard of environment and maintaining ecological balance.

Company's CSR scope is *inter alia* as follows:

- ❖ Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation (including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation) and making available safe drinking water.
- ❖ Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently-abled and livelihood enhancement projects.
- ❖ Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically background groups.
- ❖ Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water (including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga).
- ❖ Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- ❖ Sports and culture, training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.
- ❖ contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ❖ Rural development projects viz. Infrastructure Support, Infrastructure for Village Electricity/Solar Light etc. Recurring expenditure should be borne by the beneficiaries.
- ❖ Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Govt.
- ❖ Measures for the benefit of armed forces veterans, war widows and their dependents.

Website for the CSR policy: www.hotelclarks.com

U P Hotels Ltd.

Composition of the CSR Committee: Corporate Social Responsibility Committee was consists of following members:

1. Mr. Ravinder Kumar Chadha - Chairman
2. Mr. Arvind Kumar - Member
3. Mrs. Supriya Gupta - Member

CSR Financials

Particulars	Amount in Rs.
Average Net Profit of the company for last three financial years	6,05,16,555/-
Prescribed CSR expenditure (two percent of average net profit for last 3 financial year)	12,10,331/-
Details of CSR spent during the financial year	3,80,725/-
Amount unspent	8,29,606/-*

* Due to unavoidable circumstances, the CSR amount could not be spent fully. The unspent amount will be spent in the current financial year.

Note: The company was required to spend cumulatively Rs.47,10,562/- (Rs.21,28,518/-for F.Y. 2014-15, Rs.13,71,713/- for F.Y. 2015-16, Rs.12,10,331 for F.Y. 2016-17) till 31.03.2017. However only Rs. 3,80,725/- have been spent in F Y 2016-17. The balance unutilized amount will be spent during the financial year 2017-18.

Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Project / activity identified	Sector in which the project is covered	Projects / Programs 1. Local Area / others 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget): Project or program wise	Amount spent on the project / program Sub-heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
1	Education of children in backward areas - Mid day meal supply at Govt. School, Phagi, Jaipur	Promoting Education	Jaipur	specific budget not fixed	22590	22590	Direct
2	Education of children in backward areas - Mid day meal supply at Govt. School, Phagi, Jaipur	Promoting Education	Jaipur	specific budget not fixed	45000	67590	Iskon Food Relief Foundation*
3	Education of children in backward areas	Promoting Education	Perli, Maharashtra	specific budget not fixed	225000	292590	Shrimad Rajchandra Aatma Tatva Research Centre*

4	Swaccha Bharat Aviyan	Sanitation	Agra	specific budget not fixed	88135	380725	Direct
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Iskon Food Relief Foundation (IFRF) is a not-for-profit, non-religious, non-sectarian public charitable trust provides children with the right nutrition to support their education. The Midday Meal Scheme of Govt of India is being implemented by IFRF. A majority of the population in India is still unable to get even one complete square meal for the day, only because they are stuck in the vicious circle of poverty and illiteracy. Mid Day Meal has resolved to liberate the underprivileged from this vicious cycle by serving children with sanctified food.

Shrimad Rajchandra Aatma Tatva Research Centre is a non-profit organization disseminate peace in the world through the Vitraag Vigyan philosophy. It operates numerous social service projects in the field of Education, Health and Women empowerment

CSR Committee Responsibility Statement

CSR Committee affirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Signed

(Chairman - CSR Committee)

(Jt. Managing Director)

(Jt. Managing Director)

Information pursuant to section 197(12) of Companies Act, 2013.
Information pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Executive directors	Ratio to median remuneration
Mr. Apurv Kumar	20.04:1
Mr. Rupak Gupta	20.26:1
Mrs. Supriya Gupta*	2.45:1

Non-Executive directors	Ratio to median remuneration
Justice Mr. Bisheshwar Prasad Singh (Retd.)**	3.45:1
Mr. Arvind Kumar@	0.27:1
Mr. Rabindra Kumar Chadha**	0.37:1

* She was Executive Director of the Company till 14th May, 2016.

** Independent directors and gets sitting fee only.

@ Non Executive director and gets sitting fee only.

- ii. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Director, Chief Executive Officer, Chief Financial Officer, Company Secretary	% increase in remuneration in the financial year
Mr. Apurv Kumar (JMD & CFO)	(1.08)%
Mr. Rupak Gupta (JMD & CFO)	3.69%
Justice Mr. Bisheshwar Prasad Singh (Retd.)*	-
Mrs. Supriya Gupta #	(85.68)%
Mr. Arvind Kumar**	1000%
Mr. Rabindra Kumar Chadha*	(650)%
Mr. Siddharth Ghatak^ - Company Secretary	-
Mr. Prakash Chandra Prusty^^ - Company Secretary	-

* Independent directors and got sitting fee only.

She was Executive Director of the Company till 14th May, 2016.

** Non Executive director and gets sitting fee only.

^ Since Mr. Siddharth Ghatak resigned on 16.05.2016, the full year figures could not be determined and thus % increase in remuneration in the financial year could not be given.

^^ Since Mr. Prakash Chandra Prusty appointed on 15.02.17, the full year figures could not be determined and thus % increase in remuneration in the financial year could not be given.

- iii. The percentage increase in the median remuneration of employees in the financial year: 5.40%.
- iv. The number of permanent employees on the rolls of Company: 721
- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase made in the salaries of employees other than the managerial personnel in the last financial year was around 8%. During the course of the year, there was no increase in the managerial remuneration.

vi. Affirmation that the remuneration is as per the remuneration policy of the company.

The company has adopted policy on remuneration in the financial year 2016-17. The remuneration is as per the remuneration policy of the company.

Information pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details of employees drawing remuneration of equal or more than Rs.8.5 lakh per month or Rs.1.02 crore per annum during the financial year 2016-17:

Name	Designation	Remuneration (Rs.)	Nature of Duties	Qualification and Experience (in years)	Date of Employment	Age (Years)	Previous Employment, Post held & Period
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Details of top ten employees in terms of remuneration during the financial year 2016-17 (as on 31.03.2017):

Name	Designation	Remuneration (CTC basis as on 31.03.2017) - in Rs.)	Nature of Duties	Qualification and Experience (in years)	Date of Employment	Age (Years)	Previous Employment, Post held & Period
Mr. Rupak Gupta	Jt. Managing Director & CFO	4110000/-	Affairs of the Company with respect to Hotel Clarks Siraz, Agra	B. Sc. Management, Hotel Management 17 years	Promoter	46	Promoter
Mr. Apurv Kumar	Jt. Managing Director & CFO	4065000/-	Affairs of the Company with respect to Hotel Clarks Amer, Jaipur, Hotel Clarks Avadh, Lucknow and Hotel Clarks Khajuraho, Khajuraho	Graduate, Hospitality Management, MBA 28 years	Promoter	56	Promoter
Mr. Uberoi Singh Tejpal	Vice President & General Manager	4000000/-	Administration – Clarks Amer	Post Graduate Diploma in Hotel Management 34 years	05.07.2016	58	The Pikadeli New Delhi General Manager 9 months
Mr. Mahipal Singh	Sr. Vice President	3915288/-	Heading the Hotel Operations & General Administration.	B.Com., MDBA 32 years	15.12.2015	57	General Manager in Taj Blue Diamond, Pune (2013-2015)
Mr. K C	Sr. General	2755740/-	Administration,	B. Com. And	01.06.1973	69	Coca Cola

U P Hotels Ltd.

Ajmera	Manager (Administration, Finance Corporate s)		Finance & Accounts	Diploma in Hotel Accounts 48 years			Jai drinks Co. Pvt Limited, Sr. Executive Accounts 2 & 1 years
Co. Kamal Kumar Manglik	Vice President	2532420/-	Unit Head – Hotel Clarks Avadh Lucknow	Degree in M. Sc. (Electronics), PG Diploma in Management, PG Diploma in Information Technology, Diploma in International trade 45 years	15.04.2008	70	Served Indian Army - 35 years General Manager- Centaur Hotel, Delhi Chefair Flight Catering in Hotel Corporation of India
Mr. Naveen Sharma	National Director - sales	2400000/-	Sales & marketing	Diploma in Hotel management 16 years	01.12.2015	42	Fortune Plaze 1 year
Mr. Ashok Agarwal	CEO – Corporate	2383692/-	Corporate & Legal	B. Com. 45 years	Joined 1972	66	This is the First Company
Mr. T P Nair	Executive Manager	2101740/-	Administration	B.Com and CS (Inter) 38 years	Since 1979	61	Engineering Projects India Limited, Steno, 6 months
Mrs. Geetha Subramonian	General Manager – Sales & Marketing	2091024/-	Sales & Marketing	B.A. (Arts) 38 years	12.02.1979	59	This is the First Company
Mr. C P Gupta	General Manager - Finance	2063940/-	Finance & Accounts and Administration	B. Com., Diploma in P C Applications, Short course SMEP 45 years	10.01.1973	67	Crompton Greaves, State bank of Bikaner and Jaipur

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.3.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L55101DL1961PLC017307
ii)	Registration Date	13th February, 1961
iii)	Name of the Company	U P HOTELS LIMITED
iv)	Category / Sub-Category of the Company	Public Limited Company
v)	Address of the Registered Office and contact details	1101, Surya Kiran, 19, Kasturba Gandhi Marg, New Delhi-110 001 Tel. 23722596 / 23722597
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agents, if any	Skyline Financial Services Pvt. Ltd. D-153A, 1st Floor, Okhla Industrial Area, Phase I, New Delhi-110020 Tel: 26812682, 64732681.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Accommodation and food services provided by Hotels	55101	100%

III. PARTICULARS OF HOLDING, SUBSIDY AND ASSOCIATE COMPANIES -

S.No.	Name and Address of the Company	CIN / GNL	Holding /Subsidiary / Associate	Applicable Section
1	NIL			

IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	2194645	544999	2739644	50.73	2194645	544999	2739644	50.73	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt. (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	178650	1854666	2033316	37.65	178650	1854666	2033316	37.65	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (1) :-	2373295	2399665	4772960	88.39	2373295	2399665	4772960	88.39	0
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (2) :-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	2373295	2399665	4772960	88.39	2373295	2399665	4772960	88.39	0

U P Hotels Ltd.

B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	181137	31534	212671	3.94	105526	31534	137060	2.54	-1.40
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakhs	189346	97005	286351	5.30	184779	102275	287054	5.32	0.01
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	106332	0	106332	1.97	106332	0	106332	1.97	0.00
c) Others (specify)									
i) NRI	1513	180	1693	0.03	1573	180	1753	0.03	0.00
ii. Trust	1013	0	1013	0.02	1013	0	1013	0.02	0.00
iii. Hindu Undivided Family	18980	0	18980	0.35	19069	0	19069	0.35	0.00
iv. Clearing Members	0	0	0	0.00	0	0	0	0.00	0.00
v. NBFCs registered with RBI	0	0	0	0.00	74759		74759	1.38	
Sub-total (B)(2):-	498321	128719	627040	11.61	493051	133989	627040	11.61	0.00
Total Public Shareholding (B)=(B)(1)+(B)(2)	498321	128719	627040	11.61	493051	133989	627040	11.61	0.00
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	2871616	2528384	5400000	100.00	2866346	2533654	5400000	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of shares	% of total Shares of the company	% of shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of shares Pledged/encumbered to total shares		% change in share holding during the year
1	Shri Binay Kumar	42860	0.79	0	42860	0.79	0	0
2	Binay Kumar & Family	16625	0.31	0	16625	0.31	0	0
3	Binay Kumar & Sons	11652	0.22	0	11652	0.22	0	0
4	Smt. Veena Binay Kumar	142200	2.63	0	142200	2.63	0	0
5	Shri Alok Kumar	69300	1.28	0	69300	1.28	0	0
6	Smt. Uma Kumar	28800	0.53	0	28800	0.53	0	0
7	Shri Aditya Kumar	53692	0.99	0	53692	0.99	0	0
8	Shri Birendra Kumar	40470	0.75	0	40470	0.75	0	0
9	Birendra Kumar & Sons	66600	1.23	0	66600	1.23	0	0
10	Smt. Rani Upsam	44280	0.82	0	44280	0.82	0	0
11	Shri Apurv Kumar	35126	0.65	0	35126	0.65	0	0
12	Smt. Rajeshwari Kumar	22200	0.41	0	22200	0.41	0	0
13	Shri Arjun Kumar	47780	0.88	0	47780	0.88	0	0
14	Shri Anant Kumar	20692	0.38	0	20692	0.38	0	0
15	Shri Anoop Kumar	86372	1.60	0	86372	1.60	0	0
16	Shri Aryavir Kumar	800	0.01	0	800	0.01	0	0
17	Smt. Renuka Kumar	800	0.01	0	800	0.01	0	0
18	Shri Arvind Kumar	29341	0.54	0	29341	0.54	0	0
19	Smt. Vibha Agrawal	83016	1.54	0	83016	1.54	0	0
20	Shri Vivek Kumar	64566	1.20	0	64566	1.20	0	0
21	Smt. Shipra Kumar	36000	0.67	0	36000	0.67	0	0
22	Shri Udit Kumar	12894	0.24	0	12894	0.24	0	0
23	Shri Manish Kumar	126420	2.34	0	126420	2.34	0	0
24	Shri Rupak Gupta	818524	15.16	0	818524	15.16	0	0
25	P D Gupta & Sons	3600	0.07	0	3600	0.07	0	0
26	Shri Sushil Kumar	77924	1.44	0	77924	1.44	0	0
27	Kumar Sushil (HUF)	98280	1.82	0	98280	1.82	0	0
28	Smt. Meera Kumar	98248	1.82	0	98248	1.82	0	0
29	Shri Upendra Kumar	232796	4.31	0	232796	4.31	0	0
30	Smt. Anuradha Kumar	25092	0.46	0	25092	0.46	0	0
31	Shri Chaitanya Kumar	16200	0.30	0	16200	0.30	0	0
32	Shri Rakesh M Gupta	90520	1.68	0	90520	1.68	0	0
33	Smt. Sudhira Gupta	46280	0.86	0	46280	0.86	0	0
34	Shri Ravi M Gupta	100080	1.85	0	100080	1.85	0	0
35	Smt. Nandini Gupta	36720	0.68	0	36720	0.68	0	0
36	Shri Arnab Kumar	12894	0.24	0	12894	0.24	0	0
37	The Indian Textiles Co. Pvt. Ltd.	1313676	24.33	0	1313676	24.33	0	0
38	Hotel Clarks Varanasi Ltd.	179540	3.32	0	179540	3.32	0	0
39	Banaras House Pvt. Ltd.	540000	10.00	0	540000	10.00	0	0
40	Bonita India Ltd.	100	0.00	0	100	0.00	0	0
	Total	4772960	88.39	0	4772960	88.39	0	0

Note: Securities and Exchange Board of India (SEBI) vide its Order dated 2nd Dec, 2014 (Ref: WTM / PS / 49 / CFD / DEC /2014) confirmed the directions issued vide its interim order dated 4th June, 2013 (Ref: WTM / PS / 08 / CFD / JUN/ 2013) against the company, its directors, promoters and promoter group inter-alia has directed freezing of voting rights and corporate benefits like dividend rights, bonus etc. with respect to the excess of proportionate promoter/promoter group shareholding;

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	There is no change in promoters' shareholding between 01.04.2016 to 31.03.2017			
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs & ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	Radhey Shyam Agrawal	46804	0.87	46804	0.87
2	HB Stock Holdings Ltd.	0	0.00	45697	0.85
3	R R B Securities Ltd.	29042	0.54	29042	0.54
4	New Mellenium Technology Management Limited	25568	0.47	25568	0.47
5	Vibha Nirjay Singh	25974	0.48	25974	0.48
6	Lok Prakashan Ltd.	24900	0.46	24900	0.46
7	Sridas Foundation	21600	0.40	21600	0.40
8	Usha Agrawal	33554	0.62	33554	0.62
9	Raviraj Developers Ltd.	14983	0.28	15183	0.28
10	V K Shah	13850	0.26	13850	0.26
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year (or on the date of separation, if separated during the year)	Same as above			

(v) Shareholding of Directors and Key Managerial Personnel:

S.No.	Name of the Shareholder	Date	Shareholding			Reason	Cumulative Shareholding during the year		Remarks
			No. of shares at the beginning (01.04.2015/ end of the year 31.03.15)	% of total shares of the company	Increase / (Decrease)		No. of Shares	% of total shares of the company	
1	Shri Apurv Kumar	01.04.2016 31.03.2017	35126 35126	0.65 0.65	0.00	Nil movement during the year	35126	0.65	
2	Shri Rupak Gupta	01.04.2016 31.03.2017	818524 818524	15.16 15.16	0.00 0.00	Nil movement during the year	818524	15.16	
3	Smt. Supriya Gupta	01.04.2016 31.03.2017	0 0	0.00 0.00	0.00 0.00		0	0.00	
5	Shri Arvind Kumar	01.04.2016 31.03.2017	29341 29341	0.54 0.54	0.00 0.00	Nil movement during the year	29341	0.54	
5	Shri Ravinder Kumar Chadha	01.04.2016 31.03.2017	0 0	0.00 0.00	0.00 0.00		0	0.00	
6	Shri Bisheshwar Prasad Singh	01.04.2016 31.03.2017	0 0	0.00 0.00	0.00 0.00		0	0.00	
8	Shri Sidharth Ghatak	01.04.2016 31.03.2017	0 0	0.00 0.00	0.00 0.00		0	0.00	
9	Shri Prakash Chandra Prusty	01.04.2016 31.03.2017	0 0	0.00 0.00	0.00 0.00		0	0.00	

U P Hotels Ltd.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri Apurv Kumar	Shri Rupak Gupta	Smt. Supriya Gupta	
1	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	3000000 NA 705000 NA	2944826 NA 805174 NA	317471 NA 90795 NA	6262297 1600969 NA
2	Stock Option	NA	NA	NA	NA
3	Sweat Equity	NA	NA	NA	NA
4	Commission - as % of profit - others, specify	NA NA	NA NA	NA NA	NA NA
5	Others (Contribution to PF)	360000	360000	39194	759194
	Total (A)	4065000	4110000	447460	8622460
	Ceiling as per the Act	*	*	*	*

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors	Sitting Fee	Independent Directors' Meeting	Total Amount (Rs.)	Remarks
1.	Independent Directors					
	• Fee for attending board/committee meetings	Shri Ravinder Kumar Chadha Shri Bisheshwar Prasad Singh	75000 700000	0 0	75000 700000	
	• Commission		0	0	0	
	• Others, please specify		0	0	0	
	Total (1)		775000		775000	
2.	Other Non-Executive Directors					
	• Fee for attending board/committee	Smt. Supriya Gupta** Shri Arvind Kumar	50000 55000	0 0	50000 55000	
	• Commission		0	0	0	
	• Others, please specify		0	0	0	
	Total (2)		105000		105000	
	Total (B)=(1+2)		880000		880000	
	Total Managerial Remuneration	NA	NA	NA	NA	
	Overall Ceiling as per the Act	*	*	*	*	

*The Remuneration paid to Independent Director and other Executive/Non Executive Directors was within the ceiling limit as per the Act and as per shareholders' approval.

