

U.P. HOTELS LTD.

Registered Office & Operations Head Quarters

1101, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi-110001

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CIN No. : L55101DL1961PLC 017307 • PAN No. : AADCS1783J



**CLARKS
GROUP OF
HOTELS**

March 27, 2018

BSE Ltd.
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001.
Security Code: 509960

Sub: Quarterly results

Sir,

Pursuant to your email dated 28.02.2018, please find enclosed the revised Audited results for the quarter & year ended 31.03.2017 in compliance with Regulation 30 & 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with Auditors' Report for the quarter & year ended 31.03.2017 and Statement of impact of audit qualifications for the financial year ended 31.03.2017 for your record.

This is for your information.

Thanking you,

For U. P. Hotels Limited

**Prakash Prusty
Company Secretary**

Encl.: as above

U. P. HOTELS LIMITED

Registered Office: 1101, Surya Kiran, 19, Kasturba Gandhi Marg, New Delhi - 110 001.
 CIN: L55101DL1961PLC017307, Website: www.hotelclarks.com, email:uphlinvestorgrievance@bol.net.in

AUDITED FINANCIAL RESULTS FOR THE QUARTER & YEAR ENDED 31ST MARCH, 2017

(Figures in Rs. lakhs)

	Particulars	Quarter ended			Year ended	
		31.03.2017 (Audited)	31.12.2016 (Unaudited)	31.03.2016 (Audited)	31.03.2017 (Audited)	31.03.2016 (Audited)
1	Revenue from Operation	2738.95	2919.64	2959.79	8789.45	8687.57
	Other Income	130.44	59.89	68.42	290.95	228.10
	Total Revenue	2869.39	2979.53	3028.21	9080.40	8915.67
2	Expenses					
	a. Cost of materials consumed	449.25	427.11	417.04	1445.00	1376.99
	b. Purchase of stock-in-trade	-	-	-	-	-
	c. Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-	-	-	-
	d. Employees benefits expense	660.10	644.64	662.74	2527.72	2543.78
	e. Depreciation and amortisation expense	163.22	162.44	171.56	650.79	679.89
	f. Finance Cost	9.34	1.24	55.34	11.31	57.64
	g. Power & Fuel	265.30	273.24	246.94	1104.06	1036.35
	h. Repair & Maintenance	203.03	74.15	360.28	451.39	597.45
	i. Other expenses	695.25	572.25	633.36	2191.36	1892.86
	Total expenses	2445.49	2155.07	2547.26	8381.62	8184.96
3	Profit before exceptional and extraordinary items and tax (1-2)	423.90	824.46	480.95	698.78	730.71
4	Exceptional Items	-	-	-	-	-
5	Profit before extraordinary items and tax (3-4)	423.90	824.46	480.95	698.78	730.71
6	Extraordinary items	-	-	-	-	-
7	Profit before tax (5-6)	423.90	824.46	480.95	698.78	730.71
8	Tax Expense					
	Current Tax	318.17	-	378.16	318.17	378.16
	Deferred Tax	(34.62)	-	(40.35)	-34.62	(40.35)
		283.55	0.00	337.81	283.55	337.81
9	Net Profit for the period (7-8)	140.35	824.46	143.14	415.23	392.90
10	Paid up equity share capital (face value Rs. 10/- per share)	540.00	540.00	540.00	540.00	540.00
11	Reserves excluding revaluation reserves				7708.14	7292.92
12	Earnings Per Share in Rupees - Basic and diluted	2.60	15.27	2.65	7.69	7.28

Notes :-

- The above results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on 24th February 2018.
- Figures for the previous year have been regrouped wherever necessary.
- The company has only one business segment i.e. hotel business.
- The income tax has been accounted for at the close of the financial year.
- There were disputes/disagreement between the promoters during the period and also during the Financial Year 2016-17 as such quarterly results of the company were not prepared and submitted to the then auditors M/s Ray & Ray, for their review. The details of disputes/disagreement, non-compliances and actions taken by the company are appearing in the financial statements of the Company for the financial year ended 31.03.2017 under "Notes to Accounts". Hence specific disputes/disagreement, non compliances have not been given in these financial results.
- M/s Ray & Ray, Chartered Accountants, had audited the Financial Statements of the Company for the financial year ended 31st March, 2017, have vacated the office of the Auditors pursuant to provisions of Section 139 of the Companies Act, 2013. M/s Satinder Goyal & Co., Chartered Accountants, have been appointed as Statutory Auditors of the Company at the 56th Annual General Meeting of the Company held on 25th September, 2017. Since the financial results for the quarter could not be submitted to previous auditors during the prescribed time, the same have been submitted now to new auditors, M/s Satinder Goyal & Co. for compliance of listing agreement.



