

CLARKS GROUP OF HOTELS



54th ANNUAL REPORT 2014-15
U P HOTELS LIMITED

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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 54TH (FIFTY FOURTH) ANNUAL GENERAL MEETING OF THE MEMBERS OF U P HOTELS LIMITED WILL BE HELD ON SATURDAY, THE 18TH DAY OF MARCH, 2017 AT 9.30 A.M. AT THE PHD HOUSE, OPPOSITE ASIAN GAMES VILLAGE, NEW DELHI- 110016 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. ADOPTION OF FINANCIAL STATEMENTS

To receive, consider and adopt the Audited balance sheet (including the notes forming part thereof) of the Company as at March 31, 2015, the audited statement of profit and loss and the Cash flow statement of the Company for the year ended March 31, 2015 together with the Reports of the Board of Directors and the Auditor's thereon.

2. DECLARATION OF FINAL DIVIDEND ON EQUITY SHARES FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

3. RATIFICATION OF APPOINTMENT OF AUDITORS

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

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s. Ray & Ray, Chartered Accountants (Firm's Registration No. 301072E) as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 55th Annual General Meeting of the Company at such remuneration plus service tax, out-of-pocket, travelling and living expenses etc., as may be mutually agreed between the Board of Directors and the Auditors."

SPECIAL BUSINESS:

4. RE-APPOINTMENT AND FIXATION OF REMUNERATION OF LATE SH. BIRENDRA KUMAR

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

“RESOLVED THAT pursuant to the provisions of section 197, 198 and other applicable provisions of the Companies Act, Schedule V to the Act and rules made thereunder, consent of the company be and is hereby accorded to re-appoint Shri Birendra Kumar re-appointed as Chairman & Managing Director & Chief Executive Officer of the company for a period of one year with effect from 15th May, 2015 on the terms and conditions, as detailed below:

Salary : Rs. 3,00,000/- p.m.

Perquisites & Allowances:

In addition to the salary, Shri Birendra Kumar shall also be entitled to the following perquisites and allowances as given hereunder:

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

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

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

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

c) Encashment of leave at the end of the tenure

Shri Birendra Kumar, will not be entitled to any sitting fee for attending meeting of the Board or of any Committee thereof.

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

This will be the minimum remuneration payable to Shri Birendra Kumar, Chairman & Managing Director & Chief Executive Officer irrespective of the quantum of profits / loss during the financial year”.

5. RE-APPOINTMENT AND FIXATION OF REMUNERATION OF SH. APURV KUMAR

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

“RESOLVED THAT pursuant to the provisions of section 197, 198 and other applicable provisions of the Companies Act, Schedule V to the Act and rules made thereunder, consent of the company be and is hereby accorded to re-appoint Shri Apurv Kumar as Joint Managing Director & Chief Financial Officer for a period of one year with effect from 15th May, 2015 on the terms and conditions, as detailed below:

Salary: Rs. 2, 50,000/- p.m.

Perquisites & Allowances:

In addition to the salary, Shri Apurv Kumar shall also be entitled to the following perquisites and allowances as given hereunder:

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

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

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

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

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

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

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

S/Shri Apurv Kumar & Birendra Kumar being interested in the re-appointment of Shri Apurv Kumar were not present at the meeting during discussions on this item.

6. RE-APPOINTMENT AND FIXATION OF REMUNERATION OF SH. RUPAK GUPTA

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

“RESOLVED THAT pursuant to the provisions of section 197, 198 and other applicable provisions of the Companies Act, Schedule V to the Act and rules made thereunder, consent of the company be and is hereby accorded to re-appoint Shri Rupak Gupta as Joint Managing Director & Chief Financial Officer for a period of one year with effect from 15th May, 2015 on the terms and conditions, as detailed below:

Salary: Rs. 2,50,000/- p.m.

Perquisites & Allowances:

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

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

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

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

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

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

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

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

7. RE-APPOINTMENT AND FIXATION OF REMUNERATION OF SMT. SUPRIYA GUPTA

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

“**RESOLVED THAT** pursuant to the provisions of section 197, 198 and other applicable provisions of the Companies Act, Schedule V to the Act and rules made thereunder, consent of the company be and is hereby accorded to re-appoint Smt. Supriya Gupta as Executive Director for a period of one year w.e.f. 15th May, 2015 on the existing terms and conditions, as detailed below:

Salary: Rs. 2, 25,000/- p.m.

Perquisites & Allowances:

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

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

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

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

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

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

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

This will be the minimum remuneration payable to Smt. Supriya Gupta, Executive Director irrespective of the quantum of profits / loss during the financial year”.

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

Sd/-

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Apurv Kumar

(Joint Managing Director & CFO)

DIN: 00043538

Add: 28 Shreevihar Colony,

Near Hotel Clarks Amer,

10 Jawaharlal Nehru Marg,

Jaipur- 302018

Date: 20.02.2017

Place: New Delhi

Notes:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to special business to be transacted at the Fifty Fourth (54th) Annual General Meeting (“**Meeting**”) is annexed hereto.
2. A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/ herself and a proxy need not be a member of the company. The instrument of proxy, in order to be effective, must be received by the company at least forty eight (48) hours before the time when the Meeting is scheduled to begin.
3. Pursuant to the provisions of section 105(1) of the Companies act, 2013, read with Rule 19 of the Companies (Management and administration) Rules, 2014, a person can act as a proxy on behalf of not exceeding fifty (50) members and holding in the aggregate not more than ten percent (10%) of the total share capital of the company carrying voting rights. A member holding more than ten percent (10%) of the total share capital of the company carrying voting rights, will not act as proxy for any other member. The holder of proxy shall prove his identity at the time of attending the Meeting.
4. Corporate members intending to send their authorized representative(s) to attend the meeting, in terms of Section 113 of the Companies Act, 2013, are requested to send to the company a certified copy of the board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
5. This Notice is also being sent with the Annual Report along with the attendance slip, proxy form and route map of the venue of the Meeting.
6. 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 dematerialized form are requested to write their client ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
7. During the period beginning twenty four (24) hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a member 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 06:00 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.

8. The Register of Members and the Share Transfer Books were not closed in the Year 2015.
9. 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.
10. Members/ Proxies/ Authorised Representatives are requested to bring the Meeting necessary details of their shareholding and attendance slips.
11. 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.
12. Members desirous of getting any information on the accounts and operations of the Company should address their query to Manager Accounts (clarkssuryakiran@yahoo.co.in) at least seven days before the date of AGM.
13. Pursuant to Section 124 (5) and 125 of the Companies act 2013, all unpaid dividend required to be transferred to the Investor Education & Protection Fund has been transferred upto the Financial Year 2008-09. Dividend for the financial year ended 31st March 2015 shall be paid to such shareholders whose name are appearing in the register of members of the company as on 25th September, 2015 being the cut-off date.
12. Pursuant to Sections 20, 101 and 136 of the Companies Act, 2013 and Rules made thereunder, Companies are allowed to send notices/documents in electronic form to their Members. To enable the Company to send its Annual Report, Notice of AGM and other documents for the Financial Year ended 31st March, 2015 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.
13. 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.

14. 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. A.G.G & Associates, Company Secretary in whole time practice with Membership No. FCS 3668 and Certificate of Practice No. 3653, to act as the Scrutinizer, for conducting the scrutiny of the votes cast in fair and transparent manner and they have communicated their 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 Wednesday, 15th March, 2017 at 09:30 a.m. and will end on Friday, 17th March, 2017 at 5:00 p.m. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 25th September, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is casted by the member, the member shall not be allowed to change it subsequently.
- II. Member whose email IDs are registered with the Company/Depository Participant(s) will receive an email from NSDL informing them of their User-ID and Password. Once the members receives the email, he or she will need to go through the following steps to complete the e-voting process:
 - a) Open email and open PDF file viz; "e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - b) Launch internet browser by typing the following URL:
<https://evoting.nsd.com/>
 - c) Click on shareholder- Login

- d) Put user ID and password as initial password/PIN noted in step (i) above and click Login.
- e) Password change menu appears. Change the Password /PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- f) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- g) Select "EVEN" of U. P Hotels Limited.
- h) Now you are ready for e-Voting as cast page opens.
- i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- j) Upon confirmation, the message "Vote cast successfully" will be displayed.
- k) Once you have voted on the resolution, you will not be allowed to modify your vote.
- l) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant board resolution/ Authority letter etc. together with attested specimen signature of the authorized signatory(ies) who are authorized to vote, to scrutinize through e-mail to clarkssuryakiran@yahoo.co.in with a copy marked to evoting@nsdl.co.in.

III. In case a member receives physical copy of Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy] :

- a. Initial password is provided as below/at the bottom of Attendance Slip for the AGM:

EVEN (E-Voting Event Number) USER ID PASSWORD/PIN

- b. Please follow all steps from serial no. (ii) to (xii) above, to cast vote.
- IV. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Download section of www.evoting.nsdl.com or call on toll free no. 1800-222-990.
- V. If you already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VI. You can also update your mobile number e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VII. Login to the e-voting website will be disabled upon five (5) unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password.
- VIII. The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date (record date) of Friday, September 25, 2015.
- IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e Friday, September 25, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com.

- X. The Chairman shall, at the meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, for all those members who are present at the meeting but have not casted their votes by availing the remote-voting facility.
- XI. The Scrutinizer will, after the conclusion of e-voting at the Meeting, first count the votes casted at the meeting and thereafter unblock the votes casted through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall make, not later than three (3) days of the conclusion of the meeting, a consolidated scrutinizer's report of the total votes

casted in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XII. The Results declared along with the report of the scrutinizer shall be placed on the website of the Company www.hotelclarks.com and on the website of NSDL immediately after the declaration of result by the Chairman. The results shall also be immediately forwarded to the Stock Exchanges.

XIII. Subject to receipt of requisite number of votes, the resolutions proposed in the Notice shall be deemed to be passed on the date of the Meeting, i.e., Saturday, March 18, 2017.

15. 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 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.

16. 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.

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

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

Sd/-

Apurv Kumar

(Joint Managing Director & CFO)

DIN: 00043538

Add: 28 Shreevihar Colony, Near
Hotel Clarks Amer, 10 Jawaharlal
Nehru Marg, Jaipur- 30201

Date: 20.02.2017

Place: New Delhi

ANNEXURE TO NOTICE

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

ITEM NO. 4.

The Board of Directors in their meeting held on 12/05/2015 had re-appointment of Shri Birendra Kumar as Chairman & Managing Director for a period of one year with effect from 15th May, 2015 (however, he expired on 17.01.2016) at a remuneration of Rs. 3,00,000/- per month and perquisites/allowances as detailed in the resolution no 4 of this notice.

Shri. Birendra Kumar aged about 76 years was Chairman & Managing Director of U P Hotels Limited. He is a Bachelor of Science and enriched with an experience of more than 57 years in Industrial and Commercial activities. Shri Birendra Kumar had traveled widely and has attended many prestigious seminars and exhibitions in India and abroad. He had played a major role in carrying the vision of the Founders of this Company and has successfully handled the Management of the Company and the Operations of the Hotels. In his position as the Chairman of the Company, he had always provided the necessary Guidance and contributed towards the growth of the company. Shri Birendra Kumar also looked after the day-to-day operations of the Company.

Keeping in view, Shri Birendra Kumar's vast experience, expertise, performance and long association with your Company, it will be in the interest of your Company to re-appoint of Mr. Birendra Kumar within same remuneration of Rs. 3,00,000/- per month.

The terms of remuneration are duly considered and recommended by the Nomination & Remuneration Committee in their Meeting held on 12.05.2015. Brief resume of Shri Birendra Kumar, nature of his expertise in specific functional areas, names of companies in which they hold directorships and memberships /chairmanships of Board Committees, their shareholding in the Company, relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in this notice and Boards' Report.

None of the directors and key managerial personnel and their relatives, except Mr. Apurv Kumar (JMD-CFO) and Mr. Arvind Kumar (Non Executive Director), being relatives, may be deemed to be concerned or interested, whether directly or indirectly, financially or otherwise in this resolution.

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

ITEM NO 5:

The Board of Directors in their meeting held on 12/05/2015 had re-appointed of Mr. Apurv Kumar as Joint Managing Director & Chief Financial Officer for a period of one year w.e.f. 15th May, 2015 at a remuneration of basic salary of Rs. 2,50,000/- per month and perquisites/allowances as proposed in the resolution no 5 of this notice.

Mr. Apurv Kumar aged about 54 years is a B.Sc and done Diploma in Business Administration from Harvard University and enriched with an experience of more than 27 years in Industrial and Commercial activities. Mr. Apurv Kumar has traveled widely and has attended many prestigious seminars in India and abroad. He is actively involved in the Management and operations of the Hotels and is extensively involved into the day to day operations of the Company. He has played a pivotal role in the modernization of the Hotels owned by the company.

Keeping in view, Mr. Apurv Kumar's vast experience, expertise, performance and long association with your Company, it will be in the interest of your Company to approve the re-appointment and fix the remuneration of Mr. Apurv Kumar.

The terms of remuneration are duly considered and recommended by the Nomination & Remuneration Committee in their Meeting held on 12.05.2015. Brief resume of Mr. Apurva Kumar, nature of his expertise in specific functional areas, names of companies in which they hold directorships and memberships /chairmanships of Board Committees, their shareholding in the Company, relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in this notice and Boards' Report.

None of the directors and key managerial personnel and their relatives, except Late Shri Birendra Kumar (Chairman & Managing Director) being father, may be deemed to be concerned or interested, whether directly or indirectly, financially or otherwise.

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

ITEM NO. 6

The Board of Directors in their meeting held on 12/05/2015 had re-appointed Mr. Rupak Gupta as Joint Managing Director & Chief Financial Officer for a period of one year w.e.f. 15th May, 2015 at a remuneration with basic salary of Rs. 2,50,000/- per month and perquisites/allowances as proposed in the resolution no. 6 of this notice.

Mr. Rupak Gupta aged about 44 years, has completed his B.Sc. Management from University of New Haven, CT. Apart from this, he has done Hotel Management Course from Cornell University USA and enriched with an experience of more than 17 years in Industrial and Commercial activities. Mr. Rupak Gupta has traveled widely and has attended many prestigious seminars in India and abroad. He is actively involved in the Management and operations of the Hotels and is extensively involved into the day to day operations of the Company. He has played a key role in taking new initiatives and bringing new Ideas which has helped towards the growth of the Company.

Keeping in view, Mr. Rupak Gupta vast knowledge, experience, performance and long association with your Company, it will be in the interest of your Company to approve the re-appointment and fix the remuneration of Mr. Rupak Gupta.

The terms of remuneration are duly considered and recommended by the Nomination & Remuneration Committee at their Meeting held on 12.05.2015. Brief resume of Mr. Rupak Gupta, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships /chairmanships of Board Committees, their shareholding in the Company, relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in this notice and Boards' Report.

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

The Board recommends the Special Resolution set out at Item No. 6 of this Notice for approval by the members of the Company.

ITEM NO. 7

The Board of Directors in their meeting held on 12/05/2015 had re-appointed Smt. Supriya Gupta as Executive Director for a period of one year w.e.f. 15th May, 2015 at a remuneration with basic salary of Rs. 2,25,000/- per month and perquisites/allowances as proposed in the resolution no 7 of this notice.

Smt. Supriya Gupta aged about 67 years is Graduate from Delhi University and Post Graduate in Economic & Social Anthropology from Cambridge University and enriched with an experience of more than 21 years in Industrial and Commercial activities. Smt. Supriya Gupta has traveled widely and has attended many prestigious seminars and exhibitions in India and abroad. She has always guided the Company with her suggestions and the key details relating to the Hotel Industry which has helped the company in its growth.

Keeping in view, Smt. Supriya Gupta having vast experience, expertise, performance and long association with your Company, it will be in the interest of your Company to approve the re-appointment and fix the remuneration of Smt. Supriya Gupta.

The terms of remuneration are duly considered and recommended by the Nomination & Remuneration Committee in their Meeting held on 12.05.2015. Brief resume of Smt. Supriya Gupta, nature of her expertise in specific functional areas, names of companies in which she holds directorships and memberships /chairmanships of Board Committees, her shareholding in the Company, relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in this notice and Boards' Report.

None of the directors and key managerial personnel and their relatives, except Shri Rupak Gupta (Joint Managing Director & Chief Financial Officer) being son, may be deemed to be concerned or interested, whether directly or indirectly, financially or otherwise.

The Board recommends the Special Resolution set out at Item No. 7 of this Notice for approval by the members of the Company.

STATEMENT AS PER SCHEDULE V - PART II SECTION II FOR ITEM NOS. 4, 5, 6 & 7.

I. GENERAL INFORMATION

1. Nature of industry: Hotel Industry.

2. Date or expected date of commencement of commercial production

The company started its commercial production in the year 1962.

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

4. Financial performance based on given indicators.

Financial Performance	(Rs./Lacs)	
PARTICULARS	31.03.2015	31.03.2014
Turnover	778,065,743	739,353,375
PBT	40,618,898	71,563,801
Taxes	13,486,796	20,671,236
PAT	27,132,102	47,188,517

Capital structure

PARTICULARS	31.03.2015	31.03.2014
Equity Share Capital	54,000,000	54,000,000
Reserve & Surplus	711,885,906	711,121,478
Net worth	765,885,906	765,121,478

5. Foreign investment or collaborators, if any : NA

II. INFORMATION ABOUT THE APPOINTEES:

Particulars	Mr. Birendra Kumar	Mr. Apurv Kumar	Mr. Rupak Gupta	Ms. Supriya Gupta
Background details	Mr. Birendra Kumar is a B.Sc. Diploma in Business Admn., Harward University and possesses an experience of more than 57 years in industrial and commercial activities.	Mr. Apurv Kumar is Graduate from Mumbai University. He completed Hospitality Management From Cornell University USA, An MBA Alumni of Harward Business School and possesses an experience of more than 27 years in industrial and commercial activities.	Mr. Rupak Gupta is B. Sc. Management University of New Haven, CT, USA Hotel Management from Cornell University USA and possesses an experience of more than 18 years in industrial and commercial activities.	Ms. Supriya Gupta is Graduate from Delhi University and Post Gradate in Economics & Social Anthropology from Cambridge University and possesses an experience of more than 21 years in industrial and commercial activities.
Past remuneration	300,000/- Per month (exclusive all allowances and perquisites)	2,50,000/- per month(exclusive all allowances and perquisites)	2,50,000/- per month (exclusive all allowances and perquisites) Information on comparative	2,25,000/- per month (exclusive all allowances and perquisites)

			remuneration profiles with respect to industry, size of the company is not available	
Recognition or awards	N.A.	N.A.	N.A.	N.A.
Job Profile	Mr. Birendra Kumar was Chairman & CEO of the Company. He has always provided the necessary Guidance and has contributed towards the major initiatives taken by the company for the promotion and induction of new talent in the Company.	Mr. Apurv Kumar is Joint Managing Director & CFO of the company. He has contributed a lot to the growth of the company. He is actively involved in the Management and operations of the Hotels and is extensively involved into the day to day operations of the Company	Mr. Rupak Gupta is Joint Managing Director & CFO of the company. He has contributed a lot to the growth of the company. He is actively involved in the Management and operations of the Hotels and is extensively involved into the day to day operations of the Company	Ms. Supriya Gupta was an Executive Director. With her enriching experience, contributed towards the major initiatives taken by the company for the promotion and induction of new talent in the Company.
Remuneration proposed	300,000/- Per month (exclusive all allowances and perquisites)	2,50,000/- (exclusive all allowances and perquisites)	2,50,000/- (exclusive all allowances and perquisites)	2,25,000/- (exclusive all allowances and perquisites)
Comparative remuneration profile with respect to industry, size of the company and profile of the position and person	Information on comparative remuneration profiles with respect to industry, size of the company is not available.	Information on comparative remuneration profiles with respect to industry, size of the company is not available	Information on comparative remuneration profiles with respect to industry, size of the company is not available.	Information on comparative remuneration profiles with respect to industry, size of the company is not available

Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr. Birendra Kumar is father of Mr. Apurv Kumar (JMD & CFO) and he is brother of Mr. Arvind Kumar (Non Executive Director of the Company)	Mr. Apurv Kumar is son of Mr. Shri. Birendra Kumar (Chairman & Managing Director & Chief Executive Officer) of the Company.	Mr. Rupak Gupta is son of Ms. Supriya Gupta (Executive Director) of the Company.	Ms. Supriya Gupta is Mother of Mr. Rupak Gupta (JMD & CFO)
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III. OTHER INFORMATION

1. Reasons of loss or inadequate profits:

The business of the Company is substantially dependent on the domestic and foreign tourists. Various new hotels came up in the vicinity and giving tough competition and thus inadequacy of profit .