** Smt. Supriya Gupta was Executive Director till 14th May, 2016 and she is a non-executive director w.e.f. 15th May, 2016.

C. Remuneraton to key managerial personnel other than MD/Manager/WTD

Sl.No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary		CFO	Total
		Shri Sidharth Ghatak	Shri Prakash Chadnra Prusty		
1	Gross Salary	191790	63000		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	NA	NA	#	
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	115304	136965	#	
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	NA	NA	#	
2	Stock Option	NA	NA		
3	Sweat Equity	NA	NA		
4	Commission - as % of profit - others, specify	NA NA NA	NA NA NA		
5	Others (Contribution to PF)	23015	7560		
	Total	330109	207525		

* Mr. Sidharth Ghatak, Company Secretary resigned w.e.f. 16th May, 2016
Mr. Prakash Chandra Prusty joined on 15th February, 2017 as Company Secretary

Mr. Apurv Kumar & Mr. Rupak Gupta are also CFO of the company, please refer to Part A above for remuneration details.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
C. OTHER OFFICERS IN DEFAULT					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

By the order of the Board of Directors

For U P HOTELS LIMITED

Bisheshwar Prasad Singh
Chairman
DIN: 06949954

Apurv Kumar
Joint Managing Director
& Chief Financial Officer
DIN: 00043538

Rupak Gupta
Joint Managing Director
& Chief Financial Officer
DIN: 00007310

MANAGEMENT DISCUSSIONS & ANALYSIS

INDUSTRY STRUCTURE, DEVELOPMENT, OPPORTUNITIES AND OUTLOOK

The hotel industry is sensitive to economic cycles and witnesses cyclicity, accentuated both by supply and demand. The Indian hotel industry, over the past nine years (FY2008-FY2016), has been in a state of flux—starting from the FY2008 peak to a trough in FY2010, a brief pickup in FY2011 and downhill till it bottomed out in FY2015-2016. After strong headwinds from an adverse demand environment and excess room inventory, the situation has improved over the past 12 months with the pace of room addition slowing down and domestic demand being supportive.

Domestic travelers have been the bedrock of demand for the Indian hotel industry over the past several quarters, foreign traveler arrivals (FTA) faltered. Demand grew by over 10%-12% in FY2016 following 6% and 8% during FY 2014 and FY2015, respectively.

Meetings, incentives, conferences, and exhibitions (MICE) traffic (despite the weak corporate results), destination events, government meetings (particularly in Delhi and State capitals like Hyderabad) and Defence stays collaborated with short-stay business travel to drive demand for rooms despite a 6% growth in supply. Domestic demand outlook is expected to be strong with pickup in economic activity and increase in urban disposable incomes (following the Seventh Pay Commission payouts). FTAs are however expected to be weak during FY2017, given the weak global economic outlook and heightened security concerns worldwide.

The tourism industry is also looking forward to the expansion of E-visa scheme which is expected to double the tourist inflow to India. India is projected to be the fastest growing nation in the wellness tourism sector in the next five years, clocking over 20 per cent gains annually through 2017.

The Indian government has realised the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. In the Union Budget 2017-18, the Government of India announced some initiatives to give a boost to the tourism and hospitality sector such as setting up of five special tourism zones, special pilgrimage or tourism trains and worldwide launch of Incredible India campaign among others.

RISKS, CONCERNS AND THREATS

The hospitality industry is prone to impact due to fluctuations in the economy caused by changes in global and domestic economies, change in market conditions, competition in the industry, government policies and regulations and other factors.

The implementation of Goods and Service Tax (GST) by Government and the applicability of high GST rates as prescribed for 5 star hotels will dampen the spirit of tourists and may lead to affect the revenues of the 5 star hotels. Further, due to weak global economic scenario and security concerns, foreign tourist arrival is expected to be weak.

Hotel industry in India has huge staff turnover. Rising staff & utility costs, staff retention & guests satisfaction are the major concerns of the hotel industry in India. Profitability will continue to be a concern with high operational costs. To meet this situation, hotels have to add new customers and increase occupancy and additional attention has to be provided towards talent search, training and development of human resources on a long term basis.

SEGMENT WISE PERFORMANCE & FINANCIAL PERFORMANCE

The key business segment of the company is hospitality and particularly Hotel Industry.

Your company has four hotels in its portfolio offering 643 rooms at Agra, Jaipur, Lucknow and Khajuraho under the brand name Clarks.

Your Company recorded a turnover of Rs. 87,89,44,889/- as compared to Rs. 86,87,57,452/- in the previous year. The profit for the year after tax amounted to Rs. 4,15,22,749/- as against Rs. 3,92,89,969/- recorded in the previous year.

The average occupancy % registered an increase of 12%, the average room rate decreased by 4.30% in comparison to the previous financial year.

INTERNAL CONTROLS

Your Company has in place a system of internal controls, with documented procedures covering all functions in the hotel operating units. Systems of internal controls are designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

The Company has a systematic process and well-defined roles and responsibilities for people at different hierarchical levels. However, due to the present ongoing disputes and internal differences/disagreements between the management, the appropriate discussions and supervisions of the business activities at the various levels cannot be managed appropriately. This has affected the flow of information at the management level and hence monitoring of the activities at different levels.

DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company believes that its intrinsic strength is its people. The Company has always paid special attention to recruitment and development of all categories of staff. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. Industrial Relations remained stable throughout the year. The total number of people employed by the Company is 721.

CAUTIONARY STATEMENT

Statements made in the Management Discussion and Analysis, describing the Company's objectives, projections, estimates, predictions and expectations may be forward looking statement within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

REPORT ON CORPORATE GOVERNANCE**1. THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Corporate Governance refers to a combination of regulations, procedures and voluntary practices that enables companies to maximize stakeholders' value by attracting financial and human capital and efficient performance.

As a responsible corporate citizen, it is the earnest endeavour of the Company to improve its focus on Corporate Governance by increasing accountability and transparency to shareholders, bankers, customers etc.

The Company is aware regarding the Corporate Governance norms required for the compliances. There are certain discrepancies/irregularities during the said Financial Year 2016-17. However, the board has met several times and many irregularities have since been complied with. However, due to the differences in opinion amongst the promoters, few non-compliance is still pending.

2. BOARD OF DIRECTORS

As on 31st March, 2017, the Board comprised of total 6 directors. 2 were executive directors, 2 were non-executive directors and 2 were independent director. Independent Directors do not have any material pecuniary relationship and haven't entered into any transactions with the Company, its promoters & its management, which in the judgment of the Board may affect independence of the judgment of the Directors.

2.1 During the financial year ended 31st March, 2017, eight board meetings were held. These were held on 30.04.2016, 04.06.2016, 22.06.2017, 22.08.2016, 07.09.2016, 25.01.2017, 20.02.2017 and 19.03.2017.

2.2 Details of attendance of directors at board meetings during the financial year and at the Company's fifty fifth Annual General Meeting together with the number of other directorships and committee memberships (other than U P Hotels Limited) held by them are as follows:

Name & Designation	Category	Attendance		No. of other Directorships		No. of other Board Committees in which he is a member or chairperson	
		Board Meeting	Last AGM	Public	Private	Chairperson	Member
Justice Mr. Bishshwar Prasad Singh (Retd.) (Chairman)*	Non – Executive – Independent	5	Yes	2	0	-	1
Mr. Apurv Kumar (Joint Managing Director)	Promoter - Executive	7	Yes	7	11	-	-
Mr. Rupak Gupta (Joint Managing Director)	Promoter – Executive	7	Yes	3	7	-	-
Ms. Supriya Gupta (Executive Director) \$	Promoter – Non – Executive	7	Yes	1	4	-	-
Mr. Arvind Kumar (Director)	Promoter – Non-Executive	7	Yes	5	8	-	-
Mr. Ravinder Kumar Chadha (Director) **	Independent – Non Executive	8	Yes	Nil	Nil	-	-

*Justice Mr. Bisheshwar Prasad Singh (Formar Judge of Supreme Court of India) has been appointed as Non Executive Independent Director of the company by Hon'ble National Company Law Tribunal vide its order dated 19.08.2016.

\$ Mrs. Supriya Gupta ceased to be an Executive Director with effect from 14.05.2016.

** Mr. Ravinder Kumar Chadha ceased to be a director of the company with effect from 31.03.2017.

As on date of this report, Mr. Shafi Alam has been appointed as an Independent Director of the Company with effect from 12.05.2017.

The attendance of directors at the meeting of Board of Directors during Financial Year 2016-17 is as below:

Name of Directors	No. of shares held as on 31.03.17	Attendance at Board Meetings							
		30.04.2016	04.06.2016	22.06.2016	22.08.2016	07.09.2016	25.01.2017	20.02.2017	19.03.2017
Justice Mr. Bishshwar Prasad Singh (Retd.)	Nil	N	N	N	Y	Y	Y	Y	Y
Mr. Apurv Kumar	35126	Y	Y	N	Y	Y	Y	Y	Y
Mr. Rupak Gupta	818524	Y	N	Y	Y	Y	Y	Y	Y
Ms. Supriya Gupta	Nil	Y	N	Y	Y	Y	Y	Y	Y
Mr. Arvind Kumar	29341	Y	Y	N	Y	Y	Y	Y	Y
Mr. Ravinder Kumar Chadha	Nil	Y	Y	Y	Y	Y	Y	Y	Y

S. No.	Date	Board Strength	No. of Directors present
1	30.04.2016	5	5
2	04.06.2016	5	3
3	22.06.2016	5	3
4	22.08.2016	6	6
5	07.09.2016	6	6
6	25.01.2017	6	6
7	20.02.2017	6	6
8	19.03.2017	6	6

The gap between the board meetings held between 07.09.2016 and 25.01.2016 was more than 120 days.

Inter-se relationship of directors:

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

None of the other directors are related to each other.

All the directors have as on 31st March, 2017, filed the requisite declarations stating that the disqualification contemplated under Section 164 of the Companies Act, 2013 do not apply to them.

All the directors and members of senior management have as on 31st March, 2017 have attended the compliances related to:

- The code of conduct for Prevention of Insider Trading in its equity shares.
- The disclosures relating to all material and financial transactions.

U P Hotels Ltd.

One Separate Meeting of the Independent Directors pursuant to Section 149(8) and Schedule IV of the Companies Act, 2013 was held on 20th February, 2017. The familiarization program for independent directors is provided as a part of directors' appointment and remuneration policy. The policy and details of familiarization imparted to independent directors is disclosed at company's website at www.hotelclarks.com.

3. **AUDIT COMMITTEE**

Brief description of terms of reference

The brief terms inter alia include:

1. Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include, -
 - i) The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
 - ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 - iii) Examination of the financial statement and the auditors' report thereon;
 - iv) Approval or any subsequent modification of transactions of the company with related parties;
 - v) Scrutiny of inter-corporate loans and investments;
 - vi) Valuation of undertakings or assets of the company, wherever it is necessary
 - vii) Evaluation of internal financial controls and risk management systems; Monitoring the end use of funds raised through public offers and related matters

Composition, name of members, Chairperson, Meetings & attendance at Audit Committee:

S. No.	Name of Member	Designation in Committee	Designation in Company	Date of the Meetings Held	No. of meetings attended
1.	Justice Mr. B. P. Singh (Retd.)	Chairman	Independent director	07-09-2016 20-02-2017 19-03-2017	3
2.	Mr. Ravinder Kumar Chadha	Member	Independent director		3
3.	Mr. Arvind Kumar	Member	Non-Executive Director		3

There were only three meetings of Audit committee during the year. The gap between the Audit Committee meetings held between 07.09.2016 and 20.02.2017 was more than 120 days.

Mr. Bisheshwar Prasad Singh was appointed as an Independent director of the company with effect from 22.08.2016. Mr. Ravinder Kumar Chadha ceased to be a director with effect from 31.03.2017. All the members of the Committee are financially literate within the meaning of explanation 1 to Clause 49(II)(A) of the Listing Agreement. Mr. Shafi Alam, Independent Director is a new member of Audit Committee with effect from 12.05.2017.

All the members of Audit Committee are financially literate. The Company Secretary acts as the Secretary to the Committee. During the Financial Year 2016-17, Mr. Sidharth Ghatak, was Company Secretary of the Company. He resigned from the company on 16.05.2016. Mr. Prakash Chandra Prusty joined the company as Company Secretary with effect from 15.02.2017.

4. NOMINATION AND REMUNERATION COMMITTEE

Brief terms of reference:

- Formulation of the criteria for determining qualifications, Positive attributes and independence of a director;
- To identify persons qualifies to become directors and who may be appointed in senior management and to recommend to the Board for their appointment and removal;
- Recommend to the Board a policy relating to remuneration for directors, key managerial personnel and other employees;
- Evaluation of every director's performance & the Board;
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

Following policies have been formulated during the period under review:

- Nomination & Remuneration Policy;
- Policy for Succession Planning for directors and senior management;

Composition, name of members, Chairperson, Meetings & attendance at this Committee:

S. No.	Name of Member	Designation in Committee	Designation in Company	Date of the Meetings	No. of meetings attended
1.	Justice Mr. B. P. Singh (Retd.)	Chairman	Independent director	25-01-2016 20-02-2017 18-03-2017	3
2.	Mr. Ravinder Kumar Chadha	Member	Independent director		3
3.	Mrs. Supriya Gupta	Member	Non-Executive Director		3

Mr. Bisheshwar Prasad Singh was appointed as an independent director of the company with effect from 22.08.2016. Mr. Ravinder Kumar Chadha ceased to be a director with effect from 31.03.2017. Mr. Shafi Alam, Independent Director is a new member of this Committee with effect from 12.05.2017.

Performance evaluation criteria for independent directors

During the year under review, the Board adopted a Performance Evaluation Policy for Directors which provides inter alia the criteria for evaluation of performance of independent directors.

Remuneration of Directors

The details of remuneration paid to Managerial Personnel of the Company in Financial Year 2016-17 are as below:

S. No.	Name	Designation	Salary	Perquisites & Allowances	Other Benefits (contribution to Provident Fund)	Total	Stock Options Granted	No. of Shares as on 31.03.17	Service Contract/ Notice Period/severance fees
1.	Mr. Apurv Kumar	Jt. Managing Director	3000000/-	705000/-	360000/-	4065000/-	Nil	35126	Shareholders re-appointed Mr. Apurv Kumar for a period of 1 year w.e.f. 22.05.2016. Notice period is as per company's policy. No severance fees.

U P Hotels Ltd.

2.	Mr. Rupak Gupta	Jt. Managing Director	3000000/-	750000/-	360000/-	4110000/-	Nil	818524	Shareholders appointed Mr. Rupak Gupta, for a period of 1 year w.e.f. 15.05.2016. Notice period is as per company's policy. No Severance fees
3.	Mrs. Supriya Gupta	Executive Director	326613/-	81653/-	39194/-	447460/-	Nil	Nil	Mrs. Supriya Gupta was an Executive Director of the company till 14.05.2016. No Severance fees

Non-executive Directors and Independent Directors are being paid sitting fee for attending each meetings of the Board and Committees. Justice Mr. Bisheshwar Prasad Singh (Retd.) – Non executive Independent Director is being paid Rs.1,00,000/- for attending each meeting of Board of directors and or Committees held on same day. The other independent director and non-executive directors are being paid Rs.5,000/- for attending each meeting of the Board and its Committees. The details of remuneration/sitting fee paid to the Independent Directors and Non-executive directors during the financial year 2016-17 are detailed below:

S. No.	Name of the Independent Director	Sitting fee paid (Rs.)	Stock Options Granted	No. of Shares held on 31.03.2017.
1.	Justice Mr. Bisheshwar Prasad Singh (Retd.) - Non executive Independent Director	7,00,000/-	Nil	Nil
2.	Mr. Ravinder Kumar Chadha - Non executive Independent Director	75,000/-	Nil	Nil
3.	Mr. Arvind Kumar - Non executive Director	55,000/-	Nil	29341
4.	Ms. Supriya Gupta - Non executive Director (with effect from 15.05.2016)	50,000/-	Nil	Nil

Justice Mr. Bisheshwar Prasad Singh (Retd.) was appointed by Hon'ble National Company Law Tribunal vide its Order dated 19.08.2016. Mr. Ravinder Kumar Chadha ceased to be a director of the Company with effect from 31.03.2017.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

During the year under review, the Stakeholders' Relationship Committee comprised of Mr. Ravinder Kumar Chadha (Chairman-Independent Director), Mr. Arvind Kumar and Mrs. Supriya Gupta.

