REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

1. Your Board of Directors ('the Board') hereby submits their Report for the financial year ended 31st March, 2018.

2. **FINANCIAL PERFORMANCE**

During the year under review, your Company recorded an Operating Income of ₹ 5,701 lakhs (previous year: ₹ 5,219 lakhs) showing a growth of 9%. The Other Income of the Company was ₹ 136 lakhs (previous year: ₹ 224 lakhs). Profit for the year was ₹ 48.04 lakhs (previous year: loss of ₹ 151.92 lakhs).

The financial results of your Company, summarised, are as under:

	For the year ended 31st March, 2018 (₹ in lakhs)	For the year ended 31st March, 2017 (₹ in lakhs)
Profits		
a. Profit Before Tax	(49.41)	(253.18)
b. Less : Tax Expense		
Current Tax	–	–
Deferred Tax	(97.45)	(101.26)
c. Profit for the year	48.04	(151.92)
d. Add : Other Comprehensive Income / (Loss)	(8.11)	1.83
e. Total Comprehensive Income	39.93	(150.10)
Retained Earnings		
a. At the beginning of the year	6,467.13	6,617.22
b. Add : Profit for the year	48.04	(151.92)
c. Add : Other Comprehensive Income / (Loss)	(8.11)	1.83
d. At the end of the year	6,507.06	6,467.13

3. **OPERATIONAL PERFORMANCE**

Your Company's hotel 'ITC Kakatiya' in Hyderabad improved its performance during the year on the back of higher room occupancy rates and robust growth in Food and Beverages revenue. However, overall room rates remained under pressure.

Your Company's 101-key full service hotel in Amritsar, located on a land parcel assigned to the Company by ITC Limited, the Holding Company, is under development. Civil works are nearing completion and interior work is underway.

During the year, the Times Food Guide award for 'Dakshin' (Best South Indian Fine Dining) and 'Marco Polo' (Best Resto Bar) were bagged by ITC Kakatiya. TripAdvisor rated ITC Kakatiya as No. 1 in the city cluster hotels and No. 3 in the city. The hotel's restaurant Kebabs & Kurries and Dakshin were adjudged as the best restaurants in Hyderabad by TripAdvisor, ranking them No. 1 and No. 3 respectively.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

a) **Changes in Directors and Key Managerial Personnel during the year**

The Board on the recommendation of the erstwhile Nomination and Remuneration Committee, appointed Mr. Anil Chadha (DIN: 08073567) and Mr. Ramanapradeep Reddy Nallari (DIN: 00096144), as Additional Directors of the Company with effect from 6th March, 2018. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 138 of Articles of Association of the Company, Mr. Chadha and Mr. Reddy will vacate office at the ensuing Annual General Meeting ('AGM') and are eligible for appointment as Director of the Company. Your Board at the meeting held on 21st April, 2018 recommended for the approval of the Members, the appointment of Mr. Chadha and Mr. Reddy as Non-Executive Directors of the Company, liable to retire by rotation. Requisite Notice under Section 160 of the Act have been received by the Company for appointment of Mr. Chadha and Mr. Reddy, who have filed their consent to act as Director of your Company, if appointed. Appropriate resolution seeking your approval to the aforesaid appointments is appearing in the Notice convening the ensuing AGM of your Company.

During the year under review, Mr. Subba Rao Tulasi and Mr. Raghavaiah Veera Kolamala, ceased to be Independent Directors of your Company with effect from 17th March, 2018, on completion of term. Your Directors place on record their appreciation for the contributions made by Mr. Tulasi and Mr. Kolamala during their respective tenure.

b) **Retirement by Rotation**

In accordance with the provisions of Section 152(6) of the Act read with Articles 151 and 152 of the Articles of Association of the Company, Mr. G. V. Pranav Reddy (DIN: 06381368) and Mr. G. Sivakumar Reddy (DIN: 00439812), Directors, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers themselves for re-appointment. Your Board has recommended their re-appointment.

5. **BOARD AND BOARD COMMITTEES**

Your Company, being a wholly owned subsidiary, is no longer required to constitute Audit Committee and Nomination and Remuneration Committee, in terms of Notification dated 13th July, 2017, issued by the Ministry of Corporate Affairs, Government of India. Accordingly, your Board dissolved the Nomination and Remuneration Committee of the Company with effect from 17th March, 2018.

The present composition of the Audit Committee is given below:

Mr. J. Singh	-	Chairman
Mr. D. Haksar	-	Member
Mr. N. R. Pradeep Reddy	-	Member

The present composition of the Corporate Social Responsibility Committee is given below:

Mr. G. S. Reddy	-	Chairman
Mr. J. Singh	-	Member
Mr. D. Haksar	-	Member

Four meetings of the Board were held during the year ended 31st March, 2018.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 of the Act, your Directors confirm having:

i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;

ii) selected such accounting policies and applied them consistently and made judgements 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;

iii) taken proper and sufficient care for the 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 fraud and other irregularities;

iv) prepared the Annual Accounts on a going concern basis; and

v) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

7. **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any subsidiary, associate or joint venture.