7 The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the year to date figures upto the third quarter of the current financial year.

8 **Statement of Assets and Liabilities**

Sl. No.	Particulars	Standalone	
		As at 31.03.17 (Audited)	As at 31.03.16 (Audited)
1	2	3	4
A	EQUITY AND LIABILITIES		
1	Shareholders' Funds		
	(a) Share Capital	540.00	540.00
	(b) Reserve and Surplus	7,708.14	7,446.77
	Shareholders' Funds	8,248.14	7,986.77
2	Non-Current Liabilities		
	(a) Long-term Borrowings	-	-
	(b) Deferred Tax Liabilities (net)	293.71	328.34
	(c) Other Long Term Liabilities	274.97	145.72
	(d) Long Term Provisions	84.90	82.02
	Non-Current Liabilities	653.58	556.07
3	Current Liabilities		
	(a) Short-term Borrowings	-	-
	(b) Trade Payables		
	i. Total outstanding dues of micro enterprises and small enterprises	-	-
	ii. Total outstanding dues of creditors other than micro enterprises and small enterprises	1,068.42	915.89
	(c) Other Current Liabilities	611.97	595.11
	(d) Short Term Provisions	216.06	705.16
	Current Liabilities	1,896.44	2,216.17
	TOTAL - EQUITY AND LIABILITIES	10,798.17	10,759.01
B	ASSETS		
1	Non-Current Assets		
	(a) Tangible Asset	5,991.17	5,976.70
	(b) Intangible Asset	7.25	4.50
	(c) Non-Current Investments	-	-
	(d) Deferred Tax Assets (net)	-	-
	(e) Long- Term Loans and Advances	104.46	94.97
	(f) Other Non-Current Assets	2.61	2.44
	Non-Current Assets	6,105.49	6,078.60
2	Current Assets		
	(a) Current Investments	892.21	808.88
	(b) Inventories	345.12	280.26
	(c) Trade Receivables	975.57	835.45
	(d) Cash and Cash Equivalents	2,236.95	2,529.22
	(e) Short-Term Loans and Advances	169.47	152.12
	(f) Other Current Assets	73.35	74.49
	Current Assets	4,692.68	4,680.41
	TOTAL - ASSETS	10,798.17	10,759.01

FOR U. P. HOTELS LIMITED

Place: New Delhi
Date: 24.02.2018



APURV KUMAR
JOINT MANAGING DIRECTORS

RUPAK GUPTA
JOINT MANAGING DIRECTORS



506, 5th Floor, Ambadeep Building, 14, K G Marg
New Delhi-110001. Ph – 011-49425734
mail : satindergoyalandco@gmail.com

SATINDER GOYAL & CO.
CHARTERED ACCOUNTANTS

**Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company
Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015**

To
**Board of Directors of
U. P. Hotels Limited**

M/s Ray & Ray, Chartered Accountants, the previous auditors of **U. P. Hotels Limited** (herein after referred to as "the company") had audited the accounts of the company for the year ending 31st March 2017, have vacated the office of the auditors pursuant to the provisions of section 139 of the Companies Act, 2013.

Due to certain disputes /disagreement between the promoters during the period, the statutory audit was conducted late and auditors gave their report only on 8th August, 2017 and the quarterly and year to date results of the company, required in terms of Listing Regulations, were not prepared and submitted to the then auditors for their review. As such, the company could not take from the then auditors, their Report on Quarterly Financial Results and Year to Date Results of the Company for the period ending 31.3.2017 pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have been appointed as statutory auditors of the company at the 56th Annual General Meeting of the company held on 25th September 2017.

Now, to comply the listing regulations, the company has submitted before us the quarterly financial results as well as the year to date audited financial results for period ending 31.3.2017. These quarterly financial results as well as the year to date financial results have been prepared by the company, which are the responsibility of the company's management and have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

We have reviewed the accompanying statement of quarterly financial results of the company for the quarter ended 31st March, 2017 and the year to date audited results for the period 01st April, 2016 to 31st March, 2017 being submitted by the company pursuant to the requirement



of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The previous auditors have given qualified opinion as per their audit report dated 8th August, 2017 (copy of Audit Report enclosed and forms part of this report). In the Qualified Opinion paragraph, They have stated that :-

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

In our opinion and to the best of our information and according to the explanations given to us, these quarterly financial results as well as the year to date results are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard.