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

The company is emphasizing in reducing cost and several other initiatives to increase its revenue.

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

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

4. DISCLOSURES

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

Details of the Directors:

S No.	Name	Age	Designation	Gross Remuneration (Rs.)	Qualification	Experience	Date of Joining	Previous Employment	% of Equity Shares
1.	Mr. Birendra Kumar	76	Chairman & Managing Director	33,30,102/-	B.Sc. Diploma in Business Admn. Harward University	57	October, 1979	Hotel Clarks Varanasi Ltd.	0.75% (40470 equity shares)
2.	Mr. Apurv Kumar	54	Joint Managing Director	41,09,600/-	Graduate from Mumbai University Hospitality Management From Cornell University USA, MBA, Alumni Harward Business School	27	January, 1995	Bonita India Ltd.	0.65% (35126 equity shares)
3.	Mr. Rupak Gupta	44	Joint Managing Director	38,84,712/-	B.Sc. Management University of New Haven, CT, USA Hotel Management Cornell University USA	18	February, 1997	1 st Employment	15.16% (818524 equity shares)
4.	Ms. Supriya Gupta	67	Executive Director	34,18,708/-	Graduate from Delhi University and Post Graduate in Economic & Social Anthropology from Cambridge University	21	May, 2010	Banaras House Pvt Ltd.	NIL

NOTES:

1. Gross remuneration comprises of Salary and perquisites.
2. General terms of appointment include contribution of provident fund, where applicable, house rent allowance, medical and other benefits as per Company's rules.
3. The employees have adequate experience to discharge the responsibilities assigned to them.
4. Mr. Rupak Gupta & Ms. Supriya are related to each other.
5. Mr. Birendra Kumar and Mr. Apurv Kumar are related to each other.
6. Mr. Apurv Kumar, director of the Company is related to Me. Birendra Kumar.
7. The nature of appointment of the Chairman & Managing Director, Joint Managing Director & Executive Director is contractual.

Detail of Directorship of directors in other companies

Name of Director	Other Directorship
Mr. Birendra Kumar	<ol style="list-style-type: none"> 1. The Indian Textile Co. Pvt. Ltd. 2. Banaras House Pvt. Ltd. 3. U.P Hotels Clarks Limited. 4. Bonita India Limited. 5. Great Value Hotels Pvt. Ltd. 6. Banaras International Ltd. 7. Hotel Clarks Varanasi Ltd.
Mr. Apurv Kumar	<ol style="list-style-type: none"> 1. Bonita India Ltd. 2. Indus Textile Pvt. Ltd. 3. Indus Techpark Pvt. Ltd. 4. Uttar Pradesh Export Industries Ltd. 5. The Indian Textiles Co. Pvt. Ltd. 6. U P Hotels Clarks Ltd. 7. Brijrama Hospitality Ltd. 8. Clement Orient Pvt. Ltd. 9. Hospitality Technologies Pvt. Ltd. 10. Rajasthan Creative Alliance Network 11. Divik Wellnes Center Pvt. Ltd.
Mr. Rupak Gupta	<ol style="list-style-type: none"> 1. Uttar Pradesh Export Industries Ltd. 2. The Indian Textiles Co. Pvt. Ltd. 3. Banaras House Pvt. Ltd. 4. U P Hotels India Ltd. 5. Indian Textile Company (Holdings) Pvt. Ltd. 6. Banaras Global Pvt. Ltd. 7. Banaras House Engineering Pvt. Ltd. 8. A C E Power Generation Matara Pvt. Ltd. 9. A C E Power Generation Horana Pvt. Ltd.

Mrs. Supriya Gupta	<ol style="list-style-type: none">1. Banaras House Pvt. Ltd.2. U P Hotels India Ltd.3. Indian Textile Company (Holding) Pvt. Ltd.4. Banaras Global Pvt. Ltd.5. Banaras House Engineering Pvt. Ltd.
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DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 54th Annual Report of the Company for the financial year ended March 31, 2015.

FINANCIALS**(Figures in actual)**

Financial Results	Current Year (Rs.) 2015	Previous Year (Rs.) 2014
Income		
Revenue from Operations	77,80,65,743	73,93,53,375
Other Income(net)	3,29,90,883	2,10,60,152
Expenditure	69,68,85,952	65,20,54,618
Depreciation	7,35,51,776	3,67,95,108
Profit/(Loss) before tax	4,06,18,898	7,15,63,801
Current tax	2,20,00,000	1,75,77,998
Deferred tax	(85,13,204)	30,93,238
Profit/(Loss) after tax carried to B/S	2,71,32,102	4,71,88,517
Balance profit / (loss) brought forward from previous year	38,87,87,247	36,90,34,777
Available for appropriation	39,60,51,007	41,62,23,294
Less: Appropriation		
Transfer to general reserve	----	46,88,452
Proposed dividend	54,00,000	1,89,00,000
Tax on dividend	10,99,332	38,47,595
Balance profit carried to Balance Sheet	38,95,51,675	38,87,87,247

STATE OF AFFAIRS

Your Company recorded a turnover of Rs. 77,80,65,743/- as compared to Rs. 73,93,53,375/- in the previous year, an increase of 5.24% over the previous year. The profit for the year after tax amounted to Rs. 2,71,32,102/- as against Rs. 4,71,88,517/- recorded in the previous year.

The Turnover of the company has increased, however the Profit after tax has reduced which is basically due to the additional charge of depreciation in respect of the fixed Assets as the depreciation was earlier not provided on the basis of useful life of the fixed assets which coincide with the life prescribed in Schedule II of the Companies Act, 2013. As a result, depreciation for the year ended 31st March, 2015 is higher and profit after tax is lower.

DIVIDEND

Your Directors are pleased to recommend dividend for the financial year 2014-15 at the rate of 10% i.e. Rs. 1 per equity share of Rs. 10.00 each out of the profits of the year ended March 31, 2015, to the holders of equity shares whose names appear in the Register of Members of the Company as on 25th Day September, 2015. This dividend is subject to the approval of the members at the forthcoming Annual General Meeting.

The Record date of 25th September, 2015 has been determined, as the payment of dividend relates to the past year i.e. F.Y. ending 31.03.2015, hence, the closure of Register of Members and Share Transfer Books of the Company cannot be determined and the notice of closure of Register of Members can also not be published in accordance with the provisions of Companies Act, 2013.

DEPOSITS

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

TRANSFER TO GENERAL RESERVES

During the financial year the company has not transferred any amount out of the profits of the Company to the General Reserves. However, an amount of Rs. 10,24,668/- has been transferred to the General Reserves from the Revaluation Reserve.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the Financial Year 2014-15, following changes took place in relation to the Directorship of the following Directors/KMP including CFO of the company:

S. No.	Name of the Director	Designation	Date of Appointment	Date of Cessation
1.	Late Shri Birendra Kumar	Chairman & Managing Director and CEO	09-08-2014 (Appointed as the CEO)	Ceased due to his sudden demise on 17-01-2016
2.	Sh. Apurv Kumar	CFO	09-08-2014	N.A.
3	Sh. Apurv Kumar	Managing Director	15-05-2015	N.A.
4.	Sh. Rupak Gupta	CFO	09-08-2014	N.A.
5.	Sh. Rupak Gupta	Managing Director	15-05-2015	N.A.
6.	Sh. Rakesh Mahendra Gupta	Director	06-08-1998	30-11-2014
7.	Sh. Sushil Kumar	Director	29-09-1993	30-11-2014

Note: Mr. Girish Narain Mehra resigned w.e.f. 27-07-2015 and Mr. Jag Mohan Lal ceased to be Director w.e.f. 30-09-2015.

As on the date of sending this notice of AGM for F.Y. 31-03-2015, the Composition of the Board of Directors includes only Hon'ble Justice Mr. B. P. Singh (former Judge of Hon'ble 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).

COMPLIANCE OFFICER/KEY MANAGERIAL PERSONNEL

The company has appointed Mr. Apurv Kumar as Chief Financial Officer on 09-08-2014 and re-appointed as Joint Managing Director on 15-05-2015. The Company appointed Mr. Rupak Gupta as Chief Financial Officer as on 09-08-2014 and re-appointed as Joint Managing Director on 15-05-2015. Mr. Sidharth Ghatak was Company Secretary of the company during FY 2015-16. However, Mr. Sidharth Ghatak resigned on 16.05.2016.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors' state that—

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

Further due to the ongoing disputes and internal differences between the management there are certain discrepancies/non-compliances relating to various Acts which are still pending. Also, pursuant to the NCLT order dated 19-08-2016 and 21-12-2016, the Company has already complied with some of the compliances and is in the process to comply with the remaining compliances.

AUDITORS AND AUDITORS REPORT

Pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 ("Rules") (including any statutory modification or re-enactment thereof, for the time being in force), appointment of M/s Ray & Ray, Chartered Accountants (Firm Registration No. 003436N), New Delhi, who were appointed as statutory auditor for a period of five years to hold office from the conclusion of the 53rd Annual General Meeting till the conclusion of the Annual General Meeting

to be held in 2020 of the company have offered themselves for ratification at the ensuing Annual General Meeting from the 54th Annual General Meeting till the conclusion of 55th Annual General Meeting of the Company subject to approval by members at the ensuing Annual General Meeting.

AUDITORS' OBSERVATION

The Auditors' Observations on various matters (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 Report and in their notes to accounts from point no. 47 to 57. The Directors have submitted their point wise clarifications upon the said observations mentioned by the Auditors in the **Annexure-1** attached to this Report.

SECRETARIAL AUDITORS

The Company had obtained the Secretarial Audit Report dated 08-08-2015 for the financial year ending 31st March, 2015 from a Practicing Company Secretary duly appointed for this purpose, the same has been attached along with the Board's Report as **Annexure-2**. 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 Directors have submitted their point wise replies upon the said observations in the Annexure-1 attached to this Report alongwith updated Notes thereon.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS

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 with the report on Corporate Governance.

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. Securities & Exchange Board of India vide its order dated 02.12.2014 inter alia directed freezing of voting rights and corporate benefits with respect to excess of proportionate promoter/promoter group shareholding and other directions against the promoter shareholders and directors. The appeal filed before the Securities Appellate Tribunal has been disposed of. The Company is in the process of analyzing the order of the Securities Appellate Tribunal and is taking required steps either to delist the company or comply with Minimum Public Shareholding (MPS) requirement.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

There have been transactions entered by the Company with related parties referred to in section-188(1) of the act during the financial year. The transaction entered into by the Company with the related party have been mentioned at the Note No. 40 of the Notes to Accounts and with reference to the Note No. 53.1 (o), the Board is in the process to re-look into the Related Party transactions entered into by the company during the Financial Year 2014-15 and accordingly shall ensure to comply with the necessary compliances required under the Companies Act, 2013. Hence, the form of disclosures of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 is not provided in this report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS COVERED UNDER (SEC-186) TO BE REPORTED UNDER SEC-(134)(3)(g)

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

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

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

CHANGE IN THE NATURE OF BUSINESS:

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

INDEPENDENT DIRECTORS

The Provisions of Section 149(4) of the Companies Act 2013 as relating to Independent Directors are applicable to the company. During the Financial Year 2014-15, the company duly obtained declarations from the Independent Directors. However, pursuant to the Listing Agreement the number of Independent Directors was below the 50% of the Board Strength during the financial year 2014-15.

A Separate Meeting of the Independent Directors pursuant to Sec. 149(8) and Schedule IV of the Companies Act, 2013 was held on 31st March, 2015 during the Financial Year 2014-15.

Familiarization Policy of Independent Directors could not be placed before the Board during the financial year 2014-15 for its Approval.

However, after Appointment of Non-Executive Chairman & Independent Director on 19th August, 2016 by the Hon'ble NCLT, as on date the requirement of provisions of the Companies Act, 2013 regarding composition of the Board of Directors and requirement of Independent Directors have been complied with.

Further, since then Familiarization Policy of Independent Directors has also been approved by the Board as on 25-01-2017.

MEETINGS OF THE BOARD

Four meetings of the board were held during the year. The Details of Board Meetings are given below:-

S. No.	Name of the Director	Whether Attended the Board Meeting			
		Date of the Board Meeting			
		19-05-2014	21-05-2014	09-08-2014	31-03-2015
1	Mr. Birendra Kumar (Chairman & Managing Director)	N	N	Y	Y
2	Mr. Apurv Kumar (Joint Managing Director)	Y	N	Y	Y
3	Mr. Rupak Gupta (Joint Managing Director)	Y	Y	Y	Y
4	Ms. Supriya Gupta (Executive Director)	Y	Y	Y	Y
5	Mr. Girish Narain Mehra (Director)	Y	N	Y	Y
6	Mr. Jag Mohan Lal (Director)	Y	Y	N	Y
7	Mr. Ravinder Kumar Chadha (Director)	Y	Y	N	Y
8	Mr. Arvind Kumar (Director)	N	N	Y	Y
9	Mr. Rakesh Mahendra Gupta (Director) @	Y	N	Y	N
10	Mr. Sushil Kumar (Director) @	Y	Y	Y	N

S. No.	Date	Board Strength	No. of Directors Present
1	19-05-2014	10	8
2	21-05-2014	10	5
3	09-08-2014	10	8
4	31-05-2015	10	8

BOARD EVALUATION

The company could not formulate the policy for evaluation of performance of board and directors during the financial year 2014-15.

MATERIAL CHANGES DURING THE FINANCIAL YEAR

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

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

Your company monitors the systems and methods devised in the context of energy conservation on an ongoing basis and has implemented the energy conservation programme which includes use of Energy Efficient Lightning(LED), variable frequency drive for motors(VFD), heat exchanger systems, solar system for generating hot water, sewage treatment plants for re-use of water for gardening, cooling tower, plumbing, cleaning purpose and latest energy conservation gadgets and for the Technology Absorption, the Company has evolved systems and methods for Hotel services which are reviewed to meet emerging needs on an ongoing basis for cost effectiveness, the other details have been specified in the **Annexure-3**.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

Composition, names of members and Chairperson as on 31st March, 2015:

1. Mr. Ravinder Kumar Chadha- Independent- Chairman
2. Mr. Jag Mohan Lal- Independent Director

The company, at its board meeting held on 19th May, 2014, co-opted Shri Rakesh Mahendra Gupta into the Audit Committee to raise its minimum required strength to 3 members. However, Shri Rakesh Mahendra Gupta ceased to be a director w.e.f. 30.11.2014.

During the financial year ended 31st March, 2015, one Audit Committee meeting was held on 19th May, 2014 and its was attended by all the Members of the Audit Committee.

Note: The Audit Committee has been re-constituted in the Board Meeting dated 22-08-2016 and as on date of this report, 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***

Further, Pursuant to the NCLT Order dated 19-08-2016, the Meeting of the Audit Committee has been held as on 07-09-2016.

Whistle Blower/Vigil Mechanism Policy

During the Financial Year 2014-15, the Company was required to approve the Whistle Blower/Vigil Mechanism Policy but the same could not be placed before the Board for obtaining its approval. However, in the Board Meeting dated 25-01-2017 the Company has approved the said policy.

DISCLOSURE OF COMPOSITION OF NOMINATION & REMUNERATION COMMITTEE

The provisions of Section 178 of the Companies Act, 2013 is applicable to the Company and accordingly the company at its board meeting held on 19th May, 2014, re-constituted the Remuneration Committee and renamed it as the "Nomination & Remuneration Committee" in accordance with Section 178 of the Companies Act, 2013.

Composition, names of members and Chairperson as on 31st March, 2015:

1. Mr. Ravinder Kumar Chadha- Independent- Chairman
2. Mr. Jag Mohan Lal- Independent Director

The company has at its board meeting held on 19th May, 2014, co-opted Shri Rakesh Mahendra Gupta and renamed it "Nomination & Remuneration Committee" in accordance Section 178 of the Companies Act, 2013. Further Shri Rakesh M Gupta ceased to be Director on 30-11-2014.

During the Financial year 2014-15 year, no meeting of Remuneration Committee was held and accordingly the Remuneration Policy could not be placed before the Board during the financial year 2014-15 for obtaining its approval.

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***

Pursuant to the NCLT Order, the Nomination & Remuneration Committee Meeting has been held on 25-01-2017 and the Remuneration Policy was also approved by the Board in its Meeting held as on 25-01-2017.

STAKEHOLDERS RELATIONSHIP' COMMITTEE

The Stakeholders Relationship committee has been constituted as per section 178(5) of the Companies Act, 2013 read with Regulation 20 of the Listing Regulations. The Stakeholders Relationship Committee consider and resolve the grievances of the shareholders of the company including complaints related to transfer of shares, non-receipt of the balance sheet, dividend etc.

The Company, at its board meeting held on 19th 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.

Composition, names of members and Chairperson as on 31st March, 2015:

1. Mr. Jag Mohan Lal
2. Mr. Ravinder Kumar Chadha- Independent Director
3. Mr. Rakesh Mahendra Gupta

Shri Rakesh Mahendra Gupta ceased to be a director w.e.f. 30.11.2014.

As on date of this report, 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.

CORPORATE SOCIAL REPONSIBILITY (CSR)

During the FY 2014-15, the company could not formulate its CSR Policy. However as on date of this report, the company has a Corporate Social Responsibility Committee consisting of following Directors of the Company:

- | | |
|------------------------------|-----------------------|
| 1. Mr. Ravinder Kumar Chadha | -Independent Director |
| 2. Mr. Arvind kumar | -Director |
| 3. Ms. Supriya Gupta | -Director |

Mr. Ravinder Kumar Chadha, Independent Director of the Company shall act as a Chairman to the CSR committee.

The company is in the process of formulating its CSR Policy.

MANAGERIAL REMUNERATION & PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the company, will be provided upon request. In terms of section 136 of the Act, the Report and financial statements are being sent to the members and others entitled thereto excluding

the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company up to the date of the ensuing Annual General Meeting, if any Member is interested in obtaining a copy thereof, such Member may write to the Company in this regard. Also, there were no employees employed by the Company who were in receipt of remuneration of Rs. 5,00,000/- (Rupees Five Lakh Only) or more per month or were drawing Rs. 60,00,000/- (Rupees Sixty Lakh Rupees Only) or more per annum.

IMPLEMENTATION OF RISK MANAGEMENT POLICY

During the Financial Year 2014-15, the company could not formulate the Policy on Risk Management. However, the company is in the process of adopting a risk management policy for identification, evaluation, monitoring and minimization of identifiable risks and to ensure business growth with financial stability of the Company.

INTERNAL FINANCIAL CONTROL

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 due to which certain compliances could not be complied with.

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.

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

The Company is committed for providing and promoting a safe and healthy work environment for all its employees. During the FY 2014-15, the company could not formulate the policy on Prevention of Sexual Harassment'. However as on date of this report, the company has adopted a policy on prevention of sexual harassment under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

During the FY 2014-15, no cases of sexual harassment was reported by any female.

EXTRACT OF ANNUAL RETURN

Extract of Annual Return in form MGT-9 as per Sec-92(3) and Rule-12(1) of the Companies Management and administrative rule 2014 of the Company is annexed herewith as **Annexure-4** to this Report.

OTHER DISCLOSURES

There was no change in Authorised Share Capital of the company during the year under review. Also, during the Financial Year 2014-15 the Company has not bought back any of its securities, bonus Shares and has not issued any Shares under Stock Option Scheme. Further, the

company did not issue (i) equity shares with differential rights as to dividend, voting or otherwise, (ii) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

The Company has received the following significant/material orders from the statutory regulatory bodies/courts/tribunals which affects the operations/status of the Company:

1. Order of the civil court affirmed by the High Court of Allahabad, Lucknow Bench dated 30-05-2014
2. Order of the High Court of Allahabad dated 29-09-2014
3. Order of the Securities Appellate Tribunal dated 02-12-2014

The Latest Orders have been passed by the NCLT on 19-08-2016 and 21-12-2016

ACKNOWLEDGEMENT

The Board expresses its grateful appreciation for the continued valuable assistance, co-operation and support received from Company's Bankers, Govt. Authorities and other business constituents.