The Company Secretary acts as the Secretary to the Committee. During the Financial Year 2016-17, Mr. Sidharth Ghatak, was Company Secretary of the Company. However, he resigned from the company on 16.05.2016. Mr. Prakash Chandra Prusty joined the company as Company Secretary with effect from 15.02.2017.

Shareholders Complaints

Number of shareholders' complaints received so far	:	2
Number of complaints solved to the satisfaction of the shareholders	:	2
Number of complaints not solved to the satisfaction of the shareholders	:	Nil
No. of pending complaints	:	Nil

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Company re-constituted its Corporate Social Responsibility ("CSR") Committee during the year under review:

Composition, name of members, Chairperson, Meetings & attendance at Corporate Social Responsibility (“CSR”) Committee:

S. No.	Name of Member	Designation in Committee	Designation in Company	Date of Meetings Held	No. of meetings attended
1.	Mr. Ravinder Kumar Chadha	Chairman	Independent director	18-03-2017	1
2.	Mrs. Supriya Gupta	Member	Non-Executive director		1
3.	Mr. Arvind Kumar	Member	Non-Executive Director		1

As per recommendation of Corporate Social Responsibility Committee, the Board has adopted CSR policy.

The role and responsibilities of CSR Committee inter alia is as below:

1. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
2. To review and recommend the amount of expenditure to be incurred on the CSR related activities to be undertaken by the company;
3. To institute a transparent monitoring mechanism for the implementation of the CSR projects, programs and activities undertaken the Company from time to time;
4. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

One meeting of this committee was held on 18.03.2017

7. GENERAL BODY MEETING

7.1 Location and time where the last three Annual General Meetings held:-

Financial year	Date of Meeting	Place	Time	Details of Special Resolution Passed Therein
2013-14	30-09-2016	PHD House, Opposite Asian Games Village, New Delhi	02.00 p.m.	1. Re-fixation of remuneration of Shri Birendra Kumar as Chairman & Managing Director for F. Y. 2012-13; 2. Re-fixation of remuneration of Shri Apurv Kumar as Jt. Managing Director for F. Y. 2012-13; 3. Re-fixation of remuneration of Shri Rupak Gupta as Joint Managing Director for F. Y. 2012-13; and 4. Re-fixation of remuneration of Smt. Supriya Gupta - Executive Director for F. Y. 2012-13.
2014-15	18-03-2017	-Do-	09.30 a.m.	1. Re-appointment of Mr. Birendra Kumar as Chairman & MD & CEO for a period of one year with effect from 15.05.2015; 2. Re-appointment of Mr. Apurv Kumar as Joint Managing Director & CFO for a period of one year with effect from

U P Hotels Ltd.

				15.05.2015; 3. Re-appointment of Mr. Rupak Gupta as Joint Managing Director & CFO for a period of one year with effect from 15.05.2015; and 4. Re-appointment of Mrs. Supriya Gupta as Executive Director for a period of one year with effect from 15.05.2015;
2015-16	31-03-2017	-Do-	09.30 a.m.	1. Re-appointment of Mr. Apurv Kumar as Joint Managing Director & CFO for a period of one year with effect from 15.05.2016; and 2. Re-appointment of Mr. Rupak Gupta as Joint Managing Director & CFO for a period of one year with effect from 15.05.2016.

No ordinary or special resolution requiring a postal ballot under section 110 of the Companies Act, 2013 was placed before the last Annual General Meeting. Similarly, no ordinary or special resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.

8. **DISCLOSURES**

- 8.1 No money was raised by the Company through public issue, right issue, preferential issues etc. in the last financial year.
- 8.2 The transactions with related parties could not be placed before the Audit Committee for approval due to differences between the management; Further, no contracts with the related party was approved, therefore the same was not entered in the register maintained under section 189 of the Companies Act, 2013. Further, there was no material related party transactions during the year under review. The mandatory disclosure of transactions with related parties in compliance with the Accounting Standards AS – 18 is a part of this Annual Report and disclosed in Notes to Schedule 39; During the financial year under review, the company has formulated a policy on dealing with related party transactions. The policy on dealing with related party transactions is available at company's website at www.hotelclarks.com.
- 8.3 In preparing the Annual Accounts in respect of the financial year ended 31st March, 2017, no accounting treatment was different from that prescribed in the Accounting Standards (as amended);
- 8.4 The company could not publish the quarterly financial results for any of the quarters for the reporting period. However, the company is taking necessary steps to comply with this requirement.
- 8.5 The company could not file the Corporate Governance Reports for the quarter ended 31.03.2016, 30.06.2016, 30.09.2016 and 31.12.2016; however as on date of this report, the company has filed these reports with stock exchange.
- 8.6 The company has not yet achieved 100 per cent dematerialization of the shares of promoter's group during the year. The promoters have assured that they will endeavor to comply with this requirement.
- 8.7 Bombay Stock Exchange had levied penalty aggregating to Rs.12,12,364/- on the Company for non compliance of certain clauses of Listing Agreement as per their letter dated 12.01.2015. The company is yet to settle the matter with Stock Exchange.
- 8.8 Since the Company could not comply with Regulation 38 of Listing Regulations (erstwhile Clause 40A of the Listing Agreement), Securities & Exchange Board of India (SEBI) vide its order dated 04.06.2013 and 02.12.2014 inter alia directed freezing of voting rights and corporate benefits with respect to excess of proportionate promoter/promoter group

shareholding and other directions against the promoter shareholders and directors. The appeal filed before the Securities Appellate Tribunal has been disposed off with certain directions. The Company has filed an application with Securities and Exchange Board of India for relaxation of its order to enable the promoters to consider delisting of shares as an option for compliances.

- 8.9 The directors and other identified persons have observed and complied with the requirements of Code of Conduct for Prevention of Insider Trading in Equity Shares of the Company in accordance with Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- 8.10 During the financial year 2016-17, the company has formulated a Whistle Blower Policy/Vigil Mechanism which encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment and further affirm that no personnel has been denied access to the audit committee.
- 8.11 Since the company has no subsidiary during the financial year under review, it did not formulate policy for determining material subsidiaries.
- 8.12 Following Policies have been adopted by the company during the Financial Year 2016-17:
- Code of Conduct Policy including the Whistle Blower Policy
 - Code of Internal Procedures and conduct for regulating, monitoring and reporting of trading by insiders
 - Nomination & Remuneration Policy
 - Policy for determination of materiality of events
 - Website contents archival policy
 - Familiarization program for independent directors
 - Policy on Materiality of related party transactions and dealing with Related Party Transactions
 - Board Diversity Policy
 - Policy for Preservation of Records
 - Risk Management Policy
 - Policy for succession planning for Directors and Senior Management
 - Board Performance Evaluation Policy
 - Legal and Regulatory Compliance Policy
- 8.13 Report on Corporate Governance for the quarters ended 30.06.2014, 30.09.2014, 31.12.2014, 31.03.2015, 30.06.2015, 30.09.2015, 31.12.2015, 31.03.2016, 30.09.2016, 31.12.2016, 31.03.2017 and 30.06.2017 have been filed with BSE.
- 8.14 Details of compliance of mandatory and non mandatory requirements of corporate governance are provided in this report.
- 8.15 Compliance with discretionary requirements/non mandatory requirements:
- a. The Board: The Company has a non-executive independent director as its Chairman.
 - b. Shareholder right: Not sent half-yearly declaration on financial performance to shareholders.
 - c. Modified opinion in audit report: The Board gives necessary clarification on qualifications, remarks etc in Audit report.
 - d. Separate posts of chairperson and chief executive officer: The Company is striving to comply with this requirement. However as on date, company has a non-executive independent director as its Chairman.
 - e. Reporting of internal auditor: The reports of internal auditor are reviewed in the Audit Committee meeting.

9. MEANS OF COMMUNICATION.

- 9.1 Half yearly report sent to each shareholder: No

U P Hotels Ltd.

- 9.2 Quarterly Results
- Which newspapers normally published in Not published in FY 2016-17
 - Any website where displayed Not displayed in FY 2016-17
 - Whether it also displays official news releases and presentation made to institutional investors/analyst No
- 9.3 Whether management discussion & analysis is a part of annual report or not Yes, management discussion & analysis is a part of the annual report.

10. GENERAL SHAREHOLDER INFORMATION

10.1 AGM : Date, time & venue

56th Annual General Meeting

Date : 25th September, 2017

Time : 2.30 p.m.

Venue : Modi Hall, PHD House, Opposite Asian Games Village, New Delhi-110016

10.2 Financial Year: 1st April to 31st March

Financial Calendar (tentative) for Results

1st Quarter

2nd Quarter

3rd Quarter

4th Quarter

The Company was not able to prepare and publish the quarterly results as per the tentative dates given against each quarter due to differences/dis-agreement on certain issues between the promoters groups.

10.3 Date of Book Closure

Monday, 18.09.2017 to Monday, 25.09.2017 (both days inclusive)

10.4 Dividend

No dividend is proposed at the forthcoming Annual General Meeting for the F.Y. ended 31-03-2017.

10.5 Listing On Stock Exchange

The shares of the company are listed on BSE Ltd, Mumbai (BSE). However, due to non-compliance of Listing Agreement / Listing Regulations, the trading has been suspended.

An annual Listing fee as prescribed has been paid to the BSE Ltd. (BSE), Mumbai for 2017-18.

10.6 Stock Code

509960 (BSE)

10.7 Designated e-mail ID for Investors' Grievances

uphlinvestorgrievance@bol.net.in

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

BSE Limited has suspended the trading of equity shares of the company vide its letter dated 12th January, 2015 and thus monthly high and low market price date of equity share traded on BSE Limited during the year under review can not be provided. Accordingly, performance in comparison to broad-based indices viz. BSE Sensex, CRISIL Index etc can not be provided.

10.9 Registrar & Share Transfer Agent The company has engaged the services of Skyline Financial Services Pvt. Ltd. as its Registrar and Transfer Agent for physical transfer of shares as well as for electronic connectivity with NSDL & CDSL.

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

10.11 Shareholding Pattern as on 31st March, 2017:

	Category	No of Shares held	% of Share holding
1	<u>Promoter's holding</u>		
	Indian Promoters*	47,72,960	88.39
	Foreign Promoters	Nil	Nil
2	<u>Persons acting in concert</u>	Nil	Nil
	Sub Total (1 & 2)	47,72,960	88.39
	<u>Non-Promoters Holding</u>		
3	<u>Institutional Investors</u>		
	a) Mutual Funds & UTI	Nil	Nil
	b) Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions, Non-Govt. Institutions)	Nil	Nil
	c) Foreign Institutional Investors	Nil	Nil
	Sub Total (3)	Nil	Nil
4	<u>Others</u>		
	a) Private Corporate Bodies	2,11,819	3.92
	b) Indian Public	4,12,455	7.64
	c) NRIs/OCBs	1,753	0.03
	d) Any other (Trust)	1,013	0.02
	e) Clearing Member/House	0	0.00
	Sub Total (4)	6,27,040	11.61
	Grand Total (1 to 4)	54,00,000	100.00

*as per Promoters' declarations

U P Hotels Ltd.

10.12 Distribution of Shareholding as on 31st March, 2017:

Shareholding of Nominal Value	No. of Shareholders	% of Share-Holders	Share Amount	% of Share-Holding
Upto - 5000	974	84.77	10,12,750	1.88
5001 – 10000	57	4.96	4,03,910	0.75
10001-20000	35	3.05	5,01,080	0.93
20001-30000	13	1.13	3,23,080	0.60
30001-40000	11	0.96	3,73,760	0.69
40001-50000	3	0.26	1,43,020	0.26
50001-100000	10	0.87	7,44,080	1.38
100001 & above	46	4.00	5,04,98,320	93.51
Total	1,149	100.00	5,40,00,000	100.00

10.13 Dematerialisation of Shares & Liquidity.

The company's shares are traded in dematerialised form and have to be delivered in the dematerialised form to all stock exchanges. The number of shares dematerialised as on 31st March, 2017 was 28,66,346 (53.08% of the total paid up capital) and the balance of 25,33,654 representing 46.92% were held in physical form. Investors may open an account with depository participant registered with either National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL).

The company is yet to achieve 100% dematerialization of the promoters' group shareholding as required under circular no. DCS/COMP/CIR-03/2011-12 dated 29.6.2011 of BSE Ltd. As on 31.3.2017 only 43.95% of the promoters' shareholding have been dematerialized.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's share is INE726E01014.

10.14 Information with regard to shares lying in "Unclaimed Suspense Account" as required under Regulation 39:

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

10.15 Outstanding GDRs/ADRs Warrants or any convertible instruments, conversion date and likely impact on Equity.

The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.

- 10.16 Hotel locations
Clarks Shiraz, 54, Taj Road, Agra
Clarks Amer, Jawahar Lal Nehru Marg, Jaipur
Clarks Avadh, 8, Mahatma Gandhi Marg, Lucknow
Clarks Khajuraho, Bamitha Road, Khajuraho

For any assistance regarding dematerialisation of shares, shares transfer, transmission, change of address and any other query relating to shares, please correspond with Registrars - Skyline Financial Services Pvt. Ltd.

- 10.17 Address for correspondence Registrars:
Skyline Financial Services Pvt. Ltd.
D-153/A, 1st floor
Okhla Industrial Area, Phase I
New Delhi-110020.
Tel. 011-26812682

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

For any assistance regarding dematerialisation of shares, shares transfer, transmission, change of address and any other query relating to shares, please correspond with Registrars - Skyline Financial Services Pvt. Ltd.

- 10.18 Transfer of Equity Shares of the Company, held by shareholders, to the Investor Education and Protection Fund (IEPF) Suspense Account

As per Section 124 and other applicable provisions of the Companies Act, 2013 ("the Act"), all unpaid / unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, after completion of seven years. The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") notified by MCA, became effective from September 7, 2016. The Rules (as amended), contain provisions for transfer of all shares, in respect of which dividend has not been paid or claimed for seven consecutive years or more, to an IEPF Suspense Account.

Kindly note that if the dividend amounts (for last 7 years) are not claimed by shareholders within the stipulated time period (to be notified by the company) and continue to remain unclaimed, the Company will be compelled to transfer the shares (related to such unclaimed dividend amount) to the IEPF Suspense Account, without any further notice, by following the due process as provided in the aforesaid Rules.

11. MANAGEMENT RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement for the financial year ending 31st March, 2017, in conformity with the requirement of the Companies Act, 2013 has been included in the Directors' Report to the Shareholders. A Management Discussion and Analysis Report has been annexed to the Directors' Report.

The Internal Auditors, M/s S S Kothari Mehta & Co. and Haribhakti & Co. LLP, have conducted periodic audit of systems and procedures to provide reasonable assurance that the activities are conducted in a manner not prejudicial to interests of the Company.

The Company has obtained the Secretarial Audit Report for the financial year ending 31st March, 2017 pursuant to the section 203 of the Companies Act, 2013 from a Practicing Company Secretary duly appointed for this purpose, the same has been attached along with the Boards' Report. The Board of Directors of the Company has initiated the necessary measures required for the rectification of the Non-compliances and observations which have been referred in the Report.

U P Hotels Ltd.

The financial accounts are in full conformity with the requirements of the Companies Act, 2013. These accounts reflect fairly the form and substance of transactions and present a true view of the Company's financial condition and the results of its operations.

12. COMPLIANCE CERTIFICATE OF THE AUDITORS

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as required by Schedule V of Listing Regulations.

13. CODE OF CONDUCT

The Company has framed a Code of Conduct and Ethics for members of the Board and Senior Management personnel of the Company. The said Code of Conduct is available on the website of the Company. The declaration by Joint Managing Director(s) is given below:

"We declare that all members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct and Ethics for the financial year 2016-17."

Apurv Kumar
Joint Managing Director

Rupak Gupta
Joint Managing Director

14. CEO & CFO CERTIFICATION

In terms of Regulations 17(8) of the Listing Regulations, the CEO and CFO certification is provided in the Annual Report.

**For and on behalf of the Board of Directors
of U P Hotels Limited**

Bisheshwar Prasad Singh
Chairman
DIN: 06949954

Apurv Kumar
Joint Managing Directors
& Chief Financial Officer
DIN: 00043538

Rupak Gupta
Joint Managing Directors
& Chief Financial Officer
DIN: 000073310

Placed: New Delhi
Dated: 20.08.2017

To
The Board of Directors
U P Hotels Limited
1101, Surya Kiran Building,
19, Kasturba Gandhi Marg,
New Delhi- 110001

08.08.2017

Re: CEO/CFO Certification

As stipulated in Regulations 17(8) of Listing Regulations, 2015, we hereby certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2017 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are to the best of our 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) We accept responsibility for establishment and maintaining internal controls for financial reporting, the Company is having a system of internal controls, however due to the ongoing disputes and internal differences/disagreements between the management and ongoing suits which have been filed at the Hon'ble Civil Court, Lucknow, and in the Hon'ble NCLT, New Delhi, the appropriate discussions, supervisions, review on the affairs, operation of the company could not take place during the year under review at Board level. However, the Audit Committee discusses and take note of the Internal Audit Reports at appropriate intervals. The Company is in the process to introduce /implement internal financial controls in the ensuing year.
- d) We have indicated to the Auditors and the Audit Committee:
 - i. The company has a system of internal control over financial reporting during the year under reference; however due to the ongoing disputes and internal differences between the management there are certain discrepancies which resulted in non-compliances and management has initiated needful actions to fix the fragments in the internal control systems.
 - ii. There has not been any significant change in accounting policies during the year except for Accounting of Property, Plant & Equipment at cost and Dividend which are explained in the notes to accounts; and
 - iii. There were no instances of fraud during the year.