8. **PARTICULARS OF EMPLOYEES**

Your Company continues to attract and retain talent of the highest quality. Your Directors place on record their sincere appreciation for the efforts made and the support rendered by the employees of the Company. The Company provides a gender friendly workplace and no case of sexual harassment was reported during the year.

The details of top ten employees of the Company in terms of remuneration drawn, as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in Annexure 1 to this report.

9. **RISK MANAGEMENT**

The Company's risk management framework, designed to bring robustness to the risk management processes in the Company, addresses risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

Management of risks vests with the executive management which is responsible for the day-to-day conduct of the affairs of the Company within the overall framework approved by the Board. The Internal Audit Department of ITC Limited, the Internal Auditor of the Company, periodically carries out, risk focused audits with the objective of identifying areas where risk management processes could be strengthened. As required under the Risk Management Policy of the Company, a Risk Mitigation Report back is prepared on half-yearly basis and reviewed by the Managing Director of the Company. Further, an annual update is provided to the Audit Committee on the effectiveness of the Company's risk management systems and policies. The Board expressed satisfaction with the implementation of the risk mitigation strategies adopted by the Company against various risks.

10. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with respect to the financial statements, commensurate with its size and scale of operations. The Internal Auditor of the Company periodically evaluates the adequacy and effectiveness of internal financial controls. The Audit Committee which provides guidance on internal controls also reviews internal audit findings and implementation of internal audit recommendations.

During the year, the internal financial controls in the Company with respect to the financial statements were tested and no material weakness in the design or operation of such controls was observed. Nonetheless your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Annual Report on CSR activities of the Company in terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as Annexure 2 to this Report.

Keeping in view the financial position of the Company and non-applicability of the CSR provisions, no contribution was made towards CSR activities during the financial year 2017-18.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year ended 31st March, 2018, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

13. RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2018, the Company has not entered into any contract or arrangement with its related parties which is not on arm's length basis nor has the Company entered into any material contract or arrangements with them, in terms of Section 188 of the Act.

14. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators / Courts / Tribunals impacting the going concern status of the Company and its future operations.

15. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 3** to this Report.

16. STATUTORY AUDITORS

The Company's Statutory Auditors, Messrs Deloitte Haskins & Sells LLP ('DHS'), Chartered Accountants, were appointed with your approval at the Thirty-Second AGM to hold such office till the conclusion of the Thirty-Seventh AGM. On the recommendation of the Audit Committee, your Board has recommended for the ratification of the Members, appointment of DHS from the conclusion of the ensuing AGM till the conclusion of the Thirty-Fourth AGM. On the recommendation of the Audit Committee, the Board, has also recommended for the approval of the Members, remuneration of DHS for the financial year 2018-19. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of your Company.

17. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy

Steps taken on Conservation of Energy and impact thereof:

S. No.	Description
1.	Revamping of Cooling Towers
2.	Procurement of New Cooling Towers (CTI) Certified

Steps taken by the Company for utilising alternate sources of energy: Nil

Capital investment on energy conservation equipment:

S. No.	Description	₹ in Lakhs
1.	Procurement of New Cooling Towers (CTI) Certified	₹ 29.33

Technology Absorption

i) Efforts, in brief, made towards technology absorption and benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. is provided hereunder:

S. No.	Description	Benefits
1.	Installation of CTI (Cooling Technology Institute) Certified Cooling Tower	Energy Saving
2.	Installation of New Crash Resistant Barriers for In Gate & Out Gate	Safety Enhancement
3.	Installation of Sound proof Windows for Road facing rooms	Guest Experience
4.	Fire pump room pipe line modification work	Safety Enhancement
5.	Soft refurbishment of rooms in 11th & 12th floor	Guest Experience

ii) The Company neither imported any technology during the year nor incurred any expenditure on research and development.

Foreign Exchange Earnings and Outgo

The foreign exchange earnings of your Company during the year aggregated ₹ 1359.37 lakhs (previous year: ₹ 930.58 lakhs) while the foreign exchange outflows aggregating ₹ 135.43 lakhs (previous year: ₹ 131.90 lakhs).