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

Sd/-	Sd/-	Sd/-
..... Bisheshwar Prasad Singh <i>(Non-Executive Chairman- Independent Director)</i> DIN: 06949954 ADD: House No. 7, Second Floor, Block- A, Neeti Bagh New Delhi-110016 Apurv Kumar <i>(Joint Managing Director & Chief Financial Officer)</i> DIN: 00043538 ADD: 28 Shree Vihar Colony, Near Hotel Clark Amer, J L Nehru Marg, Jaipur- 302018 Rupak Gupta <i>(Joint Managing Director & Chief Financial Officer)</i> DIN: 00007310 ADD: 35-A, Friends Colony, (East) New Delhi- 110065

**Date: 20/02/2017
Place: New Delhi**

Annexure-1Reply by the Directors to the Observation by the Statutory Auditors

1. Reg. Note No. 43 of the Notes to Accounts, the Auditors have commented on the external confirmation being not obtained by the company with regard to the earnings in foreign currency which includes indirect earnings from travel agents.

In this regard it is clarified that the Company has put in place necessary confirmation procedure and will be complied with in subsequent financial year.

2. Reg. Note No. 48 of the Notes to Accounts, the Company has duly constituted a CSR Committee, however, the company was in the process of analyzing the areas for the Implementation of the CSR Activities and is in the process of finalizing the appropriate CSR Policy and will do the necessary compliances in this regard in the subsequent financial years.
3. Reg. Notes No. 51.1, 51.2 & 51.3 of the Notes to Accounts, as has been mentioned in the Auditors' note the Board is taking steps to resolve all the pending disputes/Issues between the promoters, particularly as per the directions issued by the Hon'ble NCLT New Delhi, in their order dated 19/08/2016. Since then the Board has met twice i.e. 07-09-2016 and 25-01-2017 and have been able to initiate steps i.e., to eradicate the existing impediments and to amicably settle all the pending issues including Minimum Public Shareholding (MPS) and other non- compliances.
4. Reg. Note No. 52.1 & 52.2 of the Notes to Accounts, 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 its order dated 25.05.2016, CLB has directed the parties to continue in their respective positions.
5. Reg. Note No. 53.1, as mentioned in the notes due to disputes/differences/litigations/disagreements, the Company has not been able to comply with various provisions for which point wise reply is as under:
 - a) & b) & c) 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.
 - d) Pursuant to the Order of the NCLT dated 21-12-2016, the company has duly held the Annual General Meeting for the Financial Year 2013-14 and has supplied the Annual Reports to the Shareholders of the Company.

- e) The company has taken up the matter relating to the minimum public shareholding pursuant to regulation 40A of the Listing Agreement and has decided to resolve this at the earliest.
- f) The Company has taken note of this Non-Compliance relating to the 100% Dematerialization of shares of the promoters and is hopeful that the same will be removed once the steps are initiated by the promoters group for compliance in this regard.
- g) The Company is in the process of the finalization of the necessary documents relating to conducting the Annual General Meeting for the financial Year ended 31st March, 2015 and shall ensure the smooth execution of the same and the accordingly, Notice will be issued to shareholders alongwith the Annual Report for holding the Annual General Meeting for the F.Y. 31-03-2015.
- h) After the Appointment of Sh. B. P. Singh, Non-Executive Chairman & Independent Director (former Judge of the Hon'ble Supreme Court of India) on 19th August, 2016 by the Hon'ble NCLT, the requirement of provisions of the Companies Act, 2013 regarding composition of the board of Directors have been complied with. Mr. Ravinder Kumar Chadha was appointed as an Independent Director in the meeting dated 22-06-2016 of the Board of Directors and his appointment is subject to approval of shareholders who are holding the shares of the company on or after the date of his appointment.
- i) During the Financial Year 2014-15, the number of retiring directors was less than 2/3rd of the total number of directors which is the requirement of the sec. 152 of the Companies Act, 2013 and Sec. 255 of the Companies Act, 1956. Since the company was unable to hold the Annual General Meeting for the financial year ending 31st March, 2015 and the Directors who were liable to retire by rotation were ceased to be directors on or before due date i.e 30.09.2015 of annual general meeting of the company for the financial year 2014-15, the resolution of Re-Appointment of Directors retire by rotation does not form part of the Notice to be issued to the Members of the Company. Further, pursuant to the NCLT order dated 19-08-2016 after Appointment of Non-Executive Chairman & Independent Director on 19th August, 2016 the requirement of provisions of the Companies Act, 2013 regarding composition of the board of Directors have been complied with.
- j) As on date of this report, the company has constituted and compliances with other condition with regard to Audit Committee and the Nomination & Remuneration Committee.
- k) The Board of Directors will make efforts to conduct meetings on more regular basis and will try to avoid the gap between the two meetings to not be more than 120 days.
- l) The Company at its Board Meeting dated 25-01-2017 has formulated and approved the Vigil Mechanism/Whistle blower Policy as required to be formed under section 177(9) of the Companies Act, 2013.

- m) The Company at its Board Meeting dated 07-09-2016 has appointed M/s S. S. Kothari Mehta & Co., Chartered Accountants and M/s Haribhakti & Co., Chartered Accountants, as Internal Auditors of the Company.
- n) The Company has duly constituted the CSR Committee. The company is in the process of forming the Corporate Social Responsibility Policy and accordingly it has not been able to spend the amount required to be disbursed on CSR as per the Act but the Directors are hopeful that the same shall be duly complied with in subsequent financial years.
- o) Due to the differences between the promoters directors of the company, the Related Party Transactions could not be approved, however the same is being re-looked by the Management and the company is hopeful to comply with applicable laws on this.
- p) The Accounts of the Company for the financial year 2014-15 as required under section 129 could not be audited earlier due to irregularities/differences/disputes but since then the company has taken the necessary steps in order to comply with the pending compliances including the audit of the accounts.
- q) The Company is taking the necessary steps for the completion of the pending compliances and is in the process of ensuring submission of the same with the respective Authorities.
- r) The Directors will analyse the financial position and future prospects of the company and will ensure to make efforts towards the finalization of the Capital Budget and Operation Budget and present the same at the earliest before the Board of directors for obtaining their approval.
6. Note No. 53.2 of the Notes to Accounts, at present the Company is in the process of complying with the pending non-compliances and after this the Company will file the applications for compounding of non-compliances with the appropriate authorities and will be able to finalize the figures of the penalties/prosecution at a later stage.
7. Note No. 53.3 of the Notes to Accounts, the said details are in conformity to the necessary corporate steps which are already being taken by the Company in order to comply with the pending compliances.
8. Note No. 54 of the Notes to Accounts, the Management has taken note of the same and has decided to seek Shareholders' Approval in the ensuing Annual General Meeting from the shareholders and comply with the same.

9. Note No. 55 of the Notes to Accounts and Point no. 6 of the Auditor's Report, during the F.Y. 2014-2015, Mr. Sidharth Ghatak continued to act as the Company Secretary of the company. However, as on the date of signing this Report Mr. Sidharth Ghatak has since resigned w.e.f. 16.05.2016 and the Company has appointed Mr. Prakash Chandra Prusty as the Whole time Company Secretary of the Company w.e.f. 15-02-2017 and has complied with the provisions of the Act.
10. Point no. 7 of the Auditors' Report, the necessary clarifications on this issue has already been given in above paras.
11. Reg. Note No. 49 of the Notes to Accounts, the same is self explanatory and do not require any further comments/ clarifications.
12. Reg. Note No. 41.6, the same is self explanatory and do not require any further comments/ clarifications.

Reply by the Directors to the Observation by the Secretarial Auditors:

1. Point no. 1 & 2 As mentioned in the notes due to disputes / differences / litigations / disagreements, the Company has not been able to comply with 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. Also, the Company is already under the process to take the necessary steps in this regard.
2. Point No. 3 Due to the pending disputes/Issues between the promoters, the Register of Members and Share Transfer Books of the Company could not be closed for year ended 31.03.2015. The Company has now initiated the necessary steps with regard to the compliances. Further, the company had duly replied to the Stock Exchange for the Notices received by the Company.
3. Point No. 4. Pursuant to the Order of the NCLT dated 21-12-2016, the company has duly held the Annual General Meeting for the Financial Year 2013-14 and has supplied the Annual Reports to the Shareholders of the Company and is in the process of taking the necessary steps for holding the Annual General Meeting for the Financial year 2014-15 and will do the needful as required under the clause 32 of the Listing Agreement.
4. Point No. 5. The company has taken up the matter relating to the minimum public shareholding pursuant to regulation 40A of the Listing Agreement and has decided to resolve this at the earliest.

5. Point No. 6. The Company has taken note of this Non-Compliance relating to the 100% Dematerialization of the promoters and is hopeful that the same will be removed once the steps are initiated by the promoters group for compliance in this regard.
6. Point No.7. Pursuant to the Order of the NCLT dated 19-08-2016, the company has duly held the Annual General Meeting for the Financial Year 2013-14 as on 30-09-2016, also the Financial Statements have since then been duly signed by the Directors have been filed by the company with the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.
7. Point No. 8. After Appointment of Non-Executive Chairman & Independent Director on 19th August, 2016 by the Hon'ble NCLT, the requirement of provisions of the Companies Act, 2013 regarding composition of the board of Directors have been complied with.
8. Point No.9. Pursuant to the NCLT order dated 19-08-2016 after Appointment of Non-Executive Chairman & Independent Director on 19th August, 2016 the requirement of provisions of the Sec. 255 of the Companies Act, 2013 regarding composition of the board of Directors have been complied which is sufficient to comply with the said section.
9. Point No.10. Since the closure of the Financial year 2014-15, the Company has initiated the necessary steps in order to comply with the requirements under the Companies Act, 2013 and the Listing Agreement. The Company has re-constituted the Audit Committee and the Nomination & Remuneration Committee w.e.f. 20-08-2016 and is also taking the necessary steps in order to comply with the other conditions as required under the Act.
10. Point No. 11. Pursuant to the NCLT Order dated 19-08-2016 the Board of Directors of the company has started to meet regularly and will ensure to conduct meeting on more regular basis and will avoid the gap between the two meetings to not be more than 120 days.
11. Point no.12. The Company at its Board Meeting dated 25-01-2017 has formulated Vigil Mechanism/Whistle blower Policy as required to be formed under section 177(9) of the Companies Act, 2013.
12. Point no.13. The Company at its Board Meeting dated 07-09-2016 has duly appointed M/s S. S. Kothari Mehta & Co., Chartered Accountants and M/s Haribhakti & Co., Chartered Accountants as Internal Auditors of the Company.
13. Point no. 14. The Company has duly constituted the CSR Committee, however, due to the ongoing irregularities, the formulation of the CSR Policy has been delayed but the Directors are hopeful that the same shall be duly complied within the next few Meetings of the Committee and the Board.
14. Point No.15. The Related Party Transactions will be re-looked by the Management and the Directors are hopeful to do the necessary compliances at the earliest.

15. Point No.16. Pursuant to the NCLT Order dated 21-12-2016, the Board of Directors of the company has ensured to get its Account Audited for the Financial Year 2014-15 as required under the Sec. 129 of the Companies Act.

Annexure-2

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2015
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

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

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

Based on my verification of the **UP Hotels Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March.,2015 has not complied completely with all the statutory provisions listed hereunder and also that the Company does not has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **UP Hotels Limited** (“the Company”) for the financial year ended on 31st March, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the Company during the Audit Period)**

- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
 - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit Period)**
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
 - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
 - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India. **(Not Notified hence not applicable to the Company during the Audit period. SS-1 (Board Meetings) and SS-2 (General Meetings) is notified on 1st July 2015 hence not Covered under our period)**
- ii. The Listing Agreements entered into by the Company with BSE Ltd.

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

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

1. The company has not complied with Clause 41 of the Listing Agreement as it has not published financial results for any of the quarters ending after 31st March, 2014. The trading of the shares in the company has been suspended and the depositories have been asked to freeze the entire shareholding of the promoter & promoter group of the company and the Stock Exchange has also levied a Penalty on the Company vide BSE letter 12 January 2015.
2. The Company has not filed the Corporate Governance Report with the Stock Exchange for any of the quarters ending after 30th June, 2014 and the stock Exchange has also served notices on 17th November, 2014 & 18th February, 2015 and levied a Penalty on the Company as the Company has defaulted to Comply with the provision of Clause 49 of the Listing Agreement.
3. The Stock Exchange has served a Show Cause Notice to the Company for Non Closure of Register of members and Transfer Books for the Year 2014 which is a Default of Clause 16 of the Listing Agreement.
4. The Company has also made a default of Clause 32 of the Listing Agreement as the Company has not supplied the Annual Report to the Shareholders of the Company.
5. The Company has not complied with the Clause 40A of the Listing Agreement with regard to Minimum Public Shareholding (MPS).

Securities and Exchange Board of India (SEBI) vide its Order dated 2nd Dec, 2014 (Ref: WTM / PS / 49 / CFD / DEC /2014) confirmed the directions issued vide its interim order dated 4th June, 2013 (Ref: WTM / PS / 08 / CFD / JUN/ 2013) against the company, its directors, promoters and promoter group inter-alia:-

- I. directing freezing of voting rights and corporate benefits like dividend rights, bonus etc. with respect of excess of proportionate promoter/promoter group shareholding;
- II. prohibiting the promoter/promoter group and directors of these non-compliant companies from buying , selling or otherwise dealing in securities of the Company either directly or indirectly in any manner whatsoever except for the purpose of complying with MPS requirements.
- III. restraining the shareholders forming part of the promoter/promoter group, directors of the company from holding any new position as a director in any listed company till such time the company complies with MPS requirement.

This order is without prejudice to the right of SEBI to take any other action against promoters and / or directors in accordance with the law.

The company and the promoters have filed the appeals before the Securities Appellate Tribunal (SAT) against the Order of SEBI dated 02.12.2014.

6. The Company has not yet achieved 100 percent dematerialization of the promoter's group as required under circular No. DCS/COMP/CIR-03/2011-12 dated 29.06.2011 of BSE Ltd.
7. The Company has not Conducted its Annual General Meeting for the Financial Year ended 31st March, 2014 thereby it has defaulted under section 96 of the Companies Act, 2013. Further the Financial Statements for the Financial Year ended 31st March, 2014 were not signed by the directors & have not been filed by the Company with the Registrar of Companies, NCT of Delhi & Haryana, New Delhi. Thus, the Company has made a default under section 129 of the Companies Act, 2013.
8. The Existing Independent Director of the Company have to be Re-appointed within one year from 1st April, 2014 in accordance with Section 149(10) and (11) read with Schedule IV of the Companies Act, 2013 and as per General Circular 14/2014 dated 9th June, 2014 of the Ministry of Corporate Affairs. However till date the Company has not re-appointed the Existing Independent Directors hence made a default under the provisions of the Companies Act, 2013. Further, with an Executive Chairman the number of Independent Directors has to be increased to 50 percent of the Board strength as per Clause 49 of the Listing Agreement. The Company has not fulfilled the same.
9. The Company has also contravened the provisions of Section 152 of the Companies Act, 2013 which states that the Total number of Retiring directors shall be 2/3rd of the Total Number of Directors.
10. The Company has constituted the Audit Committee and Nomination and Remuneration Committee and Stake Holders Relationship Committee but the constitution of the Audit Committee and Nomination and Remuneration Committee were not as per the requirements of Section 177 and 178 of the Companies Act, 2013 and Listing Agreement during the financial year. Further the other conditions as mentioned under the Listing Agreement and Section 177 & 178 were not complied with.
11. As per section 173(1) of the Companies Act, 2013 the gap between the two meetings shall not exceed 120 days. However the Company has contravened the provision of this Section.
12. The Vigil Mechanism/whistle Blower Policy under section 177(9) of the Companies Act, 2013 for Directors and Employees to report genuine concerns has not yet formulated and placed on the website of the Company.
13. The Company has not appointed the Internal Auditors for the financial year 2014-2015 as required to be appointed under Section 138 and Rule 13 of the Companies (Accounts) Rules, 2014.

- 14. The Company has constituted the Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013 but the Terms of Reference and Policy were not made by the Company nor published on the website of the Company. Further No Expenditure was made on the CSR Projects.**
- 15. The Related Party Transactions were not approved by the Board nor by the Audit Committee in their meeting (As stated in Point 10 above Audit Committee is not properly constituted). Further no Contracts with the Related Party was approved therefore the same was not required to be entered in the Register maintained under Section 301 of the Companies Act, 1956 and Section 189 of the Companies Act, 2013.**
- 16. The Accounts of the Company for financial year 2014-15 as required under Section 129 of the Companies Act, 2013 were not audited till the date of our report nor the Auditor was appointed.**

I FURTHER REPORT THAT for the purpose of Examining adequacy of Compliances with other applicable Laws including industry sector/Specific, under both Central and State legislations, reliance has been based on the Compliance Certificate issued by the Company Secretary at each Board meeting, based on the report received by the company from its hotels and service units etc as part of the Company's Compliance Management and Reporting system. Based on the aforesaid internal Compliance Certificate, we are of the opinion that the Company has generally complied with the following:-

1. Deposit of Employee Provident Fund, Employee State Insurance and Miscellaneous Provisions Act 1952 and other employee related statutory dues.
2. Applicable State and Central laws, including those related to the Environment, Food Safety and Standards and Prevention of Food Adulteration Act, 1954, Standards of Weights & Measure Act, 1976 pertaining to the operations of the Company. However the notices received from the Statutory Authority, if any, are reported as part of the Board process for Compliance reporting and appropriate action is taken from time to time.
3. Deposit of taxes relating to Income Tax, Value added Tax, Central Excise, Central Sales Tax Act, Municipal /Local Authorities Taxes, Service Tax, Luxury tax and other applicable taxes including tax deducted at source. However cases of disputed tax liabilities of substantial amount are in appeal with the Concerned Authorities.
4. Applicable stipulations pertaining to the Payment of Wages Act, Minimum Wages Act, Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975 and other related legislations.

I FURTHER REPORT THAT the Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. However The Notice and Agenda for One Board Meeting was not sent to the Directors seven days in advance but the meeting was held after giving the Shorter Notices and in Compliance of Law. Further Majority decision is carried through while the dissenting members' views are not recorded as part of the minutes as advised by the Chairman.