For **U P Hotels Limited**

Apurv Kumar
Jt. Managing Director & CFO
DIN: 00043538

Rupak Gupta
Jt. Managing Director & CFO
DIN: 00007310

AUDITOR'S CERTIFICATE

**To
The Members of
U.P. Hotels Limited**

We have examined the compliance of conditions of Corporate Governance by **U.P. Hotels Limited** ("the company") for the year ended 31 March 2017, as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C,D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Based on our examination, we state that:

- i) *The Company has not complied with Regulation 38 of the Listing Regulation as regards minimum public shareholding.*
- ii) *The time gap between two meetings of the Board of Directors and Audit Committee was more than 120 days. Further, the Audit Committee met only three times instead of four times.*
- iii) *The Company is yet to achieve 100% dematerialization of the promoter's group shareholding as required by circular of BSE Ltd.*
- iv) *The Company was not able to prepare and publish the quarterly/yearly results ending on or after 30th June, 2014.*
- v) *The related party transactions were not approved by the Audit Committee and Board of Directors. The register maintained under the Act was not updated.*
- vi) *The Company has not executed the new listing agreement during the financial year.*
- vii) *Certain ongoing disputes and internal differences between the management has resulted in discrepancies and non-compliances of various provisions of the Companies Act, 2013, Listing Agreement/Regulations etc. Certain non-compliances at the beginning of the year have been complied with till date.*

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the management, *we certify that the Company has not complied with the conditions of Corporate Governance* as specified in Regulations 17 to 27, Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 and Paragraphs C, D and E of Schedule V of Listing Regulations, as applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on use

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For RAY & RAY

Chartered Accountants

Firm Registration no. 301072E

(A.K. Sharma)

Partner

Membership No. 80085

New Delhi, 20thAugust, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of U.P. Hotels Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **U.P. Hotels Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and consistent application of appropriate accounting policies and making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that operate effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Basis of Qualified Opinion

Attention is drawn to the following notes:

- (i) Note 51as regards incurring an amount of Rs. 1,210,331 during the year on Corporate Social Responsibility (CSR) activities against which only Rs. 380,725 was spent. Further the cumulative balance unspent amount of CSR activities as on 31st March, 2017 amounted to Rs. 4,329,837.
- (ii) Note 52 as regards an advance in nature of loan to two relatives of a Joint Managing Director for which compliance of Section 185 of the Companies Act, 2013 could not be made.
- (iii) Note 53.1 to 53.3as regards non-compliance of Minimum Public Shareholding by way of issue of bonus shares in terms of shareholders resolution dated 23.07.2013 on account of various litigations, delisting etc. as explained in the said notes. As such, the Company is yet to comply with the Listing Regulation as regards Minimum Public Shareholding, Securities & Exchange Board of India directives etc. This matter is yet to be sorted out amongst the promoters/promoter groups. This was also mentioned in our previous report.
- (iv) Note 54.1 to 54.3 as regards concerns raised by the two Joint Managing Directors regarding working of the hotels and certain/various aspects of management and other matters, petition filed by one Joint Managing Director under Sections 397/398, 402, 403 and 237 of the Companies Act, 1956 and Sections 219 & 220 of the Companies Act, 2013 for oppression & mismanagement and raising of various concerns before the Company Law Board (now the National Company Law Tribunal) and contesting of the petition by the other Joint Managing Director which is explained in the said notes, on which we are unable to make any comment. The matter is pending. Due to ongoing disputes and internal differences, there are differences of opinion/disagreement in the manner in which the internal financial controls need to be strengthened further and certain discrepancies / non compliances relating to various Acts, Listing Regulations etc. Further the Company could not put into an operation, the policy on risk management during the year and is the process to introduce /implement internal financial controls along with risk matrix / management system. The said note also indicates the uncertainty related to the outcome of the above legal matter i.e. petition filed.
- (v) Note 55as regards non-compliance of various provisions of SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 (viz. Publication of financial results for any of the quarter ending after 31st March, 2014, Minimum Public Shareholding, 100% dematerialisation of promoters shareholding), Provisions of Companies Act, 2013 (viz. Approval of Related Party Transaction under Section 188 by the Audit Committee & the Board of Directors as mentioned in para 55 (1) (d) and recording of such transaction in the register under Section 189, Non Compliance of Section 173 (1) of the Companies Act, 2013 etc.), Income Tax Act, 1961 (non-filing of tax audit reports for 2014-15 and 2015-16 and tax returns for the same) and other matters (approval of budget- capital or operation, performance etc.) as explained in said notes on account of various disputes/litigations, differences of opinion/disagreements etc. As such appropriate discussions / supervision / review / flow of information / monitoring could not take place. These defaults and non-compliances in current and previous years may result in penalties etc. which are not quantifiable at this stage. This was also mentioned in our earlier report.
- (vi) Note 56.1 as regards notices and complaints received from Registrar of Companies by the Company. This also indicates the uncertainty related to the outcome of these matters.
- (vii) The ultimate outcome of the matter specified in paras (i) & (vi) cannot be presently be determined and its consequential impact on these financial statements cannot be ascertained.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters described in the basis of Qualified Opinion paragraph, the financial statements give the information so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017 and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following:

- (i) Note 40.6 as regards ascertainment of gratuity liability from an approved actuary in respect of Lucknow unit and certain employees in absence of details from Life Insurance Corporation of India as explained therein.
- (ii) Note 42 as regards the decision of the Company to adopt the cost model for Accounting Standard (AS) 10 "Property, Plant and Equipment" and adjustment of Revaluation Reserve of Rs. 15,384,909 as at 1st April, 2016.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required the Companies (Auditor's Report) Order 2016, issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Companies Act, 2013 ('the Act'), we give in the Annexure-A-a statement on the matters specified in paragraphs 3 &4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a. *Except for the matters described in the Basis of Qualified Opinion paragraph, 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. *Except for the matters described in the Basis of Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;*
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. *Except for the matters described in the Basis of Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;*
 - e. on the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013.
 - f. With respect to the adequacy of the internal financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-B.

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations against the Company on its financial position in its financial statements in Note 28 A. *However, the impact of pending litigation on its financial position in its financial statements is not indicated in Note 54.2.*
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosure in Note 44.1 in its financial statement as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December, 2016 and those are in accordance with books of account maintained by the Company. *However, attention is invited to Note 44.2 where certain units encashed foreign currency in excess of limits prescribed.*

For RAY & RAY
Chartered Accountants
Firm Registration no. 301072E

Place: New Delhi
Date: 8th August, 2017

(A.K. Sharma)
Partner
Membership no. 080085

ANNEXURE-A TO INDEPENDENT AUDITORS' REPORT

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

- (i) a) The Company has generally maintained proper records showing full particulars regarding valuation of different type of assets including quantitative details and situation of fixed assets. *The Company is still in the process of updating its records showing item-wise details etc. of the fixed assets.*
- b) The Company has a regular programme of physical verification of its fixed assets. During the year physical verification of assets was conducted by the management and firm of Chartered Accountants as mentioned in Note 30.1. No verification of assets was carried out at Corporate Office. In our opinion, the frequency of verification is reasonable (except for Corporate Office assets) having regard to the size of the Company and nature of its asset. The discrepancies noticed between book records and physical records were not material and have been properly dealt with in the books of account.
- c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the titles deeds of immovable properties are held in the name of the Company *except for the following which are in the name of the Company erstwhile Uttar Pradesh Hotels & Restaurants Limited (Note 30.2):*

Type of land	Location	Gross Block (Rs.)	Net Block (Rs.)
Freehold Land	Khajuraho	1,811,501	1,811,501
Leasehold Land	Jaipur	117,685	111,386
	Lucknow	436,368	187,514

Steps are being taken to record the above title deeds in the name of the Company.

- (ii) The inventories were physically verified by the Management during the year at reasonable intervals. In our opinion, the frequency of verification is reasonable. *However, we could not observe the process.* The discrepancies noticed on verification between physical stock and book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the Register maintained under Section 189 of the Act. *The amount shown as recoverable from Late Chairman & Managing Director amounting to Rs. 78,902 was recovered in cash on June, 2016. Further inadvertently, the Company has given an advance of Rs. 1,210,331 to two relatives of a Joint Managing Director cum CFO. A sum of Rs. 371,358 (inclusive of Rs. 157,500 in cash) was recovered during the year and balance of Rs. 870,145 (inclusive of Rs. 635,019 outstanding over 90 days) was recovered by 30th June, 2017.*
- (iv) *The Company has given an advance in the nature of loan to two relatives of a director amounting to Rs. 1,241,503 for which compliance of Section 185 of the Companies Act, 2013 could not be done as mentioned in Note 52.* In our opinion and according to the information and explanations given to us, the Company has complied with the provision of Section 186 of the Companies Act, 2013 in respect of loans, investment, guarantees and securities.
- (v) The Company has not accepted any deposits from the public. As such requirement of clause (v) of paragraph 3 of the aforesaid order is not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (i) of the Companies Act, 2013 in respect of services carried out by the Company.

(vii) a) According to records of the Company, and subject to comments below, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities *though there have been instances of delays and non-depositions/ non-deductions of tax deducted at source, provident fund/ ESI in respect of casual workers etc.*

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

	Amount (Rs.)
House Tax/ Municipal Tax & Water tax /cess	4,834,750
Purchase Tax / VAT/Service Tax	91,572
Music tax	62,497
Custom Duty	2,280,140

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

Name of statute	Nature of dues	Assessment Years	Forum where dispute is pending	Amount(Rs.)
Income tax Act,1961	Income Tax	2013-14	Commissioner of Appeal, Lucknow	2,666,090
		2014-15	Commissioner of Appeal, Lucknow	911,700
		1989-90 to 1991-92	Hon'ble High Court of Allahabad*	5,859,000

**Reference is also invited to Note 28 A (i) (b) as regards the Income Tax Department having appealed to the Hon'ble High Court, Allahabad against the Order of the Income Tax Appellate Tribunal upholding the views of the Company in respect of the claim of deduction regarding earnings in convertible foreign exchange under Section 80 HHD (Assessment years 1989-90 to 1991-92). The total amount disputed (excluding interest & penalties) aggregated to Rs. 5,859,000.*

(viii) As per books and records maintained by the Company and according to the information and explanations given to us, the Company has no dues to the financial institution/bank as there was no loans outstanding from them. The Company has no debenture holder and loan from government. As such requirement of para 3 (viii) of the Order is applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debts instruments) or term loan. As such, requirement of para 3 (ix) of the Order is not applicable to the Company.

U P Hotels Ltd.

- (x) During the course of our audit of the books of accounts of the Company and *subject to Note 54.1 as regards concerns and counter concerns raised by Joint Managing Director as regards working of hotels and certain aspects of management, Note 54.2 as regards petition filed before Company Law Board under Sections 397/398, 402, 403 and 237 of the Companies Act, 1956 and Section 219 & Section 220 of the Companies Act, 2013 by one of the Joint Managing Director and reply filed by the other Joint Managing Director contesting the same and Note 56.1 iii as regards complaint forwarded by Registrar of Companies regarding non compliance of provisions of the Companies Act, 2013 and various allegations as regards remuneration to relatives of directors etc. which is denied by management. We have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the Management. The matters specified in para 54.1 and 54.2 were also mentioned in our previous year report.*
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, *all transactions with the related parties are not in compliance with Section 177 and 188 of the Companies Act, 2013. The details of such transactions have however been disclosed in the financial statements as required by the applicable standards which are also not recorded in the register under Section 189 of the Companies Act, 2013.*
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For RAY & RAY
Chartered Accountants
Firm's Registration Number 301072 E

(A.K. Sharma)
Partner
Membership Number 80085

Place: New Delhi
Date: 8th August, 2017

ANNEXURE- B TO THE INDEPENDENT AUDITOR'S REPORT

We have audited the internal financial controls over financial reporting of **U.P. Hotels Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered accountant of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the" Guidance Note") and the Standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedure to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedure that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that the generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Adverse Opinion

According to information and explanations given to us and based on our audit, the following weakness have been identified as at 31st March, 2017:

- (i) *Attention is invited to Note 54.1 to 54.3*
 - (a) *Both the Joint Managing Directors and CFO have raised concerns regarding working of hotels, certain/various aspects of management and on the matter pending before National Company Law Tribunal for Oppression and Mismanagement. Due to the ongoing disputes and internal differences, there are differences of opinion / disagreement in the manner, the internal financial controls needs to be strengthened and certain discrepancies / non compliances relating to various Acts, Listing Agreements etc.*
 - (b) *In the meanwhile, a petition has been filed on 15 May 2015 by one of the Joint Managing Directors titled as Rupak Gupta Vs. UPHL & Ors. before the Company Law Board (now the National Company Law Tribunal), New Delhi against the Company and others under Sections 397/398, 402, 403 and 237 of the Companies Act, 1956 and Section 219 & Section 220 of the Companies Act, 2013 for oppression and mismanagement. The other Joint Managing Director has filed a reply to the petition on 09.05.2016 on behalf of the respondents - himself and has contested the Petition and denied all the allegations. The Petition is currently pending adjudication.*

- (c) *The Company could only formulate the Policy for Risk Management for identification/ evaluation, monitoring and minimization of identifiable risks to ensure business growth with financial stability of the Company only on 20.02.2017. As the Policy could not be put in operation during 2016-17. Further, appropriate discussion/supervision/review/flow of information/monitoring could not take place during the year at Board and Audit Committee Meetings. Due to the differences and disagreements between the management and ongoing suits which have been filed at the Hon'ble Civil Court, Lucknow, and in the Hon'ble NCLT, New Delhi. However, the Audit Committee discuss and takes note of the Internal Audit Report at appropriate intervals and issue verbal advise to the Internal Auditors and units for better control. The Company is in the process to introduce/implement internal financial controls along with matrix / risk management system in ensuing years.*
- (ii) *Based on the representation and information and explanations provided to us, the Company did not have an appropriate internal financial control system over financial reporting since the internal controls adopted by the Company did not adequately consider assessment, which is one of the components of internal control, with regard to the potential for fraud when performing risk assessment.*

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the possible effect of the material weakness described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 financial statements of the Company, and these material weakness does not affect our opinion on the financial statements of the Company.

For RAY & RAY
Chartered Accountants
Firm Registration no. 301072E

Place: New Delhi
Date: 8th August, 2017

(A.K. Sharma)
Partner
Membership no. 080085

U P Hotels Ltd.

U P HOTELS LIMITED BALANCE SHEET AS AT 31st MARCH ,2017

	Note		As at March 31, 2017	(Amount in Rs.) As at March 31, 2016
EQUITY AND LIABILITIES				
Shareholder's funds				
Share Capital	3	54,000,000		54,000,000
Reserves and Surplus	4	<u>770,814,383</u>		<u>744,676,543</u>
			824,814,383	798,676,543
Non-current liabilities				
Deferred tax liabilities (net)	5	29,371,824		32,834,084
Other long - term liabilities	6	27,497,499		14,571,631
Long-term provisions	7	<u>8,489,643</u>		<u>8,201,725</u>
			65,358,966	55,607,440
Current liabilities				
Trade payables				
- Outstanding dues of Micro & Small Enterprises		-		-
- Outstanding dues of creditors other than Micro & Small Enterprises	8	106,841,818		91,589,589
Other current liabilities	9	61,196,722		59,511,284
Short - term provisions	10	<u>21,605,514</u>		<u>70,516,400</u>
			189,644,054	221,617,273
			<u>1,079,817,403</u>	<u>1,075,901,256</u>
ASSETS				
Non- current assets				
Fixed assets				
Tangible assets	11	598,910,740		597,669,791
Intangible assets	11	724,690		449,527
Capital work-in-progress at cost		205,872		-
Long-term loans and advances	12	10,446,360		9,496,623
Other non-current assets	13	<u>261,243</u>		<u>243,819</u>
			610,548,905	607,859,760
Current assets				
Current investments	14	89,221,370		80,887,658
Inventories	15	34,512,160		28,025,569
Trade receivables	16	97,557,185		83,545,475
Cash and bank balances	17	223,695,197		252,921,664
Short-term loans and advances	18	16,947,322		15,211,715
Other current assets	19	<u>7,335,264</u>		<u>7,449,415</u>
			469,268,498	468,041,496
			<u>1,079,817,403</u>	<u>1,075,901,256</u>

NOTES 1 TO 57 TO ACCOUNTS FORM AN INTEGRAL PART OF BALANCE SHEET

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

for Ray & Ray
Chartered Accountants
Firm Registration no: 301072E

For and on behalf of the board

A. K. Sharma
Partner
Membership no. 80085
New Delhi
Dated 8th August, 2017

Bisheshwar Prasad Singh
Chairman
DIN 06949954

Apurv Kumar
Joint Managing Director
& Chief Financial Officer
DIN 00043538

Rupak Gupta
Joint Managing Director
& Chief Financial Officer
DIN 00007310

Prakash Chandra Prusty
Company Secretary
M.No. : A14624

U P HOTELS LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH ,2017

			Year ended March 31, 2017	(Amount in Rs.) Year ended March 31, 2016
	Note			
INCOME				
Revenue from operations	20		878,944,889	868,757,452
Other income (net)	21		29,094,984	22,810,005
Total Revenue			908,039,873	891,567,457
EXPENSES				
Consumption of provisions, beverages, wine & liquor etc.	22		144,499,878	137,699,206
Employee benefits expense	23		252,771,568	254,378,272
Finance costs	24		1,131,034	5,764,119
Depreciation and Amortisation expense	25		65,078,711	67,988,759
Other expenses	26		374,680,522	352,666,088
Total Expenses			838,161,713	818,496,444
Profit before tax			69,878,160	73,071,013
Less : Tax expense:				
(a) Current tax	27		31,817,671	37,816,390
(b) Deferred tax			(3,462,260)	(4,035,346)
			28,355,411	33,781,044
Profit for the year			41,522,749	39,289,969
Earnings per equity share:				
Basic/Diluted	45		7.69	7.28
	45		7.69	7.28

NOTES 1 TO 57 TO ACCOUNTS FORM AN INTEGRAL PART OF STATEMENT OF PROFIT & LOSS

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

for Ray & Ray
Chartered Accountants
Firm Registration no: 301072E

For and on behalf of the board

A. K. Sharma
Partner
Membership no. 80085
New Delhi
Dated 8th August, 2017

Bisheshwar Prasad Singh
Chairman
DIN 06949954

Apurv Kumar
Joint Managing Director
& Chief Financial Officer
DIN 00043538

Rupak Gupta
Joint Managing Director
& Chief Financial Officer
DIN 00007310

Prakash Chandra Prusty
Company Secretary
M.No. : A14624

U P Hotels Ltd.