Place : New Delhi
Date : 15th March, 2018

For Satinder Goyal & Co.
Chartered Accountants
FRN No : 027334N



S K Goyal
(Partner)

M. No. - 084613



RAY & RAY

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of U.P. Hotels Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **U.P. Hotels Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

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

Basis of Qualified Opinion

Attention is drawn to the following notes:

- (i) Note 51 as regards incurring an amount of Rs. 1,210,331 during the year on Corporate Social Responsibility (CSR) activities against which only Rs. 380,725 was spent. Further the cumulative balance unspent amount of CSR activities as on 31st March, 2017 amounted to Rs. 4,329,837.
- (ii) Note 52 as regards an advance in nature of loan to two relatives of a Joint Managing Director for which compliance of Section 185 of the Companies Act, 2013 could not be made.
- (iii) Note 53.1 to 53.3 as regards non-compliance of Minimum Public Shareholding by way of issue of bonus shares in terms of shareholders resolution dated 23.07.2013 on account of various litigations, delisting etc. as explained in the said notes. As such, the Company is yet to comply with the Listing Regulation as regards Minimum Public Shareholding, Securities & Exchange Board of India directives etc. This matter is yet to be sorted out amongst the promoters/promoter groups. This was also mentioned in our previous report.
- (iv) Note 54.1 to 54.3 as regards concerns raised by the two Joint Managing Directors regarding working of the hotels and certain/various aspects of management and other matters, petition filed by one Joint Managing Director under Sections 397/398, 402, 403 and 237 of the Companies Act, 1956 and Sections 219 & 220 of the Companies Act, 2013 for oppression & mismanagement and raising of various concerns before the Company Law Board (now the National Company Law Tribunal) and contesting of the petition by the other Joint Managing Director which is explained in the said notes, on which we are unable to make any comment. The matter is pending. Due to ongoing disputes and internal differences, there are differences of opinion/disagreement in the manner in which the internal financial controls need to be strengthened further and certain discrepancies / non compliances relating to various Acts, Listing Regulations etc. Further the Company could not put into an operation, the policy on risk management during the year and is the process to introduce /implement internal financial controls along with risk matrix / management system. The said note also indicates the uncertainty related to the outcome of the above legal matter i.e. petition filed.



- (v) *Note 55 as regards non-compliance of various provisions of SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 (viz. Publication of financial results for any of the quarter ending after 31st March, 2014, Minimum Public Shareholding, 100% dematerialisation of promoters shareholding), Provisions of Companies Act, 2013 (viz. Approval of Related Party Transaction under Section 188 by the Audit Committee & the Board of Directors as mentioned in para 55 (1) (d) and recording of such transaction in the register under Section 189, Non Compliance of Section 173 (1) of the Companies Act, 2013 etc.), Income Tax Act, 1961 (non-filing of tax audit reports for 2014-15 and 2015-16 and tax returns for the same) and other matters (approval of budget- capital or operation, performance etc.) as explained in said notes on account of various disputes/litigations, differences of opinion/disagreements etc. As such appropriate discussions / supervision / review / flow of information / monitoring could not take place. These defaults and non-compliances in current and previous years may result in penalties etc. which are not quantifiable at this stage. This was also mentioned in our earlier report.*
- (vi) *Note 56.1 as regards notices and complaints received from Registrar of Companies by the Company. This also indicates the uncertainty related to the outcome of these matters.*
- (vii) *The ultimate outcome of the matter specified in paras (i) & (vi) cannot be presently be determined and its consequential impact on these financial statements cannot be ascertained.*

Qualified Opinion

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

Emphasis of Matters

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

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

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required the Companies (Auditor's Report) Order 2016, issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Companies Act, 2013 ('the Act'), we give in the Annexure-A-a statement on the matters specified in paragraphs 3 & 4 of the said Order.