I FURTHER REPORT THAT there are no adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For AGG & Associates

Sd/-

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

Place:- New Delhi

Date:-08th August, 2015

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

Annexure-A

To,
The Members
UP HOTELS LIMITED

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

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

For AGG & Associates

Sd/-

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

**Place:- New Delhi
Date:- 08th August, 2015**

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

A. CONSERVATION OF ENERGY		2014-15	
1.	Steps taken for conservation	As mentioned in the Directors' Report	
2.	Steps taken for utilizing alternate sources of energy		
3.	Capital investment on energy conservation equipments		
B. TECHNOLOGY ABSORPTION			
1.	Efforts made for technology absorption	As mentioned in the Directors' Report	
2.	Benefits derived		
3.	Expenditure on Research & Development, if any		
4.	Details of Technology imported, if any		
5.	Year of Import		
6.	Whether imported technology fully absorbed		
7.	Areas where absorption of imported technology has not taken place, if any		
C. FOREIGN EXCHANGE EARNING AND OUTGO:		FINANCIAL YEARS	
		2014-2015	2013-2014
1.	CIF Value of Imports	35,06,237	10,90,122
2.	Expenditure in Foreign Currency	21,23,078	62,63,828
3.	Earnings in Foreign Exchange	19,71,71,034	19,94,40,496

Annexure - 4**FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN****As on financial year ended on 31.03.2015****Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.****I. REGISTRATION & OTHER DETAILS:**

1	CIN	L55101DL1961PLC017307
2	Registration Date	13/02/1961
3	Name of the Company	U P HOTELS LIMITED
4	Category/Sub-category of the Company	Company Limited by Shares/India Non-Government Company
5	Address of the Registered office & contact details	1101 Surya Kiran Building, 19 Kasturba Gandhi Marg, New Delhi- 110001
6	Whether listed company	Yes
7	Name, Address & Contact Details Of The Registrar & Transfer Agent, If Any.	Name: Skyline Financial Services Pvt. Ltd. Add: D-153/A, 1 st Floor Okhla Industrial Area Phase- I, New Delhi-110 020. Tel: 011- 26812682 – 26812684 Fax: 011- 30857562 E-Mail: admin@skylinerta.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Accommodation and food services provided by Hotel, Inns, Resorts, holiday homes, hostels.	55101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable section
1.	NIL	NIL	NIL	NIL	NIL

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	2194645	544999	2739644	50.73	2194645	544999	2739644	50.73	NIL
b) Central Govt									
c) State Govt(s)									
d) Bodies	178650	1854666	2033316	37.65	178650	1854666	2033316	37.56	NIL

Corp.									
e) Banks / FI									
f) Any other									
Sub total (A)(1)	2373295	2399665	4772960	88.39	2373295	2399665	4772960	88.39	NIL
(2)Foreign									
a)NRI Individuals									
b)Other Individuals									
c)Bodies Corp.									
d)Any other									
Sub Total (A)(2)									
TOTAL(A)									
B. Public Shareholdin g									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									

e) Venture Capital funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	176365	31534	207899	3.85	181669	31534	213203	3.95	-0.1
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	190180	105325	295505	5.47	179119	102256	281375	5.21	-0.26

ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	114824	Nil	114824	2.13	120182	Nil	120182	2.23	+0.10
c) Others (specify) (HUF)	5254	Nil	5254	0.10	4937	Nil	4937	0.09	-0.01
Non Resident Indians	1769	180	1949	0.04	1511	180	1691	0.03	-0.01
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members	596	Nil	596	0.01	4639	Nil	4639	0.09	+0.08
Trusts	1013	Nil	1013	0.02	1013	Nil	1013	0.02	NIL
Foreign Bodies - D R									
Sub-total (B)(2):-	490001	137039	627040	11.61	493070	133970	627040	11.61	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)	490001	137039	627040	11.61	493070	133970	627040	11.61	NIL

C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	2863296	2536704	5400000	100	2863296	5113671	5400000	100	NIL

B) Shareholding of Promoter-

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Sh. Binay Kumar	42860	0.79%	NIL	42860	0.79%	NIL	NIL
2.	Binay Kumar & Family	16625	0.31%	NIL	16625	0.31%	NIL	NIL
3.	Binay Kumar & Sons	11652	0.22%	NIL	11652	0.22%	NIL	NIL

4.	Smt. Veena Binay Kumar	142200	2.63%	NIL	142200	2.63%	NIL	NIL
5.	Sh. Alok Kumar	69300	1.28%	NIL	69300	1.28%	NIL	NIL
6.	Smt. Uma Kumar	28800	0.53%	NIL	28800	0.53%	NIL	NIL
7.	Shri Aditya Kumar	53692	0.99%	NIL	53692	0.99%	NIL	NIL
8.	Shri Birendra Kumar	40470	0.75%	NIL	40470	0.75%	NIL	NIL
9.	Birendra Kumar & Sons	66600	1.23%	NIL	66600	1.23%	NIL	NIL
10.	Smt. Rani Upsam	44280	0.82%	NIL	44280	0.82%	NIL	NIL
11.	Shri Apurv Kumar	35126	0.65%	NIL	35126	0.65%	NIL	NIL
12.	Smt. Rajeshwari Kumar	22200	0.41%	NIL	22200	0.41%	NIL	NIL
13.	Shri Arjun Kumar	47780	0.88%	NIL	47780	0.88%	NIL	NIL
14.	Shri Anant Kumar	20692	0.38%	NIL	20692	0.38%	NIL	NIL
15.	Shri Anoop Kumar	86372	1.60%	NIL	86372	1.60%	NIL	NIL
16.	Shri Aryavir Kumar	800	0.01%	NIL	800	0.01%	NIL	NIL
17.	Smt. Renuka Kumar	800	0.01%	NIL	800	0.01%	NIL	NIL
18.	Shri Arvind Kumar	29341	0.54%	NIL	29341	0.54%	NIL	NIL
19.	Smt. Vibha Agrawal	83016	1.54%	NIL	83016	1.54%	NIL	NIL
20.	Shri Vivek Kumar	64566	1.20%	NIL	64566	1.20%	NIL	NIL
21.	Smt. Shipra Kumar	36000	0.67%	NIL	36000	0.67%	NIL	NIL
22.	Shri Udit Kumar	12894		NIL	12894		NIL	NIL
23.	Shri Manish Kumar	126420	2.34%	NIL	126420	2.34%	NIL	NIL

24.	Shri Rupak Gupta	818524	15.16%	NIL	818524	15.16%	NIL	NIL
25.	P D Gupta & Sons	3600	0.07%	NIL	3600	0.07%	NIL	NIL
26.	Shri Sushil Kumar	77924	1.44%	NIL	77924	1.44%	NIL	NIL
27.	Kumar Sushil (HUF)	98280	1.82%	NIL	98280	1.82%	NIL	NIL
28.	Smt. Meera Kumar	98248	1.82%	NIL	98248	1.82%	NIL	NIL
29.	Shri Upendra Kumar	232796	4.31%	NIL	232796	4.31%	NIL	NIL
30.	Smt. Anuradha Kumar	25092	0.46%	NIL	25092	0.46%	NIL	NIL
31.	Shri Chaytanya Kumar	16200	0.30%	NIL	16200	0.30%	NIL	NIL
32.	Shri Rakesh M Gupta	90520	1.68%	NIL	90520	1.68%	NIL	NIL
33.	Smt. Sudhira Gupta	46280	0.86%	NIL	46280	0.86%	NIL	NIL
34.	Shri Ravi M Gupta	100080	1.85%	NIL	100080	1.85%	NIL	NIL
35.	Smt. Nandini Gupta	36720	0.68%	NIL	36720	0.68%	NIL	NIL
36.	Shri Arnav Kumar	12894	0.24%	NIL	12894	0.24%	NIL	NIL
37.	M/s The Indian Textiles Co. Pvt. Ltd.	131367 6	24.33%	NIL	131367 6	24.33%	NIL	NIL
38.	M/s. Hotel Clarks Varanasi Ltd.	179540	3.32%	NIL	179540	3.32%	NIL	NIL
39.	M/s Banaras House Pvt. Ltd.	540000	10.00%	NIL	540000	10.00%	NIL	NIL
40.	M/s. Bonita India Ltd.	100	0.00%	NIL	100	0.00%	NIL	NIL

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

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

S. No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding During the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	At the beginning of the year	4772960	88.39%		
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
3.	At the end of the year			47772960	88.39%

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S.N	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in shareholding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1.	Radhey Shyam Agrawal	46804	0.87%	46804	0.87%	NIL
2.	Dimensions Wealth Management Pvt. Ltd.	29686	0.55%	29686	0.55%	NIL
3.	R R B Securities Ltd	29042	0.54%	29042	0.54%	NIL
4.	Vibha Nirjay Singh	20616	0.38%	25974	0.48%	0.1%
5.	New Millenium Technology	25068	0.46%	25568	0.47%	0.01%
6.	Lok Prakashan Ltd	24900	0.46%	24900	0.46%	NIL
7.	Sridas Foundation	21600	0.4%	21600	0.4%	NIL
8.	Raviraj Developers Ltd	14773	0.27%	14983	0.28%	0.01%
9.	Usha Agrawal	14950	0.28%	14950	0.62%	0.34%
10.	G K Agrawal	18604	0.34%	18604	0.34%	0.34%
11.	Dimensions Consulting Pvt. Ltd.	14111	0.26%	14111	0.26%	NIL

E) Shareholding of Directors and Key Managerial Personnel:

S.No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	%of total shares of the company	No. of shares	% of total shares of the company
1	APURV KUMAR	35126	0.65%		
	At the end of the year			35126	0.65%
2	RUPAK GUPTA	818524	15.16%		
	At the end of the year			818524	15.16%

3	ARVIND KUMAR	29341	0.54%		
	At the end of the year			29341	0.54%
4	BIRENDRA KUMAR*	40470	0.75%		
	At the end of the year			40470	0.75%
5	RAKESH M GUPTA *	90520	1.68%		
	At the end of the year *			90520	1.68%
6	SUSHIL KUMAR	77924	1.44%		
	At the end of the year			77924	1.44%

*Mr. Birendra Kumar ceased to be the Director of the Company due to his sudden demise as on 16-01-2016.

*Mr. Rakesh M Gupta and Mr. Sushil Kumar ceased from the post of directorship of the Company w.e.f. 30-11-2014.

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

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

Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Shri Birendra Kumar	Shri Apurv Kumar	Shri Rupak Gupta	Smt. Supriya Gupta	
1	Gross salary	3521098	3000000	3000000	2700000	12221098
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		NA	NA	NA	NA
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	450000	600000	210000	210000	1698902
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		NA	NA	NA	NA
2	Stock Option		NA	NA	NA	NA
3	Sweat Equity		NA	NA	NA	NA

4	Commission - as % of profit - others specify		NA	NA	NA	NA
5	Others,(Contribution to PF & others	660902	471725	734087	589399	227211
	Total (A)	4632000	4071725	3944087	3499399	16147211
	Ceiling as per the Act		*	*	*	*

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		Jag Mohan Lal	Ravindra Kumar Chadha	Girish Narain Mehra	---	
1	Independent Directors				NA	NA
	Fee for attending board committee meetings	20,000	25000	20,000	NA	65,000
	Commission	NA	NA	NA	NA	NA
	Others, please specify	NA	NA	NA	NA	NA
	Total (1)	20,000	25000	20000	NA	65,000
2	Other Non-Executive/Executive Directors*	Rakesh M Gupta	Arvind Kumar	Sushil Kumar	NA	
	Fee for attending board committee meetings	15,000	10,000	15,000	NA	40,000
	Commission	NA	NA	NA	NA	NA
	Others, please specify	NA	NA	NA	NA	NA
	Total (2)	15,000	10,000	15000		40000
	Total (B)=(1+2)	35,000	10,000	20,000	20,000	1,05,000
	Total Managerial Remuneration	NA	NA	NA	NA	NA
	Overall Ceiling as per the Act	*	*	*	*	*

*The Remuneration paid to Independent Director and other Executive/Non Executive Directors was within the ceiling limit as per the Act (i.e., 1% of the profits calculated Under Section 198 of the Companies Act ,2013.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD.

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
		-----	Shri Sidharth Ghatak	-----	-----
1	Gross salary	NA	13,80,000	NA	NA
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	NA	NA	NA
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NA	6,90,000	NA	NA
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NA	NA	NA	NA
2	Stock Option	NA	NA	NA	NA
3	Sweat Equity	NA	NA	NA	NA
4	Commission	NA	NA	NA	NA
	- as % of profit	NA	NA	NA	NA
	others, specify...	NA	NA	NA	NA
5	Others, Please specify.	NA	116910	NA	NA
	Total	NA	21,86,910	NA	21,86,910

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

- Note:** * i. The company has not complied with Clause 41 of the Listing Agreement as it has not published financial results for any of the quarters ending after 31st March, 2014. The trading of the shares in the company has been suspended and the depositories have been asked to freeze the entire shareholding of the promoter & promoter group of the company and the Stock Exchange has also levied a Penalty on the Company vide BSE letter 12 January 2015 .
- ii. The Company has not filed the Corporate Governance Report with the Stock Exchange for any of the quarters ending after 30th June, 2014 and the stock Exchange has also served notices on 17th November, 2014 & 18th February, 2015 and levied a Penalty on the Company as the Company has defaulted to Comply with the provision of Clause 49 of the Listing Agreement.

By the order of the Board of Directors
For U P HOTELS LIMITED

Sd/-

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

Sd/-

.....
Apurv Kumar
*(Joint Managing Director &
Chief Financial Officer)*
DIN: 00043538
**ADD: 28 Shree Vihar
Colony, Near Hotel
Clark Amer, J L N
Marg, Jaipur- 302018**

Sd/-

.....
Rupak Gupta
*(Joint Managing Director &
Chief Financial Officer)*
DIN: 00007310
**ADD: 35-A, Friends
Colony, (East)
New Delhi- 110065**

Date: 20/02/2017
Place: New Delhi

MANAGEMENT DISCUSSIONS & ANALYSIS

Your Company is reporting financial results and other development held during the financial year commencing from 1st April, 2014 to 31st March, 2015. Statements in this discussion describing the outlook may be forward looking. Actual results may affect on account of various factors such as changes in government regulations, tax regimes and economic development.

ECONOMIC OVERVIEW OF THE INDUSTRY

In the last few years, the structure of the Hotels and Tourism industry has been changing and India has been recognized as a destination for spiritual tourism for domestic and international tourists. Travel and tourism is the third largest foreign exchange earner for India. The launch of several branding and marketing initiatives by the Government of India have provided a focused impetus to growth.

All this will bring positive results of the Industry all over the world as well as at home in India. Foreign tourist arrival in India has been on a steady increase. With the rise in the number of global tourists and realizing India's potential, many companies have invested in the tourism and hospitality sector.

INDUSTRY OUTLOOK, OPPORTUNITIES & THREATS

With the help of the Stable Government and with the launch of new initiatives taken by the Government of India a positive signal has gone to the Tourism Industry worldwide.

Already Major Improvements can be seen in the Hotels Sector with Airports and all major roads offering better connectivity.

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

RISK & CONCERNS

The hospitality industry is prone to impact due to fluctuations in the economy caused by changes in global and domestic economies, change in market conditions, competition in the industry, government policies and regulations and other factors. Since demand for hotels is affected by world economic growth, a recession could also lead to the downturn in the hotel industry.

The Industry is also affected by social- political environment like political instability, threats of terrorists activities, natural calamities etc. which may affect the level of travel and business activity.

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 total income of ₹ 81,10,56,626/- as compared to ₹ 76,04,13,527/- in the previous year, an increase of 6.66% over the previous year. The profit for the year after tax amounted to ₹ 2,71,32,102/- as against ₹ 4,71,88,517/- recorded in the previous year.

The average occupancy % registered an increase of 2.04%, the average room rate increased by 8.57% in comparison to the previous financial year.

SEGMENT WISE PERFORMANCE

The key business segment of the company is hospitality and particularly Hotel Industry 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 were certain compliances could not be complied with.

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.

DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

Whistle Blower Policy: The Company is committed to adhering to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. Industrial Relations remained stable throughout the year. The total number of people employed by the Company is 718.

CORPORATE SOCIAL RESPONSIBILITIES

The Company has Constituted a Corporate Social Responsibility Committee pursuant to the provision of Section 135 of the Companies Act 2013 (as amended or re-enacted from time to time) read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee's role and responsibilities are as follows pursuant to section 135 of the Companies Act, 2013 and Rules therein, inter alia:

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

Even before the Provision relating to the Corporate Social Responsibility came into effect pursuant to section 135 of the Companies Act, 2013, the Company was already involved in various CSR Activities. Company has a CSR Vision and has been always Committed towards executing its responsibilities and duties for the benefit and upliftment of the Public at large.

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 Bhillonki 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
DIN: 06949954

Sd/-

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

Sd/-

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

New Delhi
Date: 20.02.2017

REPORT ON CORPORATE GOVERNANCE

(The Report is Based mainly on the information relating to the facts, events occurring during the financial year 01-04-2014 to 31-03-2015 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. THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

The Company is aware regarding the Corporate Governance norms required for the compliances. However there are certain discrepancies/irregularities during the said Financial Year 2014-15. Thereafter, i.e. after the Financial Year 2014-15, the board has met several times and certain irregularities have since been complied with. However, due to the differences in opinion amongst the promoters several non-compliances are still pending.

2. BOARD OF DIRECTORS

2.1 As on 31st March, 2015, 50% of the Board comprises of Non-Executive Directors. 37.5% of the Board comprises of Independent Directors and the balance 62.5% 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 judgment of the Board may affect independence of the judgment of the Directors.

2.2 During the financial year ended 31st March, 2015, four board meetings were held on 19th May, 2014, 21st May, 2014, 9th August, 2014 and 31st March, 2015.

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

Name & Designation	Category	Attendance		No. of other Directorships		No. of other Board Committees in which he is a member or chairperson	
		Board Meeting	Last AGM	Public	Private	Chairperson	Member
Mr. Birendra Kumar (Chairman & Managing Director)	Promoter - Executive	2	No	3	3	-	-
Mr. Apurv Kumar (Joint Managing Director)	Promoter - Executive	3	Yes	3	7	-	-

A Separate Meeting of the Independent Directors pursuant to Sec. 149(8) and Schedule IV of the Companies Act, 2013 was held on 31st March, 2015 during the Financial Year 2014-15.

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:

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

3.2 Composition, names of members and Chairperson as on 31st March, 2015

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

The company, at its board meeting held on 19th 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. However, Shri Rakesh Mahendra Gupta ceased to be a director w.e.f. 30.11.2014.

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 2014-15, 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 (2014-15)

During the financial year ended 31st March, 2015, one Audit Committee meeting was held on 19th May, 2014,

Director	No. of Committee Meetings	
	Held	Attended
Shri Ravinder Kumar Chadha	1	1
Shri Jag Mohan Lal	1	1
Shri Rakesh M Gupta**	1	1

** Ceased to be a director w.e.f. 30.11.2014

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.

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. **NOMINATION AND REMUNERATION COMMITTEE**

4.1 Composition as on 31st March, 2015:

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

The company has at its board meeting held on 19th 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. Further Shri Rakesh M Gupta ceased to be Director on 30-11-2014.

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 Sec. 178 of companies Act, 2013 and the Rule thereon.

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

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

4.4 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 2014-15.

4.5 Details of remuneration paid / payable to all the Directors

Name	Sitting Fee (₹)	Salary (₹)	Contribution to PF (₹)	Perquisites & Allowances (₹)	Total (₹)
Shri Arvind Kumar	10,000				10,000
Shri Apurv Kumar Joint Managing Director *		30,00,000	3,60,000	7,11,725	40,71,725
Shri Birendra Kumar Chairman & Managing Director* @		36,00,000	4,32,000	6,78,902	46,32,000
Shri Rakesh Mahendra Gupta	15,000				15,000
Shri Rupak Gupta Joint Managing Director *		30,00,000	3,60,000	5,84,087	39,44,087
Smt. Supriya Gupta Executive Director*		27,00,000	3,24,000	4,75,399	34,99,399
Shri Sushil Kumar	15,000				15,000
Shri Ravinder Kumar Chadha	25,000				25,000
Shri Jag Mohan Lal	20,000				20,000
Shri Girish Narain Mehra	20,000				20,000

* 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 for the Financial year 2014-15 have since been recovered from him.

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

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company, at its board meeting held on 19th 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 ceased to be a director with effect from 30.11.2014.

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 (Chairman-Independent Director), Mr Arvind Kumar and Mrs. Supriya Gupta. This committee shall consider and resolve the grievances of security holders of the company.

5.1	Name of non-executive director heading the committee	As on 31 st March, 2015, there was no Non-executive director heading the committee. 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* <i>*During the Financial Year 2014-15, 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.</i>
5.3	Number of shareholders' complaints received so far	4
5.4	Number of complaints solved to the satisfaction of the shareholders	4
5.5	No. of pending complaints	Nil

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

6.1 The Company has Constituted a Corporate Social Responsibility (“CSR”) Committee pursuant to the provision of Section 135 of the Companies Act 2013 (as amended or re-enacted from time to time) read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 consisting of following Directors of the Company:

1. Mr. Ravindra Kumar Chadha -Independent Director
2. Mr. Arvind kumar -Director
3. Ms. Supriya Gupta -Director

Mr. Ravindra Kumar Chadha, Independent Director of the Company shall act as a Chairman to the CSR committee.

The Terms of Reference/ Policy of the Company for Corporate Social Responsibility were not made by the Company nor published on the website of the Company. Further No Expenditure was made on the CSR Projects pursuant to Section 135 of the Companies Act, 2013 and Rules thereon.