U P HOTELS LIMITED

CASH FLOW STATEMENT

	Year ended 31st March, 2017	(Amount in Rs.) Year ended 31st March, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and exceptional Items	69,878,160	73,071,013
Adjustments For :		
Depreciation and amortization	65,078,711	67,988,759
Interest income	(13,518,142)	(11,947,123)
Loss on sale/discard of assets (net)	5,908,532	2,438,521
Provision For Retirement Benefits	-	444,768
Interest expense	1,100,404	5,718,823
Provision/write off debts & advances	2,138,591	3,185,023
Provision for Diminution in value of Investments	204,016	(312,925)
Provision written back / profit - current investments	(26,353)	(23,821)
Provision For Retirement Benefits written back	(3,687,138)	-
Liabilities & provisions written back	(3,052,499)	(3,145,759)
Dividend received	(4,366,612)	(3,848,511)
Operating profit before working capital changes	<u>119,657,670</u>	<u>133,568,768</u>
Adjustments for :		
Trade & other receivables	(18,800,221)	(14,953,818)
Inventories	(6,486,591)	(553,816)
Trade payables & other liabilities	<u>36,817,444</u>	<u>24,671,174</u>
Cash generated from operations	131,188,302	142,732,308
Interest paid	(1,100,404)	(5,718,823)
Direct taxes paid	<u>(51,407,980)</u>	<u>(13,709,544)</u>
Cash flow before exceptional items	78,679,918	123,303,941
Exceptional items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	<u><u>78,679,918</u></u>	<u><u>123,303,941</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital work in progress)	(88,903,718)	(77,863,140)
Sale of fixed assets	809,582	971,002
Purchase of investments - mutual funds	(34,500,000)	(21,000,000)
Sale of investments - mutual funds	25,988,622	44,848,426
Interest received	13,543,297	10,446,985
Dividend received	4,402,760	3,843,664
Changes in other bank balances	27,058,401	(58,453,490)
NET CASH USED IN INVESTING ACTIVITIES (B)	<u><u>(51,601,056)</u></u>	<u><u>(97,206,553)</u></u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend	(24,300,000)	-
Tax on distributable profits	(4,946,928)	-
NET CASH USED IN FINANCING ACTIVITIES (C)	<u><u>(29,246,928)</u></u>	<u><u>-</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(2,168,066)	26,097,388
Opening balance of cash and cash equivalents	<u>72,845,935</u>	<u>46,748,547</u>
Closing balance of cash and cash equivalents	<u><u>70,677,869</u></u>	<u><u>72,845,935</u></u>

NOTES:

1. The cash flow statement has been prepared in the indirect method except in the case of interest, purchase, rent & sale of assets & dividend which have been considered on the basis of actual cash movement, with corresponding adjustments in assets & liabilities. Taxes paid have been treated as operating activities.
2. The unutilised cash credit limit as at 31st March, 2017 aggregated to Rs. 16,000,000 (2016 - Rs. 16,000,000) which would be available for future operating activities.
3. The previous year's figures have been regrouped /recast, wherever necessary, to conform to this year's classification.

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

for Ray & Ray
Chartered Accountants
Firm Registration no: 301072E

For and on behalf of the board

A. K. Sharma
Partner
Membership no. 80085
New Delhi
Dated 8th August, 2017

Bisheshwar Prasad Singh
Chairman

DIN 06949954

Apurv Kumar
Joint Managing Director
& Chief Financial Officer

DIN 00043538

Rupak Gupta
Joint Managing Director
& Chief Financial Officer

DIN 00007310

Prakash Chandra Prusty
Company Secretary
M.No. : A14624

U P Hotels Ltd.

1. Corporate Information

U P Hotels Limited is a Public Limited Company incorporated under the Companies Act, 1956 in the year 1961. The company owns and operates hotels located at Agra, Jaipur, Lucknow & Khajuraho.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all respects with the Accounting Standards {Companies (Accounting Standard) Rules, 2006, as amended by the Ministry of Corporate Affairs vide notification No. G.S.R. 364 (E) dated 30.03.2016 made applicable to accounting periods commencing on or after the date of publication of the notification} notified under Section 133 of the Companies Act, 2013 (the Act), read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the provisions of the Act. The financial statements have been prepared on an accrual basis, under the historical cost convention and on an ongoing concern basis. The Accounting policies adopted in the preparation of Financial Statements are consistent with those of previous year except for to the extent mentioned below and in the Notes to the Accounts .

2.2 Use of estimates:

The preparation of financial statements are in conformity with generally accepted accounting principles that requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent liabilities at the date of financial statements and the reported amounts of income and expenditure during the year. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from such estimates. Any revision to accounting estimates is recognized in the period the same is determined.

2.3 Property, Plant & Equipment (Tangible Assets) & Depreciation :

- i) The Company has adopted cost model as its accounting policy and has accordingly applied the same to the entire class of property, plant and equipment (Tangible Assets)
- ii) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price/cost of acquisition including taxes, duties, freight and other incidental expenses related to acquisition, construction and installation to bring the asset to its working condition for its intended use.
- iii) Tangible assets are eliminated from financial statements, either on disposal or when retired from active use. Losses arising in case of retirement of assets and gain or losses arising from disposal are recognized in the statement of Profit & Loss in the year of occurrence.
- iv) Useful lives and residual value of assets are determined by the management at the time assets is acquired and renewed periodically including at each financial year.
- v) No write off is made on leasehold land acquired on 99 years basis. Leasehold land acquired for a shorter period is amortised over the period of lease. Freehold land is not amortised.
- vi) Depreciation on fixed assets is calculated on a straight-line method which coincides with the useful life prescribed under Schedule II of the Companies Act, 2013 except for Building situated on leasehold premises which is depreciated over the lease period subject to maximum of sixty years

2.4 Intangible Assets & Amortisation :

Intangible assets are stated at cost less accumulated amortization and net of impairments, if any. An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably. Intangible assets having finite useful lives are amortized on straight line basis over their estimated useful lives.

Intangible assets are amortised over that useful life as follows :

- a) Trade Marks over a period of sixty months
- b) Computer Software over a period of thirty six month

2.5 Capital work in progress:

Tangible assets not ready for their intended use on the reporting date are disclosed as Capital work in progress.

2.6 Impairment of assets:

Regular review is done to determine whether there is any indication for impairment in carrying amount of the Company's fixed assets. If any indication exists, an assets recoverable amount is estimated based on internal / external factors. An impairment loss is recognized if the carrying amount of an assets exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.7 Investments :

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

2.8 Inventories :

Inventories at the year end are physically verified by the management. Inventories are stated at lower of cost and net realisable value after considering obsolescence. Cost is ascertained on weighted average basis at Jaipur & Khajuraho units and on First in First out basis at Agra & Lucknow units. Net realizable value is the estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale. Unserviceable / damaged / discarded inventories and shortages observed at the time of physical verification are charged to Statement of Profit & Loss. Circulating stocks of crockery, cutlery, uniform, linen etc. and stock of printed stationery are charged off.

2.9 Recognition of Income & Expenses :

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognized when the significant risks and rewards of ownership has passed to the buyer, which coincides with the rendering of services and are disclosed net of allowances. Hall rentals and licence fee are recognized on accrual basis as per contract terms.

Income from interest is credited to revenue in the year of its accrual on time proportion basis taking into account the amount deposited and rate of interest at gross. Dividend income is stated at gross and is recognized when right to receive payment is established.

Expenditure incurred on renovation / improvement /replacements / repairs in or in relation to existing facility, structure, plant or equipment are charged off to revenue except in situation where these result in a long term economic benefit, in which case these are capitalized. Where there is extension to building or increase in capacity of equipment & plant, the amounts incurred thereon are capitalized.

Income / sales exclude taxes, such as Value Added Tax, Luxury Tax, Service Tax etc.

2.10 Borrowing costs:

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

2.11 Employees benefits :

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

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

The obligation is measured at present value of estimated cash flow provisions / write back, if any, in respect of funded as well as unfunded gratuity and leave encashment (unfunded) is made on the basis of the present value of liability as at the Balance Sheet date by actuarial valuation, following projected unit credit method carried out at each balance sheet date which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The discounting rates used for determining the present value of obligation under defined benefits plan is based on market yield on government securities as at balance sheet date having maturity period approximately to the terms of related obligations.

The liability in respect of funded gratuity is disclosed under other current liability and in respect of unfunded gratuity and leave encashment under long / short term provisions.

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

Actuarial gains / losses are immediately taken to the Statement of Profit & Loss and are not deferred.

Short term employee benefit is recognized as an expense in the Statement of Profit & Loss of the year in which related service is rendered.

2.12 Foreign Currency Transaction:

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

2.13 Lease :

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit & Loss on a straight-line basis over the lease term.

2.14 Government grants/incentives

Government grants / incentives that the Company is entitled to on fulfillment of certain conditions, but are available to the company only on completion of some other conditions, are recognized as income on completion of such other conditions.

Grants/ incentives that the Company is entitled to unconditionally on fulfillment of certain conditions, such grants are recognized as income when there is reasonable assurance that the grant will be received.

2.15 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

2.16 Provisions, contingent liabilities and contingent assets:

Provisions are recognized when there is a present legal or statutory obligations as a result of past events and 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.

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 any present obligation can not be measured in terms of future outflow or resources or where a reliable estimate of the obligation can not be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets where it is probable that future economic benefits will flow of the Company are not recognized but disclosed in the Financial Statements. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

U P Hotels Ltd.

2.17 Proposed dividend :

Dividend to holders of equity instruments is recognized as liability in the period on which obligation to pay is established. Under the previous GAAP dividend payable was recognized as a liability in the period to which it relates, interim dividend is recognized as a liability on the date of declaration by the Company's Board of Directors.

2.18 Taxes on Income :

Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments/appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

Deferred tax assets relating to unabsorbed depreciation/business losses are recognized and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Other deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date for any write down as considered appropriate

2.19 Prior period, extra ordinary items and changes in policies:

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

2.20 Events after the Balance Sheet date:

Events occurring after the date of the Balance Sheet which affect the financial position to a material extent are taken into cognizance.

2.21 Cash & Cash Equivalents:

Cash and cash equivalents for the purpose of cash flow comprise of cash at bank and in hand and fixed deposits with maturity of three months or less.

U P HOTELS LIMITED
Notes to accounts (Contd.)

	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
3.		
SHARE CAPITAL		
AUTHORISED		
7,000,000 (2016- 7,000,000) Equity Shares of Rs. 10 each	70,000,000	70,000,000
100,000 (2016 -100,000)Preference Shares of Rs. 100 each	10,000,000	10,000,000
	80,000,000	80,000,000
ISSUED, SUBSCRIBED & PAID UP		
5,400,000 (2016 - 5,400,000) Equity Shares of Rs. 10 each fully paid up	54,000,000	54,000,000
	54,000,000	54,000,000

Notes

(i) Reconciliation of Equity Shares

	As at March 31, 2017		As at March 31, 2016	
	Number of shares	Rs.	Number of shares	Rs.
At the beginning of the year	5,400,000	54,000,000	5,400,000	54,000,000
Issued during the year	-	-	-	-
At the end of the year	5,400,000	54,000,000	5,400,000	54,000,000

(ii) Shareholder's holding more than 5% of Equity shares at the end of the year

Name of the shareholders	As at March 31, 2017		As at March 31, 2016	
	Number of shares	%	Number of shares	%
The Indian Textiles Co. Private Limited	1,313,676	24.33	1,313,676	24.33
Shri Rupak Gupta	818,524	15.16	818,524	15.16
Banaras House Private Limited	540,000	10.00	540,000	10.00

(iii) The Company's Authorised Capital comprises of two class of shares. The Equity shares have a par value of Rs. 10 each and Preference shares have a par value of Rs. 100 each.

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

U P HOTELS LIMITED
Notes to accounts (Contd.)

	As at	As at
	31st March 2017	31st March 2016
	Rs.	Rs.
4. RESERVES AND SURPLUS		
General Reserve		
As per last account	306,949,322	305,924,654
Add: Transferred from Revaluation Reserve	-	1,024,668
	<u>306,949,322</u>	<u>306,949,322</u>
Revaluation Reserve		
As per last account	15,384,909	16,409,577
Less : Transferred to General Reserve	-	1,024,668
	<u>15,384,909</u>	<u>15,384,909</u>
Less : Adjusted (Note 42)	15,384,909	-
	<u>-</u>	<u>15,384,909</u>
Surplus in Statement of Profit and Loss		
As per last account	422,342,312	389,551,675
Add: Profit during the year as per Statement of Profit and Loss	41,522,749	39,289,969
	<u>463,865,061</u>	<u>428,841,644</u>
Less: Appropriations		
Proposed Dividend on Equity Share *	-	5,400,000
Tax on Proposed Dividend on Equity Shares *	-	1,099,332
	<u>-</u>	<u>6,499,332</u>
Balance at the end of the year	<u>463,865,061</u>	<u>422,342,312</u>
	<u>770,814,383</u>	<u>744,676,543</u>

Notes :

* Dividend of Rs. 1.00 per share amounting to Rs. 5,400,000 has been recommended by the Board of Directors in 2016. No dividend is declared for 2017 by the Board of Directors.

** Refer Note 43

5. DEFERRED TAX LIABILITIES - NET

Deferred tax liability on account of:		
Fixed assets (excess of net book over written down value as per provision of income tax Act, 1961)	45,562,533	50,007,132
Less: Deferred tax asset on account of:		
Gratuity/Leave Encashment on Retirement	9,583,031	10,859,076
Provision for doubtful debts , advances etc.	1,789,100	1,697,390
Accrued expenses deductible on payment	4,818,578	4,616,582
Total Assets	<u>16,190,709</u>	<u>17,173,048</u>
Deferred tax liabilities (net)	<u>29,371,824</u>	<u>32,834,084</u>

6. OTHER LONG TERM LIABILITIES

Unpaid Dividend*	27,472,499	14,459,210
Security Deposit	25,000	112,421
	<u>27,497,499</u>	<u>14,571,631</u>

Note

The trading in shares of the Company has been suspended and depositories have been directed to freeze the entire shareholding of promoters and promoters group. The transfer/pledge of shares is also suspended (refer Note in 9). As such unpaid dividend of promoters/promoters group has been shown under long term liabilities.

U P HOTELS LIMITED
Notes to accounts (Contd.)

	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
7.		
LONG TERM PROVISIONS		
Leave encashment (unfunded)	6,469,787	6,416,994
Gratuity (unfunded)	2,019,856	1,784,731
	<u>8,489,643</u>	<u>8,201,725</u>

8.
TRADE PAYABLE

Total outstanding dues of Micro & Small Enterprises*	-	-
Total outstanding dues of creditors other than Micro & Small Enterprises	106,841,818	91,589,589
	<u>106,841,818</u>	<u>91,589,589</u>

Note

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

9.
OTHER CURRENT LIABILITIES

Advance from customers	15,494,428	13,172,472
Unpaid /Unclaimed dividends*	3,638,650	890,407
Contribution to gratuity fund	18,654,839	22,556,246
Liability for capital expenditure	7,255,522	8,839,626
With-holding tax and statutory dues	15,219,880	13,053,177
Sundry deposits	933,403	999,356
	<u>61,196,722</u>	<u>59,511,284</u>

Note

* The Securities & Exchange Board of India (SEBI) has vide its Orders had directed freezing of voting rights and corporate benefits with respect to excess proportionate promoter/promoter group shareholding for non-compliance as regards Minimum Public Shareholding (MPS). Accordingly, dividend in relation to the excess of proportionate promoter/promoter group shareholding is appearing under unpaid dividend account under long term liabilities

10.
SHORT TERM PROVISIONS

Leave encashment (unfunded)	491,582	495,788
Gratuity (unfunded)	54,159	123,602
For taxation (net of advance tax)	14,560,442	34,150,751
Proposed Dividend *	5,400,000	29,700,000
Tax on proposed dividend *	1,099,331	6,046,259
	<u>21,605,514</u>	<u>70,516,400</u>

Note

* Respective figures for the year are as under:

Year	Proposed Dividend		Tax on Dividend		Remarks (Recommended by Board on)
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.	
2015-16	5,400,000	5,400,000	1,099,331	1,099,331	19.03.2017
2014-15	-	5,400,000	-	1,099,332	20.02.2017
2013-14	-	18,900,000	-	3,847,595	07.09.2016
Total	<u>5,400,000</u>	<u>29,700,000</u>	<u>1,099,331</u>	<u>6,046,258</u>	

U P HOTELS LIMITED
11. FIXED ASSETS

PARTICULARS	(Amount in Rupees)								
	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as at 31st March 2016	Additions	Sale/ Adjustment*	Cost as at 31st March 2017	As at 31st March 2016	For the year	Sale/ Adjustment*	As at 31st March 2017	As at 31st March 2016
TANGIBLE ASSETS									
Land Free Hold	1,811,501	-	-	1,811,501	-	-	-	1,811,501	1,811,501
Land Lease Hold	717,053	-	-	717,053	335,349	21,680	-	360,024	381,704
Building	557,338,090	33,597,717	88,607,253	502,328,554	193,562,332	17,181,928	69,944,189	361,528,483	363,775,758
Electrical Installations	92,802,347	7,372,094	17,884,986	82,289,455	56,046,093	4,846,815	17,471,688	38,868,235	36,756,254
Plant & Machinery	357,503,983	20,980,511	18,929,164	359,555,330	221,877,693	30,739,027	16,515,483	123,454,093	135,626,290
Office Equipments	1,287,287	40,768	29,535	1,298,520	836,292	100,471	28,058	389,815	450,995
Furniture & Fixtures	107,719,325	15,559,825	6,764,451	116,514,699	68,180,779	6,342,624	6,492,822	48,484,118	39,538,546
Vehicles	62,485,154	10,550,690	6,810,964	66,224,880	43,156,411	5,525,088	6,471,090	24,014,471	19,328,743
Total Tangible Assets	1,181,664,740	88,101,605	139,026,353	1,130,739,992	583,994,949	64,757,633	116,923,330	598,910,740	597,669,791
Previous Year	1,126,128,691	77,936,918	22,400,869	1,181,664,740	535,365,319	67,620,976	18,991,346	597,669,791	
INTANGIBLE ASSETS									
Trade Marks	140,501	-	-	140,501	112,973	19,595	-	7,933	27,528
Computer Software	2,976,530	596,241	314,356	3,258,415	2,554,531	301,483	314,356	716,757	421,999
Total Intangible Assets	3,117,031	596,241	314,356	3,398,916	2,667,504	321,078	314,356	724,690	449,527
Previous Year	3,117,031	-	-	3,117,031	2,299,721	367,783	-	449,527	

Notes :

- Lease rentals in respect of properties situated on lease hold land are charged to revenue.
- Building comprises of fences, roads and temporary structure etc.
- Certain Trademarks are pending registration under the Trade Marks Act, 1999
- Note 30.1 regarding title deeds
- * Note 42 as regards adjustments in gross block and accumulated depreciation on account of revaluation reserve adjusted.