On behalf of the Board

Date: 21st April, 2018
Place: New Delhi

G. S. Reddy
Chairman

Annexure 1 to the Report of the Board of Directors for the financial year ended 31st March, 2018

[Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Names of employees	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of commencement of employment / deputation	Previous Employment / Position Held
1	2	3	4	5	6	7	8	9
Virender Razdan*	53	Managing Director	52,66,136/-	21,16,087/-	B.S.C, Hotel Management	30	29.08.2016	ITC Limited, General Manager
Rakshit Kapoor*	33	Chief Financial officer	28,98,970/-	21,63,922/-	A.C.A	10	24.03.2017	ITC Limited, Finance Manager
Srinivas Rao Mortha	51	Jr. Executive	7,23,005/-	5,72,931/-	Graduate	23	31.07.1995	Marriot Hotel & Convention Centre, Hyderabad, F & B Production Associate
Akkem Shiva Kumar	39	F&B Executive	6,23,468/-	5,60,708/-	Intermediate	19	10.08.1998	Holiday Inn Krishna, Assistant Steward
Venu Gopal	45	Laundry Incharge	6,20,100/-	5,76,238/-	Matriculate	2	11.07.2016	The Park, Hyderabad, Laundry Manager
Ammisetti Lakshman Raja	48	Jr. Executive	5,75,636/-	5,45,780/-	Graduate	23	06.06.1995	APSIDC Ltd, Executive Secretary
Teja Sundar Raj	51	Executive Secretary	5,61,175/-	5,35,430/-	Graduate	17	11.10.1999	Orbit Technologies Pvt. Ltd, Executive Secretary
Sambasiva Rao Bhimavarapu	50	Jr. Executive	5,49,286/-	4,93,598/-	Matriculate	23	01.10.1995	J.J Associates, Electrical Supervisor
Kandadi Subramanaim Ravi Kumar	57	Jr. Executive	5,46,275/-	4,83,546/-	Matriculate	23	01.09.1995	The Krishna Oberoi, Hyderabad, Kitchen Stewarding Associate
Archana Koul	37	Head - Customer Relations	5,28,738/-	4,92,773/-	Graduate	1	23.03.2017	Spice Jet Airlines, Cabin Crew

* On deputation from ITC Limited, the Holding Company.

Notes:

a. In respect of employees on deputation, gross remuneration disclosed as above is the deputation cost which is borne by the Company.

b. For the other employees, gross remuneration includes salary, variable pay, allowances & other benefits / applicable perquisites except provisions for gratuity and leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.

c. Net remuneration comprises cash income less income tax, education cess deducted at source and employee's own contribution to provident fund.

d. The Managing Director and the Chief Financial Officer have been granted Stock Options by ITC Limited, the Holding Company, under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. Since such Options are not tradeable, no perquisite or benefit is immediately conferred upon them by such grant of Options, and accordingly the said grant has not been considered as remuneration.

e. All appointments (except deputed employees) are / were contractual in accordance with terms and conditions as per Company's rules.

f. The aforesaid employees are neither relative of any Director of the Company nor hold any equity share in the Company.

Dated : 21st April, 2018
Place: New Delhi

On behalf of the Board

G. S. Reddy — **Chairman**
V. Razdan — **Managing Director**

Annexure 2 to the Report of the Board of Directors

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2018

[Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken:	The Company, a subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC. The Company undertakes its CSR activities: • as listed in Schedule VII to the Companies Act, 2013, in line with the CSR initiatives of ITC and as approved by the CSR Committee of the Company; • directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2.	Composition of CSR Committee	Mr. G. S. Reddy (Chairman) Mr. D. Haksar Mr. J. Singh
3.	Average net profit of the Company for last three financial years	₹ (3,34,41,261)/- [Loss]
4.	Prescribed CSR expenditure (two percent of the amount stated under 3 above)	Nil
5.	Details of CSR spent during the financial year 2017-18: Total amount spent for the financial year Total amount unspent	 Nil Nil

Manner in which the amount spent during the financial year 2017-18 is detailed below:

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency -
–	–	–	–	–	–	–	–
6.	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report			Keeping in view the financial position of the Company and non-applicability of the CSR provisions, no contribution has been made towards CSR activities during the financial year 2017-18.			
7.	A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.			As the Company did not implement any of the activities of the CSR Policy no comment is made in this regard.			

G. S. Reddy
Chairman - CSR Committee

V. Razdan
Managing Director

Dated : 21st April, 2018
Place : New Delhi

Annexure 3 to the Report of the Board of Directors

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS

i) CIN : U74999TG1984PLC005192
ii) Registration Date : 20th December, 1984
iii) Name of the Company : Srinivasa Resorts Limited
iv) Category / Sub-Category of the Company : Unlisted Public Company limited by shares
v) Address of the Registered office and contact details : 6-3-1187, Begumpet, Hyderabad, Telangana-500016
Phone: 040 - 40081888
e-mail ID: srl.kakatiya@itchotels.in
vi) Whether listed company (Yes / No) : No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	Hotel	55101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held in the Company	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road Kolkata – 700 071	L16005WB1910PLC001985	Holding company	68	2(46)