6.2 The CSR Committee role and responsibilities pursuant to section 135 of the Companies Act, 2013 and Rules therein, inter alia have been stated in brief hereunder:

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

The Company has always stayed vigilant of its duties towards the Society and has laid emphasis to follow the essence of the Corporate Citizenship thereby fulfilling its obligation for the betterment of the people, its associates, workers and the Society at large. The Company has taken several initiatives even before the provision of Sec. 135 of the Companies Act, 2013 relating to the Corporate Social Responsibility came into effect. The company has a CSR Vision and is committed towards its social obligations.

7. GENERAL BODY MEETING

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

Financial Year	Date	Venue	Time
2011-12	1 st September, 2012	PHD House, Opposite Asian Games Village, New Delhi	11.00 A.M
2012-13	28 th September, 2013	- do -	11.00 A.M.
2013-14	30 th September, 2016	- do -	02.00 P.M.

- 7.2 At the Annual General Meeting of 28th September, 2013 and 30th September, 2016 special resolutions were passed for re-fixation of remuneration of Shri Birendra Kumar as Chairman cum Managing Director, Shri Apurv Kumar and Shri Rupak Gupta,- Joint Managing Directors & Chief Financial Officers and Smt. Supriya Gupta - Executive Director pursuant to sections 198, 269, 309 of the Companies Act, 1956 and Section 197 of the Companies Act, 2013.
- 7.3 No ordinary or special resolution requiring a postal ballot under section 110 of the Companies Act, 2013 was placed before the last Annual General Meeting. Similarly, no ordinary or special resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.

8. **DISCLOSURES**

- 8.1 No money was raised by the Company through public issue, right issue, preferential issues etc. in the last financial year.
- 8.2 A summary of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee;
- 8.3 The Board in its meetings held during the Financial Year 2014-15 has observed that certain transactions entered into with the related party transactions are not at arms' length price and are required to be re-looked and the related Agreements are to be reviewed accordingly. Thereafter, the Board has met several times but due to difference in opinion among the promoters the review upon this observation still remains pending.
- 8.4 During the Financial Year 2014-15, 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.
- 8.5 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;
- 8.6 In preparing the Annual Accounts in respect of the financial year ended 31st March, 2015, no accounting treatment was different from that prescribed in the Accounting Standards;
- 8.7 During the year, Bombay Stock Exchange has levied penalty aggregating to Rs.12,12,364/- on the Company for non compliance of certain clause of Listing Agreement. Further, as the Company has not been able to take steps for compliance with Clause 40A of the Listing Agreement, Securities & Exchange Board of India vide its order dated 02.12.2014 inter alia directed freezing of voting rights and corporate benefits with respect to excess of proportionate promoter/promoter group shareholding and other directions against the promoter shareholders and directors. The appeal filed before the Securities Appellate Tribunal has been disposed of. The Company is in the process of analyzing the order of the Securities Appellate Tribunal and is taking required steps either to delist the company or comply with Minimum Public Shareholding (MPS) requirement.
- 8.8 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.

- 8.9 During the financial year 2014-15, company could not formulate a Whistle Blower Policy/Vigil Mechanism. However, the Company is committed to adhering to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company has formulated a Whistle Blower Policy/Vigil Mechanism on 25.01.2017 which encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment and further affirm that no personnel has been denied access to the audit committee.
- 8.10 Since the company has no subsidiary during the financial year under review, it did not formulate policy for determining material subsidiaries.
- 8.11 During the financial year under review, the company did not formulate policy on dealing with related party transactions.
- 8.12 Details of compliance of mandatory and non mandatory requirements of corporate governance are provided in this report.
- 8.13 Compliance with discretionary requirements/non mandatory requirements:
- The Board: No non-executive chairperson was appointed to Chairman's office. However as on date, company has a non-executive independent director as its Chairman.
 - Shareholder right: Not sent half-yearly declaration on financial performance to shareholders.
 - Modified opinion in audit report: Board give necessary clarification on qualifications, remarks etc in Audit report.
 - Separate posts of chairperson and chief executive officer: The company is striving to comply with this requirement. However as on date, company has a non-executive independent director as its Chairman.
 - Reporting of internal auditor: The reports of internal auditor are reviewed in the Audit Committee meeting.

9. **MEANS OF COMMUNICATION.**

- 9.1 Half yearly report sent to each shareholder : No
- 9.2 Quarterly Results
- Which newspapers normally published in
 - Any website where published
 - Whether it also displays official news releases and presentation made to institutional investors/analyst No
- 9.3 Whether management discussion & analysis is a part of annual report or not Yes, management discussion & analysis is a part of the annual report.

10. **GENERAL SHAREHOLDER INFORMATION**

- 10.1 Inter-se relationship of directors:
- Shri Rupak Gupta & Smt. Supriya Gupta are related to each other
- Shri Apurv Kumar & Birendra Kumar are related to each other
- 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 17th January, 2016

10.2 AGM : Date, time & venue

54th Annual General Meeting

Date : 18th March, 2017
Time : 9.30 A.M.
Venue : PHD House, Opposite Asian
Games Village, New Delhi-110016

10.3 Financial Calendar (tentative) for Results

1st Quarter

2nd Quarter

3rd Quarter

4th Quarter

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

10.4 Date of Book Closure

No Book Closure could be done for the financial year 2014-15 as the company was unable to hold the AGM within the required time

10.5 Dividend

The company has proposed a dividend of Rs. 1 per equity share i.e. 10% subject to approval of shareholders at the forthcoming Annual General Meeting for the F.Y. ending 31-04-2015. 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 25-09-2015 will be eligible to receive the dividend declared for the F.Y. ending 31-03-2015

10.6 Listing On Stock Exchange

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

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

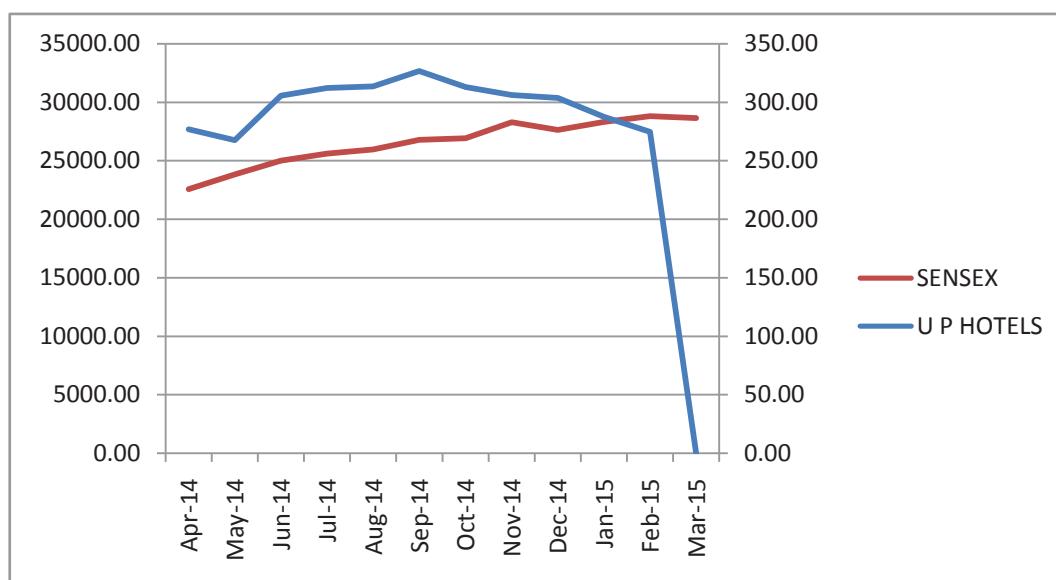
10.7 Stock Code 509960 (BSE)

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

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

MONTH	U P HOTELS	
	High (₹)	Low (₹)
April-2014	291.95	262.00
May-2014	285.25	249.85
June-2014	325.50	285.55
July-2014	325.00	299.25
August-2014	345.00	282.00
September-2014	356.90	296.40
October-2014	336.00	290.00
November-2014	330.75	281.50
December-2014	320.00	287.25
January-2015	302.00	273.00
February-2015	288.60	261.00
March-2015	0	0

U P HOTELS SHARE PRICE VERSUS BSE SENSEX



10.10 Registrar & Transfer Agent

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

- 10.11 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.

10.12 Shareholding Pattern as on 31st March, 2015

	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	2,13,203	3.95
	b) Indian Public	4,06,494	7.52
	c) NRIs/OCBs	1,691	0.03
	d) Any other (Trust)	1,013	0.02
	e) Clearing Member/House	4,639	0.09
	Sub Total (4)	6,27,040	11.61
	Grand Total (1 to 4)	54,00,000	100.00

*as per Promoters' declarations

10.13 Distribution of Shareholding as on 31st March, 2015

Shareholding of Nominal Value	No. of Shareholders	% of Share-Holders	Share Amount ₹	% of Share-Holding
Upto - 5000	1,008	84.49	10,15,650	1.89
5001 – 10000	64	5.36	4,58,460	0.85
10001-20000	36	3.02	5,31,310	0.98
20001-30000	12	1.01	2,98,390	0.55
30001-40000	11	0.92	3,79,580	0.70
40001-50000	3	0.25	1,43,020	0.26
50001-100000	10	0.84	7,05,570	1.31
100001 & above	49	4.11	5,04,68,020	93.46
Total	1,193	100.00	5,40,00,000	100.00

10.14 Dematerialisation of Shares & Liquidity.

The company's shares are traded in dematerialised form and have to be delivered in the dematerialised form to all stock exchanges. The number of shares dematerialised as on 31st March, 2014 was 28,66,365 (53.08% of the total paid up capital) and the balance of 25,33,635 representing 46.92% were held in physical form. Investors may open an account with depository participant registered with either National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL).

The company is yet to achieve 100% dematerialization of the promoters' group shareholding as required under circular no. DCS/COMP/CIR-03/2011-12 dated 29.6.2011 of BSE Ltd.cAs on 31.3.2015 only 43.95% of the promoters' shareholding have been dematerialized.

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

10.15 Information with regard to shares lying in "Unclaimed Suspense Account" as per Clause 5 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

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

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

10.17 Hotel locations

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

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

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

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

11. **MANAGEMENT RESPONSIBILITY STATEMENT**

The Directors' Responsibility Statement for the financial year ending 31st March, 2015, in conformity with the requirement of the Companies Act, 2013 has been included in the Directors' Report to the Shareholders. A Management Discussion and Analysis Report has been annexed to the Directors' Report.

The Company has obtained the Secretarial Audit Report for the financial year ending 31st March, 2015 pursuant to the section 203 of the Companies Act, 2013 from a Practicing Company Secretary duly appointed for this purpose, the same has been attached along with the Boards' Report. The Board of Directors of the Company has initiated the necessary measures required for the rectification of the Non-compliances and observations which have been referred in the Report.

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

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/Compliances relating to various Acts which are still pending.

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

12. **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
DIN: 06949954

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

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

Placed: New Delhi
Dated: 20.02.2017

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

20.02.2017

Re: CEO/CFO Certification

As stipulated in Clause 49 of the Listing Agreement with the Stock Exchange. We hereby certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2015 and that to the best of our knowledge and belief:
- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) We accept responsibility for establishment and maintaining internal controls for financial reporting, *The Company is having a system of internal controls however due to the ongoing disputes and internal differences/disagreements between the management there are certain discrepancies resulting in certain non-compliances under various acts for which the needful action is being taken by the management.*
- d) We have indicated to the Auditors and the Audit Committee:
- i. The company has a system of internal control over financial reporting during the year under reference; *however due to the ongoing disputes and internal differences between the management there are certain discrepancies which resulted in non-compliances and management has initiated needful actions to fix the fragments in the internal control systems.*
 - ii. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and

For U P Hotels Limited

Sd/-
Name: Apurv Kumar
Jt. Managing Director & CFO
DIN: 00043538

Sd/-
Name : Rupak Gupta
Jt. Managing Director & CFO
DIN: 00007310

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

We have examined the compliance of conditions of Corporate Governance by U.P. Hotels Limited ("the Company") for the year ended on 31st March, 2015, 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 32.5%% 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 Nomination & 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' Relationship Committee.*
 - d) *Audit committee did not meet 4 times in a year.*
 - e) *Board did not meet within the maximum allowed time gap of 120 days during the year.*
 - f) *Quarterly compliance report was not submitted to the stock exchange within the stipulated period.*
 - g) *The policies regarding related party transactions, whistle blower policy, policy for training/familiarisation of Independent directors, remuneration policy and evaluation criteria, risk management etc. have not been formulated and as such were not incorporated in the Corporate Governance Report.*
 - h) *The appointment letter has not been issued to the Independent Directors and review of performance of Independent Directors has not been carried out during the year. Mr. Ravinder Kumar Chadha has been appointed as an Independent Director on 22nd August, 2016 and co-opted on various committees, for which shareholder's approval is not obtained.*
 - i) *The Company has formed the CSR Committee. However the CSR policy has not been formulated/ approved. As such, the Company could not spend Rs 21,28,518 which was required to be spent on CSR activities during the year.*
 - j) *A separate meeting of independent directors were held on 31.03.2015 during the year where the criteria of evaluation exercise were not formulated by the Nomination & Remuneration Committee In absence of related information, it was not possible to assess the quality, quantity and timeliness of flow of information. They expressed their inability to carry out a meaningful evaluation exercise at this juncture.*

- k) *The Related Party Transactions made during the year were not approved by the Board nor by the Audit Committee in their meeting and also not recorded in the register maintained under Section 189 of the Companies Act, 2013.*
- iii) *The Company is yet to achieve 100% dematerialization of the promoter's group shareholding as required by circular of BSE Ltd.*
- iv) *The Company was not able to prepare and publish the quarterly/yearly results ending on or after 30th June, 2014 due to disagreement on certain issues between the promoters group. The Company has also not filed corporate governance report for any quarter ending on or after June 30, 2014.*
- v) *Certain ongoing disputes and internal differences between the management has resulted in discrepancies and non-compliances of various provisions of the Companies Act, 2013, Listing Agreement etc. Attendance register of Share Transfer Committee is not maintained. The Company has not disclosed required 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

Sd/-

(Anil Kumar Sharma)

Partner

Membership No. 80085

New Delhi, the 20th February, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of U.P. Hotels Limited

Report on the Financial Statements

We have audited the accompanying financial statements of U.P. Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements on a going concern basis that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and consistent application of appropriate accounting policies and making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that operate effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the

appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis of Qualified Opinion

Attention is drawn to the following notes:

1. *Note 43 regarding earnings in foreign currency which includes indirect earnings from travel agents of Rs. 160,999,624, not verified by us in absence of relevant certificates.*
2. *Note 48 regarding incurring an amount of Rs. 2,128,518 on CSR activities, as the company could not formulate /approve its CSR policy during the year. This has resulted in increased profits and reserves to that extent.*
3. *Note 51.1 to 51.3 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 delisting 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 etc. This matter is yet to be sorted out amongst the promoters/promoter groups. This was also mentioned in our previous report.*
4. *Notes 52.1 & 52.2 as regards concerns raised by the two Joint Managing Directors regarding 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 in which the internal controls need to be operated. This was also mentioned in our previous report.*
5. *Note 53 to 55 regarding non-compliance of various provisions of Listing Agreement (Clause 41 – Publication of financial results for any of the quarter ending after 31st March, 2014, Clause 49- Corporate Governance Report, Clause 16 - Non closure of Register of Members and Transfer Book, Clause 32 – Non supply of Annual Report to the Shareholders, Clause 40A - Minimum Public Shareholding, 100% dematerialisation of promoters shareholding (the Company has received penalty notices for non-compliances of Clause 41 & 49 of the Listing Agreement), provisions of Companies Act, 2013 viz. Section 96-Non conduct of AGM on time, Section 149 (10) & (11) -Re-appointment of the Existing Independent Directors read with Schedule IV, Section 152-Total number of Retiring directors be 2/3rd of the total number of directors, Section 177 & 178 – Audit Committee & Nomination & Remuneration Committee Shareholding Committee, Section 173 (1)-two meetings shall not exceed 120 days, Section 177 (9)- The Vigil Mechanism /Whistle Blower Policy, Section 138 -appointment of internal auditors, Section 135 -Corporate Social Responsibility, Section 189 -Related Party Transactions, Section 129 -the accounts of the Company for financial year etc. and Income Tax Act, 1961 and other matters as explained*

in said notes on account of various disputes/litigations, differences of opinion/disagreements etc. Further, Mr. Ravinder Kumar Chadha was appointed as independent director on 22.06.2016 and was also co-opted on various committees for which shareholders` approval is not obtained. These defaults and non-compliances may result in penalties etc. which are not quantifiable at this stage.

6. *The accounts were not authenticated by a Company Secretary as required by Section 203 of the Companies Act, 2013 for reasons stated therein.*
7. *The ultimate outcome of the matter specified in para 1 to 4 cannot be presently be determined and its consequential impact on these financial statements cannot be ascertained.*

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us except for the effect of the matters described in the basis of Qualified Opinion paragraph, the financial statements give the information 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, 2015 and;*
- (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.*

Emphasis of Matters

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

1. Note 49 regarding remuneration in excess of Section II, Part II of Schedule V of Companies Act, 2013 aggregating to Rs. 78,902 paid to Late Chairman & Managing Director, Shri Birendra Kumar during the financial year 2014-15 which has been credited to salary, wages, bonus etc. under Employee Benefits Expense in the Statement of Profit & Loss and correspondingly shown under long term loans & advances. This has been recovered in cash subsequently in June, 2016.
2. Note 31 regarding our inability to physically verify the inventories and cash in hand for reasons stated therein as our appointment was made on 7th September, 2016.
3. Note 41.6 regarding ascertainment of gratuity liability from an approved actuary in respect of Lucknow unit and transferred employees in absence of details from Life Insurance Corporation of India as explained therein.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required the Companies (Auditor's Report) Order 2015, issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Companies Act, 2013 ('the Act'), we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a. *Except for the matters described in the Basis of Qualified Opinion paragraph*, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. *Except for the matters described in the Basis of Qualified Opinion paragraph*, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. *Except for the matters described in the Basis of Qualified Opinion paragraph*, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company's disclosure the impact of pending litigation on its financial position in its financial statements in respect of claims and demands of the Company which are being contested as mentioned in notes 29A& 53.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund 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: 20th February, 2017

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 at Jaipur & Lucknow units have been physically verified by the firms of Chartered Accountants and the management during the year. There is a regular programme of physical verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification which were not material have been properly dealt with in the books of account.
2.
 - a) The inventories were physically verified by the Management during the year at reasonable intervals. In our opinion, the frequency of verification is reasonable.
 - b) 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. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act. *However, a sum of Rs. 78,902 has been shown recoverable from Late Chairman & Managing Director being excess remuneration paid to him. This amount was recovered in cash in June 2016. No interest on such amount was recovered.*
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 /domestic travelling, obtaining confirmation of debit/credit balances 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. The Company has not accepted any deposits from the public. As such requirement of clause (v) of paragraph 3 of the aforesaid order is not applicable.

6. The Central Government has not prescribed the maintenance of cost records under section 148 (i) of the Companies Act, 2013 in respect of services carried out by the Company.
7. a) According to records of the Company, and subject to comments below, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities *though there have been instances of delays and non-depositions/ non deductions.*

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 /cess	1,911,625
Purchase Tax / VAT/Entry tax etc.	212,100
Music tax	9,945

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

Name of statute	Nature of dues	Years	Forum where dispute is pending	Amount (₹)
Income tax Act,1961	Income Tax	2013-14	Commission (Appeal) III Lucknow	2,666,090
		2014-15	Commission (Appeal) III Lucknow	911,700
		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 29 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 `5,859,000.