U P HOTELS LIMITED
Notes to accounts (Contd.)

	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
12.		
LONG TERM LOANS AND ADVANCES (Unsecured - Considered Good unless otherwise stated)		
Capital advance	2,979,723	889,680
Advances recoverable in cash or in kind for value to be received		
-Considered Good	88,000	-
-Considered Doubtful	430,000	430,000
Prepaid expenses	71,361	887,037
Security deposits		
-Considered Good	7,307,276	7,289,906
-Considered Doubtful	-	232,700
	10,876,360	9,729,323
Less: Provision for Doubtful Advances	430,000	232,700
	10,446,360	9,496,623

13.
OTHER NON CURRENT ASSETS
(Unsecured - Considered Good unless otherwise stated)

Long Term Trade receivables		
Considered Doubtful	4,628,379	4,377,098
Less: Provision for doubtful debts	4,628,379	4,377,098
	-	-
Bank Balances		
Bank Deposits held as security with authorities (considered good)	261,243	243,819
	261,243	243,819

14.
CURRENT INVESTMENTS

Investment in Mutual Funds	89,221,370	80,887,658
	89,221,370	80,887,658

Note:
Investment in mutual funds are valued at lower of cost or fair value. The details of current investment are given in Note 32.

15.
INVENTORIES *

Provisions, beverages, wine and liquor etc.**	16,693,497	16,194,882
Other stores (includes goods in transit - Rs. NIL 2016 - Rs.3,70,499)	17,818,663	11,830,687
	34,512,160	28,025,569

Note:
* Inventories are valued at cost or net realisable value whichever is lower.

** Cosing stock inter alia includes stock of wine & liquor at Khajuraho amounting to Rs. 246,916 which have been seized by excise authorities in view of the decision of Hon'ble Supreme Court in the matter of the State of Tamil Nadu Rep by Sec & Ors Vs to K.Balu & Anr. dated March 31, 2016.

U P Hotels Ltd.

U P HOTELS LIMITED Notes to accounts (Contd.)

	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
16. TRADE RECEIVABLES (Unsecured)		
Outstanding for a period exceeding six months from the due date		
Considered Good	5,401,665	8,098,409
Considered Doubtful	-	-
	A 5,401,665	8,098,409
Less: Provision for doubtful debts	-	-
	5,401,665	8,098,409
Other debts		
Considered Good	92,155,520	75,447,066
Considered Doubtful	111,236	294,821
	92,266,756	75,741,887
Less: Provision for doubtful debts	111,236	294,821
	B 92,155,520	75,447,066
	A+B 97,557,185	83,545,475
Debts due by Firms or Private Companies in which a Director is a partner or Director or a member.		
Silk Emporium	1,761	49,332
17. CASH AND BANK BALANCES		
Cash & Cash Equivalents		
Cash on Hand	1,438,407	2,087,667
Cheque in hand	941,703	794,969
Balances with banks in current accounts	55,391,562	54,963,299
Deposits maturing within 3 months	12,906,197	15,000,000
	70,677,869	72,845,935
Other Bank Balances		
On unpaid dividend account	31,111,149	15,349,617
Employees Security Deposit	746,766	696,526
Deposits maturing after 3 months but before 12 months	121,159,413	164,029,586
	223,695,197	252,921,664
18. SHORT TERM LOANS AND ADVANCES (Unsecured-Considered good)		
Security deposits	1,045,532	1,160,000
Advance recoverable in cash or kind for value to be received *	2,586,086	2,818,248
Amount recoverable from Chairman & Managing Director (being excess remuneration) (related party)	-	78,902
Value Added Tax & Service Tax recoverable/adjustable	2,805,186	2,167,727
Prepaid expenses	10,510,518	8,986,838
	16,947,322	15,211,715
Note * Inter-alia includes due from relatives of Joint Managing Director- related party Rs. 870,144 (2016 Rs. 275,403).		
19. OTHER CURRENT ASSETS (Unsecured Considered Good)		
Unbilled revenue	2,475,446	3,644,795
Dividend receivable	-	36,148
Interest accrued on deposits	3,743,317	3,768,472
Service Export Incentive	885,674	-
Other receivables	230,827	-
	7,335,264	7,449,415

U P HOTELS LIMITED
Notes to accounts (Contd.)

	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
20. REVENUE FROM OPERATIONS		
Room Sales	410,989,466	389,000,805
Provisions, beverages, smokes and others	422,021,027	423,704,053
Telephone & Telex	1,209,549	1,919,969
Laundry	1,625,552	1,662,458
Hall charges & License fee	37,011,123	44,159,922
Other services	6,088,172	8,310,245
	878,944,889	868,757,452
21. OTHER INCOME		
Profit on sale of mutual funds (Net)	26,353	23,821
Liabilities & Provisions written back / Bad debts recovered *	6,739,637	3,145,759
Provision for diminution in value of investments written back	-	312,925
Interest income	13,518,142	11,947,123
Dividend - current investment (mutual fund)	4,366,612	3,848,511
Miscellaneous income	2,356,718	2,186,890
Sales Tax/Service Tax/Luxury Tax/Refund etc	-	1,043,645
Income on account of Service Export Incentive	1,940,674	-
Foreign Exchange gain / loss	146,848	301,331
	29,094,984	22,810,005
Note * Includes provision for gratuity written back Rs. 3,735,725 (2016 Rs. NIL)		
22. CONSUMPTION OF PROVISIONS, BEVERAGES, WINE & LIQUOR ETC.		
Opening Stock	16,194,882	15,840,771
Add:Purchases	144,998,493	138,053,317
	161,193,375	153,894,088
Less:Closing Stock	16,693,497	16,194,882
Consumption	144,499,878	137,699,206
23. EMPLOYEE BENEFITS EXPENSE		
Salary Wages, Bonus etc	222,280,874	222,591,649
Contribution to Provident and other Funds	20,552,326	21,926,235
Staff Welfare Expenses	9,938,368	9,860,388
	252,771,568	254,378,272
24. FINANCE COSTS		
Interest Expense*	1,100,404	5,718,823
Other Borrowing Cost	30,630	45,296
	1,131,034	5,764,119
* Interest expense includes income tax interest Rs. 900,000 (2016 - Rs. 5,500,000)		
25. DEPRECIATION & AMORTIZATION EXPENSE		
Tangible Assets	64,757,633	67,620,976
Intangible Assets	321,078	367,783
	65,078,711	67,988,759

U P Hotels Ltd.

U P HOTELS LIMITED Notes to accounts (Contd.)

	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
26.		
OTHER EXPENSES		
Renewals & replacement	14,710,842	12,685,816
Upkeep & Service Cost	21,270,244	19,167,432
Power & Fuel	110,405,567	103,634,933
Rent	6,770,671	6,447,512
Repair & Maintenance		
- Building	20,587,758	29,647,713
- Plant & Machinery	14,103,250	18,883,890
- Others	10,447,616	11,213,399
Insurance	2,302,532	2,468,379
Rates & Taxes	14,327,669	14,383,101
Decoration & garden maintenance	3,985,174	3,992,787
Advertisement publicity & other promotional expenses	8,293,984	6,255,007
Commission to Travel Agents etc.	5,340,097	3,028,271
Travelling, conveyance, car maintenance (including foreign travel) **	31,795,692	27,048,987
Postage, telephone & telex	5,913,366	5,025,742
Printing & Stationery	4,655,897	3,538,677
Music, Band, Orchestra & Cable TV	5,388,381	4,527,156
Banquet & Catering	39,296,644	34,726,662
Hire Charges	10,087,321	9,266,834
Provision for Diminution in value of Investments	204,016	-
Provision / Write off Debts & Advances	2,138,591	3,185,023
Legal & Professional Expenses *	11,764,942	8,107,452
Loss on sale / discard of assets (Net)	5,908,532	2,438,521
CSR Activities	380,725	
Directors Sitting Fee	880,000	30,000
Fee to Internal Auditors	1,486,248	1,688,130
Auditors' Remuneration (Note 36)	869,000	820,000
Listing / Filing Fee	349,798	266,232
Expenses on Contractual Services	9,784,326	7,874,701
Donation & Subscription	1,760,923	1,883,533
Miscellaneous Expenses including re-imburement of expenses to auditors & penalty Rs.343,832 (2016-Rs. 26,450 & 2,435,140 respectively)	9,470,716	10,430,198
	<u>374,680,522</u>	<u>352,666,088</u>
Note		
* Inter alia includes expenses incurred in the matter of litigation as disclosed in Note 53 & 54.		
** Foreign Travel Rs. 7,106,078 (2016 Rs. 5,262,301).		
27.		
TAX		
Current Tax		
- Income Tax	31,000,000	37,500,000
- Tax adjustments relating to earlier years (Net)	817,671	316,390
	<u>31,817,671</u>	<u>37,816,390</u>

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

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

(i) Contingent liabilities not provided for in respect of:

a) Claims against the Company not acknowledged as debts and not provided for pending appellate /Judicial decisions:

(i) Income Tax	Rs.3,577,790 (2016 – Rs. 3,577,790)
(ii) Value Added Tax	Rs. Nil (2016 – Rs. 2,053,162)
(iii) Other Claims (including claims from landlord)	Rs. 5,017,459 (2016– Rs. 5,230,560)
(iv) Claim of Penalties under Listing Regulations	Rs.18,831,000 (2016 -Rs. 11,451,000)
(v) The Company has to meet export obligation in relation to import of Rs. 4,207,438 under EPCG Scheme. In case the Company is unable to meet such obligation, additional liability may accrue	Rs. 6,134,736 (2016 –Rs. 6,134,736)

The Management believes that the outcome of the above will not have any material adverse effect on the financial position of the Company.

- b) The Income Tax Department has appealed to the Hon'ble High Court, Allahabad against the order of the Income Tax Appellate Tribunal upholding the views of the Company in respect of the claim of deduction regarding earnings in convertible foreign exchange under Section 80 HHD for Assessment Years 1989-90 to 1991-92. The total amount disputed (excluding interest and penalties) in the matter aggregates to Rs. 5,849,000 (2016 - Rs. 5,849,000). The Company is hopeful of a favorable decision from the Hon'ble High Court, Allahabad.
- c) A stay has been granted by the Hon'ble Allahabad High Court as regards applicability of the notification under section 3 of the U P Industrial Disputes Act, 1947 regarding minimum wages applicable to hotels in U.P. Liability, if any, is unascertained. The Company is certain that probability of claim succeeding is remote.
- d) A stay has been granted by Hon'ble High Court of Allahabad ,Lucknow Bench in the matter of applicability of Provident Fund during infancy period. Liability, if any, is unascertained. The Management believes that the outcome of the above will not have any material adverse effect on the financial position of the Company.
- e) Certain employees have filed claims in various courts/legal forums against suspension/termination etc. and have sought reliefs. The ultimate liability, if any, with respect to these claims is currently not ascertainable and in the opinion of management, would not have material effect on the financial statements.
- f) The Company has contested before the National Green Tribunal Principal Bench about the allegation that Hazardous effluent water is discharged in sewer lines connected to Yamuna river and utilization of borewell ground water without proper authorization of borewell. The Company is hopeful of a favourable decision from National Green Tribunal.

B. Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (as certified by the Management) Rs. 1,525,795 (2016 – Rs. 282,320).

29.1 In respect of balance confirmation letters sent by the Company, most of the parties have not sent back the letters confirming their debit / credit balances.

U P Hotels Ltd.

- 29.2 In the opinion of the Board, the assets of the Company have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. All known liabilities are accounted for and all contingent liabilities are stated.
- 29.3 Liabilities & Provisions and debit balances have been written back / off after proper review / scrutiny by the management.
- 30.1 During the year physical verification of fixed assets at Lucknow, Agra and Jaipur were conducted by a firms of Chartered Accountants as mentioned below. Physical verification of assets at Khajuraho was carried out by the management. No verification of assets at Corporate Office was carried out during the year.

Unit	Name of Firm of Chartered Accounts
Hotel Clarks Amer, Jaipur	M/s. Raneesh Sogani & Associates
Hotel Clarks Avadh, Lucknow	M/s. Bansal Rajeev & Associates
Hotel Clarks Shiraz, Agra	M/s. Shikhar Sarin & Co.

- 30.2 Following title deeds are in the name of erstwhile name of the Company i.e. Uttar Pradesh Hotels & Restaurants Limited:

Type of land	Location	Gross Block - Rs.	Net Block - Rs.
Freehold land	Khajuraho	1,811,501	1,811,501
Leasehold land	Jaipur	117,685	111,386
Leasehold land	Lucknow	436,368	187,514

Company is taking steps to record the above in the name of the Company.

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

	2017		2016	
		Rs.		Rs.
Sundry Creditors				
SGD	75.18	3,497	2,695	133,495
US\$	979.41	63,337	1,609	107,688
Euro	-	-	1,396	110,194
Loans Advances				
US\$	10,000	648,144	-	-

- 31.2 The Company does not use derivative financial instruments such as forward exchange contracts and interest rates swaps to hedge its risks associated with foreign currency fluctuations and interest rate or for trading/speculation purposes.

32. Details of current investments – mutual fund

Schedules to Accounts	As at 31st March			
	No. of Units	2017 Rs.	No. of Units	2016 Rs.
INVESTMENTS - CURRENT (MUTUAL FUNDS) Quoted (Non-Trade)				
Birla Sunlife Dynamic Bond Fund – Retail-Plan-Monthly Dividend-Regular Plan (NAV Rs. 12,404,913 2016 Rs. 4,122,198)	1,122,616.625	12,700,000	379,495.840	4,000,000
HDFC High interest Fund- Short Term Plan Fortnightly Dividend (NAV Rs. 14,421,117 , 2016 Rs. 6,005,654)	1,361,767.405	14,404,700	566,576.511	6,004,700
HDFC Income Fund – Dividend – Option Payout NAV Rs. 7,887,942 2016 Rs. 7,875,649)	710,561.407	8,104,734	710,561.407	8,104,734
Reliance Dynamic Bond Fund Dividend Plan (NAV Rs. 7,783,617 2016 Rs. 6,984,244)	517,527.720	7,256,049	517,527.720	7,256,049
Reliance Dynamic Bond Fund - Quarterly Dividend Plan (NAV Rs. 5,236,340 2016 Rs. 5,270,609)	499,555.396	5,000,000	499,555.396	5,000,000
Franklin (Templeton) India Low Duration Fund-Quarterly Dividend (NAV Rs. 29,539,249 , 2016 Rs. 41,523,065)	2,864,786.929	29,837,729	4,016,586.042	41,800,000

U P Hotels Ltd.

Franklin India Dynamic Accrual Fund (NAV Rs. 8,877,441 2016 Rs. Nil)	753,027.463	8,900,000	-	-
TATA Income Fund Regular Plan - Appreciation Option (NAV Rs. 5,532,279, 2016 Rs. 5,040,242)	109,898.262	4,000,000	109,898.262	4,000,000
Total		90,203,212		81,665,484
Less: Provision for diminution in value of investments		981,842		777,826
Total		89,221,370		80,887,658

<i>Aggregate value of quoted investments</i>	90,203,212	81,665,484
<i>Net aggregate value of quoted investments</i>	89,221,370	80,887,558
Net asset value of investments	91,736,898	82,337,434

33. Pending assessments of Luxury Tax, Value Added Tax, Employees State Insurance and Provident Fund (in respect of contractual/casual workers), Service Tax, House & Water Tax etc., further liability, if any, could not be ascertained and provided for in accounts.
34. The Company has unutilized Cash Credit Limit of Rs. 16,000,000 (2016 – Rs. 16,000,000) from Allahabad Bank which is secured by hypothecation of present and future movable assets i.e. stock of provisions, wines, crockery, linen and other stores and also present and future book debts of the Company's hotels and is additionally secured by mortgage of the Company's hotels at Agra & Jaipur aggregating to Rs.67,800,000 (2016 - Rs. 67,800,000).
35. Depreciation has been provided in the accounts on "Straight Line Method" which coincide with the useful life prescribed in Schedule II of the Companies Act, 2013 except for assets stated below where different useful lives are applied.
- Leasehold land is amortized over the lease period. Leasehold land acquired on 99 years basis is not amortized..
 - Building situated on leasehold land is depreciated over the maximum useful life of sixty years subject to the remaining unexpired lease period.

