

# U P HOTELS LIMITED

## BOARD OF DIRECTORS

Shri Birendra Kumar  
Chairman & Managing Director  
(Since expired on 17.01.2016)

Shri Bisheshwar Prasad Singh  
Non-Executive Independent Director  
(appointed by Hon'ble NCLT, Delhi  
Vide Order dated 19.08.2016)

Shri Apurv Kumar  
Joint Managing Director

Shri Jag Mohan Lal  
(Ceased to hold office as Director w.e.f. 30.09.2015)

Shri Rupak Gupta  
Joint Managing Director

Shri Sushil Kumar  
(Ceased to hold office as Director w.e.f. 30.11.2014)

Smt Supriya Gupta  
Executive Director

Shri Rakesh M Gupta  
(Ceased to hold office as Director w.e.f. 30.11.2014)

Shri Arvind Kumar

Shri Ravinder Kumar Chadha

Shri Girish Narain Mehra  
(Resigned w.e.f. 27.07.2015)

## COMPANY SECRETARY

Sidharth Ghatak  
(Resigned w.e.f. 16.5.2016)

## HOTELS

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

## BANKERS

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

## REGISTERED OFFICE & OPERATIONS HEADQUARTERS

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

## AUDITORS

M/s. Ray & Ray  
Chartered Accountants

## REGISTRAR & TRANSFER AGENTS

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

## U P HOTELS LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd (Fifty Third) Annual General Meeting of the members of **UP HOTELS LIMITED ("Company")** will be held on **Friday, the 30<sup>th</sup> day of September, 2016** at 2:00 P.M at P H D House, Opposite Asian Games Village, New Delhi-110016, to transact the following businesses:

#### Ordinary Business:

1. To receive, consider and adopt the audited balance sheet (including the notes forming part thereof) of the Company as at March 31, 2014, the audited cash flow statement of the Company for the financial year ended March 31, 2014 and the audited statement of profit and loss of the Company for the financial year ended on March 31, 2014 together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare the final Dividend on Equity Shares for financial year ended March 31, 2014
3. To appoint and fix remuneration of M/s. Ray & Ray, Chartered Accountants, as Statutory Auditors of the Company to hold office for a period of 5 (five) years commencing from the conclusion of this Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting. Further, their appointment shall be subject to the third proviso of Section 139(2) of the Companies Act, 2013. For this purpose, to consider and if deemed fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors ) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s Ray & Ray, Chartered Accountants (Firm Registration No. 301072E), be and is hereby re-appointed as Auditors of the Company to hold office for a period of five years commencing from the conclusion of this Annual General Meeting (AGM) subject to ratification of their appointment at every AGM and further subject to the third proviso of Section 139(2) of the Companies Act, 2013, at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

**"RESOLVED FURTHER THAT** Shri Rupak Gupta (Jt. Managing Director- CFO) and/or Shri Apurv Kumar(Jt. Managing Director- CFO), be and are hereby severally authorized to do all such acts, deeds, matters and things and take all such steps as may be considered necessary, desirable, proper or expedient to give effect to this resolution and for matters connected therewith or incidental thereto."

**Special Business**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 197 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule V to the Act and the Rules made thereunder, including any statutory modification thereof, or any other law, the remuneration of Late Shri Birendra Kumar, Chairman & Managing Director for F.Y. 2012-13 be and is hereby re-fixed as approved by board as per recommendations of the Nomination & Remuneration Committee in its meeting 12/05/2015 as detailed hereunder.

• Salary	:	Rs. 36,00,000/-
• Contributions to PF	:	Rs. 4,32,000/-
• Perquisites	:	<u>Rs. 8,48,200/-</u>
Total	:	<u>Rs. 48,80,200/-</u>

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

**“RESOLVED THAT** pursuant to the provisions of Sections 197 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule V to the Act and the Rules made thereunder, including any statutory modification thereof, or any other law, the remuneration of Shri Apurv Kumar, Jt. Managing Director for F.Y. 2012-13 be and is hereby re-fixed as approved by board as per recommendations of the Nomination & remuneration Committee in its meeting 12/05/2015 detailed hereunder.

• Salary	:	Rs. 30,00,000/-
• Contributions to PF	:	Rs. 3,60,000/-
• Perquisites	:	<u>Rs. 7,12,390/-</u>
Total	:	<u>Rs. 40,72,390/-</u>

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

**“RESOLVED THAT** pursuant to the provisions of Sections 197 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule V to the Act and the Rules made thereunder, including any statutory modification thereof, or any other

## U P HOTELS LIMITED

law, the remuneration of Shri Rupak Gupta, Jt. Managing Director for F.Y. 2012-13 be and is hereby re-fixed as approved by board as per recommendations of the Nomination & Remuneration Committee in its meeting 12/05/2015 as detailed hereunder.

• Salary	:	Rs. 30,00,000/-
• Contributions to PF	:	Rs. 3,60,000/-
• Perquisites	:	<u>Rs. 5,66,862/-</u>
Total	:	<u>Rs. 39,26,862/-</u>

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

**“RESOLVED THAT** pursuant to the provisions of Sections 197 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule V to the Act and the Rules made thereunder, including any statutory modification thereof, or any other law, the remuneration of Smt. Supriya Gupta, Executive Director for F.Y. 2012-13 be and is hereby re-fixed as approved by board as per recommendations of the Nomination & Remuneration Committee in its meeting 12/05/2015 as detailed hereunder.

• Salary	:	Rs. 27,00,000/-
• Contributions to PF	:	Rs. 3,24,000/-
• Perquisites	:	<u>Rs. 4,19,592/-</u>
Total	:	<u>Rs. 34,43,592/-</u>

By Order of the Board of Directors  
For **UP HOTELS LIMITED**

Sd/-

**Date:** 07-09-2016

**Place:** New Delhi

Apurv Kumar  
(Joint Managing Director & CFO)

DIN: 00043538

Add: 28 Shreevihar Colony,  
Near Hotel Clarks Amer,  
10 Jawaharlal Nehru Marg,  
JAIPUR-302 018.

**Registered Office:**

1101, Surya Kiran, 19, Kasturba Gandhi Marg

New Delhi-110 001

CIN: L55101DL1961PLC017307

**NOTES:**

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to special business to be transacted at the Fifty Third (53<sup>rd</sup>) Annual General Meeting (“**Meeting**”) is annexed hereto.
2. A member entitled to attend and vote at the Meeting is also entitled to appoint a proxy to attend and vote on a poll, instead of himself and such proxy need not be a member of the Company. Proxy form duly stamped and executed, in order to be effective, must be received by the Company at its registered office at least forty eight (48) hours before the time when the Meeting is scheduled to begin.
3. Pursuant to 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 more than fifty (50) members and holding in aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. A person acting as proxy for 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 duly certified copy of the relevant board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. This Notice is also being sent with the Annual Report along with attendance slip, proxy form and route map of the venue of the Meeting.
6. Shareholders/Proxies are requested to produce at the entrance 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 dematerialised form are requested to write their client ID and Depository Participant 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 would 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 09:30 A.M to 6:00 P.M on all working days prior to 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](http://www.hotelclarks.com).

## U P HOTELS LIMITED

8. The Register of Members and the Share Transfer Books were not closed in the Year 2014.
9. Payment of final dividend @ 35% (Rs. 3.50 per equity share) for the financial year ended on March 31, 2014, as recommended by the Board of Directors of the Company, if approved at this Meeting, will be made only to those members whose names appear in the Register of Members of the Company as on September 26, 2014. In respect of equity shares held in electronic form, the final dividend will be paid on the basis of beneficial ownership as on September 26, 2014 as per details furnished by the National Securities Depository Ltd. (NSDL) and Central Depositories Services (India) Ltd. (CDSL) for this purpose.
10. 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, M/s Skyline Financial Services Pvt. Ltd., quoting their folio number. Members holding shares in electronic 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 payment of final dividend.
11. Members/ Proxies / Authorised Representatives are requested to bring to the Meeting necessary details of their shareholding and attendance slips
12. 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.
13. Members desirous of getting any information about the accounts under reference and operations of the Company should address their query to the Manager Accounts (clarkssuryakiran@yahoo.co.in) at least seven (7) days before the date of the Meeting.
14. Pursuant to Section 205C of the Companies act 1956 and 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 2007-08.
15. 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 all future communications including Annual Report, Notices and other documents 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.
16. 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.

17. 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).

The Company has appointed M/s. Sanjay Jindal & Associates, Company Secretary in whole time practice with Membership No. FCS 4412 and Certificate of Practice No. 9653, 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 Tuesday September 27, 2016 at 09:30 a.m. and will end on Thursday, September 29, 2016 at 5:00 p.m. During this period the members of the Company, holding shares either in physical form or in dematerialized form, as on September 19, 2014 i.e. record date for voting purpose are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- ii. Member whose email IDs are registered with the Company/Depository Participants(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 titled; "e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote 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. Enter the User ID and password as initial password / PIN noted in step (a) above. Click on Login.

## U P HOTELS LIMITED

- e. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note 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 remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - g. Select "EVEN" of U.P. Hotels Limited
  - h. Now you are ready for e-Voting as Cast Vote 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 duly authorized signatory(ies) who are authorized to vote, to the scrutinizer through e-mail to [sanjayiindal.in@gmail.com](mailto:sanjayiindal.in@gmail.com) or [clarkssuryakiran@yahoo.co.in](mailto:clarkssuryakiran@yahoo.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- iii. In case a member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
- a. The Initial password is being provided as below / at the bottom of the Attendance Slip for the Meeting:  
  
EVEN (E-voting Event Number) USER ID and PASSWORD/PIN
  - b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.
- iv. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") for members and e-voting manual for members available at at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- v. If you are already registered with NSDL for remote 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 the members shall be in proportion to their shares of the paid up equity share capital of the Company as of Friday, September 19, 2014.
  - ix. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of **Friday, September 19, 2014**, may obtain the user ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or the Registered Transfer Agent.  
  
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](http://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 cast their votes by availing the remote-e-voting facility.
  - xi. The Scrutinizer will, after the conclusion of e-voting at the Meeting, first count the votes cast at the Meeting and thereafter unblock the votes cast 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 cast in favour or against, if any, to the Chairman, 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 i.e. [www.hotelclarks.com](http://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 exchange.
  - 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 the Meeting, i.e., Friday, September 30, 2016.
18. The Securities and Exchange Board of India vide circular ref no. MRD/DoP/CIR-05/2007 dated April 27, 2007 has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Accordingly, members holding shares in demat form are, therefore, requested to

## U P HOTELS LIMITED

submit PAN details to their depository participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar & Share Transfer Agent, M/s Skyline Financial Services Pvt. Ltd., quoting their folio number.

19. Non-resident Indian members are 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.

20. Investors could also send their queries to Skyline Financial Services Private Limited by e-mail to [admin@skylinerta.com](mailto:admin@skylinerta.com)

By Order of the Board of Directors

For **UP HOTELS LIMITED**

Sd/-

**Date: 07.09.2016**

**Place: New Delhi**

Apurv Kumar  
(Joint Managing Director & CFO)

DIN: 00043538

Add: 28 Shreevihar Colony,  
Near Hotel Clarks Amer,  
10 Jawaharlal Nehru Marg,  
JAIPUR-302 018.

**Registered Office:**

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

CIN: L55101DL1961PLC017307

**ANNEXURE TO NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying notice dated 7<sup>th</sup> September, 2016.

**ITEM NO. 4 TO 7**

The shareholders at the Annual General Meeting held on 28<sup>th</sup> August, 2010 had appointed Shri Birendra Kumar as Chairman & Managing Director, S/Shri Apurv Kumar & Rupak Gupta as joint Managing Directors & Smt. Supriya Gupta as Executive Director for a period of five years w.e.f. 15<sup>th</sup> May, 2010 & also approved the remuneration payable to them under Part II Section I of Schedule XII to the Companies Act, 1956 as the Company had adequate profits.

As the company had inadequate profits during financial year 2012-13 which it could not anticipate, the company filed an application with the Central Government for waiver of recovery of excess remuneration paid to all the Managing/ Whole Time Directors during the financial year. But the central govt. vide its letter no. SRN B78233202/1/2013 – CL VII dated 30<sup>th</sup> July, 2014 turned down the company's application for the reason the company had not made application for waiver of recovery of excess remuneration paid to individual managerial personnel of the company to whom remuneration in excess of the limits of the Companies Act, 1956 had been paid during the financial year.

Now the Board of Directors, as per recommendations of the Nomination & Remuneration Committee at its meeting held on 12<sup>th</sup> May, 2015 recommended, the re-fixation of the remuneration payable to Managing/ Whole Time Directors for FY 2012-13 as per provisions of part II section II (B) of Schedule XIII of the Companies Act 1956, the applicable law at that time as detailed hereunder.

**Shri Birendra Kumar, Chairman & Managing Director**

Total annual remuneration (inclusive of all perquisites) Rs. 48,80,200/- payable to Shri Birendra Kumar for financial year 2012-13.

In addition, he will also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration in the Section II of Part II of Schedule XIII to the Companies Act, 1956.

Contributions to PF, superannuation fund or annuity fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961.

## U P HOTELS LIMITED

- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- Encashment of leave at the end of the tenure.

The amount of Rs. 2,48,200/- (being the amount in excess of part II of Schedule XIII of the Companies Act, 1956) has already been recovered from Shri Birendra Kumar on 03<sup>rd</sup> September, 2014.

### **S/Shri Apurv Kumar & Rupak Gupta, Joint MDs & Smt Supriya Gupta, Executive Director**

S/Shri Apurv Kumar & Rupak Gupta, Joint MDs & Smt Supriya Gupta, Executive Director were paid the following remuneration for financial year 2012-13 as detailed hereunder:

<b>Name</b>	<b>Salary</b>	<b>Contribution to PF</b>	<b>Perquisites</b>	<b>Total</b>
Shri Apurv Kumar	30,00,000/-	3,60,000/-	7,12,390/-	40,72,390/-
Shri Rupak Gupta	30,00,000/-	3,60,000/-	5,66,862/-	39,26,862/-
Smt. Supriya Gupta	27,00,000/-	3,24,000/-	4,19,592/-	34,43,592/-

By Order of the Board of Directors  
For **UP HOTELS LIMITED**

Sd/-

**Date: 07.09.2016**

**Place: New Delhi**

Apurv Kumar  
(Joint Managing Director & CFO)  
DIN: 00043538  
Add: 28 Shreevihar Colony,  
Near Hotel Clarks Amer,  
10 Jawaharlal Nehru Marg,  
JAIPUR-302 018.

**Registered Office:**

1101, Surya Kiran, 19, Kasturba Gandhi Marg

New Delhi-110 001

CIN: L55101DL1961PLC017307

**DIRECTORS' REPORT**

**To  
The Members**

Your Directors have pleasure in presenting the Fifty Third Annual Report with the Audited Accounts and Auditors' Report for the year ended 31<sup>st</sup> March, 2014.

**FINANCIAL PERFORMANCE**

<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March ending 2014</b>	<b>Year ended 31<sup>st</sup> March ending 2013</b>
Profit before tax	6,78,59,753	9,72,78,278
Current tax –		
- Income tax	1,75,77,998	3,27,19,875
- Deferred tax	30,93,238	16,14,195
Profit after tax	4,71,88,517	6,29,44,208
Balance profit / (loss) brought forward from previous year	36,90,34,777	34,39,73,640
Available for appropriation	<b>41,62,23,294</b>	<b>40,69,17,848</b>
Appropriation		
Transfer to general reserve	46,88,452	62,94,421
Proposed dividend	1,89,00,000	2,70,00,000
Tax on dividend	38,47,595	45,88,650
Balance profit carried to Balance Sheet	38,87,87,247	36,90,34,777
	<b>41,62,23,294</b>	<b>40,69,17,848</b>

Your Company recorded a turnover of Rs. 76,04,13,527 as compared to Rs. 75,74,82,285 in the previous year, an increase of 0.39% over the previous year. The profit for the year after tax amounted to Rs 4,71,88,517 as against Rs. 6,29,44,208 recorded in the previous year.

**DIVIDEND**

Your Directors are pleased to recommend a dividend of Rs. 3.50 per equity share i.e. 35% for the financial year ended 31<sup>st</sup> March, 2014. The Dividend will be paid to those members whose names appear on the Company's Register of Members on 26-09-2014. This dividend is subject to the approval of the members at the forthcoming Annual General Meeting.

## U P HOTELS LIMITED

### RESERVES

Your Directors have transferred a sum of Rs. 46,88,452 to General Reserve, pursuant to the Provisions of the Companies (Transfer of Profits to Reserves) Rules, 1975.

### COMPLIANCE OF CLAUSE 40A OF THE LISTING AGREEMENT

The Company has not been able to take steps for compliance with Clause 40A of the Listing Agreement. Appeals arising from order dated 02.12.2014 of SEBI *inter alia* directing 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 have been filed before the Securities Appellate Tribunal and the same are still pending.

### DIRECTORS

In accordance with the Companies Act, 1956 and the Company's Articles of Association, Mr. Sushil Kumar & Mr. Rakesh Mahendra Gupta retire by rotation and being eligible offer themselves for reappointment. However, since the company was unable to hold the Annual General Meeting for the financial year ending 31<sup>st</sup> March, 2014. Pursuant to Section 256 of the Companies Act, 1956 they are deemed to have vacated their office of Directors from 30-11-2014(the date upto which the extension of Annual General Meeting was approved by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi). In view of this the resolution of Re-Appointment of Directors retire by rotation does not form part of the Notice issued to the Members of the Company.

***Note: As on the date of sending this notice of AGM for F.Y. 31-03-2014 the Composition of the Board of Directors includes only Hon'ble Justice Mr. B. P. Singh (former Judge of Supreme Court of India) as Non-Executive Chairman- Independent Director Appointed by the Hon'ble NCLT, Delhi vide its order dated 19-08-2016, Mr. Rupak Gupta(JMD-CFO), Mr. Apurv Kumar(JMD-CFO), Mrs. Supriya Gupta(Director), Mr. Arvind Kumar(Non-executive Director) and Mr. Ravinder Kumar Chadha(Independent Director)***

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected sound accounting policies and applied them consistently and made adjustments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review;

- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956.
- iv) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2014 on a 'going concern' basis.