2. As required by Section 143 (3) of the Act, we report that:
- a. *Except for the matters described in the Basis of Qualified Opinion paragraph, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;*
 - b. *Except for the matters described in the Basis of Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;*
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. *Except for the matters described in the Basis of Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;*
 - e. on the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013.
 - f. With respect to the adequacy of the internal financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-B.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations against the Company on its financial position in its financial statements in Note 28 A. *However, the impact of pending litigation on its financial position in its financial statements is not indicated in Note 54.2.*
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosure in Note 44.1 in its financial statement as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December, 2016 and those are in accordance with books of account maintained by the Company. *However, attention is invited to Note 44.2 where certain units encashed foreign currency in excess of limits prescribed.*

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

A.K. Sharma

(A.K. Sharma)
Partner

Membership no. 080085

Place: New Delhi
Date: 8th August, 2017



ANNEXURE-A TO INDEPENDENT AUDITORS' REPORT

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

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

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

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

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



- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 in respect of services carried out by the Company.
- (vii) a) According to records of the Company, and subject to comments below, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities *though there have been instances of delays and non-depositions/ non-deductions of tax deducted at source, provident fund/ ESI in respect of casual workers etc.*

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

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

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

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

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

- (viii) As per books and records maintained by the Company and according to the information and explanations given to us, the Company has no dues to the financial institution/bank as there was no loans outstanding from them. The Company has no debenture holder and loan from government. As such requirement of para 3 (viii) of the Order is applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debts instruments) or term loan. As such, requirement of para 3 (ix) of the Order is not applicable to the Company.



- (x) During the course of our audit of the books of accounts of the Company and *subject to Note 54.1 as regards concerns and counter concerns raised by Joint Managing Director as regards working of hotels and certain aspects of management, Note 54.2 as regards petition filed before Company Law Board under Sections 397/398, 402, 403 and 237 of the Companies Act, 1956 and Section 219 & Section 220 of the Companies Act, 2013 by one of the Joint Managing Director and reply filed by the other Joint Managing Director contesting the same and Note 56.1 iii as regards complaint forwarded by Registrar of Companies regarding non compliance of provisions of the Companies Act, 2013 and various allegations as regards remuneration to relatives of directors etc. which is denied by management. We have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the Management. The matters specified in para 54.1 and 54.2 were also mentioned in our previous year report.*
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, *all transactions with the related parties are not in compliance with Section 177 and 188 of the Companies Act, 2013. The details of such transactions have however been disclosed in the financial statements as required by the applicable standards which are also not recorded in the register under Section 189 of the Companies Act, 2013.*
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

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

A. K. Sharma

(A.K. Sharma)
Partner

Membership Number 80085

Place: New Delhi
Date: 8th August, 2017



ANNEXURE- B TO THE INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Adverse Opinion

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

(i) *Attention is invited to Note 54.1 to 54.3*

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



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

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

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

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

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

A.K. Sharma

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

Place: New Delhi
Date: 8th August, 2017



Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs. in Lakhs)

I	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (as reported after adjusting for qualifications)
	1	Turnover / Total income	9080.39	9080.39
	2	Total Expenditure	8381.61	8381.61
	3	Net Profit/(Loss)	415.22	415.22
	4	Earnings Per Share	7.69	7.69
	5	Total Assets	10798.17	10798.17
	6	Total Liabilities	10798.17	10798.17
	7	Net Worth	8248.14	8248.14
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II Audit Qualification (each audit qualification separately)				
a	A	<p>Details of Audit Qualification:</p> <p><u>Basis of Qualified Opinion</u></p> <p>(i) Note 51 as regards incurring an amount of Rs. 1,210,331 during the year on Corporate Social Responsibility (CSR) activities against which only Rs. 380,725 was spent. Further the cumulative balance unspent amount of CSR activities as on 31st March, 2017 amounted to Rs. 4,329,837.</p> <p>(ii) Note 52 as regards an advance in nature of loan to two relatives of a Joint Managing Director for which compliance of Section 185 of the Companies Act, 2013 could not be made.</p> <p>(iii) Note 53.1to 53.3 as regards non-compliance of Minimum Public Shareholding by way of issue of bonus shares in terms of shareholders resolution dated 23.07.2013 on account of various litigations, delisting etc. as explained in the said notes. As such, the Company is yet to comply with the Listing Regulation as regards Minimum Public Shareholding, Securities & Exchange Board of India directives etc. This matter is yet to be sorted out amongst the promoters/promoter groups. This was also mentioned in our previous report.</p> <p>(iv) Note 54.1 to 54.3 as regards concerns raised by the two Joint Managing Directors regarding working of the hotels and certain/various aspects of management and other matters, petition filed by one Joint Managing Director under Sections 397/398, 402, 403 and 237 of the Companies Act, 1956 and Sections 219 & 220 of the Companies Act, 2013 for oppression & mismanagement and raising of various concerns before the Company Law Board (now the National Company Law Tribunal) and contesting of the petition by the other Joint Managing Director which is explained in the said notes, on which we are unable to make any comment. The matter is pending. Due to ongoing disputes and internal differences, there are differences of opinion/disagreement in the manner in which the internal financial controls need to be strengthened further and certain discrepancies / non compliances relating to various Acts, Listing Regulations etc. Further the Company could not put into an operation, the policy on risk management during the year and is the process</p>		



to introduce /implement internal financial controls along with risk matrix / management system. The said note also indicates the uncertainty related to the outcome of the above legal matter i.e. petition filed.