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	72,20,040	72,20,040	30.08	–	72,20,040	72,20,040	30.08	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	1,67,79,960	1,67,79,960	69.92	-	1,67,79,960	1,67,79,960	69.92	N.A.
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**2,40,00,000**	**2,40,00,000**	**100.00**	**–**	**2,40,00,000**	**2,40,00,000**	**100.00**	**N.A.**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	N.A.
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A.
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A.
d) Banks / FI	–	–	–	–	–	–	–	–	N.A.
e) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**2,40,00,000**	**2,40,00,000**	**100.00**	**–**	**2,40,00,000**	**2,40,00,000**	**100.00**	**N.A.**
Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	N.A.
b) Banks / FI	–	–	–	–	–	–	–	–	N.A.
c) Central Govt.	–	–	–	–	–	–	–	–	N.A.
d) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
e) Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
f) Insurance Companies	–	–	–	–	–	–	–	–	N.A.
g) FIIs	–	–	–	–	–	–	–	–	N.A.
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	N.A.
i) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	**N.A.**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	N.A.
ii) Overseas	–	–	–	–	–	–	–	–	N.A.
b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	N.A.
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	**N.A.**
C. Share held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Grand Total (A+B+C)	–	**2,40,00,000**	**2,40,00,000**	**100.00**	–	**2,40,00,000**	**2,40,00,000**	**100.00**	**NIL**

(ii) Shareholding of Promoters:

Sl. 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.	ITC Limited	1,63,20,477	68.00%	–	1,63,20,477	68.00%	–	–
2.	G Sivakumar Reddy	13,04,230	5.43%	–	13,04,230	5.43%	–	–
3.	G Sulochanamma	15,00,000	6.25%	–	15,00,000	6.25%	–	–
4.	N Shailaja Reddy	10,00,000	4.17%	–	10,00,000	4.17%	–	–
5.	G Samyuktha Reddy	6,15,810	2.57%	–	6,15,810	2.57%	–	–
6.	B Bharathi Reddy	10,00,000	4.17%	–	10,00,000	4.17%	–	–
7.	G V Pranab Reddy	8,00,000	3.33%	–	8,00,000	3.33%	–	–
8.	M V Rachita	10,00,000	4.17%	–	10,00,000	4.17%	–	–
9.	GSR Projects Pvt. Ltd.	4,59,483	1.91%	–	4,59,483	1.91%	–	–
	Total	2,40,00,000	100%	–	2,40,00,000	100%	–	–

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	**No change during the year**			
	Date wise Increase / Decrease in Promoters Shareholding during the year				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	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.	**G S. Reddy - Director**				
	At the beginning of the year	13,04,230	5.43%		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			13,04,230	5.43%
2.	**G. V. P. Reddy - Director**				
	At the beginning of the year	8,00,000	3.33%		
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	At the end of the year			8,00,000	3.33%

Messrs. Nakul Anand, B N Suresh Reddy, Dipak Haksar,Jagdish Singh, Virender Razdan, Anil Chadha, N. R. Pradeep Reddy, Directors, Mr. Rakshit Kapoor, Chief Financial Officer and Ms. Sonali Grover, Company Secretary, did not hold any share of the Company, either at the beginning or at the end of the year or at any time during the year.

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	V. Razdan (Managing Director) (refer Note 1)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	38,53,848
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	7,90,249
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	
2.	Stock Option	
3.	Sweat Equity	
4.	Commission - as % of profit - others, specify	
5.	Others, please specify	
Total Amount (A)		**46,44,097**
Ceiling as per the Companies Act, 2013		**84,00,000 per annum** (refer Note 2)

Note 1: Mr. V. Razdan is on deputation from ITC Limited (ITC) and has been granted Stock Options by ITC under its Employee Stock Option Schemes at 'market price' [within the meaning of the SEBI (Share Based Employee Benefits) Regulations, 2014]. Since such Options are not tradeable, no perquisite or benefit is immediately conferred upon him by such grant of Options, and accordingly the said grant has not been considered as remuneration. Further, the appointment of Mr. Razdan is governed by the resolutions passed by the Board and the shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

Note 2: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2018 are inadequate.