**Note: The Company is having a system of internal controls however due to the ongoing disputes and internal differences/disagreements between the management there are certain discrepancies as no timely reporting of the matters can be made to the board since the Board meetings are not being held at the regular intervals.**

### **ENERGY CONSERVATION**

Your Company monitors the systems and methods devised in the context of energy conservation on an ongoing basis and has implemented the energy conservation programme which includes use of energy efficient lighting (LED), variable frequency drive for motors (VFD), heat exchanger system, solar system for generating hot water, sewerage treatment plants for re-use of water for gardening, cooling tower, plumbing, cleaning purpose and latest energy conservation gadgets.

### **TECHNOLOGY ABSORPTION**

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

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, your Company's Foreign Exchange Earnings were Rs. 19,94,40,496 and the outgo was Rs. 73,53,950.

### **PARTICULARS OF EMPLOYEES AND DISCLOSURE OF INFORMATION**

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

## U P HOTELS LIMITED

### STATUTORY AUDITORS

The Auditors, Messrs. Ray & Ray, Chartered Accountants (Firm Registration No. 301072E), retire at the ensuing Annual General Meeting of the Company and have confirmed their eligibility and willingness to accept office, if re-appointed. The Board of Directors recommended their Appointment as Statutory Auditors for a period of three years upto the conclusion of the Annual General Meeting of F.Y. ending 31<sup>st</sup> March, 2017.

### AUDITORS' OBSERVATION

The Auditors' Observations on various issues(non-compliances) as related to the Companies Act, 1956 & Companies Act, 2013, SEBI Act, 1992, Listing Agreement and other laws applicable to the Company are given in Auditors' Report.

The Company has already initiated steps to remove all the non-compliances as mentioned by the Auditors in their Auditors' Report in their notes to accounts from point no. 49.1 to 62. The Directors have submitted their point wise replies upon the said observations mentioned by the Auditors in their Auditors' Report from point no. 49.1 to 62 in the Annexure attached to this Report.

### SECRETARIAL AUDITORS

The Company voluntarily got Secretarial Audit and obtained the Secretarial Audit Report for the financial year ending 31<sup>st</sup> March, 2014 from a Practicing Company Secretary duly appointed for this purpose, the same has been attached alongwith the Boards' Report and has been provided in this 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.

### CORPORATE GOVERNANCE

The Reports on the Corporate Governance and Management Discussion and Analysis as required pursuant to Clause 49 of the Listing Agreement form an integral part of this report 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(Annexure-3) with the report on Corporate Governance.



## OTHER INFORMATION

The Audit Committee of the Company reviewed the financial statements for the year under review at its meeting held on 19<sup>th</sup> May, 2014 and recommended the same for the approval of the Board of Directors and the same were approved and published in the newspaper dated 21-05-2014. The Audit Committee of the company have since reviewed the revised financial statements for the F.Y. 31-03-2014 and the same has been approved by the Board of directors

As per the Listing Agreement with the Stock Exchange, the Management Discussion & Analysis Report, Report on Corporate Governance and Auditors' certificate regarding compliance of all conditions of Corporate Governance form a part of this report.

## ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the contribution made by the entire team of officers and staff to the growth and prosperity of the Company and to the shareholders for their valuable co-operation, suggestions and guidance. Your Directors also wish to place on record their appreciation for the continuous support from the banks, Department of Tourism and other Government Agencies.

For and on behalf of the Board of Directors

Sd/-  
Bisheshwar Prasad Singh  
Chairman

Sd/-  
Apurv Kumar  
Joint Managing Director  
& Chief Financial Officer

Sd/-  
Rupak Gupta  
Joint Managing Director  
& Chief Financial Officer

New Delhi  
7<sup>th</sup> September, 2016

## **Reply by the Directors to the Observation by the Statutory Auditors**

**49. 1 & 2.** As has been mentioned in the Auditors' note the Board is taking steps to resolve all the pending disputes/Issues between the promoters, particularly in view of the directions issued by the Hon'ble NCLT New Delhi, in their order dated 19/08/2016. The Board have recently met on 22/08/2016 and have been able to initiate steps i.e., to eradicate the existing impediments and is planning to meet at frequent intervals to amicably settle all the pending issues including Minimum public shareholding (MPS) and other non-compliances.

**50.** The Auditors have given the details regarding the opinion given by the joint managing directors on certain issues related to financial statement, And this is subject matter of Application filed by one group of promoters and is pending before the Civil Court .

**51:** The company has since recovered the amount of excess remuneration as was paid to the Chairman and Managing Director of the company of Rs. 2, 48,200/-

Further even though the application for waiver of recovery of excess remuneration paid to managerial person has been rejected by Central Government. The issue has already resolved by the recovery of amount of Rs. 3, 00,425/- and as stated in the Auditors' Report the revised financial statements are being sent to the members of the company for their approval.

**52.** The Auditor's note presents details regarding the issue of oppression and mismanagement being pending in CLB (NCLT) as a result of application filed by one group of promoters. By Order dated 25.05.2016 of the CLB has directed the parties to continue in their respective positions.

**53.** As mentioned in the notes that the company has defaulted in compliance of clause 41 & 49 of the Listing Agreement & Trading in shares of the company on BSE has been suspended and other non-compliances are based on facts. The directors are of view that the same will be removed once the steps are initiated by the promoter groups for compliance in this regard.

**54 55 & 56.** The company has since recovered the amount of excess remuneration as was paid to the Chairman and Managing Director of the company of Rs. 2,48,200/-.

Further even though the application for waiver of recovery of excess remuneration paid to managerial person has been rejected by Central Government. The issue has already been resolved by recovery of amount of Rs. 3,00,425/-. Further, the Directors of the company have taken steps to ensure authentication of register maintained under section 301 of the Companies Act, 1956.

**57.** The Appointment of Director and Audit Committee & Remuneration Committee have since been resolved. The Audit Committee, The Nomination & Remuneration Committee has been formed vide the resolution passed of the Board meeting held on 22.08.2016.

**58(a).** The note mentions on the matters of section 159/166/210(3) & 220 of Companies Act 1956. The Hon'ble NCLT has stayed the show cause notices issued by R.O.C vide its order dated 19/08/2016 and has allowed the Company to take remedial steps till 30/09/2016 for removal of non compliances U/S 159/166/210(3)/220 of Companies Act, 1956. The Company has already taken steps in this regard and is in the process of holding the Annual General Meeting for financial year 31/03/2014.

**(b)** The issue regarding Clause 40A of Listing Agreement is pending with SAT and the compliances regarding Clause 49 i.e, Corporate Governance has been covered in the Annual Report of 2013-14. The present composition of board of directors meets the requirement of Listing Agreement & (LODR) 2015. At present there are two JMD's cum C.F.O's, one Non Executive Chairman (appointed by NCLT), one independent Director and one non Executive Director and one more Independent Director. The Audit committee has also been formed as per the provisions of the Act/ Listing Agreement.

**(c)** The Submission of Financial Accounts under Clause 41 and Corporate Governance Report under Clause 49 of listing agreement is under process and the Company will be able to provide all the pending Reports, Returns, to the B.S.E, SEBI, once the promoters agree on this issue.

**(d)** As has been mentioned in earlier paragraphs the Company has already stated to remove all pending issues and after finalization of Financials for 2013-14, the Tax Audit Report will be completed, finalized within the reasonable minimum time.

**(e)** The company has appointed the requisite number of Independent Directors in compliance of provisions of the Act and has also formed the Nomination and Remuneration Committee in Compliance of Section 178(2 &3) of Companies Act 2013.

**(f)** In the current financial year the Board of Directors have held their meetings on 30 April 2016, 4 June 2016, 22 June 2016 & 22 August 2016. So in the past 5 months the company is holding Board Meetings within the maximum time limit of 120 days.

**(g) & (h)** The Company will initiate the process of finalizing various returns to be submitted under SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015. Once the promoters groups are in consensus on their issues, the formation and compliance of policies regarding code of conduct for Directors and senior Management etc. and other policies will be finalized.

**(i)** The Company has already made necessary changes In the composition of Board of Directors and it has formed the Audit Committee & Nomination and Remuneration Committee also.

## **U P HOTELS LIMITED**

(j) Along with the steps to be taken by the company for other non-compliances, the company will also appoint Internal Auditors from the financial year 2014-15 onwards.

59. The Special Resolutions relating to re-fixation of remuneration of Shri Birender Kumar & his appointment and also re-appointment of Shri Apurv Kumar & Shri Rupak Gupta as Joint Managing Directors cum CFO & Smt. Supriya Gupta as Executive Director will be proposed for approval by the members of the company in the Annual General Meeting to be held for financial year 31/03/2015.

60. The Accounts of the Company could not be authenticated for financial year 2013-2014 by the Company Secretary during his tenure as the same were not finalized and as above Company Secretary has already resigned on 16<sup>th</sup> May 2016. However, under section 203(4) of the Companies Act, 2013. The company can appoint a new Company Secretary within six (6) months of the date of the resignation. However, the accounts of the company are being authenticated by the two Joint Managing Directors cum CFO and the Chairman.

62. The points mentioned are self explanatory and do not require any further comments/clarifications.

**Annexure to Directors' Report**

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2014

S.No. Name	Age (years)	Designation	Gross Remuneration (₹)	Qualification	Experience (years)	Date of Joining	Previous Employment	% of equity shares
1 Shri Birendra Kumar	75	Chairman & Managing Director	4,632,000	B.Sc. Diploma in Business Admn. Harvard University	56	October, 1979	Hotel Clarks Varanasi Ltd.	1.983
2 Shri Apurv Kumar	53	Joint Managing Director	4,093,552	Graduate from Mumbai University Hospitality Management from Cornell University USA, MBA. Alumni Harvard Business School.	26	January, 1995	Bonita India Ltd	0.650
3 Shri Rupak Gupta	44	Joint Managing Director	3,865,787	B.Sc. Management University of New Haven, CT, USA Hotel Management Cornell University USA	17	February, 1997	1st Employment	15.158
4 Smt. Supriya Gupta	67	Executive Director	3,414,605	Graduate from Delhi University and post graduate in Economics & Social Anthropology from Cambridge University.	20	May, 2010	Banaras House Pvt Ltd	Nil

**Notes:**

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

**Secretarial Audit Report**

To

The Board of Directors/Members of the Company  
**UP HOTELS LIMITED**  
1101 Surya Kiran Building  
19 Kasturba Gandhi Marg,  
New Delhi- 110001

**Sub: Secretarial Audit Report in respect of the Secretarial Audit conducted on the various compliances made by the Company during the period ended on 31<sup>st</sup> March, 2014.**

Dear Sir(s),

Pursuant to our appointment as the Secretarial Auditor of the Company on voluntarily basis for the financial year ending 31<sup>st</sup> March, 2014 in the Board Meeting of the company held on 22-08-2016 for conducting a detailed secretarial audit in respect of various compliances made by the Company under the Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable in the period of our Audit). The Depositories Act, 1996, SEBI Act, 1992, SEBI (Substantial Acquisition of Shares & Takeover) Guidelines, 2011, SEBI (Prohibition of Insider Trading) Regulations, 1992, The Securities Contract Regulation Act, 1956 and the Listing Agreement entered into by the Company with the Bombay Stock Exchange Limited (BSE) covering therein the period commencing from 01.04.2013 and ending on 31.03.2014. We hereby report as under:

We have examined the various registers, records, books and papers as required to be maintained and filed by the Company under the above mentioned enactments, rules, regulations and procedures prescribed there under and we have also examined the information and explanations given to us by the Management and the Authorised Officials of the Company, and pursuant thereto our report has been segregated in three parts, One covering the report on the compliances made by the Company under the Companies Act, 1956 and the Second covering the report on the compliances made by the Company under SEBI Act, 1992 and various Guidelines prescribed thereunder, SCRA Act, 1956, Depositories Act, 1996 and the Listing Agreement and the Third part consisting of the details regarding the Other Acts applicable of the company, which is given as under :

**I. Report on the Compliances made by the Company under the Companies Act, 1956 and Companies Act, 2013 (to the extent applicable) and rules and Regulations prescribed there under:**

We have examined the Compliances made by the Company as required under the provisions of Companies Act, 1956, Rules & Regulations made there under and the Memorandum & Articles of Association of the Company and the same are reported as under:

- a. Filing of e-forms and returns necessary for the financial year 2013-14 with attachments to the Registrar of Companies;
  - i. *The Company has not filed the Financial Statements due to non-finalization of the Financial Statements i.e. Balance Sheet, Profit & Loss Account, Cash Flow Statement and the Notes thereon including the Auditor's Report for the financial year ending 31-03-2014.*
  - ii. *Certain e-forms which were related to the financial year ending 31-03-2014 were filed with additional fees.*
- b. Notice & Agenda required to be sent for the Board Meeting and the Audit Committee has been sent through e-mail. *However, the Notice and Agenda of Nomination and Remuneration Committee and Share Transfer Committee/Shareholder Grievance Committee of Company for the Meetings held during the financial year ending 31-03-2014 could not be sent due to urgency of the concerned matters but the meetings were held and none of the directors raised any objections regarding the validity of these meetings and they were deemed as duly held.*
- c. **Audit Committee:** As per board meeting held on 13.11.2013, it was informed that Audit Committee needed to be reconstituted as its strength had fallen below the required of minimum 3 directors as per section 292A of the Companies Act, 1956 and clause 49 of Listing Agreement. The matter was discussed and it was decided to include two directors into the committee.
- d. The Minutes of the Board Meeting and other Committees of the Board were duly recorded in compliances of the provision of the Companies Act, 1956.
- e. *Attendance registers of Share Transfer Committee are not maintained and also attendance of Adjourned meeting of Board of Directors dated 12<sup>th</sup> May, 2013 is not recorded.*

- f. *The records relating to the resolution passed by circulation; During the year company proposed five resolutions for passing through Circulation, four of which were passed on the basis of Approval received from majority of directors and one of the resolutions was rejected due to lack of majority.*
- g. *The appointment/ re-appointment of Auditors of the Company including the payment of remuneration to the Auditors of the Company could not approved by the shareholders as the Annual General Meeting for the relevant year could not be held.*
- h. *Company was granted extension from Registrar of Companies, NCT of Delhi & Haryana, New Delhi for two months i.e. upto 30-11-2014 for holding the Annual General Meeting for the F. Y. ending 31-03-2014 but the same was not held during that period due to disputes among the promoters groups.*
- i. *Company has complied with all the necessary declaration by the directors including independent directors.*
- j. *The Company was not able to comply with the Annual closure of Register of Members and Transfer Books for the year 2013-2014 which is required to be made in compliance with the Listing Agreement entered into by the company.*
- k. *The Company could not send the Annual Report for Financial Year 2013-14 to shareholders as the Annual General Meeting for the F. Y. ending 31-03-2014 was not held.*
- l. *The Company was not able to comply with Section 255 as regards Appointment of Directors and Proportion of those who are to retire by rotation, Section 292A as regards Audit Committee and Schedule XIII as regards composition of Remuneration Committee of the Companies Act, 1956. Steps are being taken to comply with the relevant provisions of the Companies Act, 1956. The particulars of contracts or arrangements in which directors were interested and entered in the register maintained under section 301 of the Companies Act, 1956 were not authenticated by some of the directors as of 31.03.2014.*
- m. *The Register maintained under section 301 were not authenticated by some of the directors for the year ended 31<sup>st</sup> March, 2014; As per the information/details received from the Management the company in its Board Meeting dated 19-05-2014, stated that as per the recommendations of the Audit committee the contracts to be entered into with related parties for the financial year 2104-15 be re-looked as to ensure that they are on arms length basis and be placed at the next meeting of the Board of directors for Approval.*



- n. *As per the information/details provided by the Management the Company has received a notice of default under Section 159/166/210(3)/220 of the Companies Act, 1956 as regards Annual General Meeting, Annual Return, and Annual Accounts etc. for 2013-14. The company has also received a notice of default under section 96 of the Companies Act, 2013 despite being prior extension of time and Show Cause as to why action not being taken under section 99 of the Companies Act, 2013. The company has replied to the notice indicating the various circumstances for non-compliances.*
- o. *As per the information/details provided by the Management The Central Government vide its letter No. SRN B78223187/1/2013 - CL. VII dated 14th August, 2014 turned down / rejected the application of the Company for payment of remuneration to Chairman & Managing Director in excess of Section II of Part II of Schedule XIII of Companies Act, 1956 for financial year 2013-14. The Company was to recover ` 3,00,425 for the year 2013-14 from him (being the amount of remuneration in excess of Section II(B) of Part II of Schedule XIII of Companies Act, 1956); However as per the information received from the Management the excess amount paid has since been recovered.*

**II. Report on the Compliances made by the Company under the SEBI Act, 1992, various Guidelines prescribed thereunder, SCRA, 1956, Depositories Act, 1996 and the Listing Agreement:**

We have examined the compliances required to be made under the SEBI Act, 1992, various Guidelines prescribed there under, SCRA, 1956, Depositories Act, 1996 and the Listing Agreement which are reported as under:

- a. *The Company has not complied with the provisions of Depositories Act, Bye-laws framed there under with regard to circular dated 26<sup>th</sup> Nov, 2013 for 100% promoter shareholding in dematerialized form.*
- b. *Report on compliance of Corporate Governance for the year ended 31<sup>st</sup> March, 2014 is yet to be filed as the AGM for the F. Y. ending 31<sup>st</sup> March, 2014.*
- c. *As required under the regulations, the necessary disclosures related to Pledging of Shares by the Promoter(s) under Regulation 8A (1),(2),(3) of SEBI (Substantial Acquisition of Shares & Takeover) Guidelines, 2009 has been made; None of the Directors have pledged their shares.*
- d. *The Company has not made any Policies Prescribed under Companies Act, 1956/2013 and the Listing agreement.*

- e. Submission of all the quarterly compliances to the specified regulatory within the prescribed time.
- f. *The Company has received 1(one) Grievance in the 2<sup>nd</sup> quarter ended 30<sup>th</sup> Sep, 2013 which was disposed by the Investors Grievance Committee, however , the - Grievances relating to the Promoters remained pending.*
- g. *The Company held an Extra-Ordinary General Meeting dated 23-07-2013 wherein the shareholders approval was given for Increase in the Authorised share Capital and Issue of Bonus Shares to Public Shareholders due to non-compliance relating to clause 40A of the Listing Agreement for maintaining the Minimum Public Shareholding; However, as the disagreement among the promoter groups was persisting so the bonus shares were not issued to any of the Public Shareholders of the Company.*

*As per the information/details provided by the Management the Company was further not able to take requisite steps for issuance of Bonus Shares to the public shareholders even after 29.04.2014 as 62.5% of promoter shareholders have not waived off their right to subscribe to Bonus shares. SEBI vide its order dated 02.12.2014 has inter alia directing 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. Appeals have been preferred against the said order dated 02.12.2014 before the Securities Appellate Tribunal and the same are still pending.*

- h. *Non-Compliances of Clause 49 of the Listing Agreement as regards to composition of the board of directors, strength of the Audit Committee and Convening of such meetings, the shareholders/ grievance committee not headed by non- executive directors.*
- i. *The company received a Show Cause Notice during the F.Y. ending 31-03-2014 for violation of Clause 40A of the Listing Agreement as regards promoters' shareholding. As per the information received from the Management of the Company, the Company has not been able to take steps for compliance with Clause 40A of the Listing Agreement. Appeals arising from order dated 02.12.2014 of SEBI inter alia directing 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 have been filed before the Securities Appellate Tribunal and the same are still pending.*
- j. *The Company has not disclosed certain details on its website maintained for the purpose pursuant to the listing Agreement, such as quarterly corporate*

*governance report, description of the Committees and its members, no updated policies etc.*

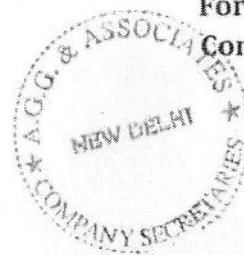
### III. Report on the Compliances made by the Company under various other acts

As per the information and explanations given to us by the Management and the Authorised Officials of the Company including the representation received from the Management and the Compliance Reports received from the designated officials for implementation of various acts as submitted to the Board of Directors, we have to state as under:

- a. The Company has not employed any child labour/Bonded labour in any of its establishment.
- b. Licences and Certificates regarding Food Adulteration Act, Food Safety and Standard Act, Fire Extinguisher, Bar Licence, Shop and Establishment Act, Hotel Insurance policies, Eating House License, License for playing for music and other Municipal and Local authorities has been complied.
- c. The Company has yearly renewed the Certificate under Water (Prevention and Control of pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981.
- d. *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. 58,59,000 (2013- Rs. 58,59,000). The Company, based on expert analysis, is hopeful of a favourable decision from the Hon'ble High Court, Allahabad.*
- e. *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.*
- f. *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.*
- g. *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.*

- h. *Pending assessments of Luxury Tax, Value Added Tax, Employees State Insurance, Provident Fund, Service Tax, House & Water Tax etc., further liability, if any, could not be ascertained and provided for in accounts.*
- i. *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.*
- j. As per the information/details provided by the Mangement and the Authorised Officials of the Company, the Contract Labour is not Applicable to the Jaipur and Lucknow units and the registers for the Agra and Khajurao relating to Contract labour are maintained.