- c) According to the records of the Company there are no amount required to be transferred to Investor Education and Protection Fund. As such the requirement of clause (vii) (c) of paragraph 3 of the said Order is not applicable.
8. 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.
9. 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.
10. 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 (x) of the Order is not applicable to the Company.
11. On the basis of the records examined by us, the Company has not availed any tem loan during the year. Accordingly, clause 4 (xi) of the Order is not applicable to the Company.
12. During the course of our audit of the books of accounts of the Company and *subject to Note 52.1 as regards concerns raised by one Joint Managing Director and counter concerns made by the other Joint Managing Director as regards working of hotels and certain aspects of management and Note 52.2 as regards petition filed before Company Law Board under Sections 397/398, 402, 403 and 237 of the Companies Act, 1956 and Section 219 & Section 220 of the Companies Act, 2013 by one of the Joint Managing Director and reply filed by the other Joint Managing Director contesting the same which is suitably explained in said notes and which was also mentioned in our previous audit report,* 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: 20th February, 2017

U P HOTELS LIMITED
BALANCE SHEET AS AT 31ST MARCH ,2015

(Amount in Rs.)

	Note	As at 31st March	
		2015	2014
EQUITY AND LIABILITIES			
Shareholder's funds			
Share Capital	3	54,000,000	54,000,000
Reserves and Surplus	4	<u>711,885,906</u>	<u>711,121,478</u>
		765,885,906	765,121,478
Non-current liabilities			
Deferred tax liabilities (net)	5	36,869,430	54,924,909
Other long - term liabilities	6	235,740	25,000
Long-term provisions	7	<u>36,880,247</u>	<u>30,383,860</u>
		73,985,417	85,333,769
Current liabilities			
Trade payables	8	71,499,512	65,553,063
Other current liabilities	9	71,562,118	72,404,502
Short - term provisions	10	<u>10,901,965</u>	<u>12,496,734</u>
		153,963,595	150,454,299
		<u>993,834,918</u>	<u>1,000,909,546</u>
ASSETS			
Non- current assets			
Fixed assets			
Tangible assets	11	590,763,372	599,062,724
Intangible assets	11	817,310	927,969
Capital work-in-progress		73,778	13,704,543
Long-term loans and advances	12	8,717,874	11,251,058
Other non-current assets	13	<u>4,872,582</u>	<u>1,130,533</u>
		605,244,916	626,076,827
Current assets			
Current investments	14	104,399,337	114,052,706
Inventories	15	27,471,753	24,864,678
Trade receivables	16	70,991,436	67,552,099
Cash and bank balances	17	168,614,605	148,902,374
Short-term loans and advances	18	12,505,734	13,550,608
Other current assets	19	<u>4,607,137</u>	<u>5,910,254</u>
		388,590,002	374,832,719
		<u>993,834,918</u>	<u>1,000,909,546</u>

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

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

for Ray & Ray
Chartered Accountants

For and on behalf of the board

Sd/-

Anil Kumar Sharma
Partner
Membership no. 80085
Firm Registration no: 301072E
New Delhi
Date 20th February, 2017

Sd/-

Bisheshwar Prasad Singh
Chairman
DIN 06949954

Sd/-

Apurv Kumar
Joint Managing Director
& Chief Financial Officer
DIN 00043538

Sd/-

Rupak Gupta
Joint Managing Director
& Chief Financial Officer
DIN 00007310

U P HOTELS LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH ,2015

(Amount in Rs.)

Year ended 31st March

	Note	2015	2014
INCOME			
Revenue from operations	20	778,065,743	739,353,375
Other income (net)	21	32,990,883	21,060,152
Total Revenue		811,056,626	760,413,527
EXPENSES			
Consumption of provisions, beverages & others	22	126,883,953	110,687,292
Employee benefits expense	23	233,905,746	216,962,640
Finance costs	24	1,197,455	1,594,717
Depreciation and Amortisation expense	25	73,551,776	36,795,108
Other expenses	26	334,898,798	322,809,969
Total Expenses		770,437,728	688,849,726
Profit before exceptional items		40,618,898	71,563,801
Exceptional Items	27	-	3,704,048
Profit before tax		40,618,898	67,859,753
Tax expense:			
(a) Current tax	28	22,000,000	17,577,998
(b) Deferred tax		(8,513,204)	3,093,238
		13,486,796	20,671,236
Profit for the year		27,132,102	47,188,517
Earnings per equity share:- Basic & diluted	42	5.02	8.74

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

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

For 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
 Date 20th February, 2017

Sd/-
Bisheshwar Prasad Singh
Chairman
DIN 06949954

Sd/-
Apurv Kumar
Joint Managing Director
& Chief Financial Officer
DIN 00043538

Sd/-
Rupak Gupta
Joint Managing Director
& Chief Financial Officer
DIN 00007310

U P HOTELS LIMITED

CASH FLOW STATEMENT

(Amount in Rs.)

	Year ended 31st March	
	2015	2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and exceptional Items	40,618,898	71,563,801
Adjustments For :		
Depreciation	73,551,776	36,795,108
Impairment loss	-	102,968
Interest income	(7,713,593)	(7,475,223)
Loss on sale/discard of assets (net)	5,136,156	1,927,975
Provision For Retirement Benefits	-	1,708,651
Interest expense	1,133,455	1,511,337
Provision/write off debts & advances	2,698,203	865,602
Provision written back / profit - current investments	(665,002)	(938,960)
Liabilities & provisions written back etc	(10,023,936)	(3,814,913)
Dividend received	(7,471,262)	(5,349,141)
Operating profit before working capital changes	97,264,695	96,897,205
Adjustments for :		
Trade & other receivables	(6,375,368)	19,038,562
Inventories	(2,607,075)	(4,237,975)
Trade payables & other liabilities	15,377,506	17,499,680
Cash generated from operations	103,659,758	129,197,472
Interest paid	(1,133,455)	(1,511,337)
Direct taxes paid	(23,636,479)	(11,492,738)
Cash flow before exceptional items	78,889,824	116,193,397
Exceptional items	-	(3,704,048)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	78,889,824	112,489,349
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital work in progress)	(86,589,723)	(59,871,508)
Sale of fixed assets	531,950	543,133
Purchase of investments - mutual funds	(27,044,944)	(88,394,367)
Sale of investments - mutual funds	37,363,315	84,502,475
Interest received	8,901,132	7,432,768
Dividend received	7,660,677	6,969,560
Changes in other bank balances	(25,142,279)	(24,287,299)
NET CASH USED IN INVESTING ACTIVITIES (B)	(84,319,872)	(73,105,238)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proposed dividend*	-	(27,000,000)
Tax on distributable profits*	-	(4,588,650)
NET CASH USED IN FINANCING ACTIVITIES (C)	-	(31,588,650)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(5,430,048)	7,795,461
Opening balance of cash and cash equivalents	52,178,595	44,383,134
Closing balance of cash and cash equivalents	46,748,547	52,178,595

* The Company declared dividend of Rs. 1.89,00,000 for the year 2013-14 which was approved in the Annual General Meeting held on 30th September, 2016. Accordingly dividend for that year is appearing under the head. long term provision. Such dividend was paid in October 2016. Similarly dividend of Rs. 54,00,000 for the year 2014-15 has been depicted as long term provision.

NOTES:

1. The cash flow statement has been prepared in the indirect method except in the case of interest, purchase, rent & sale of assets & dividend which have been considered on the basis of actual cash movement, with corresponding adjustments in assets & liabilities. Taxes paid have been treated as operating activities.
2. The unutilised cash credit limit as at 31st March, 2015 aggregated to Rs. 160,00,000 (2014 - Rs. 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
Date 20th February, 2017

Sd/
Bisheshwar Prasad Singh
Chairman
DIN 06949954

Sd/-
Apurv Kumar
Joint Managing Director
& Chief Financial Officer
DIN 00043538

Sd/-
Rupak Gupta
Joint Managing Director
& Chief Financial Officer
DIN 00007310

1. Corporate Information

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

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) including the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (the Act), read together with Rule 7 of the Companies (Accounts) Rules 2014 and the provisions of the Act (to be extent notified). The financial statements have been prepared on an accrual basis, under the historical cost convention except where impairment is made and revaluation is carried out and on an ongoing concern basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.2. Change in accounting Policy

a) Depreciation on fixed assets

Till the year ended 31st March, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

b) Useful lives/ depreciation rates

Till the year ended 31st March, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the assets, Schedule II to the Companies Act, 2013 prescribed useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

2.3 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.

2.4 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.

- 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 on fixed assets is calculated on a straight-line method which coincides with the useful life prescribed under Schedule II of the Companies Act, 2013 except for the following:
 - Building situated on leasehold premises is depreciated over the lease period subject to maximum of sixty years
 - Trade Mark and computer software are amortised over a period of sixty months and thirty six months respectively.
- iv) In case of certain assets which were revalued in past, the additional depreciation on the increased value of the assets due to revaluation is debited to statement of Profit and Loss and an equivalent amount is transferred from Revaluation Reserve to General Reserve.

2.5 Intangible fixed assets & depreciation/amortisation :

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

2.6 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.

2.7 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.

2.8 Investments :

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

2.9 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.

2.10 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.

2.11 Borrowing costs:

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

2.12 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.

2.13 Foreign Currency Transaction:

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

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

2.14 Lease :

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

2.15 Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the good relates to a depreciable assets, its value is deducted from gross value to arrive at carrying amount of that asset.

2.16 Earnings per share

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

2.17 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.

2.18 Proposed dividend :

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

2.19 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.

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

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

2.21 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.

U P HOTELS LIMITED
Notes to accounts (Contd.)

	As at 31st March	
	2015 Rs	2014 Rs
3.		
SHARE CAPITAL		
AUTHORISED		
7,000,000 (2014- 7,000,000) Equity Shares of Rs.10 each	70,000,000	70,000,000
100,000 (2014 -100,000)Preference Shares of Rs. 100 each	<u>10,000,000</u>	<u>10,000,000</u>
	<u>80,000,000</u>	<u>80,000,000</u>
ISSUED, SUBSCRIBED & PAID UP		
5,400,000 (2014 - 5,400,000) Equity Shares of Rs.10 each fully paid up	54,000,000	54,000,000
	<u>54,000,000</u>	<u>54,000,000</u>

Notes**a. Reconciliation of Equity Shares**

	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Rs.	Number of shares	Rs.
At the beginning of the year	5,400,000	54,000,000	5,400,000	54,000,000
Issued during the year	-	-	-	-
At the end of the year	5,400,000	54,000,000	5,400,000	54,000,000

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

Name of the shareholders	As at March 31, 2015		As at March 31, 2014	
	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 shares have a par value of Rs. 100 each.

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.

U P HOTELS LIMITED
Notes to accounts (Contd.)

	As at 31st March	
	2015	2014
	Rs.	Rs.
4.		
RESERVES AND SURPLUS		
General Reserve		
As per last account	304,899,986	300,211,534
Add: Transferred from Revaluation Reserve (Note 36.3)	1,024,668	-
Add: Transferred from Surplus	-	4,688,452
	<u>305,924,654</u>	<u>304,899,986</u>
Revaluation Reserve		
As per last account	17,434,245	18,458,913
Less : Transferred to General Reserve / Adjustment (Note 36.3)	1,024,668	1,024,668
	<u>16,409,577</u>	<u>17,434,245</u>
Surplus in Statement of Profit and Loss		
As per last account	388,787,247	369,034,777
Less: Carrying amount of fixed assets whose remaining useful life is nil as on 1st April 2014 (Schedule II of the Companies Act, 2013) net of deferred tax	19,868,342	-
Add: Profit during the year as per Statement of Profit and Loss	27,132,102	47,188,517
	<u>396,051,007</u>	<u>416,223,294</u>
Less: Appropriations		
Transferred to General Reserve	-	4,688,452
Proposed Dividend on equity share*	5,400,000	18,900,000
Tax on Proposed Dividend on Equity Shares	1,099,332	3,847,595
	<u>389,551,675</u>	<u>388,787,247</u>
Balance at the end of the year	<u>711,885,906</u>	<u>711,121,478</u>
* Dividend of Rs. 1.00 per share (2014- Rs. 3.50 per share) amounting to Rs. 54,00,000 (2014 - Rs. 18,900,000) has been recommended by the Board of Directors. This dividend will be paid to the shareholders if approved at the forthcoming Annual General Meeting.		
5.		
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)	50,891,442	68,906,053
Less: Deferred tax asset on account of:		
Gratuity/Leave Encashment on Retirement	10,036,079	10,354,178
Provision for doubtful debts , advances etc.	701,282	1,537,377
Accrued expenses deductible on payment	3,284,651	2,089,589
Total Assets	<u>14,022,012</u>	<u>13,981,144</u>
Deferred tax liabilities (net)	<u>36,869,430</u>	<u>54,924,909</u>
6.		
OTHER LONG TERM LIABILITIES		
Security Deposit	235,740	25,000
	<u>235,740</u>	<u>25,000</u>

U P HOTELS LIMITED
11. FIXED ASSETS

PARTICULARS	(Amount in Rupees)											
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Cost as at 31st March 2014	Additions	Sale/ Adjustment	Impairment	Cost as at 31st March 2015	As at 31st March 2014	Adjusted against retained earnings	For the year	Sale/ Adjustment	Impairment	As at 31st March 2015	As at 31st March 2014
TANGIBLE ASSETS												
LAND FREE HOLD	1,811,501	-	-	-	1,811,501	-	-	-	-	-	-	1,811,501
LAND LEASE HOLD	717,053	-	-	-	717,053	291,183	-	22,076	-	-	313,259	425,870
BUILDING												
Electrical Installations	490,187,809	39,376,725	5,445,045	-	524,119,489	161,268,063	5,386,264	11,007,114	1,323,286	-	176,338,155	328,919,746
PLANT & MACHINERY	77,761,302	11,122,723	1,798,770	-	87,085,255	47,887,903	1,988,696	3,717,282	1,708,831	-	51,885,050	29,873,399
FURNITURE & FIXTURES	324,368,646	33,326,744	9,734,818	-	347,960,572	145,400,080	21,075,403	45,648,026	8,532,844	-	203,590,665	178,968,566
VEHICLES	89,024,396	13,636,069	3,169,902	-	99,490,563	61,070,096	184,388	5,405,707	2,994,181	-	63,666,010	27,954,300
VEHICLES ON HIRE	61,153,909	2,156,759	1,264,033	-	62,046,695	31,098,109	775,866	6,603,295	1,185,320	-	37,291,890	30,055,800
	2,897,623	-	-	-	2,897,623	1,844,081	-	436,209	-	-	2,280,290	1,053,542
Total Tangible Assets	1,047,922,239	99,619,020	21,412,568	-	1,126,128,691	448,859,515	29,410,617	72,839,649	15,744,462	-	535,365,319	590,763,372
Previous Year	1,018,276,411	49,423,904	19,344,896	433,180	1,047,922,239	428,635,066	-	37,428,449	16,873,788	330,212	448,859,515	599,062,724
INTANGIBLE ASSETS												
TRADE MARKS	130,500	10,001	-	-	140,501	70,627	-	24,164	-	-	94,791	59,873
COMPUTER SOFTWARE	2,385,063	591,467	-	-	2,976,530	1,516,967	-	687,983	-	-	2,204,950	771,600
Total Intangible Assets	2,515,563	601,468	-	-	3,117,031	1,587,594	-	712,127	-	-	2,299,721	817,310
Previous Year	2,450,863	64,700	-	-	2,515,563	1,196,267	-	391,327	-	-	1,587,594	927,969

Notes :

- a) Lease rentals in respect of properties situated on lease hold land are charged to revenue.
b) Certain Trademarks are pending registration under the Trade Marks Act, 1999
c) Building comprises of fences, roads and temporary structure etc. Sum of Rs. 53,86,264 in respect of assets whose life expired on 1st April 2014 has been adjusted against retained earnings.

U P HOTELS LIMITED
Notes to accounts (Contd.)

As at 31st March

2015 **2014**
Rs. **Rs.**

12.

LONG TERM LOANS AND ADVANCES (Unsecured - Considered Good)

Capital advance	1,141,000	4,475,793
Advances recoverable in cash or in kind for value to be received	-	6,000
Amount recoverable from Chairman & Managing Director (related party) (Note 49)	78,902	-
Prepaid expenses	229,331	151,156
Security deposits		
-Considered Good	7,268,641	6,618,109
-Considered Doubtful	232,700	-
	<u>8,950,574</u>	<u>11,251,058</u>
Less: Provision for Doubtful Deposits	232,700	-
	<u>8,717,874</u>	<u>11,251,058</u>

13.

OTHER NON CURRENT ASSETS

(Considered Good unless otherwise stated)

Long Term Trade receivables		
Considered Good	4,872,582	1,130,533
Considered Doubtful	1,514,179	2,720,582
	<u>6,386,761</u>	<u>3,851,115</u>
Less: Provision for doubtful debts	1,514,179	2,720,582
	<u>4,872,582</u>	<u>1,130,533</u>

14.

Current investments

Investment in Mutual Funds	104,399,337	114,052,706
	<u>104,399,337</u>	<u>114,052,706</u>

Note:

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

15.

Inventories*

Provisions, beverages & others	15,840,771	14,684,724
Other stores (includes goods in transit - Rs. 79,356 2014 - Rs. NIL)	11,630,982	10,179,954
	<u>27,471,753</u>	<u>24,864,678</u>

Note:

*Inventories are valued at cost or net realisable value whichever is lower (refer note 2.9)

U P HOTELS LIMITED
Notes to accounts (Contd.)

As at 31st March

	2015	2014
	Rs.	Rs.
16.		
TRADE RECEIVABLES (Unsecured)		
Outstanding for a period exceeding six months from the due date		
Considered Good	1,851,161	3,445,221
Considered Doubtful	<u>265,610</u>	<u>291,801</u>
	2,116,771	3,737,022
Less: Provision for doubtful debts	<u>265,610</u>	<u>291,801</u>
A	1,851,161	3,445,221
Other debts		
Considered Good	69,140,275	64,106,878
Considered Doubtful	<u>148,961</u>	<u>-</u>
	69,289,236	64,106,878
Less: Provision for doubtful debts	<u>148,961</u>	<u>-</u>
B	69,140,275	64,106,878
A+B	<u>70,991,436</u>	<u>67,552,099</u>
17.		
CASH AND BANK BALANCES		
Cash & Cash Equivalents		
Cash on Hand	2,930,070	1,904,704
Cheque in hand	1,580,183	20,898
Balances with banks in current accounts	42,238,294	30,627,422
Deposits maturing within 3 months	<u>-</u>	<u>19,625,571</u>
	46,748,547	52,178,595
Other Bank Balances		
On unpaid dividend account	15,649,017	15,748,759
Employees Security Deposit	673,384	594,015
Bank Deposits held as security with authorities	240,627	206,772
Deposits maturing after 3 months but before 12 months	<u>105,303,030</u>	<u>80,174,233</u>
	168,614,605	148,902,374
18.		
SHORT TERM LOANS AND ADVANCES (Unsecured-Considered good)		
Security deposits	669,740	1,198,661
Advance recoverable in cash or kind for value to be received	962,623	2,182,266
Amount recoverable from Chairman & Managing Director (being excess remuneration) (related party)	<u>-</u>	<u>548,625</u>
VAT Input & Service Tax recoverable	2,089,748	1,535,286
Prepaid expenses	<u>8,783,623</u>	<u>8,085,770</u>
	12,505,734	13,550,608
19.		
OTHER CURRENT ASSETS (Unsecured Considered Good)		
Unbilled revenue	2,244,859	1,569,295
Dividend receivable	31,301	220,716
Interest accrued on deposits	2,268,334	3,455,873
Other receivables	<u>62,643</u>	<u>664,370</u>
	4,607,137	5,910,254

U P HOTELS LIMITED
Notes to accounts (Contd.)
Year ended 31st March

	2015 Rs.	2014 Rs.
20.		
REVENUE FROM OPERATIONS		
Room Sales	338,074,491	327,196,818
Provisions, beverages, smokes and others	392,046,844	372,446,991
Telephone & Telex	2,687,718	2,338,227
Laundry	1,559,404	1,438,740
Hall charges & License fee	37,249,474	30,406,217
Other services	6,447,812	5,526,382
	<u>778,065,743</u>	<u>739,353,375</u>
21.		
OTHER INCOME		
Profit on sale of mutual funds	29,724	317,850
Liabilities & Provisions written back	7,323,936	3,814,913
Provision of water charges written back	2,700,000	-
Provision for dimunition in value of investments written back	635,278	621,110
Interest income	7,713,593	7,475,223
Dividend - current investment (mutual fund)	7,471,262	5,349,141
Miscellaneous income	4,170,931	2,365,856
Sales Tax/Service Tax/Luxury Tax/Refund etc	2,575,027	9,306
Foreign Exchange gain / loss	371,132	1,106,753
	<u>32,990,883</u>	<u>21,060,152</u>
22.		
CONSUMPTION OF PROVISIONS, BEVERAGES AND OTHERS		
Opening Stock	14,684,724	7,994,476
Add:Purchases	128,040,000	117,377,540
	<u>142,724,724</u>	<u>125,372,016</u>
Less:Closing Stock	15,840,771	14,684,724
Consumption	<u>126,883,953</u>	<u>110,687,292</u>
23.		
EMPLOYEE BENEFITS EXPENSE		
Salary Wages, Bonus etc	204,752,746	188,617,118
Contribution to Provident and other Funds	19,336,157	19,944,517
Staff Welfare Expenses	9,816,843	8,401,005
	<u>233,905,746</u>	<u>216,962,640</u>
24.		
FINANCE COSTS		
Interest Expense*	1,133,455	1,511,337
Other Borrowing Cost	64,000	83,380
	<u>1,197,455</u>	<u>1,594,717</u>
* Interest expense includes income tax interest Rs. 6,00,000 (2014- Rs. 11,22,211)		
25.		
DEPRECIATION & AMORTIZATION EXPENSE		
Tangible Assets	72,839,649	36,403,781
Intangible Assets	712,127	391,327
	<u>73,551,776</u>	<u>36,795,108</u>

U P HOTELS LIMITED
Notes to accounts (Contd.)