B. Remuneration to other Directors:

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board and Board Committee meetings	Commission	Independent Directors' Meeting Fee	
1.	**Independent Directors**				
	Total Amount (B) (1)				**Nil**
2.	**Other Non-Executive Directors**				
	N. Anand	Nil	Nil	Nil	Nil
	B. N. Reddy				
	G. S. Reddy				
	D. Haksar				
	G. V. P. Reddy				
	J. Singh				
	A. Chadha*				
	N. R. Pradeep Reddy*				
	Total Amount (B) (2)				**Nil**
Total Amount (B) = (B) (1) + (B) (2)					**Nil**
Total Managerial Remuneration (A+B)					**46,44,097**
Overall ceiling as per the Companies Act, 2013					84,00,000 per annum (refer Note 1)

*Appointed with effect from 6th March, 2018

Note 1: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2018 are inadequate.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sl. No.	Particulars of Remuneration per Annum	R. Kapoor (Chief Financial Officer) (refer Note 1)	S. Grover (Company Secretary)
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	28,87,986	1,80,000
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	4,28,006	
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as % of profit - others, specify		
5.	Others, please specify		
Total		**33,15,992**	**1,80,000**

Note 1: Mr. R. Kapoor is on deputation from ITC Limited (ITC), the Holding Company, and has been granted Stock Options by ITC under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. Since such Options are not tradeable, no perquisite or benefit is immediately conferred upon him by such grant of Options, and accordingly the said grant has not been considered as remuneration

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: None

Dated : 21st April, 2018

Place: New Delhi **G. S. Reddy** **Chairman**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SRINIVASA RESORTS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Srinivasa Resorts Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act based on our audit, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   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, as amended, 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 on its financial position in its Ind AS financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354

Hyderabad, April 21, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Srinivasa Resorts Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS 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 Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 respective 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 procedures 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 judgement, 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 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 the 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 procedures 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 transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures 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 unauthorised 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 misstatements 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 control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal financial 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.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354

Hyderabad, April 21, 2018

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit falling within the purview of the provisions of Section 73 to 76 of the Companies Act, 2013. There are no unclaimed deposits.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of, Service Tax and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹)	Amount Unpaid (₹)
VAT Laws	VAT	High Court	2005-06 to 2007-08	30,00,031	21,04,852
Finance Act, 1994	Service Tax	Joint Commissioner (Service Tax)	2011-12 to 2014-15	3,46,64,236	3,46,64,236

Out of the total disputed dues aggregating ₹ 3,76,64,267 as above, ₹ 3,76,64,267 has been stayed for recovery by the relevant authorities.

There are no dues of Income-tax, Sales Tax, Excise Duty and Customs Duty as at March 31, 2018 on account of disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and Government and has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354

Hyderabad, April 21, 2018

BALANCE SHEET AS AT MARCH 31, 2018

	Note	As at March 31, 2018 (₹)		As at 31 March, 2017 (₹)	
ASSETS					
Non-current assets					
(a) Property, plant and equipment	3A		45,93,83,459		47,26,29,944
(b) Capital work-in-progress	3B		39,96,26,357		23,61,87,706
(c) Intangible assets	3C		8,26,647		12,29,405
(d) Other non-current assets	10		12,94,59,105		14,34,18,364
Total Non-current assets			98,92,95,568		85,34,65,419
Current assets					
(a) Inventories	4		1,49,57,038		1,61,21,101
(b) Financial assets					
(i) Investments	5	7,62,25,778		19,75,66,313	
(ii) Trade receivables	6	3,41,98,119		2,96,09,171	
(iii) Cash and cash equivalents	7	2,37,29,848		35,40,636	
(iv) Bank balances, other than (iii) above	8	67,73,392		11,00,000	
(v) Others	9	28,78,763		30,35,012	
			14,38,05,900		23,48,51,132
(c) Other current assets	10		1,19,00,855		1,64,33,292
Total Current assets			17,06,63,793		26,74,05,525
Total Assets			1,15,99,59,361		1,12,08,70,944
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	11	24,00,00,000		24,00,00,000	
(b) Other equity		73,14,43,221		72,74,50,326	
			97,14,43,221		96,74,50,326
Total Equity			97,14,43,221		96,74,50,326
LIABILITIES					
Non-current liabilities					
(a) Financial liabilities					
(i) Other financial liabilities	12		12,15,000		9,30,000
(b) Provisions	13		16,92,470		12,86,185
(c) Deferred tax liabilities (net)	15		4,66,45,935		5,67,03,203
Total Non-current liabilities			4,95,53,405		5,89,19,388
Current liabilities					
(a) Financial liabilities					
(i) Trade payables	26	8,67,36,640		5,92,78,031	
(ii) Other financial liabilities	12	4,05,90,077		1,81,94,739	
			12,73,26,717		7,74,72,770
(b) Other current liabilities	14		76,87,508		1,34,37,358
(c) Provisions	13		39,48,510		35,91,102
Total Current liabilities			13,89,62,735		9,45,01,230
Total Equity and Liabilities			1,15,99,59,361		1,12,08,70,944

The accompanying notes 1 to 35 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: April 21, 2018