Place: New Delhi  
Dated: 07-09-2016



**For AGG & Associates  
Company Secretaries**

*Sd/-*

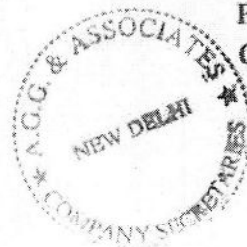
.....  
**A. G. Gambhir**  
**Practicing Company Secretary**  
**FCS : 3668, CP:3653**

To

The Board of Directors/Members of the Company  
**UP HOTELS LIMITED**  
1101 Surya Kiran Building,  
19 Kasturba Gandhi Marg,  
New Delhi- 110001

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  
Company Secretaries**

*Sd/-*

**A. G. Gambhir  
Practicing Company Secretary  
FCS : 3668, CP:3653**

**Place: New Delhi  
Dated: 07-09-2016**

**Management Discussions & Analysis**

**Industry Outlook**

With the indications of stable Government being put in place, a positive signal has gone to the Tourism Industry worldwide.

There are safety concerns all over the Western world. Now there is a reassurance that with the election of a new Government in power, safety concerns, environmental concerns, facilitation at arrival points and the overall infrastructure will receive a positive make-over. All this will bring positive results of the Industry all over the world as well as at home in India.

There is already a major improvement in the hotels sector, airports and all major roads offering better connectivity.

With this in mind, it is felt that there will be a good improvement in our performance, occupancies and overall financial results in the forthcoming year.

**Risk & Concerns**

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

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

### **Financial Performance**

Your company has four hotels in its portfolio offering 611 rooms at Agra, Jaipur, Lucknow and Khajuraho under the brand name Clarks.

Your Company recorded a turnover of Rs. 76,04,13,527/- as compared to Rs. 75,74,82,285/- in the previous year, an increase of 0.39 % over the previous year. The profit for the year after tax amounted to Rs. 4,71,88,517/- as against Rs. 6,29,44,208/- recorded in the previous year.

The average occupancy % registered a decline of 5.61%, the average room rate increased by 25.54% in comparison to the previous financial year.

### **Segment Wise Performance**

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

### **Internal Controls**

The Company is having a system of internal controls however due to the ongoing disputes and internal differences/disagreements between the management there are certain discrepancies as no timely reporting of the matters can be made to the board since the Board meetings are not being held at the regular intervals.

The Company has a systematic process and well-defined roles and responsibilities for people at different hierarchical levels. However, due to the present ongoing suits which have been filed at the Hon'ble Civil Court, Lucknow, Hon'ble Supreme Court of India and in the Hon'ble NCLT, New Delhi, 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.

## U P HOTELS LIMITED

### Human Resources

The Company believes that its intrinsic strength is its people. The Company has always paid special attention to recruitment and development of all categories of staff.

Industrial relations have remained stable and cordial during the year. The total number of people employed by the Company is 728.

### Corporate Social Responsibilities

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

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

#### At Hotel Clarks Amer, the hotel

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



**At Hotel Clarks Shiraz , the hotel**

- i) regularly supplies food material to Shishu Bhawan Mother Teresa Charitable Home.
- ii) donates discarded movable inventories to TEARS, an institution for blind & mentally retarded children.
- iii) supports Adarsh Mahila Mandal, (an NGO for welfare of poor women) by buying laundry bags , envelopes etc. from them.
- iv) maintaining public park at Shastri Chowk.
- v) organised blood donation camp for Samarpan Blood Bank

**At Hotel Clarks Avadh, the hotel**

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

For and on behalf of the Board of Directors

Sd/-  
Bisheshwar Prasad Singh  
Chairman

Sd/-  
Apurv Kumar  
Joint Managing Director  
& Chief Financial Officer

Sd/-  
Rupak Gupta  
Joint Managing Director  
& Chief Financial Officer

New Delhi  
7<sup>th</sup> September, 2016

**REPORT ON CORPORATE GOVERNANCE**

*(The Report is Based mainly on the information relating to the facts, events occurring during the financial year 01-04-2013 to 31-03-2014 which are relevant for compilation of Corporate Governance Report, since the Report is being presented before the shareholders as on the present date the same also comprises of certain details/facts which reflect the changes that have taken place during the years till date)*

1. Company's philosophy on code of governance

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

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

The Company is aware regarding the Corporate Governance norms required for the compliances to be made, however there are certain discrepancies/ irregularities during the said F.Y. 2013-14. Thereafter i.e. after the F.Y. 2013-14, the Board has met several times but due to difference in opinion among the promoters several non-compliances are still pending.

2. Board of Directors

2.1 As on 31<sup>st</sup> March, 2014, 60% of the Board comprises of Non-Executive Directors. 30% of the Board comprises of Independent Directors and the balance 70% represents promoter Directors. Independent Directors do not have any material pecuniary relationship and haven't entered into any transactions with the Company, its promoters & its management, which in the judgement of the Board may affect independence of the judgement of the Directors.

2.2 Composition as on 31<sup>st</sup> March, 2014

The composition of the Board of Directors and the number of other directorships and committee memberships/chairmanships (excluding this company) as on 31<sup>st</sup> March, 2014 are as under:

Name of Director	Category of Directors	No. of other Directorships		No. of Chairmanship/ Membership held in Committees of other Companies	
		Public	Private	Chairperson	Member
Shri Birendra Kumar (Chairman & Managing Director)	Promoter – Executive	4	3	-	-
Shri Apurv Kumar (Joint Managing Director)	Promoter – Executive	3	7	-	-
Shri Rupak Gupta (Joint Managing Director)	Promoter – Executive	2#	6#	-	-
Smt. Supriya Gupta (Executive Director)	Promoter – Executive	1	5	-	-
Shri Rakesh Mahendra Gupta	Promoter – Non-Executive	5	3	-	-
Shri Sushil Kumar	Promoter – Non-Executive	2	3	-	-
Shri Girish Narain Mehra	Independent – Non-Executive	4	-	4	7@
Shri Jag Mohan Lal	Independent – Non-Executive	-	-	-	-
Shri Ravinder Kumar Chadha	Independent – Non-Executive	-	-	-	-
Shri Arvind Kumar	Promoter – Non-Executive	7	7	-	-

## U P HOTELS LIMITED

(The abovementioned details are as per the Form -24AA submitted by each of the Directors pursuant to section 299(1) of the companies Act, 1956)

#Includes a foreign company

@ Includes Chairmanship of other companies

Currently, the number of independent directors is 3 which is below 50% of the board strength as required under Clause 49 of the Listing Agreement.

**Note: As on the date of sending this notice of AGM for F.Y. 31-03-2014 the Composition of the Board of Directors includes only Hon'ble Justice Mr. B. P. Singh (former Judge of Supreme Court of India) as Non-Executive Chairman- Independent Director Appointed by the Hon'ble NCLT, Delhi vide its order dated 19-08-2016, Mr. Rupak Gupta(JMD-CFO), Mr. Apurv Kumar(JMD-CFO), Mrs. Supriya Gupta(Director), Mr. Arvind Kumar(Non-executive Director) and Mr. Ravinder Kumar Chadha(Independent Director)**

### 2.3 Attendance at Board Meetings

During the financial year ended 31<sup>st</sup> March, 2014, five board meetings were held on 11<sup>th</sup> May, 2013(including Adjourned board Meeting held on 12<sup>th</sup> May, 2013), 27<sup>th</sup> May, 2013, 14<sup>th</sup> August, 2013, 13<sup>th</sup> November, 2013 and 12<sup>th</sup> February, 2014. The gap between two meetings is not more than four months. The attendance of each Director at the Board Meetings and the last Annual General Meeting is as under:

Directors	No. of Board Meetings		Attended last AGM held on 28 <sup>th</sup> September, 2013
	Held	Attended	
Shri Birendra Kumar	5	5	Yes
Shri Apurv Kumar	5	5	Yes
Shri Rupak Gupta	5	5	Yes
Shri Rakesh Mahendra Gupta	5	5	Yes
Smt Supriya Gupta	5	5	Yes
Shri Sushil Kumar	5	4	No
Shri Girish Narain Mehra	5	5	No
Shri Pramod B Agarwala	5	1	No
Shri Rajendra Suraiya	5	3	No
Shri Jag Mohan Lal	5	5	No
Shri Sanjiv Swarup	5	1	No
Shri Ravinder Kumar Chadha	5	5	Yes
Shri Arvind Kumar	5	4	Yes
Shri Mohinder Kapur	5	3	Yes

Note: The Board of Directors have met several times after the completion of the F.Y. ending 31-03-2014, Thereafter, due to the ongoing disputes and difference of opinion on several issues between the management various non-compliances still remain pending.

### 2.4 All the directors have as on 31<sup>st</sup> March, 2014, filed the requisite declarations stating that :

- a) The disqualification contemplated under Section 274(1)(g) of the Companies Act, 1956 do not apply to them
- b) The code of conduct for Prevention of Insider Trading in its equity shares has been complied with.

## **U P HOTELS LIMITED**

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

"We hereby confirm:

The company has obtained from all members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of Conduct and Ethics for Directors and Senior Management in respect of financial year 2013-14."

Sd/-                                      Sd/-  
Apurv Kumar                      Rupak Gupta  
Joint Managing Directors

### 3. Audit Committee

#### 3.1 Brief description of terms of reference

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

The brief terms interalia include:

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

3.2 Composition, names of members and Chairperson as on 31<sup>st</sup> March, 2014

Name of member	Category
Shri Ravinder Kumar Chadha	Independent – Chairman
Shri Jag Mohan Lal	Independent#
Shri Rajendra Suraiya	Independent*

\*Not re-elected at the Annual General Meeting held on 28<sup>th</sup> September 2013.

The company has at its board meeting held on 19<sup>th</sup> May, 2014, co-opted Shri Rakesh Mahendra Gupta into the Audit Committee to raise its minimum required strength to 3 members as per the provision of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**Note: The Audit Committee has been re-constituted in the Board Meeting dated 22-08-2016 and as on date the Audit Committee comprises the following directors:**

1. **Hon'ble Justice Mr. B. P. Singh (former Judge of Supreme Court of India)- Chairman-Independent Director**
2. **Mr. Arvind Kumar- Director**
3. **Mr. Ravinder Kumar Chadha-Independent Director**

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

**\*During the Financial Year 2013-14, Mr. Sidharth Ghatak, Company Secretary of the Company was associated with the Company. However he has resigned from the office since the closing hours as on 16.05.2016 which was approved by the Board in the Board Meeting held as on 04-06-2016. Therefore, the person authorized by the Audit Committee will act as a Compliance Officer and the same will be intimated to the Bombay Stock Exchange and placed on the website of the Company.**

3.3 Meetings and attendance during the last financial year(2013-14)

During the financial year ended 31<sup>st</sup> March, 2014, four Audit Committee meetings were held on 27<sup>th</sup> May, 2013, 14<sup>th</sup> August, 2013, 13<sup>th</sup> November, 2013 and 12<sup>th</sup> February, 2014.

Director	No. of Committee Meetings	
	Held	Attended
Shri Ravinder Kumar Chadha	4	4
Shri Jag Mohan Lal#	4	4
Shri Rajendra Suraiya**	2	2

\*\* Not re-elected at the Annual General Meeting held on 28<sup>th</sup> September, 2013

## U P HOTELS LIMITED

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

*\*During the Financial Year 2013-14, Mr. Sidharth Ghatak, Company Secretary has since resigned from the Company details of which has already been mentioned above,*

*Note: The Audit Committee has been re-constituted in the Board Meeting dated 22-08-2016 details of which has already been mentioned above.*

#### 4. Remuneration Committee

##### 4.1 Composition as on 31<sup>st</sup> March, 2014:

Name of member	Category
Shri Jag Mohan Lal	Independent – Chairman
Shri Ravinder Kumar Chadha	Independent
Shri Rajendra Suraiya	Independent*

\*\* Not re-elected at the Annual General Meeting held on 28<sup>th</sup> September, 2013

The company has at its board meeting held on 19<sup>th</sup> May, 2014, re-constituted the Remuneration Committee by co-opting Shri Rakesh Mahendra Gupta and renamed it "Nomination & Remuneration Committee" in accordance Section 178 of the Companies Act, 2013.

*Note: The Nomination & Remuneration Committee has been re-constituted in the Board Meeting dated 22-08-2016 and as on date the Nomination & Remuneration Committee comprises the following directors:*

- 1. Hon'ble Justice Mr. B. P. Singh (former Judge of Supreme Court of India)- Chairman-Independent Director*
- 2. Mrs. Supriya Gupta- Director*
- 3. Mr. Ravinder Kumar Chadha-Independent Director*

##### 4.2 Terms of reference

The Remuneration Committee had been constituted to review and recommend the remuneration package for the whole-time directors in terms of Part II, Section II of Schedule XIII of Companies Act, 1956.

During the year, a meeting of Remuneration Committee was held on 27<sup>th</sup> May, 2013. Meetings and Attendance during the last financial year

Director	No. of Committee Meetings	
	Held	Attended
Shri Ravinder Kumar Chadha	1	1
Shri Jag Mohan La	1	1
Shri Rajendra Suraiya**	1	1

\*\* Not re-elected at the Annual General Meeting held on 28<sup>th</sup> September, 2013

*Note: The Nomination & Remuneration Committee has been re-constituted in the Board Meeting dated 22-08-2016 , details of which have already been mentioned above.*

4.3 In addition to sitting fees for attending the meetings of the board and committees thereof, the non-executive directors are entitled to commission @ 1% of Net Profit subject to a ceiling of Rs.5,00,000/- to be paid and distributed among them equally and in proportion to the period for which they served as director. However, due to inadequacy of profits, the non-executive directors have not been paid any commission during the financial year 2013-14.

4.5 Details of remuneration paid / payable to all the Directors

Name	Sitting Fee	Salary	Contribution to PF	Perquisites & Allowances	Total
	(₹)	(₹)	(₹)	(₹)	(₹)
Shri Arvind Kumar	20,000				20,000
Shri Apurv Kumar Joint Managing Director *		30,00,000	3,60,000	7,33,552	40,93,552
Shri Birendra Kumar Chairman & Managing Director* @		32,99,575	4,32,000	9,00,425	46,32,000
Shri Girish Narain Mehra	25,000				25,000
Shri Jag Mohan Lal	50,000				50,000
Shri Mohinder Kapur	15,000				15,000
Shri Promod B Agarwala	5,000				5,000
Shri Rakesh Mahendra Gupta	25,000				25,000
Shri Ravinder Kumar Chadha	50,000				50,000
Shri Rupak Gupta Joint Managing Director *		30,00,000	3,60,000	5,05,787	38,65,787
Shri Rajendra Suraiya	30,000				30,000
Smt. Supriya Gupta Executive Director*		27,00,000	3,24,000	3,90,605	34,14,605
Shri Sushil Kumar	20,000				20,000
Shri Sanjiv Swarup	5,000				5,000
<b>Total</b>	<b>245,000</b>	<b>1,19,99,575</b>	<b>14,76,000</b>	<b>25,30,369</b>	<b>1,62,50,944</b>

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

**@ The excess remuneration paid to Late Shri Birendra Kumar have since been recovered from him and the process for recovery of the balance amount for the 2014-2015, 2015-16 (upto 17<sup>th</sup> January, 2016) will be initiated when the Financial Statements for the Financial Year ending 2014-15 and 2015-16 will be finalized.**

## U P HOTELS LIMITED

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

### 5. Shareholders' committee

The Board had constituted a share-holders'/Investors' Grievance Committee which comprised of three members namely S/Shri Mohinder Kapur, Director Apurv Kumar & Rupak Gupta, Joint Managing Directors. Shri Mohinder Kapur was not re-elected at the last Annual General Meeting held on 28th September, 2013.