- (v) Note 55 as regards non-compliance of various provisions of SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 (viz. Publication of financial results for any of the quarter ending after 31st March, 2014, Minimum Public Shareholding, 100% dematerialisation of promoters shareholding), Provisions of Companies Act, 2013 (viz. Approval of Related Party Transaction under Section 188 by the Audit Committee & the Board of Directors as mentioned in para 55 (1) (d) and recording of such transaction in the register under Section 189, Non Compliance of Section 173 (1) of the Companies Act, 2013 etc.), Income Tax Act, 1961 (non-filing of tax audit reports for 2014-15 and 2015-16 and tax returns for the same) and other matters (approval of budget- capital or operation, performance etc.) as explained in said notes on account of various disputes/litigations, differences of opinion/disagreements etc. As such appropriate discussions / supervision / review / flow of information / monitoring could not take place. These defaults and non-compliances in current and previous years may result in penalties etc. which are not quantifiable at this stage. This was also mentioned in our earlier report.
- (vi) Note 56.1 as regards notices and complaints received from Registrar of Companies by the Company. This also indicates the uncertainty related to the outcome of these matters.
- (vii) The ultimate outcome of the matter specified in paras (i) & (vi) cannot be presently be determined and its consequential impact on these financial statements cannot be ascertained.

B Report on Other Legal and Regulatory Requirements

- B-1 i. a. The Company has generally maintained proper records showing full particulars regarding valuation of different type of assets including quantitative details and situation of fixed assets. *The Company is still in the process of updating its records showing item-wise details etc. of the fixed assets.*
- i. c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the titles deeds of immovable properties are held in the name of the Company *except for the following which are in the name of the Company erstwhile Uttar Pradesh Hotels & Restaurants Limited (Note 30.2):*

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

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

- iii. *The amount shown as recoverable from Late Chairman & Managing Director amounting to Rs. 78,902 was recovered in cash on June, 2016. Further inadvertently, the Company has given an advance of Rs. 1,210,331 to two relatives of a Joint Managing Director cum CFO. A sum of Rs. 371,358 (inclusive of Rs. 157,500 in cash) was recovered during the year and balance of Rs. 870,145 (inclusive of Rs. 635,019 outstanding over 90 days) was recovered by 30th June, 2017.*
- iv. *The Company has given an advance in the nature of loan to two relatives of a director amounting to Rs. 1,241,503 for which compliance of Section 185 of the Companies Act, 2013 could not be done as mentioned in Note 52.*
- vii.a. According to records of the Company, and subject to comments below, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and



protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities though there have been instances of delays and non-depositions/ non-deductions of tax deducted at source, provident fund/ ESI in respect of casual workers etc.

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

x. During the course of our audit of the books of accounts of the Company and subject to Note 54.1 as regards concerns and counter concerns raised by Joint Managing Director as regards working of hotels and certain aspects of management, Note 54.2 as regards petition filed before Company Law Board under Sections 397/398, 402, 403 and 237 of the Companies Act, 1956 and Section 219 & Section 220 of the Companies Act, 2013 by one of the Joint Managing Director and reply filed by the other Joint Managing Director contesting the same and Note 56.1 iii as regards complaint forwarded by Registrar of Companies regarding non compliance of provisions of the Companies Act, 2013 and various allegations as regards remuneration to relatives of directors etc. which is denied by management. We have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the Management. The matters specified in para 54.1 and 54.2 were also mentioned in our previous year report.

xiii. In our opinion and according to the information and explanations given to us, all transactions with the related parties are not in compliance with Section 177 and 188 of the Companies Act, 2013. The details of such transactions have however been disclosed in the financial statements as required by the applicable standards which are also not recorded in the register under Section 189 of the Companies Act, 2013.

g. i. However, the impact of pending litigation on its financial position in its financial statements is not indicated in Note 54.2.

g. iv. However, attention is invited to Note 44.2 where certain units encashed foreign currency in excess of limits prescribed.