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman

Virender Razdan
Managing Director

Rakshit Kapoor
Chief Financial Officer

Sonali Grover
Company Secretary

Place: New Delhi
Date: April 21, 2018

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2018

		Note	For the Year ended March 31, 2018 (₹)	For the Year ended March 31, 2017 (₹)
I	**Revenue from operations**	16	57,00,59,610	52,19,45,767
II	**Other income**	17	1,36,73,115	2,23,14,678
III	**Total income (I+II)**		58,37,32,725	54,42,60,445
IV	**Expenses**			
	Cost of materials consumed		8,65,18,503	7,80,92,030
	Changes in inventories of stock-in-trade		(718)	21,813
	Employee benefits expense	18	14,72,70,441	14,22,92,755
	Depreciation and amortization expense	19	3,33,41,441	3,58,38,898
	Other expenses	20	32,15,44,054	31,33,33,315
	Total expenses (IV)		58,86,73,721	56,95,78,811
V	**Profit / (Loss) before tax (III- IV)**		(49,40,996)	(2,53,18,366)
VI	**Tax expense:**			
	Deferred tax	15	(97,44,745)	(1,01,26,007)
VII	**Profit /(Loss) for the year (V - VI)**		48,03,749	(1,51,92,359)
	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss:			
	(i) Remeasurements of defined benefit plans	27	(11,23,377)	2,72,954
	(ii) Income tax relating to items that will not be reclassified to profit or loss	15	3,12,523	(90,239)
VIII	**Other Comprehensive Income / (Loss) for the year (i+ii)**		(8,10,854)	1,82,715
IX	**Total Comprehensive Income / (Loss) for the year (VII+VIII)**		39,92,895	(1,50,09,644)
X	**Earnings per equity share (Face Value of ₹ 10 each)**	21		
	Basic		0.20	(0.63)
	Diluted		0.20	(0.63)

The accompanying notes 1 to 35 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: April 21, 2018

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman

Rakshit Kapoor
Chief Financial Officer

Place: New Delhi
Date: April 21, 2018

Virender Razdan
Managing Director

Sonali Grover
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

		For the year ended March 31, 2018 (₹)		For the year ended March 31, 2017 (₹)
A. Cash flow from Operating Activities				
Net Profit / (Loss) Before Tax		(49,40,996)		(2,53,18,366)
Adjustments for:				
- Depreciation and amortization expense	3,33,41,441		3,58,38,898	
- Interest Income	(18,52,967)		(33,65,163)	
- (Gain) / Loss on sale of property, plant and equipment - Net	10,01,927		8,58,404	
- Net (gain) / loss on foreign currency transactions and translations	66,073		2,82,371	
- Employee share based payments (Refer Note 18)	–		29,59,189	
- Prepayment of leasehold land	6,57,307		6,56,727	
- Net (gain)/loss arising on investments mandatorily measured at Fair value through Profit or Loss	(87,86,817)		(1,40,47,468)	
		2,44,26,964		2,31,82,958
Operating Profit Before Working Capital Changes		1,94,85,968		(21,35,408)
Adjustments for:				
- Trade receivables	(45,88,949)		(40,79,957)	
- Inventories	11,64,064		(31,59,044)	
- Other assets	40,99,106		(83,02,524)	
- Trade payables	2,73,92,537		1,05,10,881	
- Other payables	18,59,462		(4,51,163)	
		2,99,26,220		(54,81,807)
Cash generated from operations		4,94,12,188		(76,17,215)
Income tax paid (net)		1,04,37,576		(15,87,478)
Net Cash from / (used in) Operating Activities		5,98,49,764		(92,04,693)
B. Cash Flow from Investing Activities				
- Purchase of property, plant and equipment	(16,60,70,564)		(11,50,68,364)	
- Sale of property, plant and equipment	1,25,001		–	
- Purchase of current investments	(27,43,68,562)		(2,03,37,41,080)	
- Sale/redemption of current investments	40,44,95,915		1,97,51,30,759	
- Redemption / proceeds from bank deposits (original maturity more than 3 months)	36,00,000		13,46,00,000	
- Investment in bank deposits (original maturity more than 3 months)	(92,73,392)		(11,00,000)	
- Interest income	18,31,052		86,40,697	
Net cash used in Investing Activities		(3,96,60,550)		(3,15,37,988)
C. Cash Flow from Financing Activities		–		–
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)		2,01,89,214		(4,07,42,681)
Opening Cash and cash equivalents		35,40,634		4,42,83,315
Closing Cash and cash equivalents		2,37,29,848		35,40,634

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 "Statement of Cash Flow".
2. Cash and Cash Equivalents (Refer Note 7)

	As at March 31, 2018	As at March 31, 2017
- Balances with banks in current accounts	2,28,33,731	18,63,622
- Cheques on hand	3,93,848	13,76,189
- Cash on hand	5,02,269	3,00,825
Total	2,37,29,848	35,40,636