Note: At present the Stakeholders' Grievance Committee has been re-constituted in the Board Meeting held on 22-06-2016 the names of the Directors comprises of Mr. Ravinder Kumar Chadha, Mr Arvind Kumar and Mrs. Supriya Gupta which is subject to confirmation by the Board of Directors.

### 5.1 Name of non-executive director heading the committee

As on 31<sup>st</sup> March, 2014, there was no Non-executive director heading the committee. The company has at its board meeting held on 19<sup>th</sup> May, 2014, re-constituted the Shareholders'/ Investor Grievances Committee and renamed it as Stakeholders' Relationship Committee as per the provision of Section 178 of the Companies Act, 2013 as under:

- i) Shri Jag Mohan Lal
- ii) Shri Ravinder Kumar Chadha
- iii) Shri Rakesh Mahendra Gupta\*

\*Shri Rakesh Mahendra Gupta has since ceased as a Director of the company since the Annual General Meeting for the F.Y. ending 31-03-2014 did not take place

Note: The present composition of the said Committee has already been mentioned..

### 5.2 Name and designation of compliance officer

Shri Sidharth Ghatak, Company Secretary\*

***\* During the Financial Year 2013-14, Mr. Sidharth Ghatak, Company Secretary of the Company was associated with the Company. However he has resigned from the office since the closing hours as on 16.05.2016 which was approved by the Board in the Board Meeting held as on 04-06-2016. Therefore, the person authorized by the Audit Committee will act as a Compliance Officer and the same will be intimated to the Bombay Stock Exchange and placed on the website of the Company.***



5.3	Number of shareholders' complaints received so far	7
5.4	Number of complaints not solved to the satisfaction of the shareholders	6*
5.5	No. of pending complaints	6*

\*The abovementioned complaints are related to the Promoters of the Company

6. General Body Meeting

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

Year	Date	Venue	Time
2010-11	12 <sup>th</sup> August, 2011	PHD House, Opposite Asian Games Village, New Delhi	09.30 A.M
2011-12	1 <sup>st</sup> September, 2012	-do-	11.00 A.M
2012-13	28 <sup>th</sup> September, 2013	- do -	11.00 A.M.

6.2 At the Annual General Meeting of 28<sup>th</sup> September, 2013 special resolutions were passed for re-fixation of remuneration of Shri Birendra Kumar as Chairman cum Managing Director, Shri Apurv Kumar, Shri Rupak Gupta, Joint Managing Directors & Smt. Supriya Gupta- Executive Director pursuant to sections 198, 269, 309 of the Companies Act, 1956

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

7. Disclosures

7.1 No money, was raised by the Company through public issue, right issue, preferential issues etc. in the last financial year.

7.2 A summary of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee;

7.3 The register maintained under section 301 were not authenticated by some of the directors for the year ended 31<sup>st</sup> March, 2014.

However, as per the information/details received from the Management the company in its Board Meeting dated 19.05.2014, stated that as per the recommendations of the Audit Committee the contracts to be entered into with related parties for the financial year 2014-15 be re-looked as to ensure that they are on arms length basis and be placed at the next meeting of the board of directors for approval.

7.4 During the year(i.e. Financial Year 2013-14) under review the Board also emphasized upon the need to Appoint a professionally qualified Chief Financial Officer(CFO) having the relevant experience to look into the Business affairs of the Company

7.5 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 40;

7.6 In preparing the Annual Accounts in respect of the financial year ended 31st March, 2014, no accounting treatment was different from that prescribed in the Accounting Standards;

## U P HOTELS LIMITED

7.7 During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets. However, the company has received a Show Cause Notice during the F.Y. ending 31-03-2014 for violation of Clause 40A of the Listing Agreement as regards promoters' shareholding.

The Company has not been able to take steps for compliance with Clause 40A of the Listing Agreement. Appeals arising from order dated 02.12.2014 of SEBI inter alia directing 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 have been filed before the Securities Appellate Tribunal and the same are still pending.

7.8 The directors and other identified persons have observed and complied with the requirements of Code of Conduct for Prevention of Insider Trading in Equity Shares of the Company in accordance with Securities & Exchange Board of India (Prohibition of Insider Trading), Regulations 1992.

8. Means of communication.

8.1 Half yearly report sent to each shareholder : No

8.2 Quarterly Results

- Which newspapers normally published in Financial Express(English) & Jansatta (Hindi)
- Any website where published The company has complied with the Corporate Filing and Dissemination system (CFDS) for the F.Y ending 31-03-2014 only as per the Listing Agreement The results are also periodically updated on the Company's web site [www.hotelclarks.com](http://www.hotelclarks.com)
- Whether it also displays official news releases and presentation made to institutional investors/analyst No

8.3 Whether management discussion & analysis is a part of annual report or not Yes, management discussion & analysis is a part of the annual report.

9. General Shareholder information

9.1 The particulars of the directors seeking re-appointment at the forthcoming Annual General Meeting are as under:

In accordance with the Companies Act, 1956 and the Company's Articles of Association, Mr. Sushil Kumar & Mr. Rakesh Mahendra Gupta were liable to retire by rotation in the Annual General Meeting for the year ending 31 March 14. However, since the company was unable to hold the Annual General Meeting for the financial year ending 31<sup>st</sup> March, 2014, the said directors have vacated their office of Directorship from 30-11-2014 (the date upto which the extension of Annual General Meeting was approved by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi). In view of this the resolution of Re-Appointment of Directors retire by rotation does not form part of the Notice issued to the Members of the Company.

9.2 Inter-se relationship of directors:

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

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

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

None of the other directors are related to each other

\*Note: Late Shri Birendra Kumar- Chairman and Managing Director died on 17<sup>th</sup> January, 2016

9.3 AGM : Date, time & venue

53<sup>rd</sup> Annual General Meeting

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Date :	30 <sup>th</sup> September, 2016
Time :	2.00 PM
Venue :	PHD House, Opposite Asian Games Village, New Delhi-110016

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9.4 Financial Calendar (tentative) for Results

1 <sup>st</sup> Quarter	Mid August, 2014*
2 <sup>nd</sup> Quarter	Mid November, 2014*
3 <sup>rd</sup> Quarter	Mid February, 2015*
4 <sup>th</sup> Quarter	End May, 2015*

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

## U P HOTELS LIMITED

9.5 Date of Book Closure

(27<sup>th</sup> September, 2014 to  
30<sup>th</sup> September, 2014)

***These were the dates proposed for the book closure, however, it was neither observed or implemented.***

9.6 Dividend

The company has proposed a dividend of . 3.50 per equity share i.e. 35% subject to approval of shareholders at the forthcoming Annual General Meeting for the F.Y. ending 31-04-2014. The process of the payment of the dividend, if approved at the AGM will be initiated immediately thereafter.

***Note: The Shareholders whose names appear in the Register of Members as on 26-09-2014 will be eligible to receive the dividend declared for the F.Y. ending 31-03-2014***

9.7 Listing On Stock Exchange

The shares of the company are listed on BSE Ltd, Mumbai (BSE).

Annual Listing fees as prescribed has been paid to the BSE Ltd. (BSE), Mumbai for 2014-2015.

9.8 Stock Code

509960 (BSE)

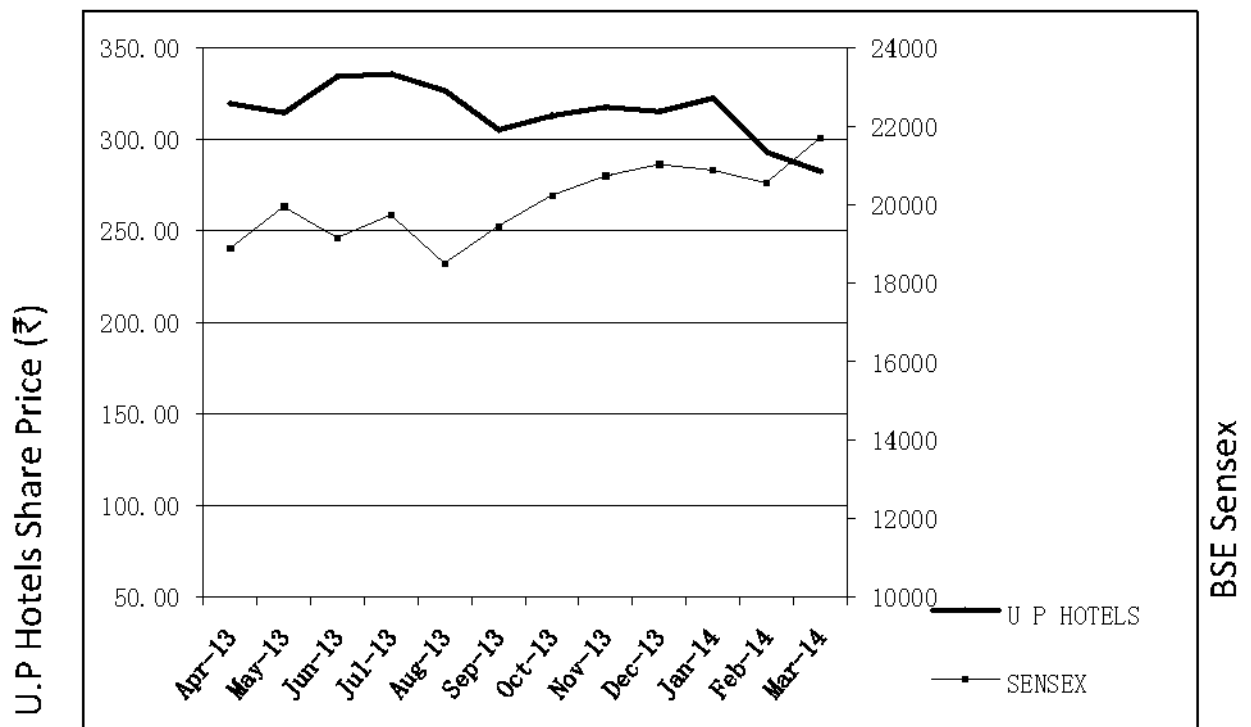
9.9 Designated e-mail ID for Investors' Grievances

[uphlinvestorgrievance@bol.net.in](mailto:uphlinvestorgrievance@bol.net.in)

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

MONTH	U P HOTELS	
	High (₹)	Low (₹)
April-2013	373.80	265.00
May-2013	353.90	275.05
June-2013	395.00	273.50
July-2013	370.00	301.00
August-2013	342.00	311.00
September-2013	325.00	285.10
October-2013	333.00	292.50
November-2013	332.00	303.10
December-2013	320.00	310.00
January-2014	335.00	310.00
February-2014	315.00	271.00
March-2014	298.95	266.10

**U P HOTELS SHARE PRICE VS BSE SENSEX**



9.11 Registrar & Transfer Agent

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

## U P HOTELS LIMITED

- 9.12 Share Transfer System To expedite the transfer in physical segment, authority has been delegated to the Share Transfer Committee/Shareholder Grievance Committee which has since been renamed as Stakeholders' Relationship Committee of the Board. The Registrar & Transfer Agent ensures that the transferred share certificates are dispatched within the stipulated time.

### 9.13 Shareholding Pattern as on 31<sup>st</sup> March, 2014

	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	2,07,899	3.85
	b) Indian Public	4,15,583	7.69
	c) NRIs/OCBs	1,949	0.04
	d) Any other (Trust)	1,013	0.02
	e) Clearing Member/House	596	0.01
	Sub Total (4)	6,27,040	11.61
	Grand Total (1 to 4)	54,00,000	100.00

\*as per Promoters' declarations

### 9.14 Distribution of Shareholding as on 31<sup>st</sup> March, 2014

Shareholding of Nominal Value ₹	No. of Shareholders	% of Share-Holders	Share Amount ₹	% of Share-Holding
Upto - 5000	1,048	84.65	10,68,690	1.98
5001 - 10000	68	5.49	4,81,710	0.89
10001-20000	38	3.07	5,68,430	1.05
20001-30000	12	0.97	2,90,220	0.54
30001-40000	10	0.81	3,56,400	0.66
40001-50000	4	0.32	1,80,960	0.34
50001-100000	9	0.73	6,55,480	1.21
100001 & above	49	3.96	5,03,98,110	93.33
Total	1,238	100.00	5,40,00,000	100.00

9.15 Dematerialisation of Shares & Liquidity.

The company's shares are traded in dematerialised form and have to be delivered in the dematerialised form to all stock exchanges. The number of shares dematerialised as on 31<sup>st</sup> March, 2014 was 28,63,296(53.02% of the total paid up capital) and the balance of 25,36,704 representing 46.98% 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 31.3.2014 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.

9.16 Information with regard to shares lying in "Unclaimed Suspense Account" as per Clause 5All of the Listing Agreement.

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

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

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

9.18 Hotel locations

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

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

## U P HOTELS LIMITED

9.19 Address for correspondence Registrars:  
M/s. Skyline Financial Services Pvt.Ltd.  
D-153/A, 1stfloor  
Okhla Industrial Area, Phase I  
New Delhi-110 020.  
Tel. 011-26812682

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

### 10. Management Responsibility Statement

The Directors' Responsibility Statement for the financial year ending 31<sup>st</sup> March, 2014, in conformity with the requirement of the Companies Act, 1956 has been included in the Directors' Report to the Shareholders. A Management Discussion and Analysis Report has been annexed to the Directors' Report.

The Company voluntarily got Secretarial Audit and obtained the Secretarial Audit Report for the financial year ending 31<sup>st</sup> March, 2014 from a Practicing Company Secretary duly appointed for this purpose, the same has been attached alongwith 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.

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

***The Company has a proper and adequate system of internal controls however due to the ongoing disputes and internal differences between the management there are certain discrepancies as no timely reporting of the matters can be made to the board as the Board meetings are not being held at the regular interval.***

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

### 11. Compliance Certificate of the Auditors

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

For and on behalf of the Board of Directors

Sd/-  
Bisheshwar Prasad Singh  
Chairman

Sd/-  
Apurv Kumar  
Joint Managing Directors  
& Chief Financial Officer

Sd/-  
Rupak Gupta  
Joint Managing Director  
& Chief Financial Officer

Placed: New Delhi  
Dated: 7<sup>th</sup> September, 2016



To  
The Members of  
U.P. Hotels Limited

We have examined the compliance of conditions of Corporate Governance by U.P. Hotels Limited for the year ended on 31<sup>st</sup> March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our responsibility is limited to the examination of the procedures adopted by the Company and implementation thereof for ensuring the compliance of the conditions of the Corporate Governance. Our examination was carried out in accordance with the Guidance Note on 'Certification of Corporate Governance' (as stipulated in clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Based on our examination, we state that:

- i) *The Company has not complied with Clause 40A of the Listing Agreement as regards minimum public shareholding.*
- ii) *The Company has not complied with following provisions of Clause 49 of the Listing Agreement.*
  - a) *The Company's proportion of independent directors to the total strength of the board being 30% is less than the minimum prescribed limit of 50% and the vacancies on the board have not been filed up within stipulated time.*
  - b) *The strength of the Audit Committee and Remuneration committee is below the required strength of 3 members and convening of meetings thereof without the required strength.*
  - c) *The non executive director is not heading the shareholders'/grievance committee.*
- iii) *The Company is yet to achieve 100% dematerialization of the promoter's group shareholding as required by circular of BSE Ltd.*
- iv) *At present the Company does not have any compliance officer and professionally qualified Chief Financial Officer.*
- v) *The Company was not able to prepare and publish the quarterly results/yearly results as per tentative dates for subsequent periods against each quarter due to disagreement on certain issues between the promoters group.*
- vi) *The dates proposed for book closure earlier were not observed or implemented.*
- vii) *Certain ongoing disputes and internal differences between the management has resulted in discrepancies as no timely reporting of matters could be made to the board as board meetings were not held at regular intervals and non-compliances of various provisions of the Companies Act, 1956 / 2013, Listing Agreement etc. Attendance register of Share Transfer Committee is not maintained. The Company has not disclosed details on its website pursuant to Listing Agreement.*

Subject to above, in our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Management we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

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

s d/-  
(Anil Kumar Sharma)  
Partner  
Membership No. 80085

New Delhi, the 7<sup>th</sup> September, 2016

**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, 2014, 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. Attention is invited to Notes 50 & 51 where the Board approved the financial statement and authorised two Joint Managing Directors cum Chief Financial Officers to sign the same which were not authenticated by them on account of dispute and lack of consensus between the Joint Managing Directors and Chairman & Managing Director as explained therein. The accounts were revised by the Board before circulation to the members on account of increase in interest on income tax by Rs. 244,631, exceptional items - recoverable from Chairman & Managing Director on account of rejection of application of waiver of excess remuneration by Ministry of Corporate Affairs by Rs. 548,625 and increase in tax on dividend by Rs. 303,994 and also changes / modification in various notes etc. which are suitably explained in the said notes.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (the 'Act') read with General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

**Basis of Qualified Opinion**

*Attention is drawn to the following notes:*

1. *Note 49.1 & 49.2 regarding non-compliance of Minimum Public Shareholding (MPS) by way of issue of bonus shares in terms of shareholders resolution dated 23.07.2013 on account of various litigations etc. explained in the said notes. As such the Company is yet to comply with clause 40A of the Listing Agreement as regards MPS, Securities & Exchange Board of India directives and Hon'ble High Court directives. This matter is yet to be sorted out amongst the promoters/promoters group.*
2. *Notes 50 & 52 as regards concerns allegations/counter allegations raised by the two Joint Managing Directors & Chairman & Managing Director of working of the hotels and certain aspects of management and other matters, petition filed by one Joint Managing Director under Section 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, the internal controls needs to be operated.*
3. *Notes 54, 55 and 56 regarding remuneration to Chairman & Managing / Whole time Director (Executive Directors) for 2012-13 amounting to Rs. 4,539,023 is subject to approval of Shareholders by special resolution and adjustment of excess amount recoverable of Rs. 548,625 for 2012-13 and 2013-14 from Chairman & Managing Director for reasons stated therein.*
4. *Notes 53, 57 & 58 regarding penalty notices from stock exchange for non-compliances of clause 41 & 49 of Listing Agreement, trading in shares suspended, freezing the entire shareholding of promoter & promoters groups, non-compliance of Section 255, Section 292A and Schedule XII of the Companies Act, 1956 upto 31.03.2014 and thereafter non compliances of various provisions of the Listing Agreement, Securities & Exchange Board of India Rules & Regulations, Companies Act, 1956/2013, Income Tax Act, 1961 etc. on account of various disputes.*
5. *The Ultimate Outcome on the matters mentioned in paras 1 to 4 cannot presently be determined and its consequential impact on these financial statement cannot be ascertained.*
6. *Note 51 as regards the accounts approved in the meeting held on 19.05.2014 were not authenticated by Joint Managing Directors on account of disputes and lack of consensus are now revised before circulation to members as mentioned in said note.*

**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 required by the Act read with General Circular 08/2014 dated 4.4.2014 issued by the Ministry of Corporate Affairs in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

*(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014 and;*

## U P HOTELS LIMITED

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. *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 referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Company Affairs in respect of Section 133 of the Companies Act, 2013;*
  - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Sd/-  
(Anil Kumar Sharma)  
Partner  
Membership Number 80085

Place: New Delhi  
Date: 7<sup>th</sup> September, 2016

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

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

1.
  - a) The Company has generally maintained proper records showing full particulars regarding valuation of different type of assets including quantitative details and situation of fixed assets. *The Company is still in the process of updating its records showing item-wise details etc. of the fixed assets.*
  - b) The fixed assets of the Company have been physically verified by firms of Chartered Accountants and the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its asset. The discrepancies noticed on such verification which were not material have been properly dealt with in the books of account.
  - c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2.
  - a) As explained to us, inventories are physically verified by the Management during the year at reasonable intervals. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) On the basis of our examination of inventory records of the Company, the Company is maintaining proper records of its inventory. The discrepancies noticed on verification between physical stock and book records were not material and have been properly dealt with in the books of account.
3.
  - a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Act. *However, a sum of Rs. 548,625 has been shown recoverable from Chairman & Managing Director on account of rejection of Company's application for waiver of excess remuneration by Ministry of Corporate Affairs. This amount was recovered on 3<sup>rd</sup> September 2014.*
  - b) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
  - c) In view of our comment in paragraph 3 (b) above, clauses iii (b) to (d) of paragraph 4 of the aforesaid Order are not applicable to the Company.