Adverse Opinion

(i) Attention is invited to Note 54.1 to 54.3

(a) Both the Joint Managing Directors and CFO have raised concerns regarding working of hotels, certain/various aspects of management and on the matter pending before National Company Law Tribunal for Oppression and Mismanagement. Due to the ongoing disputes and internal differences, there are differences of opinion / disagreement in the manner, the internal financial controls needs to be strengthened and certain discrepancies / non compliances relating to various Acts, Listing Agreements etc.


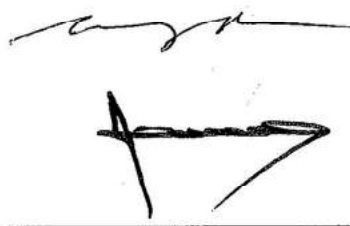
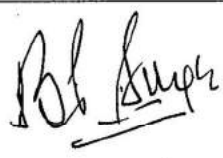


(b) In the meanwhile, a petition has been filed on 15 May 2015 by one of the Joint Managing Directors titled as Rupak Gupta Vs. UPHL & Ors. before the Company Law Board (now the National Company Law Tribunal), New Delhi against the Company and others under Sections 397/398, 402, 403 and 237 of the Companies Act, 1956 and Section 219 & Section 220 of the Companies Act, 2013 for oppression and mismanagement. The other Joint Managing Director has filed a reply to the petition on 09.05.2016 on behalf of the respondents - himself and has contested the Petition and denied all the allegations. The Petition is currently pending adjudication.

(c) The Company could only formulate the Policy for Risk Management for identification/ evaluation, monitoring and minimization of identifiable risks to ensure business growth with financial stability of the Company only on 20.02.2017. As the Policy could not be put in operation during 2016-17. Further, appropriate discussion/supervision/review/flow of information/monitoring could not take place during the year at Board and Audit Committee Meetings. Due to the differences and disagreements between the management and ongoing suits which have been filed at the Hon'ble Civil Court, Lucknow, and in the Hon'ble NCLT, New Delhi. However, the Audit Committee discuss



		<p>and takes note of the Internal Audit Report at appropriate intervals and issue verbal advise to the Internal Auditors and units for better control. The Company is in the process to introduce/implement internal financial controls along with matrix / risk management system in ensuing years.</p> <p>(ii) Based on the representation and information and explanations provided to us, the Company did not have an appropriate internal financial control system over financial reporting since the internal controls adopted by the Company did not adequately consider assessment, which is one of the components of internal control, with regard to the potential for fraud when performing risk assessment.</p>		
b	Type of Audit Qualification:	<u>Qualified Opinion</u>	<u>Disclaimer of Opinion</u>	<u>Adverse Opinion</u>
		A, B-1 and B-2 as stated above	NIL	C as stated above
c	Frequency of qualification:	<u>Qualified Opinion</u>	<u>Disclaimer of Opinion</u>	<u>Adverse Opinion</u>
		A (i): Repetitive – last 2 years A (ii): First time A (iii): Repetitive – last 3 years A (iv): Repetitive – last 3 years A (v): Repetitive – last 3 years A (vi): First time A (vii): Repetitive – last 3 years B-1. i. a. - last 4 years B-1. i. c. - last 2 years B-1. iii. - last 2 years B-1. iv. - First time B-1.vii.a. - last 3 years B-1.vii.b. - last 4 years B-1. x. - last 2 years B-1. xiii. - last 2 years B-2. g.i. - First time B-2. g.iv. - First time	NIL	C (i). (a), (b), (c) – last 2 years C (ii) - last 2 years
D		For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not quantified		
e		For Audit Qualification(s) where the impact is not quantified by the auditor:		
		(i) Management's estimation on the impact of audit qualification: There are litigations going on before Tribunal & Court. As such, their impact on profitability of the Company is not ascertainable till the time of their disposal by court/tribunal.		



	(ii) If management is unable to estimate the impact, reasons for the same: Since the litigations are still pending before courts and forums, their outcome can not be ascertained and thus the impact is not estimated.
	(iii) Auditors' Comments on (i) or (ii) above: We, Satinder Goyal & Co., have been appointed as Statutory Auditors of the Company in the Annual General Meeting of the Company held on 25 th September, 2017. As such, we have not audited the accounts of the company for the financial year ended 31 st March, 2017. The previous auditors M/s. Ray & Ray have conducted the audit of the accounts for the financial year ended 31 st March, 2017 and gave their report on dated 08.08.2017. Hence, we are unable to give our comments on (i) or (ii) above.
III	Signatories:
CEO/Managing Director	
CFO	
Audit Committee Chairman	
Statutory Auditor	 
	Place: New Delhi
	Date: 15.03.2018