36. Auditors' Remuneration (excluding Service Tax)

	2017	2016
	Rs.	Rs.
Audit fee	696,000	696,000
Tax audit fee (including Rs. 14,000 relating to earlier years)	98,000	84,000
For certification and other services	75,000	40,000
Total	869,000	820,000

37. Disclosures in respect of company's operating lease arrangements entered on or after 1st April 2001 under Accounting Standard (AS-19) on leases.
- a) The Company has entered into operating Lease arrangement for office premises, transit/guest house and residential premises of employees/directors. Some of the significant terms and conditions of the arrangements are:
- The lease agreements are not non-cancellable in nature and may be terminated by either party by serving a notice
 - lease arrangements which are not non-cancellable are generally renewable by mutual consent on mutually agreeable terms
- b) The company has given shops on license basis which are not non cancellable and can be terminated by either party by serving a notice
- c) Rent in respect of above is charged/ credited to the statement of profit and loss.
38. The company's only business being operating hotels, disclosure of segment-wise information is not applicable under Accounting Standard 17 - 'Segmental Information' (AS 17) notified by the Companies (Accounting Standards) Rules, 2006. There is no geographical segment to be reported since all the operations are undertaken in India. The Company does not have transaction of more than 10% of total revenue with single external customer.
39. Details of transactions entered into with related parties during the year
- A) Related parties and their relationship
- i) Subsidiary Companies - Nil
 - ii) Key Management Personnel:-
 - a) Directors
Shri Apurv Kumar (Joint Managing Director & Chief Financial Officer)
Shri Rupak Gupta (Joint Managing Director & Chief Financial Officer)
Smt. Supriya Gupta (Director) (ceased to be Executive Director w.e.f. 16.05.2016)
Shri Arvind Kumar
 - b) Others

Shri Sidharth Ghatak, Company Secretary (upto 16th May, 2016)
Shri Prakash Chandra Prusty, Company Secretary (w.e.f 15th February,2017)
 - c) Relatives of Directors

Smt. Aditi G Mittal
Shri Akshay Gupta
Shri Binay Kumar
Smt. Veena Binay Kumar
Smt. Rani Upsam
Smt. Rajeshwari Kumar
Shri Arjun Kumar
Shri Anant Kumar
Shri Anoop Kumar
Shri Aryavir Kumar
Smt. Renuka Kumar

U P Hotels Ltd.

Smt. Vibha Agrawal
Shri Vivek Kumar
Smt. Shipra Kumar
Shri Udit Kumar
Shri Manish Kumar
Smt. Meera S Kumar
Shri Upendra Kumar
Smt. Anuradha Kumar
Smt. Sudhira Gupta
Shri Ravi M Gupta-
Smt. Nandini Gupta
Shri Arnav Kumar
Smt. Uma Kumar
Shri Alok Kumar
Shri Aditya Kumar
Shri Rakesh M Gupta
Shri Sushil Kumar
Shri Chaitanya Kumar

iii) Enterprise in which Key Management Personnel have significant influence:

U.P. Hotels Clarks Limited
U.P. Hotels India Limited
Kalyani Holdings & Finance Limited
The Indian Textiles Co. Private Limited
Indian Textiles Company (Holdings) Private Limited
Hotel Clarks Varanasi Limited
Great Value Hotels Private Limited
Banaras House Private Limited
Bonita India Limited
Banaras International Limited
Banaras Global Private Limited
Banaras House Engineering Private Limited
U P Export Industries Limited
Indus Textiles Private Limited
Indus Techpark Private Limited
Brijrama Hospitality Private Limited
The Indian Textiles Co. (Kolkata) Private Limited
Nightangle Jewellers Private Limited
Naina Vanijya Private Limited
Indus Intex Private Limited
Clement Orient Private Limited
Daivik Wellness Centre Private Limited
Clarks Brij Hotels India Limited
Brij Pal Das Rama Devi Foundation
Nagreeka Brij Hotels Bhav Nagar Private Limited
Silk Emporium
Oriental Textiles
Rastriya Vikas Limited
Oriental Emporium
The Jaipur Shop
Pride Hospitality Limited
L P Gupta Family Trust
P D Gupta & Sons
Birendra Kumar & Sons
Binay Kumar & Family
Binay Kumar & Sons
Kumar Sushil (HUF)

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

	2017	2016
	Rs.	Rs.
a) Remuneration paid to Directors		
Shri Apurv Kumar	4,065,000	4,109,600
Shri Rupak Gupta	4,110,000	3,963,531
Smt. Supriya Gupta	447,460	3,474,860
	<u>8,622,460</u>	<u>11,547,991</u>
b) Dividend paid to Directors* for F.Y. 2013-14 & 2014-15		
Shri Apurv Kumar	62,298	-
Shri Rupak Gupta	1,451,682	-
Shri Arvind Kumar	52,038	-
	<u>1,566,018</u>	<u>-</u>
*(Refer Note in 6 & 9)		
c) Remuneration paid to Key Managerial Personnel		
Shri Sidharth Ghatak (upto . 16.5.2016)	330,109	2,567,645
Shri Prakash Chandra Prusty (w.e.f. 15.02.2017)	207,525	-
d) Remuneration paid to relatives of Directors		
Shri Anoop Kumar	844,783	795,563
Smt. Renuka Kumar	417,537	429,997
Shri Manish Kumar	430,080	430,080
Shri Ravi M Gupta	550,600	530,600
Smt. Rajeshwari Kumar	379,750	292,200
Shri Akshay Gupta	550,008	550,008
Shri Arjun Kumar	580,804	582,204
Shri Anant Kumar	580,804	582,204
	<u>4,334,366</u>	<u>4,192,856</u>
e) Rent Paid		
Shri Apurv Kumar	240,000	240,000
Smt. Aditi G Mittal	420,000	420,000
	<u>660,000</u>	<u>660,000</u>

U P Hotels Ltd.

f) Sitting Fee

Shri Arvind Kumar	55,000	5,000
Smt. Supriya Gupta	50,000	-
	<u>1,05,000</u>	<u>5,000</u>

g) Dividend paid to relatives of directors for F.Y. 2013-14 & 2014-15*

Shri Binay Kumar	76,014	-
Smt. Veena Binay Kumar	252,198	-
Smt. Rani Upsam	78,534	-
Smt. Rajeshwari Kumar	39,370	-
Shri Arjun Kumar	84,739	-
Shri Anant Kumar	36,697	-
Shri Anoop Kumar	153,184	-
Shri Aryavir Kumar	1,417	-
Smt. Renuka Kumar	1,417	-
Smt. Vibha Agrawal	147,231	-
Shri Vivek Kumar	114,511	-
Smt. Shipra Kumar	63,846	-
Shri Udit Kumar	22,869	-
Shri Manish Kumar	224,212	-
Smt. Meera S Kumar	174,249	-
Shri Upendra Kumar	412,875	-
Smt. Anuradha Kumar	44,500	-
Smt. Sudhira Gupta	82,080	-
Shri Ravi M Gupta	177,498	-
Smt. Nandini Gupta	65,124	-
Shri Arnav Kumar	22,869	-
Shri Sushil Kumar	138,199	-
Shri Chaitanya Kumar	28,732	-
Shri Birendra Kumar	71,775	-
Shri Alok Kumar	122,908	-
Smt. Uma Kumar	51,079	-
Shri Aditya Kumar	95,224	-
Shri Rakesh M Gupta	160,542	-
	<u>2,943,893</u>	<u>-</u>

*(Refer Note in 6 & 9)

h) Loans /Advances given to relative of Directors
Shri Anoop Kumar

Shri Anoop Kumar	680,514	109,697
Smt. Renuka Kumar	560,989	175,266
	<u>1,241,503</u>	<u>284,963</u>

U P Hotels Ltd.

i) Loan/ repaid by the relative of Directors

Shri Anoop Kumar	363,557	9,560
Smt. Renuka Kumar	283,204	-
	646,761	9,560

J) Amount outstanding at the year end payable

Shri Apurv Kumar	170,000	170,000
Smt. Supriya Gupta	90,858	283,000
Shri Rupak Gupta	122,631	268,804
Shri Arjun Kumar	37,767	37,767
Smt. Rajeshwari Kumar	21,600	21,600
Shri Akshay Gupta	41,034	37,534
Shri Manish Kumar	25,160	25,160
Smt. Aditi G Mittal	1,149,777	851,915
Shri Anant Kumar	37,767	37,767
	1,696,594	1,733,547

i) Amount recoverable at year end

Shri Anoop Kumar	417,094	100,137
Smt. Renuka Kumar	453,050	175,266
	870,144	275,403

ii) Transaction with parties in A (iii) above

a) Shop Licence fee received (including electricity recovery)		
Silk Emporium	155,548	114,524
ANK Travels Limited	85,560	85,002
The Jaipur Shop	120,000	120,000
	361,108	319,526

b) Donation paid

Brijpal Das Rama Devi Foundation	200,000	100,000
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c) Dividend paid *
(For F.Y. 2013-14 & 2014-15)

The Indian Textiles Co. Pvt. Ltd.	2,329,857	-
Birendra Kumar & Sons	118,116	-
Binay Kumar & Family	29,484	-
Binay Kumar & Sons	20,664	-
Kumar Sushil (HUF)	174,303	-
Hotel Clarks Varanasi Ltd.	318,424	-
Banaras House Pvt. Ltd.	957,712	-
P D Gupta & Sons	6,385	-
Bonita India Ltd.	175	-
	3,955,120	-

*(Refer Note in 6 & 9)

U P Hotels Ltd.

iii) Amount outstanding at the year end

- Receivable

Silk Emporium- License Fee (a firms in which directors are interested)	1,791	49,332
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As regards related party transactions, attention is drawn to Note 55.1(d)

40. Employees Benefits

40.1 Defined Contribution Plans.

The Company makes contribution towards Provident Fund & Employees State Insurance for qualifying employees. The Provident Fund & Employees State Insurance is operated by Regional Provident Fund Commissioner and Director, Employees State Insurance Corporation respectively. The Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. The only obligation of the Company with respect to their retirement benefit plan is to make specified contribution at specified rates. A sum of Rs. 13,509,949/- (2016 - Rs. 13,518,631) on account of Provident Fund has been debited to contribution to provident and other funds. Employees State Insurance contribution Rs. 3,424,671/- (2016 - Rs. 3,347,269) has been debited to staff welfare expenses.

40.2 Defined Benefit Plan

Gratuity

The Company's scheme of gratuity provide for lump sum payment to vested employees on departure, of an amount equal to 15 days salary (last drawn) for each completed year of service. Vesting occurs on completion of five years service. The Company makes annual contribution to Employees Group Gratuity cum Life Insurance Scheme of Life Insurance Corporation of India (funded) at all units except Khajuraho. The funds are further invested by Life Insurance Corporation of India. The actuarial valuation at all units was carried out as at 31st March, 2017 by Life Insurance Corporation of India or Actuary under the Projected Unit Credit Method. Provisions were made to bring the gratuity liability in line with the actuarial valuation.

U P HOTELS LIMITED

40.3 Disclosure relating to defined benefit plan as per actuarial valuation as at the end of the financial years and recognized in the financial statements

Description	Gratuity				Leave Encashment	
	Funded		Non Funded		Non Funded	
	2017 (Rs.)	2016	2017	2016 (Rs.)	2017	2016 (Rs.)
Change In present value of obligation						
Present Value of Obligation as at beginning of the year	59,523,939	63,341,005	1,908,333	1,570,260	6,912,782	6,701,120
Interest Cost	4,761,915	5,067,279	152,667	124,208	553,023	530,059
Current Service Cost	3,154,259	2,918,984	180,971	178,295	1,017,980	889,654
Benefits Paid	(3,753,696)	(14,537,230)	-	-	-	-
Actuarial (gain)/loss on obligation	(1,962,035)	2,733,901	(167,956)	35,570	(1,522,416)	(1,208,051)
Present value of obligation as at end of the year	61,724,382	59,523,939	2,074,015	1,908,333	6,961,369	6,912,782
Change in the fair value of plan assets						
Fair value of plan assets at the beginning of year	36,967,693	40,679,792	-	-	-	-
Expected return on plan assets	3,057,725	3,196,908	-	-	-	-
Contributions	6,915,462	7,738,214	-	-	-	-
Benefits paid	(3,753,696)	(14,537,230)	-	-	-	-
Actuarial gain/(loss) on plan assets	(117,641)	(109,991)	-	-	-	-
Fair value of plan assets at the end of the year	43,069,543	36,967,693	-	-	-	-
Fair Value of plan assets						
Fair value of plan assets at beginning of year	36,967,693	40,679,792	-	-	-	-
Actual return on plan assets	2,940,084	3,086,917	-	-	-	-
Contributions	6,915,462	7,738,214	-	-	-	-
Benefits paid	(3,753,696)	(14,537,230)	-	-	-	-
Fair value of plan assets at the end of year	43,069,543	36,967,693	-	-	-	-
Funded status	(18,654,839)	(22,556,246)	-	-	-	-
Actuarial gain / loss recognized						
Actuarial gain/(loss) on obligation	1,962,035	(2,733,901)	167,956	(35,570)	1,522,416	1,208,051
Actuarial (gain)/loss for the year - plan assets	403,503	109,991	-	-	-	-
Total (gain)/ loss for the period	1,558,532	(2,843,892)	(167,956)	35,570	(1,522,416)	(1,208,051)
Actuarial (Gain)/Loss recognised in the year	1,558,532	(2,843,892)	(167,956)	35,570	(1,522,416)	(1,208,051)
The amount to be recognized in the balance sheet and statement of profit & loss						
Present value of obligation as at end of the year	61,724,382	59,523,939	2,074,015	1,908,333	6,912,369	6,912,782
Fair value of plan assets at the end of year	43,069,543	36,967,693	-	-	-	-
Funded status	(18,654,839)	(22,556,246)	(2,074,015)	(1,908,333)	(6,961,369)	(6,912,782)
Net liability recognized in balance sheet	(18,654,839)	(22,556,246)	(2,074,015)	(1,908,333)	(6,961,369)	(6,912,782)
Expenses recognized in statement of Profit & Loss						
Current service cost	3,154,259	2,918,984	180,971	178,295	1,017,980	889,654
Interest cost	4,761,915	5,067,279	152,667	124,208	553,023	530,059
Expected return on plan assets	(3,057,725)	(3,196,908)	-	-	-	-
Net actuarial (gain)/loss recognized in the year	(1,844,394)	2,843,892	(167,956)	35,570	1,522,416	(1,208,051)
Expenses recognized in statement of Profit & Loss	3,014,055	7,633,247	165,682	338,073	48,587	211,662

Investment details - invested with LIC

U P Hotels Ltd.

U P HOTELS LIMITED

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

Description	Funded				Gratuity				Leave Encashment*			
	2017		2016		2017		2016		2017		2016	
	8%		8%		8%		8%		8%		7.91%	
Discount Rate	8%		8%		8%		8%		8%		7.91%	
b. Mortality rate	IALM[2006-2008]		IALM[2006-2008]		IALM[2006-2008]		IALM[2006-2008]		IALM[2006-2008]		IALM[2006-2008]	
c. Withdrawal rate												
	Lucknow unit	Other units	Lucknow unit	Other units								
- upto 30 years of age	5.00	3.00	5.00	3.00	5.00	3.00	5.00	3.00	5.00	3.00	5.00	3.00
- upto 44 years of age	3.00	2.00	3.00	2.00	3.00	2.00	3.00	2.00	3.00	2.00	3.00	2.00
- above 44 years of age	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
d. Future salary increase	7%	7%	10	7%	7%	7%	7%	7%	7% - 10%	7% - 10%	7% - 10%	7% - 10%

The estimates of future salary increase in actuarial valuations take account of inflations, seniority, promotion and other relevant factors such as supply and demand factors in employment market.

* Salary increase considered by actuary is 7% (2016 - 10%) in respect of Lucknow unit and all other units 7% (2016 - 7%)

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

40.6. The company has got actuarial valuation from an independent actuary in respect of certain employees and Lucknow hotel in absence of details from Life Insurance Corporation.

40.7

Description	(Amount in Rs)											
	Gratuity					Leave Encashment						
	Funded		Non Funded			Funded		Non Funded				
	2017	2016	2015	2014	2017	2016	2015	2014	2017	2016	2015	2014
Present value of obligation as at end of the year	61,724,382	59,523,939	63,341,005	57,706,966	2,074,015	1,908,333	1,570,260	1,322,454	6,961,369	6,912,782	6,701,120	6,832,384
Fair value of plan assets at the end of year	43,069,543	36,967,693	40,679,792	33,948,782	-	-	-	-	-	-	-	-
Surplus / (Deficit)	(18,654,839)	(22,556,246)	(22,661,213)	(23,758,184)	(2,074,015)	(1,908,333)	(1,570,260)	(1,322,454)	(6,961,369)	(6,912,782)	(6,701,120)	(6,832,384)
Experience Adjustments on Plan Liabilities [[Loss]/Gain]	-	-	-	-	-	-	-	-	-	-	-	-
Experience Adjustments on Plan Assets [[Loss]/Gain]	-	-	-	-	-	-	-	-	-	-	-	-

U P Hotels Ltd.