## U P HOTELS LIMITED

4. In our opinion and according to the information and explanations given to us and having regard to the explanation that for some items purchased for which comparable alternative quotations are not available because of the nature/ quality of such items and delivery schedules and also sale of services for which suitable alternative sources are not available to obtain comparable quotations, there are generally adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of inventories & fixed assets and sale of goods and services *except for internal control for reimbursement of credit card expenses, foreign travelling and compliances with applicable laws, rules, regulations and guidelines* needs to be improved/strengthened. Further, during the course of our audit *subject to comment made hereinabove*, we have neither come across nor have we been informed of any continuing failure to correct major weakness in internal control system.
5.
  - a) On the basis of the audit procedures performed by us, and according to the information, explanation and representations given to us, we are of opinion that, the particulars of contracts or arrangements in which directors were interested as contemplated under Section 297 and sub section (6) of Section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered *but the register has not been authenticated by some of the Directors.*
  - b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 lacs with any party during the year. *However, in respect of other transactions in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at prevailing market price at the relevant time. As such we are unable to make any comment whether these transactions are on arms-length.*
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under are not applicable. Further, during the course of our audit, we have neither come across nor have we been informed of any order passed under the aforesaid sections by the Company Law Board or the National Company Law Tribunal (as applicable) or the Reserve Bank of India or any Court or any other Tribunal.
7. The internal audit of the Company is carried out by M/s. S.S. Kothari Mehta & Co., Chartered Accountants and M/s. Haribhakti & Co., Chartered Accountants. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9.
  - a) According to records of the Company, and subject to comments in para 9 (b) below the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities *though there have been instances of delays and non-depositions/ non deductions.*

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

	Amount (₹)
House Tax/ Municipal Tax & Water tax	2,518,500
Purchase Tax / VAT/Entry tax etc.	360,649
Service Tax	109,709
Tax Deducted at Source	22,200
Luxury Tax	485,362

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

Name of statute	Nature of dues	Years	Forum where dispute is pending	Amount (₹)
Income tax Act, 1961	Income Tax	2012-13	CIT (Appeals) III, Lucknow,	2,666,090
		2010-11	CIT (Appeals) Varanasi	271,920
		1989-90 to 1991-92	Hon'ble High Court of Allahabad*	5,859,000
Value Added Tax - Uttar Pradesh	Value Added Tax	2007-08	Trade Tax Appellate Tribunal, Agra	1,834,515
		2010-11	Addl. Commissioner Commercial Tax, Agra	218,647

*\*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.*

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our report and in the immediately preceding financial year.
11. As per books and records maintained by the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution / bank. The Company has not issued any debentures.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.

## U P HOTELS LIMITED

13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.
14. The Company has maintained proper record of transaction and contracts in respect of dealing or trading in securities and other investments viz. mutual funds. All investments viz. mutual funds have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable to the Company.
16. On the basis of the records examined by us, the Company has not availed any term loan during the year. Accordingly, clause 4 (xvi) of the Order is not applicable to the Company.
17. According to the information and explanations given to us and on an overall examination of the financial statements and after placing reliance on the reasonable assumptions made by Company for classification of long term and short term usages of funds, we are of the opinion that prima facie no funds raised on short term basis have been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4 (xviii) of the Order is not applicable to the Company.
19. The Company has not issued any debentures during the year. Accordingly, clause 4 (xix) of the Order is not applicable to the Company.
20. The Company has not raised any money by public issues during the year. Accordingly, clause 4 (xx) of the Order is not applicable to the Company.
21. During the course of our audit of the books of accounts of the Company and *subject to Note 50 as regards allegations made by one Joint Managing Director and counter allegations made by the other Joint Managing Director and Chairman & Managing Director and Note 52 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 which is suitably explained in said notes*, we have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the Management.

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

Sd/-  
(Anil Kumar Sharma)  
Partner  
Membership no. 80085

Place: New Delhi  
Date: 7<sup>th</sup> September, 2016



BALANCE SHEET AS AT 31<sup>st</sup> MARCH ,2014

	Note	(Amount in ₹)		
		As at 31 <sup>st</sup> March		2013
		2014	2014	2013
		₹	₹	₹
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholder's funds</b>				
Share Capital	2	54,000,000		54,000,000
Reserves and Surplus	3	<u>711,121,478</u>		<u>687,705,224</u>
			<b>765,121,478</b>	<b>741,705,224</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities (net)	4	54,924,909		51,831,671
Other long - term liabilities	5	25,000		25,000
Long-term provisions	6	<u>7,636,265</u>		<u>6,949,348</u>
			<b>62,586,174</b>	<b>58,806,019</b>
<b>Current liabilities</b>				
Short - term borrowings	6	-		-
Trade payables	7	45,185,307		39,043,539
Other current liabilities	8	92,772,258		83,924,159
Short - term provisions	9	<u>35,244,329</u>		<u>38,283,490</u>
			<b>173,201,894</b>	<b>161,251,188</b>
			<b>1,000,909,546</b>	<b>961,762,431</b>
<b>ASSETS</b>				
<b>Non- current assets</b>				
Fixed assets				
Tangible assets	10	599,062,724		589,641,345
Intangible assets	10	927,969		1,254,596
Capital work-in-progress		13,704,543		3,321,639
Long-term loans and advances	11	11,251,058		8,995,414
Other non-current assets	12	<u>1,130,533</u>		<u>2,153,045</u>
			<b>626,076,827</b>	<b>605,366,039</b>
<b>Current assets</b>				
Current investments	13	114,052,706		109,221,854
Inventories	14	24,864,678		20,626,703
Trade receivables	15	67,552,099		89,577,194
Cash and bank balances	16	148,902,374		116,819,614
Short-term loans and advances	17	13,550,608		11,653,681
Other current assets	18	<u>5,910,254</u>		<u>8,497,346</u>
			<b>374,832,719</b>	<b>356,396,392</b>
			<b>1,000,909,546</b>	<b>961,762,431</b>

NOTES 1 TO 62 TO ACCOUNTS FORM AN INTEGRAL PART OF BALANCE SHEET

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

for Ray & Ray  
Chartered Accountants

For and on behalf of the board

Sd/-  
**Anil Kumar Sharma**  
PartnerMembership no. 80085  
Firm Registration no: 301072E  
New Delhi  
7th September, 2016Sd/-  
**Bisheshwar Prasad Singh**  
ChairmanSd/-  
**Apurv Kumar**  
Joint Managing Director  
& Chief Financial OfficerSd/-  
**Rupak Gupta**  
Joint Managing Director  
& Chief Financial Officer

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH ,2014

		(Amount in ₹)	
		Year ended 31 <sup>st</sup> March	
	Note	2014 ₹	2013 ₹
<b>INCOME</b>			
Revenue from operations	19	739,353,375	731,845,189
Other income (net)	20	21,060,152	25,637,096
<b>Total Revenue</b>		<b>760,413,527</b>	<b>757,482,285</b>
<b>Expenses:</b>			
Consumption of provisions, beverages & others	21	110,687,292	105,449,249
Employee benefits expense	22	218,479,321	197,350,795
Finance costs	23	1,594,717	2,287,328
Depreciation and Amortisation expense	24	36,795,108	34,544,419
Other expenses	25	321,293,288	320,572,216
<b>Total Expenses</b>		<b>688,849,726</b>	<b>660,204,007</b>
<b>Profit before exceptional items</b>		<b>71,563,801</b>	<b>97,278,278</b>
Exceptional Items	26	3,704,048	-
<b>Profit before tax</b>		<b>67,859,753</b>	<b>97,278,278</b>
<b>Tax expense:</b>			
(a) Current tax	27	17,577,998	32,719,875
(b) Deferred tax		3,093,238	1,614,195
		<b>20,671,236</b>	<b>34,334,070</b>
<b>Profit for the year</b>		<b>47,188,517</b>	<b>62,944,208</b>
<b>Earnings per equity share: - Basic &amp; diluted (₹)</b>	42	<b>8.74</b>	<b>11.66</b>

NOTES 1 TO 62 TO ACCOUNTS FORM AN INTEGRAL PART OF STATEMENT OF PROFIT &amp; LOSS

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

for Ray & Ray  
Chartered Accountants  
Sd/-

Anil Kumar Sharma  
Partner  
Membership no. 80085  
Firm Registration no: 301072E  
New Delhi,  
7th September, 2016

Sd/-  
Bisheshwar Prasad Singh  
Chairman

For and on behalf of the board

Sd/- Apurv Kumar Joint Managing Director & Chief Financial Officer	Sd/- Rupak Gupta Joint Managing Director & Chief Financial Officer
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## CASH FLOW STATEMENT

	Year ended 31st March	
	2014	2013
	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit/ (loss) before tax and exceptional Items	71,563,801	97,278,278
Adjustments For :		
Depreciation	36,795,108	34,544,419
Impairment loss	102,968	4,344
Interest income	(7,475,223)	(11,096,071)
Loss on sale/discard of assets	1,927,975	2,252,407
Provision For Retirement Benefits	1,708,651	324,211
Interest expense	1,511,337	2,207,364
Provision/write off debts & advances	865,602	559,729
Provision for Diminution in value of Investments	-	821,347
Provision written back / profit - current investments	(938,960)	(107,646)
Liabilities & provisions written back	(3,814,913)	(2,665,047)
Provision for leave encashment written back	-	(91,780)
Depreciation written back	-	(12,585)
Dividend received	(5,349,141)	(6,867,267)
Operating profit before working capital changes	<b>96,897,205</b>	117,151,703
Adjustments for :		
Trade & other receivables	19,038,562	(10,720,184)
Inventories	(4,237,975)	(1,870,554)
Trade payables & other liabilities	17,499,680	9,733,738
Cash generated from operations	<b>129,197,472</b>	114,294,703
Interest paid	(1,511,337)	(2,207,364)
Direct taxes paid	(11,492,738)	(32,986,862)
Cash flow before exceptional items	<b>116,193,397</b>	79,100,477
Exceptional items	(3,704,048)	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>112,489,349</b>	79,100,477
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work in progress)	(59,871,508)	(98,000,720)
Sale of fixed assets	543,133	1,428,816
Purchase of investments- mutual funds	(88,394,367)	(98,806,272)
Sale of investments	84,502,475	92,255,182
Interest received	7,432,768	15,375,563
Dividend received	6,969,560	5,324,791
Bank balances not considered as cash or cash equivalents	(24,287,299)	88,312,966
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(73,105,238)</b>	5,890,326
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(27,000,000)	(27,000,000)
Tax on distributable profits	(4,588,650)	(4,380,075)
Secured long term loans repaid during the year	-	(40,375,624)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(31,588,650)</b>	(71,755,699)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<b>7,795,461</b>	13,235,104
Opening balance of cash and cash equivalents	<b>44,383,134</b>	31,148,030
<b>Closing balance of cash and cash equivalents</b>	<b>52,178,595</b>	44,383,134

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 31<sup>st</sup> March, 2014 aggregated to ₹ 160,00,000 (2013 - ₹ 160,00,000) 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 and on behalf of the board**

**For RAY & RAY  
Chartered Accountants**

Sd/-

Anil Kumar Sharma  
Partner  
Membership No. 80085  
Firm Registration No. 301072E

NEW DELHI,  
7th September, 2016

**Sd/-  
Bisheshwar Prasad Singh  
Chairman**

**Sd/-  
Apurv Kumar  
Joint Managing Director  
& Chief Financial Officer**

**Sd/-  
Rupak Gupta  
Joint Managing Director  
& Chief Financial Officer**

**1**

**SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Basis of preparation:**

The financial statements have been prepared to comply in all material aspects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. Financial statements are based on historical cost convention on accrual basis, except where impairment is made and revaluation is carried out. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**1.2 Use of estimates:**

The preparation of financial statements are in conformity with generally accepted accounting principles that requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**1.3 Tangible fixed assets & depreciation/amortisation :**

i) Fixed assets are stated at cost (or revalued amount as the case may be), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price/cost of acquisition including taxes, duties, freight and other incidental expenses related to acquisition, construction and installation to bring the asset to its working condition for its intended use. Wherever assets are revalued, amount added on revaluation based on approved valuer's report is disclosed separately as required by the Companies Act, 1956.

ii) No write off is made on leasehold land acquired on 99 years basis. Leasehold land acquired for a shorter period is amortised over the period of lease. Freehold land is not amortised.

iii) Depreciation is provided on Straight Line Method at the corresponding rates prescribed under Schedule XIV of the Companies Act, 1956.

iv) The difference between depreciation calculated and provided on the revalued amount of fixed assets and depreciation calculated on the original cost of fixed assets has been recouped from Revaluation Reserve.

v) Grants from the Government are recognized when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to a depreciable asset, its value is deducted from the gross value to arrive at the carrying amount of related asset.

**1.4 Intangible fixed assets & depreciation/amortisation :**

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

**1.5 Capital work in progress:**

Capital work in progress comprises the cost of fixed assets that are not yet ready for their intended use on the reporting date.

## U P HOTELS LIMITED

### 1.6 Impairment of assets :

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

### 1.7 Investments :

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

### 1.8 Inventories :

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

### 1.9 Recognition of Income & Expenses :

- i) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognized when the significant risks and rewards of ownership has passed to the buyer, which coincides with the rendering of services and are disclosed net of allowances. Hall rentals and licence fee are recognized on accrual basis as per contract terms.
- ii) Income from interest is credited to revenue in the year of its accrual on time proportion basis taking into account the amount deposited and rate of interest at gross. Dividend income is stated at gross and is recognized when right to receive payment is established.
- iii) Expenditure incurred on renovation / improvement /replacements / repairs in or in relation to existing facility, structure, plant or equipment are charged off to revenue except in situation where these result in a long term economic benefit, in which case these are capitalized. Where there is extension to building or increase in capacity of equipment & plant, the amounts incurred thereon are capitalized.
- iv) Income / sales exclude taxes, such as Value Added Tax, Luxury Tax, Service Tax etc.

### 1.10 Borrowing costs:

Costs incurred on borrowings, directly attributable to 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.

**1.11 Employees benefits :**

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

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

Provisions / write back, if any, in respect of funded as well as unfunded gratuity is made on the basis of the present value of liability as at the Balance Sheet date by actuarial valuation, following projected unit credit method. The liability in respect of funded gratuity is disclosed under other current liability and in respect of unfunded gratuity under long / short term provisions.

Leave encashment (unfunded) is as per actuarial valuation as at Balance Sheet date following projected unit credit method.

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

Actuarial gains / losses are immediately taken to the statement of profit & loss and are not deferred.

Short term employee benefit is recognized as an expense in the statement of profit & loss of the year in which related service is rendered.

**1.12 Foreign Currency Transaction:**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.

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

**1.13 Lease :**

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

**1.14 Earnings per share**

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

## U P HOTELS LIMITED

### **1.15 Provision, contingent liabilities and contingent assets:**

Provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent liabilities are recognized only when there is possible obligation arising from the past events due to occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. The obligations are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent assets are not recognized in the financial statements.

### **1.16 Proposed dividend :**

Dividend recommended by the Board of Directors is provided for in the Accounts, pending shareholders' approval.

### **1.17 Taxes on Income :**

Tax expenses comprises current tax (Income Tax) after taking into consideration benefits available under the provisions of Income Tax Act, 1961 and deferred tax (AS 22).

The deferred tax charged or credit is recognized using current tax rates. Where there is unabsorbed depreciation or carried forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is a reasonable certainty of realization in future. Deferred tax assets / liabilities are reviewed at each balance sheet date based on developments during the year and available case laws, to re-assess realization/ liabilities.