Year ended 31st March
2015 **2014**
Rs. **Rs.**

26.

OTHER EXPENSES

Renewals & replacement	15,853,696	17,231,865
Upkeep & Service Cost	18,193,956	15,404,067
Power & Fuel	101,730,748	97,818,162
Rent	6,611,886	7,339,031
Repair & Maintenance		
- Building	21,484,807	20,779,044
- Plant & Machinery	13,861,135	16,473,690
- Others	10,513,927	10,181,932
Insurance	2,186,489	2,415,422
Impairment of asset	-	102,968
Rates Taxes (includes fee of ₹ NIL for increase in authorised capital, 2014- Rs. 65,000)	15,442,654	12,698,595
Decoration & garden maintenance	4,293,836	4,083,340
Advertisement publicity & others	6,077,758	6,307,731
Commission to Travel Agents	2,513,203	1,562,990
Travelling, conveyance & car maintenance	28,590,944	33,846,868
Postage, telephone & telex	5,416,323	5,603,589
Printing & Stationery	3,894,900	3,647,512
Music, Band, Orchestra & Cable TV	5,704,569	5,862,364
Banquet & Catering	24,563,808	21,053,260
Hire Charges	8,677,015	9,087,670
Provision / Write off Debts & Advances	2,698,203	865,602
Legal & Professional Expenses	10,107,212	9,649,754
Loss on sale / discard of assets (Net)	5,136,156	1,927,975
Directors Sitting Fee & Commission to Other directors	105,000	245,000
Fee to Internal Auditors	1,683,421	1,597,403
Auditors' Remuneration (Note 37)	824,000	787,500
Listing / Filing Fee	142,425	38,188
Expenses on Contractual Services	7,185,153	5,843,756
Donation & Subscription	2,360,076	1,709,419
Miscellaneous Expenses including re-imbusement of expenses to auditors Rs. 21,410 & penalty Rs. 8,75,979 (2014 - 19,740 & 1,700,000 respectively)	9,045,498	8,645,272
	334,898,798	322,809,969

27.

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)	-	(248,200)
	-	3,704,048

28.

TAX

Current Tax		
- Income Tax	20,000,000	19,122,420
- Tax adjustments relating to earlier years	2,000,000	(1,544,422)
	22,000,000	17,577,998

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

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

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

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

(i) Income Tax	₹ 35,77,790 (2014- ₹ 29,38,010)
(ii) Value Added Tax	₹ 20,53,162 (2014 - ₹ 20,53,162)
(iii) Other Claims (including claims from landlord)	₹ 40,60,080 (2014 - ₹ 5,45,280)
(iv) Claim of penalties	₹ 12,12,364 (2014 - ₹ Nil)
(v) The company has to meet export obligation in relation to import of ₹ 42,07,428 under EPCG Scheme. In case the Company is unable to meet such obligation, additional liability may accrue	₹ 84,14,874 (2014 - ₹ 85,05,280)

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

- b) The Income Tax Department has appealed to the Hon'ble High Court, Allahabad against the order of the Income Tax Appellate Tribunal upholding the views of the Company in respect of the claim of deduction regarding earnings in convertible foreign exchange under Section 80 HHD for Assessment Years 1989-90 to 1991-92. The total amount disputed (excluding interest and penalties) in the matter aggregates to ₹ 58,49,000 (2014- ₹ 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. The Company is certain that probability of claim succeeding is remote.
- d) A stay has been granted by Hon'ble High Court of Allahabad ,Lucknow Bench in the matter of applicability of Provident Fund during infancy period. Liability, if any, is unascertained. The Management believes that the outcome of the above will not have any material adverse effect on the financial position of the Company.
- e) Certain employees have filed claims in various courts / legal forums against suspension/termination etc. and have sought reliefs. The ultimate liability, if any, with respect to these claims is currently not ascertainable and in the opinion of management, would not have material effect on the financial statements.

- f) The Company submitted Income Tax Return for the year 2013-14 on 25th of September, 2014 without the accounts being audited (approved on 7th September, 2016) and Tax Audit Report (filed on 22nd December, 2016) for that year. However, the tax authorities made the assessment on 5th December, 2016 and initiated penal provisions under section 271B on the Income Tax Act, 1961 for the Company's failure to get the account audited. However, as the matter of abundant precaution, the Company has provided ₹ 3,00,000 as minimum penalty for the years 2013-14 & 2014-15. The Company is certain that probability of such claim succeeding is remote.

B. Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (as certified by the Management) ₹ 6,13,476 (2014 – ₹ 36,31,960).

- 30.1 Balance confirmation letters were not dispatched asking parties to confirm the balances by Agra unit for trade payables, Jaipur unit for trade receivables, and Khajuraho unit for trade payable and trade receivables. In respect of balance confirmation letters sent by the units, most of the parties have not sent back the letters confirming their debit / credit balances.
- 30.2. In the opinion of the Board, the assets of the Company have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. All known liabilities are accounted for and all contingent liabilities are stated.
- 30.3 Liabilities, credit balances and debit balances have been written back/off after proper review / scrutiny by the management.
- 31 As the auditors' appointment are made on 7th September, 2016, the auditors could not be present at the time of physical verification of inventories and cash during the year and at the year end. However, the inventories and cash has been verified by the management during the year and the year end.

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

	2015		2014	
		₹		₹
Cash & Bank Balances				
\$			400	22,320
Sundry Creditors	-	-	-	-
SGD	1,132	55,872	-	-
Nepal Rupees	94,854	59,284	-	-
AUS\$	225	3,957	-	-
US\$	3,039	1,93,973	-	-

- 32.2 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.

33. Details of current investments – mutual fund

Schedules to Accounts	As at 31st March			
	2015		2014	
	No. of Units	₹	No. of Units	₹
INVESTMENTS - CURRENT (MUTUAL FUNDS)				
Quoted (Non-Trade)				
Birla Sunlife Dynamic Bond Fund Retail Dividend Payout Monthly (NAV ₹ 41,43,525.33 , 2014 ₹ 38,92,640.63)	3,79,495.840	40,00,000	37,94,95.840	40,00,000
HDFC Equity High interest Fund- Short NAV ₹ 80,07,723.07 , 2014 ₹ Nil)	7,54,875.855	80,00,000	-	-
HDFC Liquid Fund – Dividend Monthly (NAV ₹ 48,33,128.233, 2014 ₹ 2,14,73,209.64)	4,70,702.698	48,37,883	20,73,003.779	2,13,16,012
HDFC Income Fund – Dividend – Option Payout NAV ₹ 78,74,228.34 , 2014 ₹ 75,37,493.29)	7,10,561.407	81,04,734	7,10,561.407	81,04,734
HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option- Dividend Weekly Option Payout (NAV ₹ 4,195,897.45 , 2014 ₹ 41,99,369.23)	4,13,307.471	41,92,778	4,13,307.471	41,92,778
HDFC Short Term Plan Dividend Option Payout NAV ₹ 3,007,469.49 , 2014 ₹ 30,01,307.89)	2,90,641.349	30,00,000	2,90,641.349	30,00,000
J.M.High Liquidity Fund (Direct)-Weekly dividend option (NAV ₹ Nil , 2014, ₹ 50,80,760.74)	-	-	4,60,710.434	50,76,796
Reliance Dynamic Bond Fund Dividend Plan (NAV ₹ 16,142,760.28 , 2014 ₹1,59,73,237.64)	11,94,662.701	1,67,84,625	11,94,662.701	1,67,84,625
Reliance Dynamic Bond Fund - Quarterly Dividend Plan (NAV ₹ 16,142,760.28 , 2014 ₹ 51,32,781.83)	4,99,555.396	50,00,000	4,99,555.396	50,00,000

Reliance Liquid Fund –Treasury Plan Monthly dividend option (NAV ₹ 837,120.06 , 2014 ₹ 69,71,527.77)	526.632	8,37,532	4,384.615	69,71,255
Templeton India Low Duration Fund (NAV ₹ 41752184 , 2014 ₹ 2,78,33,816.21)	4,039,022.588	4,19,65,397	27,00,005.453	2,80,65,397
Templeton India Low Duration-Direct Quarterly Dividend (NAV ₹ 19,71,064 2014 ₹ 19,58,677.58)	1,89,273.470	19,67,138	1,89,273.470	19,67,138
TATA Income Fund Plan A-Appreciation Option (NAV ₹ 47,42,132 , 2014 ₹ 41,75,353.68)	1,09,898.262	40,00,000	1,09,898.262	40,00,000
U T I- Short Term Income Fund - Institutional Income Option -Dividend NAV ₹ 29,52,199 , 2014 ₹ 28,85,341.52	2,57,440.490	28,00,000	2,57,440.490	28,00,000
UTI Liquid Fund Cash Plan –Institutional -Monthly Dividend (NAV ₹ Nil , 2014 ₹ 45,08,576.94)	-	-	4,365.204	45,00,000
Total		10,54,90,088		11,57,78,735
Less: Provision for diminution in value of investments		10,90,751		17,26,029
		10,43,99,337		11,40,52,706

Aggregate value of quoted investments	10,54,90,088	11,57,78,735
Net aggregate value of quoted investments	10,43,99,337	11,40,52,706
Net asset value of investments	10,56,18,089	11,46,28,600

34. Pending assessments of Luxury Tax, Value Added Tax, Employees State Insurance and Provident Fund (in respect of contractual/casual workers), Service Tax, House & Water Tax etc., further liability, if any, could not be ascertained and provided for in accounts.
35. The Company has unutilized Cash Credit Limit of ₹ 1,60,00,000 (2014 – ₹ 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 (2014 - ₹ 6,78,00,000).

36.1 Depreciation has been provided in the accounts on "Straight Line Method" which coincide with the useful life prescribed in Schedule II of the Companies Act, 2013 except for assets stated below where different useful lives are applied .

- i) Leasehold land is amortized over the lease period. Leasehold land acquired on 99 years basis is not amortized.
- ii) Intangible assets viz. Trade Marks and Computer Software are being amortized over a period of sixty months and thirty six months respectively.
- iii) Building situated on leasehold land is depreciated over the lease period subject to the maximum useful life of sixty years

36.2 Till year ended 31st March, 2014 to comply with the requirements of Schedule XIV to the Companies Act, 1956 the company was charging 100% depreciation on assets costing less than ₹ 5,000 in the year of purchase. However, Schedule II to the Companies Act, 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciation of assets costing less than ₹ 5,000. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The change in accounting for depreciation of assets costs costing less than ₹ 5,000 did not have any material impact on financial statements of the company for the current year.

36.3 Till year ended 31st March, 2014, the Guidance Note on Treatment of Reserve Created on Revaluation of Fixed Assets issued by the ICAI allowed companies to transfer an amount equivalent to the additional depreciation arising due to upward revaluation of fixed assets from revaluation reserve on the statement of profit and loss. Accordingly, the Company was transferring an amount equivalent to additional depreciation arising due to upward revaluation of building from revaluation reserve on the statement of profit and loss. In contrast, Schedule II to the Companies Act, 2013 applicable from the current year, states that depreciable amount of assets is the cost of an assets or other amount substituted for cost. Hence, in case of revalued assets, depreciation computed on the revalued amount needs to be charged to the statement of profit and loss, without any recoupment from revaluation reserve. Consequently, to company with the Schedule II requirement, the company has discontinued the practice of recouping the impact of additional depreciation from revaluation reserve. The management as decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1st April, 2014.

Had the company continued its earlier policy of recouping the additional depreciation arising due to upward revaluation of fixed assets from revaluation assets, profit for the current year would have been higher by ₹ 10,24,668. However, the change in accounting policy did not have any impact on reserves and surplus as at 31st March, 2015.

36.4 The Company has provided depreciation on the basis of useful life of fixed assets which coincide with the life as prescribed in Schedule II of the Companies Act, 2013 except in respect of certain assets as disclosed in accounting policies under depreciation. As a result, depreciation for the year ended March 31, 2015 is higher and profit after tax is lower by ₹ 1,10,91,145. The additional charge in respect of fixed assets whose useful lives ended before March 31st 2014 amounting to ₹ 1,98,68,342 (net of deferred tax) has been adjusted from retained earnings as per the transitional provision in Note 7(1) of Schedule II of the Companies Act, 2013.

37. Auditors' Remuneration (excluding Service Tax)

	2015	2014
	₹	₹
Audit fee	6,96,000	5,80,000
Tax audit fee (including arrear fee of ₹ 14,000 for previous year)	98,000	70,000
For certification and limited review	30,000	1,37,500
Total	8,24,000	7,87,500

38. Disclosures in respect of company's operating lease arrangements entered on or after 1st April 2001 under Accounting Standard (AS-19) on leases.

- a) The Company has entered into operating Lease arrangement for office premises, transit house and residential premises of employees/directors. Some of the significant terms and conditions of the arrangements are:
- The lease agreements are not non-cancellable in nature and may be terminated by either party by serving a notice
 - lease arrangements which are not non-cancellable are generally renewable by mutual consent on mutually agreeable terms
- b) The company has given shops on license basis which are not non cancellable and can be terminated by either party by serving a notice
- c) Rent in respect of above is charged/ credited to the statement of profit and loss.

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

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 & Chief Financial Officer)

Shri Rupak Gupta (Joint Managing Director & Chief Financial Officer)

Smt. Supriya Gupta (Executive Director) (ceased to be Executive Director w.e.f. 16.05.2016)

Shri Rakesh M Gupta (Ceased to be director w.e.f. 30.11.2014)

Shri Sushil Kumar (Ceased to be director w.e.f. 30.11.2014)

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

c) Company Secretary

Shri Sidharth Ghatak (resigned on 16.05.2016)

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
Indus Textiles Private Limited
Indus Techpark Private Limited
Brijrama Hospitality Private Limited
The Indian Textiles Co. (Kolkata) Private Limited
Nightangle Jewellers Private Limited
Naina Vanijya Private Limited
Indus Intext Private Limited
Clement Orient Private Limited
Rajasthan Creative Alliance Network
Hospitality Technologies Private Limited
Daivik Wellness Centre Private Limited
Samparseal Chemicals
Agro Dairy Products
Shiraz Foods Limited
Clarks Brij Hotels India Limited
Nagreeka Brij Hotels Bhav Nagar Private Limited
Ace Power Generation Matara Limited, Srilanka
Ace Power Generation Horana (P) Limited, Srilanka
Silk Emporium
Oriental Textiles
Rastriya Vikas Limited
Oriental Emporium

The Jaipur Shop
Pride Hospitality Limited
L P Gupta Family Trust
P D Gupta & Sons

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

	Year ended 31 st March	
	2015	2014
a) Remuneration paid to Directors		
Shri Birendra Kumar	46,32,000	46,32,000
Shri Apurv Kumar	40,71,725	40,93,552
Shri Rupak Gupta	39,44,087	38,65,787
Smt. Supriya Gupta	34,99,399	34,14,605
	1,61,47,211	1,60,05,944
Recoverable from (being excess remuneration) Shri Birendra Kumar	78,902	5,48,625
b) Remuneration paid to Company Secretary Shri Sidharth Ghatak	21,86,910	19,20,770
c) Dividend paid to Directors		
Shri Birendra Kumar	-	79,750
Shri Apurv Kumar	-	69,220
Shri Rupak Gupta	-	16,12,980
Shri Arvind Kumar	-	57,820
Shri Sushil Kumar	-	1,53,555
Shri Rakesh M Gupta	-	1,78,380
	-	21,51,705
d) Remuneration paid to relatives of Directors		
Shri Anoop Kumar	9,85,614	10,31,467
Smt. Renuka Kumar	4,28,831	4,37,712
Shri Manish Kumar	4,30,080	4,30,080
Shri Ravi M Gupta	5,43,600	5,31,798
Smt. Rajeshwari Kumar	2,97,576	2,92,151
Shri Akshay Gupta	5,50,008	5,50,008
Shri Arjun Kumar	5,94,438	5,81,479
Shri Anant Kumar	5,99,014	5,81,486
Shri Udit Kumar	3,17,520	5,50,800
	47,46,681	49,86,981

e) Dividend paid to relatives of directors		
Shri Binay Kumar	-	84,460
Smt. Veena Binay Kumar	-	2,80,220
Smt. Rani Upsam	-	87,260
Smt. Rajeshwari Kumar	-	43,745
Shri Arjun Kumar	-	94,155
Shri Anant Kumar	-	40,775
Shri Anoop Kumar	-	1,70,205
Shri Aryavir Kumar	-	1,575
Smt. Renuka Kumar	-	1,575
Smt. Vibha Agrawal	-	1,63,590
Shri Vivek Kumar	-	1,27,235
Smt. Shipra Kumar	-	70,940
Shri Udit Kumar	-	25,410
Shri Manish Kumar	-	2,49,125
Smt. Meera S Kumar	-	1,93,160
Shri Upendra Kumar	-	4,58,750
Smt. Anuradha Kumar	-	49,445
Smt. Sudhira Gupta	-	91,200
Shri Ravi M Gupta	-	1,97,220
Smt. Nandini Gupta	-	72,360
Shri Arnav Kumar	-	25,410
Birendra Kumar & Sons	-	1,31,240
Binay Kumar & Family	-	32,760
Binay Kumar & Sons	-	22,960
Kumar Sushil (HUF)	-	1,93,670
P D Gupta & Sons	-	7,095
		<hr/>
		29,15,540
f) Rent Paid		
Shri Apurv Kumar	2,40,000	2,40,000
Smt. Aditi G Mittal	4,20,000	4,20,000
	6,60,000	<hr/> 6,60,000
g) Sitting Fee		
Shri Arvind Kumar	10,000	20,000
Shri Rakesh M Gupta	15,000	25,000
Shri Sushil Kumar	15,000	20,000
	40,000	<hr/> 65,000
h) Amount outstanding at year end Payable		
Shri Birendra Kumar	1,64,000	-
Shri Apurv Kumar	1,70,000	1,70,000
Shri Rupak Gupta	42,805	3,63,419
Smt. Supriya Gupta	1,00,000	2,14,500
Shri Arjun Kumar	39,167	39,167
Smt. Rajeshwari Kumar	23,000	23,000
Shri Akshay Gupta	37,534	34,544
Shri Manish Kumar	25,160	25,160
Smt. Aditi G Mittal	8,73,218	6,17,321
Shri Anant Kumar	39,167	39,167
Shri. Renuka Kumar	22,000	-
Shri. Anoop Kumar	8,900	-
Shri. Ravi M Gupta	32,000	-
	<hr/>	<hr/>
	15,76,951	15,26,278

ii. Transaction with parties in A (iii) above

	<u>Year ended 31st March</u>	
	2015	2014
a) Shop Licence fee received		
Silk Emporium	1,12,849	91,526
ANK Travels Limited	83,592	74,400
The Jaipur Shop	1,20,000	66,750
Pride Hospitality Limited	-	40,050
Clarks Brij Hotels (I) Limited	-	60,075
	3,16,441	3,32,801
b) Amount outstanding at the year end		
- Receivable	47,505	55,813
Silk Emporium- licence fee		
c) Dividend paid to companies		
The Indian Textiles Co. Private Limited	-	25,88,730
Hotel Clarks Varanasi Limited	-	3,53,805
Banaras House Private Limited	-	10,64,125
Bonita India Limited	-	195
	-	40,06,855

As regards dividend refer Note 7 & 9

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 ₹ 1,29,16,552 (2014 - ₹ 1,20,65,345) on account of Provident Fund has been debited to contribution to provident and other funds. Employees State Insurance contribution ₹ 32,99,528 (2014 - ₹ 31,00,525) 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 31st March, 2015 by Actuaries under the Projected Unit Credit Method. Provisions were made to bring the gratuity liability in line with the actuarial valuation.