41. Details of prior period expenditure debited under various heads:

	As at 31 st March	
	2017 Rs.	2016 Rs.
Salary , Wages, Bonus etc.	256,920	-
Commission to Travel Agents etc.	783,687	-
Repair & Maintenance		
Building	230,000	-
Others	257,363	5,000
Total	1,527,970	5,000

42. In order to comply with Accounting Standard (AS) 10 (Property, Plant & Equipment), the company has adopted cost model as its accounting policies. Accordingly, the carrying amount of items of Properties, Plant & Equipment (Tangible Assets) as on 1st April, 2016 of Rs. 15,384,909 (Gross Block Rs. 92,245,254 Less Accumulated Depreciation of Rs. 76,860,354) has been adjusted with the Revaluation Reserve Account.

43. (a) Para 4 of (AS) 4 Contingencies and Events Occurring After Balance Sheet Date required recognition of a provision for the final proposed dividend as it was treated as an adjusting event regardless of an existing obligations of the date of Balance Sheet. Ministry of Corporate Affairs vide notification dated 30th March, 2016 substituted the standard which now states that if an enterprise declare dividend to shareholders after the Balance Sheet date, the company should not recognize the dividend as a liability as at Balance Sheet date. In view of the above, there is no adjustment of proposed dividend in financial statements.

(b) The dividend proposed on Equity Shares for financial year 2017 and 2016 are as under:

	As at 31 st March	
	2017 Rs.	2016 Rs.
Proposed Dividend	*	5,400,000
Tax on proposed dividend	*	1,099,331

*No dividend is proposed by the Directors for the year ended 31.03.2017

44.1 Transactions by the Company in Specified Bank Notes and in other denomination notes as defined in the Ministry of Corporate Affairs notification G.S.R.308(E) dated 30th March, 2017 during the period from 8th November, 2016 to 30th December, 2016 are given below:

Particulars	SBN	Other Denomination Notes**	Total
	Rs.	Rs.	Rs.
Closing cash in hand On 8.11.2016	13,822,000	784,952	14,606,952
Add: Permitted Receipts	-	21,250,820	21,250,820
Less: Permitted payment	-	10,494,586	10,494,586
Less: Deposited in Bank	13,822,000	5,491,000	19,313,000
Closing cash in hand as on 30.12.2016	-	6,050,186	6,050,186

** includes withdrawal of cash from Bank Accounts during the period November 8, 2016 to December 30, 2016

For the purpose of this items, the term "Specified Bank Notes" shall have same meaning provided in the notification of Government of India, Ministry of Finance, Department of Economic Affairs, number S.O.3401(E) dated the 8 November, 2016.

- 44.2 Inadvertently, some units encashed foreign currency in excess of the limits prescribed during the period 8.11.2016 to 30.12.2016.

		Year ended 31 st March	
		2017 Rs.	2016 Rs.
45.	Earnings per share		
	(a) Basic earnings per share	7.69	7.28
	(b) Diluted earnings per share	7.69	7.28
	(c) Reconciliations of earnings used in calculating Earnings per share		
	Profit from continuing operations attributable to the Equity Holders of the Company used for basic and diluted earnings per share	41,522,749	39,289,969
	(d) Weighted average number of shares used as The denominator	5,400,000	5,400,000
	Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share.	5,400,000	5,400,000
46.	Earnings in foreign currency		
	On Hotel Earnings (realization basis)	28,833,913	18,613,380
47.	Value of imports calculated on CIF basis in respect of:		
	Provision, beverages & others	2,229,763	2,236,170
	Capital Goods	81,402	932,814
48.	Expenditure in foreign currency		
	Travelling, Staff Training etc.	4,144,256	2,886,935
	Commission	1,175,392	848,714
49.	Consumption of provisions, beverages, wines & liquor etc.:		

Particulars	2017		2016	
	Rs.	%	Rs.	%
Imported	2,229,763	1.54	1,785,680	1.30
Indigenous	142,270,115	98.46	135,913,526	98.70
	144,499,878	100.00	137,699,206	100.00

U P Hotels Ltd.

50. The Company has not made any remittances in foreign currencies on account of dividends during the year and does not have information to the extent to which remittances in foreign currencies on account of dividend have been made by or on behalf of non- resident shareholders.
51. The Company was required to spend an amount of Rs. 1,210,331 (2016 - Rs.1,371,713) on CSR activities during the year ended 31st March, 2017. Due to unavoidable circumstances, the company could spend only Rs. 380,725 on CSR activities during the year under review. However, the Company will spend the balance unutilized amount of Rs. 4,329,837 towards CSR amount during the financial year 2017-18. Details of expenditure incurred in 2017 are as below:

	31.03.2017 (Rs.)
Swachh Bharat Abhiyaan	88,135
Iskcon Food Relief Foundation (for Mid-day Meal)	67,590
Shrimad Raj Chandra Atma Tatva	225,000
Research Centre (for Education purposes)	

Total	380,725

52. During the year the Company, inadvertently, has given an advance in the nature of loan to two relatives of a director amounting to Rs. 1,241,503 for which compliance of section 185 of the Companies Act, 2013 could not be made. On being aware, the Company has realized this amount of Rs. 371,358 (including of Rs. 157,500 in cash) during the year and the balance amounting to Rs. 870,145 was recovered by 30th June, 2017.
- 53.1 The Company had taken corporate steps for compliance with Minimum Public Shareholding (MPS) requirement, by passing a board resolution dated 27.05.2013 and shareholder's resolution dated 23.07.2013 for issuance of Bonus Shares to the public shareholders. The said board resolution and the shareholders' resolution was however subject to status quo order dated 20.03.2013 in a civil suit filed before a Civil Court at Lucknow bearing Regular Suit No. 1574 of 2012, titled Birendra Kumar &Ors. vs. Sushil Kumar & Ors. ("Civil Suit"). There are currently several cross pending litigations filed by both the Joint Managing Directors which are pending before various forums as follows:
1. Birendra Kumar &Ors. vs. Sushil Kumar & Ors. ("Civil Suit") filed by three members of the promoter group family against other family members and the Company is also a party to the same. The suit is presently pending adjudication.
 2. A SLP bearing No. 26561 of 2014 was filed by one of the Joint Managing Director of the Company before the Hon'ble Supreme Court of India against the Hon'ble High Court of Allahabad Order dated 30.05.2014. The Hon'ble High Court of Allahabad had directed the parties to the Civil Suit No. 1574 of 2012, including the Company to maintain status quo with respect to management of assets.

The Hon'ble Supreme Court disposed off the SLP on dated 01.07.2017 with clarification that the pendency of the suit shall not come in the way of National Company Law Tribunal to decide the matters pending before it in accordance with the law. The Civil Court to decide the suit as already ordered by the Hon'ble High Court.

- 53.2 The Company was further unable to take requisite steps for issuance of Bonus Shares to the public shareholders even after the Extra-ordinary General meeting held on 23.07.2013 as 62.5% of promoter shareholders did not waive off their right to subscribe to Bonus shares. Securities & Exchange Board of India (SEBI) *vide* its orders dated 04.06.2013 and 02.12.2014 has *inter alia* directed freezing of voting rights and corporate benefits with respect to excess of proportionate promoter/promoter group shareholding and other directions against the promoter shareholders and directors. The Company had preferred an appeal against the said order dated 02.12.2014 before the Securities Appellate Tribunal (SAT). SAT *vide* its Order dated November 11, 2016 permitted the Company to withdraw the appeals before SAT with liberty to move an application before the appropriate authority seeking permission to delist the Company and for that purpose to seek modification of the aforesaid orders dated 4th June, 2013 and 2nd December, 2014 from SEBI. The Order further states that in the event of the application for delisting being rejected, appellants are at liberty to approach SAT to challenge the said orders as also the impugned orders.

- 53.3 Since the promoters of the company could not come into consensus to waive off their bonus rights or to offload their shareholding to comply the MPS requirement, the Company has filed an application with SEBI seeking modification of its orders dated 4th June, 2013 and 2nd December, 2014 so that the continuation of the aforesaid orders shall not affect the efforts of the company/its promoters' to delist shares of the company from stock exchange. The decision of SEBI is awaited.
- 54.1 Both the Joint Managing Directors and CFO have raised concerns regarding working of hotels, certain/various aspects of management and on the matter pending before National Company Law Tribunal for Oppression and Mismanagement. Due to the ongoing disputes and internal differences, there are differences of opinion / disagreement in the manner, the internal financial controls needs to be strengthened further and certain discrepancies/ non-compliances relating to various Acts, Listing Regulations etc. They have also given a caveat certificate to the Auditors as regards the matter specified in Para 54.2.
- 54.2 In the meanwhile, a petition has been filed on 15 May 2015 by one of the Joint Managing Directors titled as Rupak Gupta Vs. UPHL & Ors. before the Company Law Board (now the National Company Law Tribunal), New Delhi against the Company and others under Sections 397/398, 402, 403 and 237 of the Companies Act, 1956 and Section 219 & Section 220 of the Companies Act, 2013 for oppression and mismanagement. The other Joint Managing Director has filed a reply to the petition on 09.05.2016 on behalf of the respondents - himself and has contested the Petition and denied all the allegations. The Petition is currently pending adjudication.
- 54.3 The Company could only formulate the Policy for Risk Management for identification/evaluation, monitoring and minimization of identifiable risks to ensure business growth with financial stability of the Company only on 20.02.2017. As the Policy could not be put in operation during F.Y.2016-17. Further, appropriate discussion/supervision/review/flow of information/monitoring could not take place during the year at Board & Audit Committee meetings. Due to the differences and disagreements between the management and ongoing suits which have been filed at the Hon'ble Civil Court, Lucknow, and in the Hon'ble NCLT, New Delhi. the appropriate discussions, supervisions, review on the affairs, operation of the company could not take place during the year under review at Board level. However, the Audit Committee discuss and take note of the Internal Audit Report at appropriate intervals and issue verbal advise to the Internal Auditors and units for better control.
- The Company is in the process to introduce/implement internal financial controls along with risk matrix/management system in the ensuing year.
- 55.1 On account of various disputes/litigations, difference of opinion / disagreement, the Company has been unable to comply with below provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013, Income Tax Act, 1961 etc. along with various aspects of management and internal issues, financial control etc.:
- a) The company has not complied with Regulation 33 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as it has not published financial results for any of the quarters ending after 31st March, 2014.
 - b) The Company has not complied with Regulation 38 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 with regard to Minimum Public Shareholding (MPS).
 - c) The Company has not yet achieved 100 percent dematerialization of the promoter's shareholding as per circular no. DCS/COM/CIR-03/2011-12 dated 29.06.2011 of BSE Limited.
 - d) The Related Party Transactions could not be approved by the Audit Committee and Board of Directors in their meetings under Section 188 of the Companies Act, 2013. No Contracts with the Related Party was approved therefore the same was not entered in the Register maintained under Section 189 of the Companies Act, 2013.

U P Hotels Ltd.

- e) During the financial year, the Company has not executed the new Listing Agreement as mandated under SEBI LODR Regulations, 2015 and the Company had received a reminder mail from BSE Ltd. dated 3.11.2016 in this regard. However, as on date of signing of this Financial Statements, the Company has executed the Listing Agreement with BSE Ltd.
 - f) The gap between two meeting of Audit Committee and Board of Directors was more than 120 days thereby contravened the provisions of Section 173(1) of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
 - g) The Company has not filed the Tax Audit Reports and returns of income in time to the Tax Authorities for the financial years 2014-15 and 2015-16.
 - h) The Company's capital budget & operation budgeted were not approved by the Board of Directors. Similarly, the performance of the units are not reviewed by the Board.
- 55.2 All the above defaults and non-compliances result in penalties, prosecution of officer- in-default etc. which are not quantifiable at this stage. Necessary application for condonation and compounding would be made in due course of time. The Management believes that the outcome of the above will not have any material adverse effect on the financial position of the Company.
- 55.3 After appointment of Non-Executive Chairman & Independent Director on 19th August, 2016 by the Hon'ble National Company Law Tribunal, the Company has complied with several relevant provisions of Companies Act, 2013 which were not compliant prior to the aforesaid appointment/commencement of the year viz. composition of the board of directors, formation of Audit Committee, Nomination & Remuneration Committee and other committees, compliance of annual filing of returns, holding of Annual General Meeting for earlier years, formulation of requisite policies etc. The Company is taking necessary steps to comply with the remaining regulatory requirements.
- 56.1
- i. The company had received a notice for default from Registrar of Companies (ROC) dated 13.04.2016 under Section 159/166/210(3)/220 of the Companies Act, 1956. The Company had replied to such notice on 02nd May, 2016. The company also received a notice for default from ROC dated 03.06.2016 under Section 96 of the Companies Act, 1956.
 - ii. The Company had received notice from Registrar of Companies dated 3rd October, 2016 for non-compliance of various provisions of Companies Act, 2013 including holding of Annual General Meeting for the financial year 2014-15 against which application had been preferred before the Hon'ble National Company Law Tribunal (NCLT). Subsequently, vide its order dated 21st December, 2016 in these proceedings, the Hon'ble National Company Law Tribunal had directed that the parties to set rights the things in order in relation to statutory compliances at the earliest and not later than 31st March, 2017 for the year ended 31st March, 2015 and 31st March, 2016. The Company has complied with this directive of NCLT.
 - iii. The company had received a letter from ROC dated 24.11.2016 forwarded a complaint filed by some unknown person alleging that the company has not complied with the provisions of the Companies Act, 1956/2013 and other laws applicable to the Company and various allegations made with respect to remuneration to relatives, etc.
 - iv. The Company has also received Notice dated 28th December, 2016 under Section 206(4) of the Companies Act, 2013 from office of the Registrar of Companies, Ministry of Corporate Affairs, Government of India asking for information / explanations on certain matters.
- 56.2 The Company had replied to all the aforesaid notices/denied the allegations made in the complaint. As per the Order of Hon'ble National Company Law Tribunal dated 10.08.2016, notices dated 13.04.2016 & 03.06.2016 issued by Registrar of Companies, New Delhi to U P Hotels Limited have been stayed by the Court.

57. Previous year's figures have been regrouped/ reclassified wherever necessary to confirm to this year's classification.

For and on behalf of the Board

Bisheshwar Prasad Singh
Chairman
DIN: 06949954

Apurv Kumar
Joint Managing Director
& Chief Financial Officer
DIN: 00043538

Rupak Gupta
Joint Managing Director
& Chief Financial Officer
DIN: 00007310

Prakash Chandra Prusty
Company Secretary
M. No.: A14624

New Delhi
8th August, 2017

U P Hotels Ltd.

U P HOTELS LIMITED

CIN No. L55101 DL1961PLC017307
Regd.Office : 1101, Surya Kiran, 19, Kasturba Gandhi Marg, New Delhi- 110001

ATTENDANCE SLIP

56th Annual General Meeting held on **Monday, 25th day of September, 2017**

Name of Member	
Name of Proxy, if any / Authorised Representative	
Folio No./ DP Client ID No.	
No. of Shares held	

I/We hereby record my / our presence at the 56th Annual General Meeting of the Company to be held on Monday, 25th day of September, 2017, at 2.30 p.m. at Modi Hall, P H D House, Opposite Asian Games Village, New Delhi - 110016.

Signature of First holder/Proxy/ Authorized Representative

Notes:

1. Members/Proxy holders/Authorised Representatives are requested to bring this Attendance Slip duly filled in and signed with them when they come to the meeting and hand it over at the entrance of the Meeting Venue.
2. Physical copy of the Annual Report for the Financial Year 2016-17 & the Notice of the AGM alongwith Attendance Slip & Proxy form is being sent in the permitted mode(s) to all members whose e-mail is not registered or have requested for hard copy. Please bring your copy of the Annual Report to the Meeting.
3. The Meeting is of members only and you are requested not to bring with you any person who is not a member or a proxy.

Proxy Form

U P HOTELS LIMITED

CIN: L55101 DL1961PLC017307

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

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) :	
Registered Address :	
E-mail ID :	
Folio No./Client ID :	
DP ID :	

I/We, being the member(s) ofshares of the above named Company, hereby appoint

1. Name:
Address:
E-mail ID:

Signature:, Or failing him
2. Name:
Address:
E-mail ID:

Signature:, Or failing him
3. Name:
Address:
E-mail ID:

Signature:

as my/our Proxy to attend vote (on a poll) for me/us and on my/our behalf at the 56th Annual General Meeting for the Financial Year ending 31-03-2017 of the company to be held on Monday, 25th day of September, 2017 at 2.30 p.m. at Modi Hall, PHD House, Opposite Asian Games Village, New Delhi- 110016 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. Adoption of Balance Sheet, Statement of Profit & Loss and Cash flow statement and the Reports of the Board of Directors and Auditors thereon for the financial period ended on March 31, 2017.
2. Re-appointment of Mrs. Supriya Gupta, who retires by rotation & offers herself for re-appointment.
3. Appointment of M/s. Satinder Goyal & Co., Chartered Accountants as Statutory Auditors of the Company.
4. Re-Appointment and fixation of remuneration of Shri Apurv Kumar for a period of one year w.e.f. 15th May, 2017
5. Re-Appointment and fixation of remuneration of Shri Rupak Gupta for a period of one year w.e.f. 15th May, 2017.
6. Appointment of Mr. Shafi Alam as a Director of the company.
7. Appointment of Mr. Shafi Alam as Independent Director of the company.
8. Alteration of Articles of Association of the Company.

Signed this day of September, 2017

Signature of the Shareholder-----
Signature of Proxy holder(s)

Affix Revenue Stamp

Note:

This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the company, not less than 48 hours before the commencement of the Meeting.

Route Map to the venue of Meeting