### **1.18 Prior period, extra ordinary items and changes in policies :**

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

### **1.19 Events after the Balance Sheet date :**

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



## Notes to accounts (Contd.)

2.	As at 31 <sup>st</sup> March	
	2014	2013
<b>SHARE CAPITAL</b>	₹	₹
<b>AUTHORISED</b>		
7,000,000 (2013- 6,000,000)		
Equity Shares of ₹ 10 each	70,000,000	60,000,000
100,000 (2013 -100,000)		
Preference Shares of ₹ 100 each	10,000,000	10,000,000
	<b>80,000,000</b>	<b>70,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
5,400,000 (2013 - 5,400,000)	54,000,000	54,000,000
Equity Shares of ₹ 10 each fully paid up		
	<b>54,000,000</b>	<b>54,000,000</b>

## Notes

## a. Reconciliation of Equity Shares

	As at March 31, 2014		As at March 31, 2013	
	Number of shares	₹	Number of shares	₹
At the beginning of the year	5,400,000	54,000,000	5,400,000	54,000,000
Issued during the year	-	-	-	-
At the end of the year	5,400,000	54,000,000	5,400,000	54,000,000

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

Name of the shareholders	As at March 31, 2014		As at March 31, 2013	
	Number of shares	%	Number of shares	%
The Indian Textiles Co. Private Limited	1,313,676	24.33	1,313,676	24.33
Shri Rupak Gupta	818,524	15.16	818,524	15.16
Banaras House Private Limited	540,000	10.00	540,000	10.00

c. The Company's Authorised Capital comprises of two class of shares. The Equity shares have a par value of ₹ 10 each and Preference

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

## Notes to accounts (Contd.)

		<b>As at 31st March</b>	
		<b>2014</b>	<b>2013</b>
	₹	₹	₹
<b>3.</b>			
<b>RESERVES AND SURPLUS</b>			
General Reserve			
As per last account	300,211,534		293,917,113
Add: Transfer from Profit & Loss Account	<u>4,688,452</u>		<u>6,294,421</u>
		<b>304,899,986</b>	<b>300,211,534</b>
Revaluation Reserve			
As per last account	18,458,913		19,483,581
Less: Adjustment for depreciation (Note 36.2)	<u>1,024,668</u>		<u>1,024,668</u>
		<b>17,434,245</b>	<b>18,458,913</b>
Surplus in Statement of Profit and Loss			
As per last account	369,034,777		343,973,640
Add: Profit during the year as per statement of profit and loss	<u>47,188,517</u>		<u>62,944,208</u>
	<b>416,223,294</b>		<b>406,917,848</b>
Less: Appropriations			
Transfer to General Reserve	4,688,452		6,294,421
Proposed Dividend on equity share (₹ 3.50/- per share - 2013 ₹ 5/- per share) subject to shareholders' approval)	18,900,000		27,000,000
Tax on dividend (Note 51)	<u>3,847,595</u>		<u>4,588,650</u>
Total Surplus		<b>388,787,247</b>	<b>369,034,777</b>
		<b>711,121,478</b>	<b>687,705,224</b>

#### 4. DEFERRED TAX LIABILITIES - NET

**Deferred tax liability on account of:**

Fixed assets (excess of net block over written down value as per provision of income tax Act, 1961)	68,906,053	65,344,689
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**Less: Deferred tax asset on account of:**

Gratuity/Leave Encashment on Retirement	10,354,178	9,799,807
Provision for doubtful debts, advances etc.	1,537,377	1,635,877
Accrued expenses deductible on payment	<u>2,089,589</u>	<u>2,077,334</u>
Total Assets	<b>13,981,144</b>	<b>13,513,018</b>

**Deferred tax liabilities (net)**

<b>54,924,909</b>	<b>51,831,671</b>
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#### 5. OTHER LONG TERM LIABILITIES

Security Deposit	25,000	25,000
Advance from customers	-	-
Retention money	-	-
	<u>25,000</u>	<u>25,000</u>

## Notes to accounts (Contd.)

As at 31st March

2014	2013
₹	₹

## 6. LONG TERM PROVISIONS

Leave encashment	6,344,681	5,733,682
Gratuity (unfunded)	1,291,584	1,215,666
	<b>7,636,265</b>	<b>6,949,348</b>

## 7. TRADE PAYABLE

Total outstanding dues of Micro & Small Enterprises (Note 32)	-	-
Total outstanding dues of creditors other than Micro & Small Enterprises	45,185,307	39,043,539
	<b>45,185,307</b>	<b>39,043,539</b>

## 8. OTHER CURRENT LIABILITIES

Advance from customers	12,049,876	10,193,951
Unpaid /Unclaimed dividends*	15,748,759	1,174,302
Contribution to gratuity fund	23,758,184	22,473,084
Liability for capital expenditure	6,006,020	13,990,182
With-holding tax and statutory dues	13,819,941	15,609,296
Employee dues	20,367,756	19,270,896
Retention Money	163,585	412,836
Sundry deposits	858,137	799,612
	<b>92,772,258</b>	<b>83,924,159</b>

\*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 of Clause 40A of the Listing Agreement as regards Minimum Public Shareholding (MPS). Accordingly, dividend for 2012-13 in relation to the excess of proportionate promoter/promoter group shareholding is appearing under unpaid/unclaimed dividend account.

## 9. SHORT TERM PROVISIONS

Leave encashment	487,703	755,060
Gratuity - unfunded	30,870	26,879
Provision for taxation (net of advance tax) (Note 51)	11,680,384	5,595,124
Provision for wealth tax	297,777	317,777
Proposed Dividend	18,900,000	27,000,000
Tax on proposed dividend (Note 51)	3,847,595	4,588,650
	<b>35,244,329</b>	<b>38,283,490</b>

10. FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	COST AS AT 31.03.13 Rupees	ADDITION Rupees	DEDUCTIONS IMPAIRMENT Rupees	COST AS AT 31.03.14 Rupees	AS AT 31.03.13 Rupees	FOR THE YEAR Rupees	DEDUCTIONS IMPAIRMENT Rupees	AS AT 31.03.14 Rupees	AS AT 31.03.13 Rupees
LAND FREE HOLD	1,811,501	-	-	1,811,501	-	-	-	1,811,501	1,811,501
LAND LEASE HOLD	1,150,233	-	433,180	7,17,053	586,991	34,404	330,212	425,870	563,242
BUILDING **	547,178,761	23,487,642	2,717,292	567,949,111	199,678,440	12,143,270	2,665,744	368,793,145	347,500,321
PLANT & MACHINERY **	316,164,638	15,598,231	7,394,223	324,388,646	135,172,384	15,814,015	5,886,319	178,968,566	180,992,254
FURNITURE & FIXTURES	88,889,761	8,009,145	7,874,510	89,024,396	64,866,045	3,670,050	7,465,999	27,954,300	24,023,716
VEHICLES **	60,183,894	2,328,886	1,358,871	61,153,909	26,956,830	5,297,005	1,155,726	30,055,800	33,227,064
VEHICLES ON HIRE **	2,897,623	-	-	2,897,623	1,374,376	469,705	-	1,053,542	1,523,247
<b>Total Tangible Assets</b>	<b>1,018,276,411</b>	<b>49,423,904</b>	<b>19,344,896</b>	<b>1,047,922,239</b>	<b>426,635,066</b>	<b>37,428,449</b>	<b>16,873,788</b>	<b>599,062,724</b>	<b>589,641,345</b>
Previous Year	882,119,474	151,654,380	15,493,099	1,018,276,411	405,255,873	36,226,387	11,847,194	589,641,345	
<b>INTANGIBLE</b>									
TRADE MARKS	130,500	-	-	130,500	44,527	26,100	-	59,873	85,973
COMPUTER SOFTWARE	2,320,363	64,700	-	2,385,063	1,151,740	365,227	-	868,096	1,168,623
<b>Total Intangible Assets</b>	<b>2,450,863</b>	<b>64,700</b>	<b>-</b>	<b>2,515,563</b>	<b>1,196,267</b>	<b>391,327</b>	<b>-</b>	<b>927,969</b>	<b>1,254,596</b>
Previous Year	1,766,904	965,209	281,250	2,450,863	1,112,084	342,700	259,517	1,254,596	

Note :

- a) Leasehold land Rs. 1,63,000 is yet to be registered in the name of the Company
- b) Lease rentals in respect of properties situated on lease hold land are charged to revenue.
- c) The Completion Certificate in respect of Clarks Brijj Convention Centre costing Rs. 6,53,54,060 was received on 21.06.2016.
- d) Certain Trademarks are pending registration under the Trade Marks Act, 1999
- e) Assets aggregating to Rs. 2,35,362 are in possession of third parties
- f) \*\* Certain assets have been re-classified

## Notes to accounts (Contd.)

## 11.

## LONG TERM LOANS AND ADVANCES (Unsecured - Considered Good)

Capital advance	<b>4,475,793</b>	1,064,413
Advances recoverable in cash or in kind for value to be received	<b>6,000</b>	126,414
Prepaid expenses	<b>151,156</b>	205,419
Security deposits	<b>6,618,109</b>	7,599,168
	<b>11,251,058</b>	8,995,414

## 12.

## OTHER NON CURRENT ASSETS

(Considered Good unless otherwise stated)

Long Term Trade receivables		
Considered Good	<b>1,130,533</b>	2,153,045
Considered Doubtful	<b>2,720,582</b>	2,694,865
	<b>3,851,115</b>	4,847,910
Less: Provision for doubtful debts	<b>2,720,582</b>	2,694,865
	<b>1,130,533</b>	2,153,045

## 13.

## Current investments

Investment in Mutual Funds	<b>114,052,706</b>	109,221,854
	<b>114,052,706</b>	109,221,854

Note:

Investment in mutual funds are valued at lower of cost or fair value. The details of current investment are given in Note 33.

## 14.

## Inventories

Provisions, beverages & others	<b>14,684,724</b>	7,994,476
Other stores (includes goods in transit - ₹ Nil 2013 - ₹ 1,40,280)	<b>10,179,954</b>	12,632,227
	<b>24,864,678</b>	20,626,703

Note:

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

## Notes to accounts (Contd.)

As at 31st March

2014

2013

₹

₹

## 15.

## TRADE RECEIVABLES (Unsecured)

Outstanding for a period exceeding six months from the due date

Considered Good	3,445,221	1,020,390
Considered Doubtful	291,801	-
	<u>3,737,022</u>	<u>1,020,390</u>
Less: Provision for doubtful debts	291,801	-
	<u>3,445,221</u>	<u>1,020,390</u>

Other debts - considered good

	64,106,878	88,556,804
	<u>67,552,099</u>	<u>89,577,194</u>

## 16.

## CASH AND BANK BALANCES

## Cash &amp; Cash Equivalents

Cash on Hand	1,904,704	2,771,192
Cheque in hand	20,898	577,561
Balances with banks in current accounts	30,627,422	27,607,525
Deposits maturing within 3 months	19,625,571	13,426,856
	<u>52,178,595</u>	<u>44,383,134</u>

## Other Bank Balances

On unpaid dividend account	15,748,759	1,174,302
Employees Security Deposit	594,015	553,615
Bank Deposits held as security for overdraft from Bank	-	-
Bank Deposits held as security with authorities	206,772	191,692
Deposits maturing after 3 months but before 12 months	80,174,233	70,516,871
Deposits maturing after 12 months	-	-
	<u>148,902,374</u>	<u>116,819,614</u>

## 17.

## SHORT TERM LOANS AND ADVANCES (Unsecured-Considered good)

Security deposits	1,198,661	237,700
Advance recoverable in cash or kind for value to be received	2,182,266	2,345,719
Amount recoverable from Chairman & Managing Director (being excess remuneration) (Notes 54 - 56)	548,625	-
Cenvat credit / Service Tax recoverable	1,535,286	1,397,928
Prepaid expenses	8,085,770	7,672,334
	<u>13,550,608</u>	<u>11,653,681</u>

## 18.

## OTHER CURRENT ASSETS (Unsecured Considered Good)

Unbilled revenue	1,569,295	2,101,795
Dividend receivable	220,716	1,841,135
Interest accrued on deposits	3,455,873	3,413,418
Other receivables	663,977	1,140,343
Rent accrued	393	655
	<u>5,910,254</u>	<u>8,497,346</u>

## Notes to accounts (Contd.)

Year ended 31st March

	2014	2013
	₹	₹

**19.****REVENUE FROM OPERATIONS**

Room Sales	327,196,818	340,691,001
Provisions, beverages, smokes and others	372,446,991	354,181,213
Telephone & Telex	2,338,227	1,976,718
Laundry	1,438,740	1,486,544
Hall charges & License fee	30,406,217	27,021,695
Other services	5,526,382	6,488,018
	<b>739,353,375</b>	<b>731,845,189</b>

**20.****OTHER INCOME**

Profit on sale of assets	-	-
Profit on sale of mutual funds	317,850	107,646
Liabilities & Provisions written back	3,814,913	2,665,047
Provision for diminution in value of investments written back	-	-
Provision for leave encashment written back	-	91,780
Provision for diminution in value of investments written back	621,110	-
Depreciation of early years written back	-	12,585
Interest income	7,475,223	11,096,071
Dividend - current investment (mutual fund)	5,349,141	6,867,267
Miscellaneous income	2,365,856	1,014,530
Sales Tax/Service Tax/Luxury Tax etc Refund	9,306	1,477,171
Foreign Exchange gain / loss	1,106,753	2,304,999
	<b>21,060,152</b>	<b>25,637,096</b>

**21.****CONSUMPTION OF PROVISIONS, BEVERAGES AND OTHERS**

Opening Stock	7,994,476	7,666,911
Add: Purchases	117,377,540	105,776,814
	<b>125,372,016</b>	<b>113,443,725</b>
Less: Closing Stock	14,684,724	7,994,476
Consumption	<b>110,687,292</b>	<b>105,449,249</b>

**22.****EMPLOYEE BENEFITS EXPENSE**

Salary Wages, Bonus etc	188,273,476	169,365,828
Provision for leave encasment	343,642	-
Provision for gratuity	1,365,009	324,211
Contribution to Provident and other Funds	18,579,508	17,746,097
Contract labour	1,516,681	1,354,004
Staff Welfare Expenses*	8,401,005	8,560,655
	<b>218,479,321</b>	<b>197,350,795</b>

\*includes staff training ₹ 73,293 (2013 ₹ 330,122)

**23.****FINANCE COSTS**

Interest Expense*	1,511,337	2,207,364
Other Borrowing Cost	83,380	79,964
	<b>1,594,717</b>	<b>2,287,328</b>

\* Interest expense includes income tax interest ₹ 1,122,211 (2013 - ₹ 105,941)

**24.****DEPRECIATION & AMORTIZATION EXPENSE**

Tangible Assets	36,403,781	34,201,719
Intangible Assets	391,327	342,700
	<b>36,795,108</b>	<b>34,544,419</b>

## Notes to accounts (Contd.)

## Year ended 31st March

	2014	2013
	₹	₹
<b>25.</b>		
<b>OTHER EXPENSES</b>		
Renewals & replacement	17,231,865	14,333,672
Upkeep & Service Cost	15,404,067	15,024,513
Power & Fuel	97,818,162	87,053,768
Rent	7,339,031	7,414,143
Repair & Maintenance		
- Building	20,779,044	35,636,494
- Plant & Machinery	16,473,690	14,845,291
- Others	10,181,932	12,904,364
Insurance	2,415,422	2,275,804
Impairment of asset	102,968	4,344
Rates Taxes (includes fee of ₹ 65,000 for increase in authorised capital, 2013- Nil)	12,698,595	17,358,040
Decoration & garden maintenance	4,083,340	3,412,359
Advertisement publicity & others	6,307,731	7,775,214
Commission to Travel Agents	1,562,990	1,661,576
Travelling, conveyance & car maintenance	33,846,868	34,211,861
Postage, telephone & telex	5,603,589	5,903,788
Printing & Stationery	3,647,512	3,570,434
Music, Band, Orchestra & Cable TV	5,862,364	4,247,643
Banquet & Catering	21,053,260	15,418,314
Hire Charges	9,087,670	8,469,028
Provision for Diminution in value of Investments	-	821,347
Provision / Write off Debts & Advances	865,602	559,729
Legal & Professional Expenses	9,649,754	6,679,702
Loss on sale / discard of assets	1,927,975	2,252,407
Directors Sitting Fee & Commission to Other directors	245,000	250,000
Fee to Internal Auditors	1,597,403	1,558,520
Auditors' Remuneration (Note 37)	787,500	745,500
Listing / Filing Fee	38,188	29,603
Donation & Subscription	1,709,419	2,631,927
	12,972,347	13,522,831
Miscellaneous Expenses including re-imbursment of expenses to auditors ₹ 19,740 & penalty ₹ 17,00,000 (2013 - ₹ 11,250 & 1,493,957 respectively)		
	<b>321,293,288</b>	<b>320,572,216</b>

**26.**  
**EXCEPTIONAL ITEMS (NET)**

(i) Expenditure incurred on project abandoned at Agra on account of legislative approvals. The hotel was closed for period 15th April, 2013 to 7th July, 2013	3,952,248	-
(ii) Amount recoverable from Chairman and Managing Director (being excess remuneration) (Notes 54 - 55)	(248,200)	-
	<b>3,704,048</b>	<b>-</b>

**27.**  
**TAX**

Current Tax		
- Income Tax	19,122,420	28,897,881
- Tax Adjustments Pertaining To Earlier Years	(1,544,422)	3,821,994
	<b>17,577,998</b>	<b>32,719,875</b>



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:

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

(i) Income Tax	₹ 29,38,010(2013- ₹ 52,36,372 )
(ii) Value Added Tax	₹ 20,53,162(2013 - ₹ 29,72,203 )
(iii) Other Claims	₹ 5,45,280 (2013 - ₹16,27,011)
(iv) The company has to meet export obligation in relation to import of ₹ 3,58,82,872 under EPCG Scheme. In case the Company is unable to meet such obligation, additional liability may accrue	₹ 85,05,280 (2013 - ₹ 89,79,275)

No provision has been made as the probability of the claim succeeding is remote.

- b) The Income Tax Department has appealed to the Hon'ble High Court, Allahabad against the order of the Income Tax Appellate Tribunal upholding the views of the Company in respect of the claim of deduction regarding earnings in convertible foreign exchange under Section 80 HHD for Assessment Years 1989-90 to 1991-92. The total amount disputed (excluding interest and penalties) in the matter aggregates to ₹ 58,59,000 (2013- ₹ 58,59,000). The Company, based on expert analysis, is hopeful of a favourable decision from the Hon'ble High Court, Allahabad.
- c) A stay has been granted by the Hon'ble Allahabad High Court as regards applicability of the notification under section 3 of the U P Industrial Disputes Act, 1947 regarding minimum wages applicable to hotels in U.P. Liability, if any, is unascertained.
- d) A stay has been granted by Hon'ble High Court of Allahabad ,Lucknow Bench in the matter of applicability of Provident Fund during infancy period. Liability, if any, is unascertained.
- e) Certain employees have filed claims in various courts / legal forums against suspension/termination etc. and have sought reliefs. The ultimate liability, if any, with respect to these claims is currently not ascertainable and in the opinion of management, would not have material effect on the financial statements.

B. Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (as certified by the Management) ₹ 36,31,960/- (2013 - ₹ 1,30,59,275).