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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	
	2015 (₹)	2015 (₹)	2014 (₹)	2015 (₹)	2014 (₹)	2015 (₹)	2014 (₹)	
Change In present value of obligation								
Present Value of Obligation as at beginning of the year	56,242,369	57,706,966	54,704,556	1,322,454	1,242,545	6,832,384	6,488,742	
Interest Cost	4,499,389	4,616,557	4,396,373	105,796	99,404	546,591	519,099	
Current Service Cost	2,735,572	2,908,683	2,749,422	141,043	134,840	844,705	669,071	
Benefits Paid	(6,415,353)	(6,415,353)	(7,549,885)	-	-	-	-	
Actuarial (gain)/loss on obligation	5,952,644	4,524,152	3,406,500	967	(154,335)	(1,522,560)	(844,528)	
Present value of obligation as at end of the year	63,014,621	63,341,005	57,706,966	1,570,260	1,322,454	6,701,120	6,832,384	
Change in the fair value of plan assets								
Fair value of plan assets at the beginning of year	33,948,782	33,948,782	32,231,472	-	-	-	-	
Expected return on plan assets	7,001,475	6,777,667	2,931,136	-	-	-	-	
Contributions	6,419,605	6,419,605	6,336,059	-	-	-	-	
Benefits paid	(6,415,353)	(6,415,353)	(7,549,885)	-	-	-	-	
Actuarial gain/(loss) on plan assets	(274,717)	(50,909)	-	-	-	-	-	
Fair value of plan assets at the end of the year	40,679,792	40,679,792	33,948,782	-	-	-	-	
Fair Value of plan assets								
Fair value of plan assets at beginning of year	33,948,782	33,948,782	32,231,472	-	-	-	-	
Actual return on plan assets	6,726,758	6,726,758	2,931,136	-	-	-	-	
Contributions	6,419,605	6,419,605	6,336,059	-	-	-	-	
Benefits paid	(6,415,353)	(6,415,353)	(7,549,885)	-	-	-	-	
Fair value of plan assets at the end of year	40,679,792	40,679,792	33,948,782	-	-	-	-	
Funded status	22,334,829	(22,661,213)	(23,758,184)	(1,570,260)	(1,322,454)	(6,701,120)	(6,832,384)	
Actuarial gain / loss recognized								
Actuarial gain/(loss) on obligation	(4,524,152)	(4,524,152)	(3,406,500)	(967)	154,335	1,522,560	844,528	
Actuarial (gain)/loss for the year - plan assets	50,909	50,909	-	-	-	-	-	
Total (gain)/ loss for the period	4,575,061	4,575,061	3,406,500	967	(154,335)	(1,522,560)	(844,528)	
Actuarial (Gain)/Loss recognised in the year	4,575,061	4,575,061	3,406,500	967	(154,335)	(1,522,560)	(844,528)	
The amount to be recognized in the balance sheet and statement of profit & loss								
Present value of obligation as at end of the year	63,014,621	63,341,005	57,706,966	1,570,260	1,322,454	6,701,120	6,832,384	
Fair value of plan assets at the end of year	40,679,792	40,679,792	33,948,782	-	-	-	-	
Funded status	22,334,829	(22,661,213)	(23,758,184)	(1,570,260)	(1,322,454)	(6,701,120)	(6,832,384)	
Net liability recognized in balance sheet	(22,332,829)	(22,661,213)	(23,758,184)	(1,570,260)	(1,322,454)	(6,701,120)	(6,832,384)	
Expenses recognized in statement of Profit & Loss								
Current service cost	2,735,572	2,908,683	2,749,422	141,043	134,840	844,705	669,071	
Interest cost	4,499,389	4,616,557	4,396,372	105,796	99,404	546,591	519,099	
Expected return on plan assets	(7,001,475)	(6,777,667)	(2,931,136)	-	-	-	-	
Net actuarial (gain)/loss recognized in the year	6,227,361	4,575,061	3,406,500	967	(154,335)	(1,522,560)	(844,528)	
Expenses recognized in statement of Profit & Loss	6,460,847	5,322,634	7,621,158	247,806	79,909	(131,264)	343,642	

Investment details - invested with LIC

100%

100%

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41.4 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	
	2015	2014	2015	2014	2015	2014		
a. Discount rate	8%	8%	8%	8%	8%	8%	8%	
b. Mortality rate	IALM[2006-2008]		IALM[2006-2008]		IALM[2006-2008]		IALM[2006-2008]	
c. Withdrawl rate								
	Lucknow unit	Other units						
- upto 30 years of age	5.00	3.00	3.00	5.00	3.00	5.00	3.00	
- upto 44 years of age	3.00	2.00	2.00	3.00	2.00	3.00	2.00	
- above 44 years of age	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
d. Future salary increase	10%	7%	7% - 10%	7%	7%	7% - 10%	7% - 10%	

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

* Salary increase considered by actuary is 10% (2014- 10%) in respect of Lucknow unit and all other units is 7% (2014-7%)

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

41.6. In the figures provided by LIC for Gratuity (Funded) for Lucknow Unit, there were differences between net liability at close of last year and opening balance of current year. Further, in respect of transferred employees, LIC has stated that AS 15 requirement are not generated for 2014-15. The company has got actuarial valuation of gratuity liability in respect of Lucknow Unit and the transferred employees from an independent approved actuary. In case of Lucknow Unit, there is a variation in withdrawl rate also.

41.7

Description	Gratuity					Leave Encashment						
	Funded		Non Funded			Funded		Non Funded				
	2015 (₹)	2014 (₹)	2013 (₹)	2012 (₹)	2015 (₹)	2014 (₹)	2013 (₹)	2012 (₹)	2015 (₹)	2014 (₹)	2013 (₹)	2012 (₹)
Present value of obligation as at end of the year	63,341,005	57,706,966	54,704,556	53,309,651	1,570,260	1,322,454	1,242,545	973,634	6,701,120	6,832,384	6,488,742	6,580,522
Fair value of plan assets at the end of year	40,679,792	33,948,782	32,231,472	30,891,867	-	-	-	-	-	-	-	-
Surplus / (Deficit)	(22,661,213)	(23,758,184)	(22,473,084)	(22,417,784)	(1,570,260)	(1,322,454)	(1,242,545)	(973,634)	(6,701,120)	(6,832,384)	(6,488,742)	(6,580,522)
Experience Adjustments on Plan Liabilities [(Loss)/Gain]	-	-	-	-	-	-	-	-	-	-	-	-
Experience Adjustments on Plan Assets [(Loss)/Gain]	-	-	-	-	-	-	-	-	-	-	-	-

		Year ended 31 st March	
		2015	2014
		₹	₹
42.	Earnings per share Computation of both basic and diluted earnings per share of ₹ 10/- each		
	Profit for the year after tax	2,71,32,102	4,71,88,517
	Number of Equity Shares	54,00,000	54,00,000
	Basic & Diluted earnings per share of face value of ₹ 10/-	5.02	8.74
43.	Earnings in foreign currency On Hotel Earnings (realization basis) (includes Indirect Earnings from travel agents ₹16,09,99,124 (2014 ₹ 16,28,83,361) not verified by Auditors	19,71,71,034	19,94,40,496
44.	Value of imports calculated on CIF basis in respect of:		
	i) Provision, beverages & others	8,47,044	6,52,892
	ii) Capital Goods	26,59,193	4,37,230
45.	Expenditure in foreign currency Travelling, advertisement, subscription training etc.	15,62,878	58,10,919
	Commission	5,60,200	4,52,909

46. Consumption of provisions, beverages and others:

Particulars	2015		2014	
	₹	%	₹	%
Imported	7,62,537	0.60	19,52,789	1.76
Indigenous	12,61,21,416	99.40	10,87,34,503	98.24
	12,68,83,953	100.00	11,06,87,292	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. a) The Company was required to spend an amount of ₹. 21,28,518 on CSR activities during the year ended 31st March, 2015.

b) Due to unavoidable circumstances and disputes, the Company could not formulate/approve the CSR policy and no amounts were spent during the year.

49. Remuneration aggregating to ₹.78,902/- (being the amount of remuneration in excess of Section II, Part II, of Schedule V of the Companies Act 2013) was paid to Chairman & Managing Director, Shri. Birendra Kumar during the financial year 2014-15 which has been credited to salary, wages, bonus etc. under Employee Benefits Expenses in the Statement of Profit & Loss and correspondingly shown under long term loans & advances. This has been recovered the cash in June, 2016.

50. The Ministry of Law and Justice vide Gazette Notification dated 1st January, 2016 has amended the Payment of Bonus Act, 1965 which is deemed to have come into force on 1st day of April, 2014 by way of amendment the definition of employee and calculation of bonus. The said notification has been stayed by various Hon'ble High Courts at Karnataka, Kerala, Rajasthan, UP etc. Accordingly the Company has not provided for additional bonus in view of such stay granted.
- 51.1 The Company had taken corporate steps for compliance with Minimum Public Shareholding (MPS) requirement, by passing a board resolution dated 27.05.2013 and shareholder's resolution dated 23.07.2013 for issuance of Bonus Shares to the public shareholders. The said board resolution and the shareholders' resolution was however subject to *status quo* order dated 20.03.2013 in a civil suit filed before a Civil Court at Lucknow bearing Regular Suit No. 1574 of 2012, titled *Birendra Kumar & Ors. vs. Sushil Kumar & Ors.* ("Civil Suit"). There are currently several cross pending litigations filed by both the Joint Managing Directors which are pending before various forums as follows:
1. *Birendra Kumar & Ors. vs. Sushil Kumar & Ors.* ("Civil Suit") filed by three members of the promoter group family against other family members and the Company is also a party to the same.
 2. An SLP bearing No. 26561 of 2014 filed by Shri 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.
- 51.2 The Company was further not able to take requisite steps for issuance of Bonus Shares to the public shareholders even after the EGM held on 29.04.2014 as 62.5% of promoter shareholders have not waived off their right to subscribe to Bonus shares. Securities & Exchange Board of India *vide* its order dated 02.12.2014 has *inter alia* directed freezing of voting rights and corporate benefits with respect to excess of proportionate promoter/promoter group shareholding and other directions against the promoter shareholders and directors. The Company has preferred an appeal against the said order dated 02.12.2014 before the Securities Appellate Tribunal. The Tribunal *vide* its Order dated November 11, 2016 permitted the Company to withdraw the appeals before SAT with liberty to move an application before the appropriate authority seeking permission to delist the Company and for that purpose seek modification of the aforesaid orders dated 4th June, 2013 and 2nd December, 2014 from SEBI. The Order further states that in the event of the application for delisting being rejected, appellants are at liberty to approach SAT to challenge the said orders as also the impugned orders.
- 51.3 The Company is in the process of analyzing the order of the Securities Appellate Tribunal and is taking required steps either to delist the company or comply with Minimum Public Shareholding (MPS) requirement.
- 52.1 Both the Joint Managing Directors and CFO have raised concerns regarding working of hotels, certain aspects of management and matter specified under Para 52.2. They have also given a caveat certificate to the auditors as regards the matter specified in para 52.2. Due to the ongoing disputes and internal differences, there are difference of opinion / disagreement in the manner, the internal control needs to be operated.
- 52.2 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. Shri 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.

- 53.1 On account of various disputes/litigations, difference of opinion / disagreement, the Company has been unable to comply with various provisions of Listing Agreement, Securities & Exchange Board of India Rules & Regulations, Companies Act, 2013, Income Tax Act, 1961 etc. for the year 2014-15 along with various aspects of management and internal issues .
- a) The company has not complied with Clause 41 of the Listing Agreement as it has not published financial results for any of the quarters ending after 31st March, 2014. The trading of the shares in the company has been suspended and the depositories have been asked to freeze the entire shareholding of the promoter & promoter group of the company and the Stock Exchange has also levied a Penalty on the Company vide BSE letter 12TH January 2015 .
 - b) The Company has not filed the Corporate Governance Report with the Stock Exchange for any of the quarters ending after 30th June, 2014 and the stock Exchange has also served notices on 17th November, 2014 & 18th February, 2015 and levied a Penalty on the Company as the Company has defaulted to Comply with the provision of Clause 49 of the Listing Agreement.
 - c) The Stock Exchange has served a Show Cause Notice to the Company for Non Closure of Register of members and Transfer Books for the Year 2014 which is a Default of Clause 16 of the Listing Agreement.
 - d) The Company has also made a default of Clause 32 of the Listing Agreement as the Company has not supplied the Annual Report to the Shareholders of the Company.
 - e) The Company has not complied with the Clause 40A of the Listing Agreement with regard to Minimum Public Shareholding (MPS).
 - f) The Company has not yet achieved 100 percent dematerialization of the promoter's shareholding as per SEBI circular.
 - g) The Company has not Conducted its Annual General Meeting for the Financial Year ended 31st March, 2015 in time thereby it has defaulted under section 96 of the Companies Act, 2013.
 - h) The Existing Independent Director of the Company have to be Re-appointed within one year from 1st April, 2014 in accordance with Section 149(10) and (11) read with Schedule IV of the Companies Act, 2013 and as per General Circular 14/2014 dated 9th June, 2014 of the Ministry of Corporate Affairs. However till date the Company has not re-appointed the Existing Independent Directors hence made a default under the provisions of the Companies Act, 2013. Further, with an Executive Chairman the number of Independent Directors has to be increased to 50 percent of the Board strength as per Clause 49 of the Listing Agreement. The Company has also contravened the provisions of Section 152 of the Companies Act, 2013 which states that the Total number of Retiring directors shall be 2/3rd of the Total Number of Directors.
 - i) The Company has constituted the Audit Committee and Nomination and Remuneration Committee and Stake Holders Relationship Committee but the constitution of the Audit Committee and Nomination and Remuneration Committee were not as per the requirements of Section 177 and 178 of the Companies Act, 2013 and Listing Agreement during the financial year. Further the other conditions as mentioned under the Listing Agreement and Section 177 & 178 were not complied with.
 - j) As per section 173(1) of the Companies Act, 2013 the gap between the two meetings shall not exceed 120 days. However the Company has contravened the provision of this Section.

- k) The Vigil Mechanism/whistle Blower Policy under section 177(9) of the Companies Act, 2013 for Directors and Employees to report genuine concerns has not yet formulated and placed on the website of the Company.
 - l) The Company has not appointed the Internal Auditors for the financial year 2014-2015 in time as required to be appointed under Section 138 and Rule 13 of the Companies (Accounts) Rules, 2014.
 - m) The Company has constituted the Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013 but the Terms of Reference and Policy were not made by the Company nor published on the website of the Company. Further No Expenditure was made on the CSR Projects.
 - n) The Related Party Transactions were not approved by the Board nor by the Audit Committee in their meeting (Audit Committee is not properly constituted). Further no Contracts with the Related Party was approved therefore the same was not entered in the Register maintained under Section 189 of the Companies Act, 2013.
 - o) The Accounts of the Company for financial year 2014-15 as required under Section 129 of the Companies Act, 2013 were not audited in time.
 - p) The Company has not filed the Tax Audit Report in time to the Tax Authorities.
 - q) The Company's capital budget and operation budget were not approved by the Board of Directors.
- 53.2 All the above defaults and non-compliances result in penalties, prosecution of officer- in-default etc. which are not quantifiable at this stage. The Management believes that the outcome of the above will not have any material adverse effect on the financial position of the Company.
- 53.3 After appointment of Non-Executive Chairman & Independent Director on 19th August, 2016 by the Hon'ble NCLT, the requirement of provisions of Companies Act, 2013 regarding composition of the board of directors, and the formation of Audit Committee & other committees etc., are being complied. The company has also complied with the requirement of appointment/reappointment of independent directors (for which shareholders' approval is yet to be obtained) /internal auditors and formulation of various policies regarding Corporate Governance. The company is taking necessary steps to comply with the remaining regulatory requirements.
54. Shareholders' approval by way of Special resolution is required for-
- a) Re-appointment of Late Shri Birendra Kumar as Chairman & Managing Director for the period 15th May, 2015 to 17th January, 2016 and filing of MR1 which is pending.
 - b) 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.
55. The accounts were not authenticated by a Company Secretary as required by section 203 of Companies Act, 2013. The Company Secretary has been appointed on 15th February, 2017.
56. The Company has received notice from Registrar of Companies dated 4th October, 2016 for non-compliance of various provisions of Companies Act, 2013 including holding of Annual General Meeting for the financial year 2014-15 against which application has been preferred before the Hon'ble National Company

Law Tribunal. Subsequently, vide its order dated 21st December, .2016 in these proceedings, the Hon'ble National Company Law Tribunal has directed that the parties to set rights the things in order in relation to statutory compliances at the earliest and not later than 31st March.2017 for the year ended 31st March,2015 and 3st March,.2016. The Company is taking necessary/corrective steps to comply with this directive. The Company has also received Notice dated 28th December, 2016 under Section 206(4) of the Companies Act, 2013 from office of the Registrar of Companies, Ministry of Corporate Affair, Government of India asking for information / explanations on certain matters. The Company has replied to such notice on 24th January, 2017.

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

For and on behalf of the Board

Sd/-
Bisheshwar Prasad Singh
Chairman
DIN: 06949954

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

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

New Delhi
20th February, 2017

ATTENDANCE SLIP

54th Annual General Meeting held on **Saturday, the 18th day of March, 2017**

Folio No./ DP 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 a member(s)/proxy for the member(s) of the Company. I/We hereby record my/our presence at the 54th Annual General Meeting for the F.Y ending 31-03-2015 of the Company, to be held on Saturday, **18th day of March, 2017** at 9:30 am at P H D House, Opposite Asian Games Village, New Delhi- 110016.

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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 the Meeting.

Form No. 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]

<p>Name of the member(s):</p> <p>Registered Address:</p> <p>E-mail ID:</p> <p>Folio No./ Client ID:</p> <p>DP ID:</p>
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I/We, being the member(s) ofshares of the above named Company, hereby appoint

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

as my/our Proxy to attend vote (on a poll) for me/us and on my/our behalf at the 54th Annual General Meeting for the F.Y. ending 31-03-2015 of the company to be held on Saturday, **18th day of March, 2017** at 9:30 am 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:

Resolution No.

1. Adoption of Balance Sheet, Statement of Profit & Loss and Cash flow statement and the Reports of the Board of Directors and Auditors thereon for the financial period ended on March 31, 2015.
2. Declaration of the Final Dividend on Equity Shares for the financial year ended 31-03-2015
3. Ratification of M/s. Ray & Ray, Chartered Accountants as Statutory Auditors of the Company.
4. Re-Appointment and fixation of remuneration of Late Shri Birender Kumar for a period of one year w.e.f. 15th May, 2015
5. Re-Appointment and fixation of remuneration of Shri Apurv Kumar for a period of one year w.e.f. 15th May, 2015
6. Re-Appointment and fixation of remuneration of Shri Rupak Gupta for a period of one year w.e.f. 15th May, 2015
7. Re-Appointment and fixation of remuneration of Smt Supriya Gupta for a period of one year w.e.f. 15th May, 2015

Signed this day of 2017

Signature of the 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