The accompanying notes 1 to 35 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: April 21, 2018

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman

Rakshit Kapoor
Chief Financial Officer

Place: New Delhi
Date: April 21, 2018

Virender Razdan
Managing Director

Sonali Grover
Company Secretary

Statement of changes in equity for the year ended March 31, 2018

A. Equity share capital

	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
For the year ended March 31, 2017	24,00,00,000	–	24,00,00,000
For the year ended March 31, 2018	24,00,00,000	–	24,00,00,000

B. Other equity

	Reserves and surplus				Total
	Capital Contribution for share based payments (Refer note 1)	Capital reserve (Refer note 2)	Retained earnings (Refer note 3)	General reserve (Refer note 4)	
	₹	₹	₹	₹	₹
Balance as at March 31, 2016 (A)	**24,96,307**	**94,603**	**66,17,22,250**	**8,06,43,117**	**74,49,56,277**
Profit / (Loss) for the year	–	–	(1,51,92,359)	–	(1,51,92,359)
Other comprehensive income (net of tax)	–	–	1,82,715	–	1,82,715
Total comprehensive income (B)	**–**	**–**	**(1,50,09,644)**	**–**	**(1,50,09,644)**
Value of share based payment reimbursable (C)	(24,96,307)	–	–	–	(24,96,307)
Balance as at April 1, 2017 (A+B+C=D)	**–**	**94,603**	**64,67,12,606**	**8,06,43,117**	**72,74,50,326**
Profit / (Loss) for the year	–	–	48,03,749	–	48,03,749
Other comprehensive income / (loss) (net of tax)	–	–	(8,10,854)	–	(8,10,854)
Total comprehensive income (E)	**–**	**–**	**39,92,895**	**–**	**39,92,895**
Balance as at March 31, 2018 (D+E)	**–**	**94,603**	**65,07,05,501**	**8,06,43,117**	**73,14,43,221**

Notes:

1. Capital contribution for share based payments represents fair value of equity settled share based payments issued to employees under stock option scheme granted by holding company, net of reimbursements, if any.
2. Capital reserve represents the excess of net assets taken over by the Company over the consideration paid for business combinations.
3. Retained Earnings represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.
4. General reserve is created by an appropriation from one component of equity to another not being an item of Other Comprehensive Income, the same can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 35 are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: April 21, 2018

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman

Rakshit Kapoor
Chief Financial Officer

Place: New Delhi
Date: April 21, 2018

Virender Razdan
Managing Director

Sonali Grover
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 –Share-based Payment, leasing transactions that are within the scope of Ind AS 17 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant and Equipment– Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at April 1, 2015 measured as per previous GAAP.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	60 years
Plant and Equipment	15 years
Furniture and Fixtures	8 years
Vehicles	8 years
Office Equipment	5 years
Computers	3 years
Computer servers and networks	6 years

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Intangible Assets

Intangible Assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially at cost comprising the purchase price (including non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

The carrying value of intangible assets includes deemed cost which represents the carrying value of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and/ or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupees.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/Losses arising on settlement as also on translation of monetary items are recognized in the Statement of Profit and Loss.

Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses is recognised in the Statement of Profit or Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss / inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

Financial instruments, Financial assets and Financial liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial assets

Recognition: Financial assets includes investment, trade receivables, advances, security deposits, cash and cash equivalents. Such assets are initially recognized at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the cost is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

- amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest
- fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealized gains and losses arising from changes in the fair value being recognized in other comprehensive income.
- fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy and triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealized gains and losses arising from changes in the fair value being recognized in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents, etc. are classified for measurement at amortised cost while current investments are classified for measurement at fair value through profit or loss (FVTPL).

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognized if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through profit or loss without restating the previously recognized gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

a) amortised cost, the gain or loss is recognized in the Statement of Profit and Loss;

b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income recognition: Interest income is recognised in the Statement of Profit or Loss using effective interest rate method. Dividend income is recognized in the Statement of Profit or Loss when the right to receive dividend is established.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Financial liabilities

Borrowings, trade payables and other financial liabilities are initially recognized at the value of the respective contractual obligations. They are subsequently reassessed at amortised cost. Any discount or premium or redemption/settlement is recognized in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognized when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Revenue

Revenue is measured at fair value of the consideration received or receivable for services rendered, net of discounts to customers. It excludes amounts collected on behalf of third parties, such as goods and services tax, sales tax, value added tax/service tax/luxury tax. Revenue from services is recognized in the period in which services are rendered.

The methodology and assumptions used to estimate discounts, customer incentives, promotional activities and similar items are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends and projected market conditions.

Government Grant

The company may receive Government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of Financial assistance on the basis of certain qualifying criteria.