29. Balance confirmations have not been received from most of the parties showing debit/credit balances.

30. In the opinion of the Board, the assets of the Company 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.

## U P HOTELS LIMITED

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

	2014		2013	
		₹		₹
Cash & Bank Balances				
\$	400	22,320	1,930	97,678
Euro	-	-	1,360	88,468
£	-	-	20	1,543

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

### 33. Details of current investments – mutual fund

Schedules to Accounts	As at 31st March			
	2014		2013	
	No. of Units	₹	No. of Units	₹
<b>INVESTMENTS - CURRENT (MUTUAL FUNDS)</b>				
<b>Quoted (Non-Trade)</b>				
Birla Sunlife Dynamic Bond Fund Retail Dividend Payout Monthly (NAV ₹ 38,92,640.63 , 2013 ₹ 40,07,248.37 )	3,79,495.840	40,00,000	3,79,495.840	40,00,000
HDFC MF Monthly Income Plan Long Term Monthly Dividend (NAV ₹ Nil , 2013 ₹ 1,49,21,375.50)	-	-	11,50,160.368	1,45,00,000
HDFC Equity Fund- Dividend Option Payout (NAV ₹ Nil , 2013 ₹ 46,03,176.19)	-	-	1,22,460.725	55,02,361
HDFC Liquid Fund – Dividend Monthly (NAV ₹ 2,14,73,209.64 2013 ₹ Nil)	20,73,003.779	2,13,16,012	-	-
HDFC Income Fund – Dividend – Option Payout (NAV ₹ 75,37,493.29 , 2013 ₹ 79,77,401.86)	7,10,561.407	81,04,734	7,10,561.407	81,04,734

U P HOTELS LIMITED

HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option- Dividend Weekly Option Payout (NAV ₹ 41,99,369.23 , 2013 ₹ 1,11,99,683.23)	<b>4,13,307.471</b>	<b>41,92,778</b>	11,04,320.107	11,200,000
HDFC Short Term Plan Dividend Option Payout NAV ₹ 30,05,812.83 , 2013 ₹ 30,01,307.89)	<b>2,90,641.349</b>	<b>30,00,000</b>	2,90,641.349	30,00,000
JM Floater Short Term Fixed (Direct) Daily Dividend NAV ₹. Nil , 2013 ₹ 78,56,160.76)	-	-	7,78,732.084	78,56,161
J.M.High Liquidity Fund (Direct)-Weekly dividend option (NAV ₹ 50,80,760.74 , 2013 ₹ Nil)	<b>4,60,710.434</b>	<b>50,76,796</b>	-	-
Reliance Growth Fund Retail Plan Growth Plan (NAV ₹ Nil, 2013 ₹ 2,201,185.66)	-	-	5,001.250	20,00,000
Reliance Monthly Income Plan Monthly Dividend Plan (NAV ₹ Nil, 2013 ₹ 38,20,337.11)	-	-	3,50,972.633	40,00,000
Reliance Regular Savings Fund -Equity Plan Growth Option (NAV ₹ Nil , 2013 ₹ 7,88,821.87)	-	-	26,600.859	5,50,276
Reliance Dynamic Bond Fund Dividend Plan (NAV ₹ 1,59,73,237.64, 2013 ₹1,89,04,705.31)	<b>11,94,662.701</b>	<b>1,67,84,625</b>	14,22,465.242	1,99,90,240
Reliance Dynamic Bond Fund - Quarterly Dividend Plan (NAV ₹ 51,32,781.83 , 2013 ₹ 51,71,047.77)	<b>4,99,555.396</b>	<b>50,00,000</b>	4,99,555.396	50,00,000
Reliance Fixed Horizon Fund - XXI -Series 18 - Growth Plan (NAV ₹ Nil , 2013 ₹` 33,27,540.00)	-	-	3,00,000.000	30,00,000
Reliance Liquid Fund –Treasury Plan Monthly dividend option (NAV ₹ 69,71,527.77 , 2013 ₹ Nil)	<b>4,384.615</b>	<b>69,71,255</b>	-	-
Templeton India Low Duration Fund (NAV ₹ 2,78,33,816.21 , 2013 ₹ 58,10,289.14)	<b>27,00,005.453</b>	<b>2,80,65,397</b>	5,63,525.803	58,65,397

## U P HOTELS LIMITED

Templeton India Low Duration-Direct Quarterly Dividend (NAV ₹ 19,58,677.58 , 2013 ₹ Nil)	1,89,273.470	19,67,138	-	-
TATA Income Fund Plan A-Appreciation Option (NAV ₹ 41,75,353.68 , 2013 ₹ Nil)	1,09,898.262	40,00,000	-	-
UTI- Short Term Income Fund - Institutional Income Option -Dividend NAV ₹ 28,85,341.52, 2013 ₹ 2,830,867.1	2,57,440.490	28,00,000	2,57,440.490	28,00,000
UTI Liquid Fund Cash Plan –Institutional -Monthly Dividend (NAV ₹ 45,08,576.94 , 2013 ₹ Nil)	4,365.204	45,00,000	-	-
<b>Total (a)</b>		<b>11,57,78,735</b>		<b>9,73,69,169</b>
<b>UNQUOTED (Non-Trade)</b>				
TATA Fixed Income Portfolio Fund -C2 Reg Half Yearly (NAV ₹ Nil , 2013 ₹ 41,99,147.19)	-	-	3,97,578.745	40,00,000
UTI Treasury Advantage Fund - Direct Institutional Monthly Dividend Plan - Payout (NAV ₹ Nil , 2013 ₹ 1,02,42,342.04)	-	-	9,937.400	1,01,99,824
<b>Total (b)</b>		<b>-</b>		<b>1,41,99,824</b>
<b>Total (a+b)</b>		<b>11,57,78,735</b>		<b>11,15,68,993</b>
Provision for diminution in value of investments		<b>17,26,029</b>		<b>23,47,139</b>
		<b>11,40,52,706</b>		<b>10,92,21,854</b>

Aggregate value of quoted investments	11,40,52,706	9,50,22,030	
Aggregate value of unquoted investments	-	1,41,99,824	
	11,40,52,706	10,92,21,854	
Net asset value of investments	11,46,28,600	11,08,62,637	

34. Pending assessments of Luxury Tax, Value Added Tax, Employees State Insurance, Provident Fund, Service Tax, House & Water Tax etc., further liability, if any, could not be ascertained and provided for in accounts.
35. The Company has unutilized Cash Credit Limit of ₹ 1,60,00,000 (2013 – ₹ 1,60,00,000) 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 ₹ 6,78,00,000 (2013 - ₹ 6,78,00,000).
- 36.1 Depreciation has been provided in the accounts on "Straight Line Method" at rates prescribed in Schedule XIV to the Companies Act, 1956 except for specific assets stated below where different rates are applied which are not less than those prescribed under the Companies Act, 1956 :
- i) Leasehold land is amortized over a period of 30 years. Leasehold land acquired on 99 years basis is not amortized.
  - i) Intangible assets viz. Trade Marks and Computer Software are being amortized over a period of sixty months.
- 36.2 Since depreciation has been calculated on the revalued cost, the difference of depreciation on original cost and the revalued figure amounting to ` 10,24,668 (2013 - ` 10,24,668) has been withdrawn from revaluation reserve and deducted from depreciation for the year.
37. Auditors' Remuneration (excluding Service Tax)

	2014	2013
	₹	₹
Audit fee	5,80,000	5,20,000
Tax audit fee	70,000	70,000
For certification and limited review	1,37,500	1,55,500
<b>Total</b>	<b>7,87,500</b>	<b>7,45,500</b>

38. Disclosures in respect of company's operating lease arrangements entered on or after 1<sup>st</sup> April 2001 under Accounting Standard (AS-19) on leases.
- a) The Company has entered into operating Lease arrangement for office premises, transit facility and residential premises of employees/directors. Some of the significant terms and conditions of the arrangements are:
    - The lease agreements are not non-cancellable in nature and may be terminated by either party by serving a notice
    - lease arrangements which are not non-cancellable are generally renewable by mutual consent on mutually agreeable terms
  - b) The company has given shops on 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.

## U P HOTELS LIMITED

39. The company's only business being hoteliering, disclosure of segment-wise information is not applicable under Accounting Standard 17 – 'Segmental Information' (AS 17) notified by the Companies (Accounting Standards) Rules, 2006. There is no geographical segment to be reported since all the operations are undertaken in India.

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

A) Related parties and their relationship

i) Subsidiary Companies – Nil

ii) Key Management Personnel :-

a) Directors

Shri Birendra Kumar ( Chairman& Managing Director) (Expired on 17.01.2016)

Shri Apurv Kumar (Joint Managing Director)

Shri Rupak Gupta (Joint Managing Director)

Smt. Supriya Gupta (Executive Director)

Shri Rakesh M Gupta

Shri Sushil Kumar

Shri Arvind Kumar

b) Relatives of Directors

Shri Upendra Kumar

Shri Manish Kumar

Smt. Rajeshwari Kumar

Smt. Renuka Kumar

Shri Anoop Kumar

Shri Binay Kumar

Shri Ravi M Gupta

Shri Vivek Kumar

Shri Arjun Kumar

Shri Akshay Gupta

Shri Anant Kumar

Smt. Aditi G Mittal

Shri Udit 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

Carbon Paste Limited

Banaras House Private Limited

Bonita India Limited

Banaras International Limited

Banaras Global Private Limited

Banaras House Engineering Private Limited

U P Export Industries Limited

ANK Travels Limited

## U P HOTELS LIMITED

Silk Emporium  
 Oriental Textiles  
 RastriyaVikas Limited  
 Oriental Emporium  
 The Jaipur Shop  
 Pride Hospitality Limited  
 Clarks Brij Hotels (I) Limited

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

	Year ended 31 <sup>st</sup> March	
	2014	2013
Transaction with parties referred to in A (ii) above		
a) Remuneration paid to Directors		-
Shri Birendra Kumar	46,32,000	48,80,200
Shri Apurv Kumar	40,93,552	40,72,390
Shri Rupak Gupta	38,65,787	39,26,862
Smt. Supriya Gupta	34,14,605	34,43,592
	1,60,05,944	1,63,23,044
Recoverable from (being excess remuneration ) Shri Birendra Kumar (for 2012-13 shown under Exceptional Items)	2,48,200	-
c) Dividend paid to Directors*		
Shri Birendra Kumar	79,750	2,02,350
Shri Apurv Kumar	69,220	1,75,630
Shri Rupak Gupta	16,12,980	40,92,620
Shri Arvind Kumar	57,820	1,46,705
Shri Sushil Kumar	1,53,555	3,89,620
Shri Rakesh M Gupta	1,78,380	4,52,600
	21,51,705	54,59,525
*Refer Note in Schedule 8		
d) Remuneration paid to relatives of Directors		
Shri Anoop Kumar	10,31,467	11,23,062
Smt. Renuka Kumar	4,37,712	3,60,406
Shri Manish Kumar	4,30,080	4,30,080
Shri Ravi M Gupta	5,31,798	5,42,745
Smt. Rajeshwari Kumar	2,92,151	2,90,336
Shri Akshay Gupta	5,50,008	5,50,008
Shri Arjun Kumar	5,81,479	5,70,024
Shri Anant Kumar	5,81,486	5,65,137
Shri Udit Kumar	5,50,800	-
	49,86,981	44,31,798

## U P HOTELS LIMITED

### e) Dividend paid to relatives of directors\*

Shri Binay Kumar	<b>84,460</b>	2,14,300
Smt. Veena Binay Kumar	<b>2,80,220</b>	7,11,000
Smt. Rani Upsam	<b>87,260</b>	2,21,400
Smt. Rajeshwari Kumar	<b>43,745</b>	1,11,000
Shri Arjun Kumar	<b>94,155</b>	2,38,900
Shri Anant Kumar	<b>40,775</b>	1,03,460
Shri Anoop Kumar	<b>1,70,205</b>	4,31,860
Shri Aryavir Kumar	<b>1,575</b>	4,000
Smt. Renuka Kumar	<b>1,575</b>	4,000
Smt. Vibha Agrawal	<b>1,63,590</b>	4,15,080
Shri Vivek Kumar	<b>1,27,235</b>	3,22,830
Smt. Shipra Kumar	<b>70,940</b>	1,80,000
Shri Udit Kumar	<b>25,410</b>	64,470
Shri Manish Kumar	<b>2,49,125</b>	6,32,100
Smt. Meera S Kumar	<b>1,93,160</b>	4,91,240
Shri Upendra Kumar	<b>4,58,750</b>	11,63,980
Smt. Anuradha Kumar	<b>49,445</b>	1,25,460
Smt. Sudhira Gupta	<b>91,200</b>	2,31,400
Shri Ravi M Gupta	<b>1,97,220</b>	5,00,400
Smt. Nandini Gupta	<b>72,360</b>	1,83,600
Shri Arnav Kumar	<b>25,410</b>	64,470
Birendra Kumar & Sons	<b>1,31,240</b>	3,33,000
Binay Kumar & Family	<b>32,760</b>	83,125
Binay Kumar & Sons	<b>22,960</b>	58,260
Kumar Sushil (HUF)	<b>1,93,670</b>	4,91,400
P D Gupta & Sons	<b>7,095</b>	18,000
	<b>29,15,540</b>	<b>73,98,735</b>

\*Refer Note in Schedule 8

### f) Rent Paid

Shri Apurv Kumar	<b>2,40,000</b>	2,40,000
Smt. Aditi G Mittal	<b>4,20,000</b>	4,20,000
	<b>6,60,000</b>	<b>6,60,000</b>

### g) Sitting Fee

Shri Arvind Kumar	<b>20,000</b>	10,000
Shri Rakesh M Gupta	<b>25,000</b>	20,000
Shri Sushil Kumar	<b>20,000</b>	10,000
	<b>65,000</b>	<b>40,000</b>



## U P HOTELS LIMITED

### h) Amount outstanding at year end Payable

Shri Apurv Kumar	1,70,000	38,250
Shri Rupak Gupta	3,63,419	1,37,419
Smt. Supriya Gupta	2,14,500	1,20,000
Shri Arjun Kumar	39,167	48,067
Smt. Rajeshwari Kumar	23,000	23,000
Shri Akshay Gupta	34,544	41,034
Shri Manish Kumar	25,160	25,160
Smt. Aditi G Mittal	6,17,321	3,58,983
Shri Anant Kumar	39,167	48,067
	<b>15,26,278</b>	<b>8,39,980</b>

### i) Amount recoverable –

Shri Birendra Kumar	5,48,625	-
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### ii) Transaction with parties in A (iii) above at arm's length

	Year ended 31 <sup>st</sup> March	
	2014	2013
Shop Licence fee received		
Silk Emporium	91,526	91,526
ANK Travels Limited	74,400	74,400
Jaipur Shop	66,750	53,400
Pride Hospitality Limited	40,050	53,400
Clarks Brij Hotels (I) Limited	60,075	80,096
	<b>3,32,801</b>	<b>3,52,822</b>

### o) Amount outstanding at the year end

- Receivable		
Silk Emporium- licence fee	55,813	44,721

### c) Dividend paid to companies\*

The Indian Textiles Co. Private Limited	25,88,730	65,68,380
Hotel Clarks Varanasi Limited	3,53,805	8,97,700
Banaras House Private Limited	10,64,125	27,00,000
Bonita India Limited	195	500
	<b>40,06,855</b>	<b>1,01,66,580</b>

\*Refer Note in Schedule 8

## U P HOTELS LIMITED

### 41. Employees Benefits

#### 41.1 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 ₹ 1,20,65,345 ( 2013 - ₹ 1,15,42,998) on account of Provident Fund has been debited to contribution to provident and other funds. Employees State Insurance contribution ₹ 31,00,525 (2013 - ₹ 28,87,461 ) has been debited to staff welfare expenses.

#### 41.2 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 31<sup>st</sup> March, 2014 by Actuaries under the Projected Unit Credit Method. Provisions were made to bring the gratuity liability in line with the actuarial valuation.

## 41.3 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	
	2014 (₹)	2013 (₹)	2014 (₹)	2013 (₹)	2014 (₹)	2013 (₹)
<b>Change In present value of obligation</b>						
Present Value of Obligation as at beginning of the year	54,704,556	54,128,315	1,242,545	973,634	6,488,742	6,580,552
Interest Cost	4,396,373	4,330,265	99,404	77,891	519,099	526,442
Current Service Cost	2,749,422	2,738,084	134,840	133,316	669,071	657,158
Benefits Paid	(7,549,885)	(7,537,869)	-	-	-	(398,403)
Actuarial (gain)/loss on obligation	3,406,500	1,045,761	(154,335)	57,704	(844,528)	(876,977)
Present value of obligation as at end of the year	57,706,966	54,704,556	1,322,454	1,242,545	6,832,384	6,488,742
<b>Change in the fair value of plan assets</b>						
Fair value of plan assets at the beginning of year	32,231,472	30,891,867				
Expected return on plan assets	2,931,136	2,874,683				
Contributions	6,336,059	6,002,791				
Benefits paid	(7,549,885)	(7,537,869)				
Actuarial gain/(loss) on plan assets	-	-				
Fair value of plan assets at the end of the year	33,948,782	32,231,472				
<b>Fair Value of plan assets</b>						
Fair value of plan assets at beginning of year	32,231,472	30,891,867				
Actual return on plan assets	2,931,136	2,874,683				
Contributions	6,336,059	6,002,791				
Benefits paid	(7,549,885)	(7,537,869)				
Fair value of plan assets at the end of year	33,948,782	32,231,472				
Funded status	(23,758,184)	(22,473,084)	(1,322,454)	(1,242,545)	(6,832,384)	(6,488,742)
<b>Actuarial gain / loss recognized</b>						
Actuarial gain/(loss) on obligation	(3,406,500)	(1,045,761)	154,335	(57,704)	844,528	876,977
Actuarial (gain)/loss for the year - plan assets	-	-				
Total (gain)/ loss for the period	3,406,500	1,045,761	(154,335)	57,704	(844,528)	(876,977)
Actuarial (Gain)/Loss recognised in the year	3,406,500	1,045,761	(154,335)	57,704	(844,528)	(876,977)
<b>The amount to be recognized in the balance sheet and statement of profit &amp; loss</b>						
Present value of obligation as at end of the year	57,706,966	54,704,556	1,322,454	1,242,545	6,832,384	6,488,742
Fair value of plan assets at the end of year	33,948,782	32,231,472				
Funded status	(23,758,184)	(22,473,084)	(1,322,454)	(1,242,545)	(6,832,384)	(6,488,742)
Net liability recognized in balance sheet	(23,758,184)	(22,473,084)	(1,322,454)	(1,242,545)	(6,832,384)	(6,488,742)
<b>Expenses recognized in statement of Profit &amp; Loss</b>						
Current service cost	2,749,422	2,738,084	134,840	133,316	669,071	657,158
Interest cost	4,396,372	4,330,265	99,404	77,891	519,099	526,442
Expected return on plan assets	(2,931,136)	(2,874,683)				
Net actuarial (gain)/loss recognized in the year	3,406,500	1,045,761	(154,335)	57,704	(844,528)	(876,977)
Expenses recognized in statement of Profit & Loss	7,621,158	5,239,427	79,909	268,911	343,642	306,623

Investment details - invested with LIC

100%

100%

The figures of Gratuity Funded are provided / certified by LIC.

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

Description	Gratuity				Leave Encashment	
	Funded		Non Funded		Non Funded	
	2014	2013	2014	2013	2014	2013
a. Discount rate	8%	8%	8%	8%	8%	8%
b. Expected rate of return on plan assets	-	-	-	-	-	-
c. Mortality rate	IALM[2006-2008]	IALM ('1994-96)	IALM[2006-2008]	IALM ('1994-96)	IALM[2006-2008]	IALM ('1994-96)
d. Withdrawl rate						
- upto 30 years of age	3.00	3.00	3.00	3.00	3.00	3.00
- upto 44 years of age	2.00	2.00	2.00	2.00	2.00	2.00
- above 44 years of age	1.00	1.00	1.00	1.00	1.00	1.00
e. Future salary increase	7% - 10%	7% - 8%	7%	7%	7%	7%

a) 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.

b) Salary increase considered by actuary is 10% (2013-8%) in respect of Lucknow unit and all other units it is 7% (2013-7%)

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

41.6

Description	Gratuity						Leave Encashment					
	Funded *			Non Funded			Non Funded			Non Funded		
	2014 (₹)	2013 (₹)	2012 (₹)	2011 (₹)	2014 (₹)	2013 (₹)	2012 (₹)	2011 (₹)	2014 (₹)	2013 (₹)	2012 (₹)	2011 (₹)
Present value of obligation as at end of the year	57,706,966	54,704,566	53,309,651	50,849,859	1,322,454	1,242,545	973,634	922,547	6,832,384	6,488,742	6,580,522	6,410,872
Fair value of plan assets at the end of year	33,948,782	32,231,472	30,891,867	28,818,609	-	-	-	-	-	-	-	-
Surplus / (Deficit)	(23,768,184)	(22,473,084)	(22,417,784)	(22,031,250)	(1,322,454)	(1,242,545)	(973,634)	(922,947)	(6,832,384)	(6,488,742)	(6,580,522)	(6,410,872)
Experience Adjustments on Plan Liabilities [(Loss)/Gain]	-	-	-	-	154,335	(57,704)	122,839	199,821	844,528	876,977	(184,982)	385,427
Experience Adjustments on Plan Assets [(Loss)/Gain]	-	-	-	-	-	-	-	-	-	-	-	-

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

## U P HOTELS LIMITED

		Year ended 31 <sup>st</sup> March			
		2014	2013		
		₹	₹		
42.	Earnings per share Computation of both basic and diluted earnings per share of ₹ 10/- each				
	Profit for the year after tax	<b>4,71,88,517</b>	6,29,44,208		
	Number of Equity Shares	<b>54,00,000</b>	54,00,000		
	Basic & Diluted earnings per share of face value of ₹ 10/-	<b>8.74</b>	11.66		
43.	Earnings in foreign currency On Hotel Earnings (realization basis) (as certified by firm of Chartered Accountants and reported by the Company and include indirect earnings from Travel Agents (This has been relied upon by Auditors)	<b>19,94,40,496</b>	29,29,92,725		
44.	Value of imports calculated on CIF basis in respect of:				
	i) Provision, beverages & others	<b>6,52,892</b>	12,18,807		
	ii) Capital Goods	<b>4,37,230</b>	17,80,159		
45.	Expenditure in foreign currency Travelling, advertisement, subscription training etc. Commission	<b>58,10,919</b> <b>4,52,909</b>	82,45,787 3,19,360		
46.	Consumption of provisions, beverages and others:				
		2014		2013	
	Particulars	₹	%	₹	%
	Imported	<b>19,52,789</b>	<b>1.76</b>	39,79,833	3.77
	Indigenous	<b>10,87,34,503</b>	<b>98.24</b>	10,14,69,416	96.23
		<b>11,06,87,292</b>	<b>100.00</b>	10,54,49,249	100.00
47.	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.				

48. Prior period expenses debited under various heads:

Particulars	For the year ended 31st March	
	2014 (₹)	2013 (₹)
Donation	-	30,000
Travelling	-	75,078
Rates & Taxes	35,006	47,765
Legal & Professional	428,541	-
Advertisement	11,000	-
Subscription	30,031	-
Commission	109,072	-
Repair & Maintenance	5,220	-
<b>Total</b>	<b>618,870</b>	<b>152,843</b>

49.1 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 forum 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.
2. An SLP bearing No. 26561 of 2014 filed by Sh. Rupak Gupta, Joint Managing Director 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, including the Company to maintain status quo with respect to management of assets. Both the petitions are presently pending.

49.2 The Company was further not able to take requisite steps for issuance of Bonus Shares to the public shareholders even after 29.04.2014 as 62.5% of promoter shareholders have not waived off their right to subscribe to Bonus shares. SEBI *vide* its order dated 02.12.2014 has *inter alia* directing 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. Appeals have been preferred against the said order dated 02.12.2014 before the Securities Appellate Tribunal and the same are still pending.

50. On 19.05.2014, the Board of the Company approved the Financial Statements along with Notes to the Accounts for the year ending 31.03.2014 and authorised the two Joint Managing Directors to sign the same. The financial results of the Company were accordingly signed by the two JMDs and uploaded on the BSE website., The Statutory Auditors sought audit confirmations and certifications from the Joint Managing Directors . Further to concerns being raised by one of the Joint Managing Directors regarding the same, the Board at its meeting of 09.08.2014 noted that the two JMDs shall sign the requisite certifications desired by Statutory Auditors with their personal views and that the same shall be taken note of by the Auditors. Accordingly, one of the Joint Managing Directors namely Mr. Rupak Gupta

## U P HOTELS LIMITED

sent caveated certifications to the Auditors on 16.8.2014 regarding working/management of certain units, and other matters, and the Chairman & Managing Director of the Company also communicated his concerns to the Board and the Auditors. The Chairman and Mr Apurv Kumar JMD also raised their concerns regarding certain aspects of management. of the company on 26.8.2014. In the meanwhile, on 30.07.2014 and 14.08.2014, the Ministry of Corporate Affairs rejected the Company's requests for waiver of recovery of excess remuneration paid to the Managing directors. In view of the above, the Notes to the Accounts were required to be revised/updated and this entire process was expected to be completed within the extended time till 30.11.2014 granted to the Company for holding of the AGM by the Registrar of Companies, however on account of filing of a fresh application by the Plaintiffs in the Civil Suit, the process could not be completed.

51. Thereafter, the accounts of the Company which were approved earlier in the meeting held on 19.5.2014 as mentioned above, were not authenticated by the JMDs on account of disputes amongst JMDs / Chairman and lack of consensus, are now being revised by the Board of Directors before circulation to members to the extent of:
- a) Increase in interest on Income Tax under Finance costs to the extent of ₹ 244,631 (from ₹ 877,580 to ₹ 1,122,211) and corresponding increase in Provision for tax.
  - b) Increase in Short Term Loans & Advances – Recoverable from Chairman cum Managing Director on account of rejection of Company's application for waiver of excess remuneration by Ministry of Corporate Affairs by ₹ 5,48,625 in the balance sheet and decrease in salary, wages, bonus etc. under Employee Benefits Expense by ₹ 3,00,425 and Exceptional Item – amount recoverable from Chairman & Managing Director by ₹ 2,48,200 .
  - c) Increase in Tax on dividend by ₹ 635,540 (from ₹ 3,212,055 to ₹ 3,847,595) under Reserves & Surplus and Short Term Provision -Tax on Dividend on account of enhanced rate of tax.
  - d) Increase in profit by ₹ 303, 994 (from ₹ 46,884,523 to ₹ 47,188,517).
  - e) Changes / Modifications in Notes on account of subsequent disputes, litigations, non-compliances etc.
52. In the meanwhile, a petition has been filed on 15 May 2015 by one of the JMDs 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. Mr. Apurv Kumar, the other JMD has filed a reply to the petition on 9.5.2016 on behalf of the respondents - himself and has contested the Petition and denied all the allegations.



53. The company has received penalty notice from BSE for non-compliance with Clauses 41 and 49 of the Listing Agreement and further 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 groups of the Company. The Company has also received a Show Cause Notice for failure to comply with Listing Agreement with regard to Annual Closure of Register of Members and Transfer Books for the year 2014.
54. Remuneration aggregating to ₹ 45,39,023 paid to Chairman & Managing / Whole-time Directors (Executive Directors) for the year 2012-13 (within limits of Section II(B) of Part II of Schedule XIII of Companies Act, 1956) is subject to the approval of shareholders by means of a special resolution. The Company was to recover ₹ 2,48,200 (being the amount of remuneration in excess of Section II(B) of Part II of Schedule XIII to the Companies Act, 1956) from Chairman & Managing Director and this amount has been shown under "Exceptional Items"- Amount recoverable from Chairman & Managing Director in the Statement of Profit & Loss and correspondingly shown under Short term loans & advances in the Balance Sheet. This amount was recovered on 3<sup>rd</sup> September, 2014.
55. As the Company had inadequate profits during financial year 2012-13, the company filed an application with the Central Government for waiver of recovery of excess remuneration paid to all the Managing /Whole time Directors during the financial year, but the Central Government vide its letter no SRN B78233202/1/2013 – CL.VII dated 30<sup>th</sup> July, 2014 turned down the Company's application for the reason the company had not made application for waiver of recovery of excess remuneration paid to individual managerial personnel of the Company to whom remuneration in excess of the limits of the Companies Act, 1956 had been paid during the financial year.
56. The Central Government vide its letter No. SRN B78223187/1/2013 – CL. VII dated 14<sup>th</sup> August, 2014 turned down / rejected the application of the Company for payment of remuneration to Chairman & Managing Director in excess of Section II of Part II of Schedule XIII of Companies Act, 1956 for financial year 2013-14. The Company was to recover ₹ 3,00,425 for the year 2013-14 from him (being the amount of remuneration in excess of Section II(B) of Part II of Schedule XIII of Companies Act, 1956) which has been credited to salary, wages, bonus etc. under Employee Benefits Expense in the Statement of Profit & Loss and correspondingly shown under Short term loans and advances in the Balance Sheet. The amount was recovered on 3<sup>rd</sup> September, 2014.
57. The Company was not able to comply with Section 255 as regards Appointment of Directors and Proportion of those who are to retire by rotation, Section 292A as regards Audit Committee and Schedule XIII as regards composition of Remuneration Committee of the Companies Act, 1956. Steps are being taken to comply with the relevant provisions of the Companies Act, 1956. The particulars of contracts or arrangements in which directors were interested and entered in the register maintained under section 301 of the Companies Act, 1956 were not authenticated by some of the directors as of 31.03.2014.
58. As mentioned in preceding paras, and on account of various disputes, the Company has been unable to comply with various provisions of Listing Agreement, Securities & Exchange Board of India Rules & Regulations, Companies Act, 1956/ 2013, Income Tax Act, 1961 etc. subsequently.
- a) The Company has received a notice of default under Section 159/166/210(3)/220 of the Companies Act, 1956 as regards Annual General Meeting, Annual Return, and Annual Accounts etc. for 2013-14. The company has also received a notice of default under section 96 of the Companies Act, 2013 despite being prior extension of time and Show Cause as to why action not being taken under section 99 of the Companies Act, 2013. The company has replied to the notice indicating the various circumstances for non-compliances.
- b) Clause 40A of the Listing Agreement as regards minimum public shareholding, compliances of Clause 49 of the Listing Agreement as regards to composition of the board of directors, strength of the Audit

## U P HOTELS LIMITED

Committee and Convening of such meetings, the shareholders/ grievance committee not needed by non- executive directors, 100% dematerialization of the promoters group, shareholding etc.

- c) Non submission of financial results under Clause 41 of Listing Agreement for quarters commencing from June 2014 onwards, non-submission of Corporate Governance Report under Clause 49 of Listing Agreement for which the company has received penalty notices, suspension of trading etc.
- d) Filing of Tax Audit Report under Section 44AB of Income Tax Act, 1961 for 2013-14 onwards.
- e) Appointment/Re-appointment of Independent Director(s) pursuant to Circular no. 14/2014 dated 9<sup>th</sup> June, 2014 and Section 149 (10) & (11) of the Companies Act, 2013 and formation of Nomination & Remuneration Committee u/s 178 (2 & 3) of Companies Act, 2013.
- f) Holding of Board Meeting within 120 days.
- g) Compliance of SEBI (Listing Obligation & Disclosure Requirements), Regulation 2015.
- h) Formulation and Compliance of policies regarding code of conduct for Directors & Senior Management including Vigil mechanism / whistle blower policy u/s 177 (9) of the Companies Act, 2013, development and risk management policy under section 133 (3) of the Companies Act, 2013 Related Party Transaction, Corporate Social Responsible Policy, Nomination & Remuneration Policy, Policy for determination of materiality, policy for familiarization Programme of Independent Directors, code of internal procedure and conduct for regulating, monitoring and reporting of trading by insiders under SEBI (Prohibition of Insider Trading) Regulation, 2015, Archival Policy.
- i) Composition of the Board of Directors, Audit Committee and other committees, etc.
- j) Appointment of Internal Auditors for 2014-15 onwards and filing of MGT 14 with ROC under section 139 read with Rule 13 of the Companies (Accounts) Rules, 2013.

All the above defaults and non-compliances result in penalties, prosecution of officer- in-default etc. which are not quantifiable at this stage.

59. Shareholders` approval by way of Special resolution is also required for:

- a) Re-fixation of remuneration of Late Shri Birendra Kumar for 1.4.2014 to 14.5.2015 in accordance with Section 196 & 197 and Section II of Part II of Schedule V of Companies Act, 1956;
- b) Re-appointment of Late Shri Birendra Kumar as Chairman & Managing Director for the period 15<sup>th</sup> May, 2015 to 17th January, 2016 and filing of MR 1 which is pending.
- c) Re-appointment of Shri Apurv Kumar & Shri Rupak Gupta as Joint Managing Director & Chief Financial Officer (CFO) and Smt. Supriya Gupta as Executive Director w.e.f 15th May, 2015. However, in this regard it may be noted that the Hon'ble Company Law Board vide its order dated 25.05.2016 has directed that both JMD's shall continue as stated supra.

60. The accounts have not been authenticated by the Company Secretary as he resigned on 16<sup>th</sup> May, 2016.

61. The Hon'ble National Company Law Tribunal vide its order dated 10.08.2016 in these proceedings has directed that the parties shall take all necessary steps to ensure that there is compliance of various statutory provisions in respect of the Company before the closing date of 30<sup>th</sup> September, 2016 as per requirement of law. Further, Registrar of Companies' notices dated 13<sup>th</sup> April and 3<sup>rd</sup> June, 2016 to the company for not holding the Annual General Meeting for the year 2013-14 have also been stayed. Further, the National Company Law Tribunal vide its order dated 19.08.2016 has appointed Hon'ble Mr. Justice B.P. Singh (former Judge of the Supreme Court of India) as a non-executive Chairman of the Board of Directors of the Company. The proceedings are pending adjudication.
- 62 Previous year's figures have been regrouped/ reclassified wherever necessary to confirm to this year's classification.

*For and on behalf of the Board*

Sd/-  
Bisheshwar Prasad Singh  
Chairman

Sd/-  
Apurv Kumar  
Joint Managing Director  
& Chief Financial Officer

Sd/-  
Rupak Gupta  
Joint Managing Director  
& Chief Financial Officer

New Delhi  
7<sup>th</sup> September, 2016

**ATTENDANCE SLIP**

53<sup>rd</sup> Annual General Meeting held on **Friday, the 30<sup>th</sup> day of September, 2016**

Folio No. / DP ID Client ID No.	
Authorised Representative	
No. of Shares held	
Name of First named Member/Proxy/	
Name of Joint Member(s), if any:	

I/we certify that I/we am/are member(s)/proxy for the member(s) of the Company. I/we hereby record my/our presence at the 53<sup>rd</sup> Annual General Meeting for the F. Y ending 31-03-2014 of the Company, to be held on **Friday, the 30<sup>th</sup> day of September, 2016** at 2:00 P.M at P H D House, Opposite Asian Games Village, New Delhi-110016.

.....

Signature of First holder/Proxy/Authorised Representative

Signature of 1st Joint Holder

Signature of 2nd Joint Holder

Note(s): 1. Please sign this attendance slip and hand it over at the Attendance Verification Counter at the MEETING VENUE.

2. Only shareholders of the Company and/or their Proxy will be allowed to attend the Meeting.

**Form MGT-11**

**Proxy form**

**[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) of..... shares 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 .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 53<sup>rd</sup> Annual General Meeting for the F.Y. ending 31-03-2014 of the Company, to be held on **Friday, the 30<sup>th</sup> day of September, 2016** at 2:00 P.M at P H D House, Opposite Asian Games Village, New Delhi-110016 and at any adjournment thereof in respect of such resolutions as are indicated below :

## U P HOTELS LIMITED

Resolution No.

1. Adoption of Balance Sheet, Statement of Profit and Loss and cash flow statement and the Reports of the Board of Directors and Auditors thereon for the financial period ended on March 31, 2014
2. Declaration of final dividend on Equity Shares
3. Re-appointment of M/s Ray & Ray, Chartered Accountants as Statutory Auditors of the Company.
4. Re-fixation of managerial remuneration of Late Shri Birendra Kumar, Chairman & Managing Director
5. Re-fixation of managerial remuneration of Shri Apurv Kumar, Joint Managing Director
6. Re-fixation of managerial remuneration of Shri Rupak Gupta, Joint Managing Director
7. Re-fixation of managerial remuneration of Smt. Supriya Gupta, Executive Director

Signed this ..... day of ..... 2016

Signature of shareholder

Signature of Proxy holder(s)

**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