Grants and subsidies from the Government are recognized when there is reasonable assurance that the grant will be received, and the company will comply with the conditions attached to the grant.

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. Grants received by way of financial assistance on the basis of certain qualifying criteria are recognised upon the utilisation of such assistance.

In the unlikely event that a grant previously recognized is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognized is expensed in the Statement of Profit and Loss.

Employee Benefits

The Company makes contributions to both defined benefit and defined contribution schemes.

Contributions to Provident Fund are in the nature of defined contribution scheme which are deposited with the Government and recognized as expense.

The Company also makes contribution to defined benefit gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of re-measurements are recognised immediately through other comprehensive income in the period in which they occur. Gratuity is funded under a scheme of the Life Insurance Corporation of India.

The employees of the Company are also entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method. These benefits are unfunded.

Employee Share Based Compensation

The cost of options granted under the ITC Employee Stock Option Scheme to employees of ITC Limited ("ITC") seconded to the Company at its request is measured at the fair value of the options as on the grant date. The fair value of awards at grant date is calculated using the Black Scholes Option Pricing Model. The cost of options is recognised in the Statement of Profit and Loss with a corresponding payable, when such reimbursement is sought by ITC.

Leases

Leases are recognized as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Dividend Distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Provisions and Contingent Liabilities

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

Claims against the company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

2. Use of Estimates and Judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions used in the preparation of financial statements are set out below:

(i) The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

(ii) The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Accruals so made are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

(iii) The Company has significant carry forward unabsorbed depreciation for which deferred tax asset has been recognized since there is a reasonable certainty of significant profits in the near future.

(iv) As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3. Property Plant and Equipment, Capital Work in Progress and Other Intangible Assets

(₹)

	Particulars	Gross Block							Depreciaton / Amortisation							Net Block	
		As at March 31, 2016	Additions	Withdrawls	As at March 31, 2017	Additions	Withdrawls	As at March 31, 2018	As at March 31, 2016	For the year	On Withdrawls	As at March 31, 2017	For the year	On Withdrawls	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
A.	**Property, Plant and Equipment**																
	Land	1,00,00,000	–	–	1,00,00,000	–	–	1,00,00,000	–	–	–	–	–	–	–	1,00,00,000	1,00,00,000
	Buildings	25,22,09,999	10,41,703	–	25,32,51,702	42,47,607	–	25,74,99,309	51,61,017	52,62,412	–	1,04,23,429	53,16,049	–	1,57,39,478	24,17,59,831	24,28,28,273
	Plant and Equipment	21,54,47,727	2,26,07,208	13,73,790	23,66,81,145	1,10,14,435	19,51,319	24,57,44,261	3,12,44,802	2,12,75,487	5,65,897	5,19,54,392	2,13,15,968	10,57,767	7,22,12,593	17,35,31,668	18,47,26,753
	Furnitures and Fixtures	1,95,11,593	23,45,442	50,511	2,18,06,524	51,36,779	1,34,492	2,68,08,811	47,50,757	32,03,626	–	79,54,383	19,83,526	83,456	98,54,453	1,69,54,358	1,38,52,141
	Vehicles	1,94,12,011	–	–	1,94,12,011	–	2,28,758	1,91,83,253	12,76,148	26,89,315	–	39,65,463	24,17,107	99,166	62,83,404	1,28,99,849	1,54,46,548
	Office Equipment	76,266	8,210	–	84,476	9,400	–	93,876	19,038	289	–	19,327	3,052	–	22,379	71,497	65,149
	Computers	61,97,998	4,38,908	–	66,36,906	3,77,338	52,748	69,61,496	27,47,367	13,40,722	–	40,88,089	9,63,839	–	50,51,928	19,09,568	25,48,817
	Computer servers and networks	56,47,377	–	–	56,47,377	33,566	–	56,80,943	11,40,304	13,44,810	–	24,85,114	9,39,141	–	34,24,255	22,56,688	31,62,263
	Total (A)	**52,85,02,971**	**2,64,41,471**	**14,24,301**	**55,35,20,141**	**2,08,19,125**	**23,67,317**	**57,19,71,949**	**4,63,39,433**	**3,51,16,661**	**5,65,897**	**8,08,90,197**	**3,29,38,682**	**12,40,389**	**11,25,88,490**	**45,93,83,459**	**47,26,29,944**
B	**Capital work-in-progress (B)**	**17,91,85,277**	**8,34,43,900**	**2,64,41,471**	**23,61,87,706**	**18,42,57,776**	**2,08,19,125**	**39,96,26,357**	–		–	–	–	–	–	**39,96,26,357**	**23,61,87,706**
C	**Intangible assets**																
	Software	24,43,442	–	–	24,43,442	–	–	24,43,442	4,91,799	7,22,237	–	12,14,036	4,02,759	–	16,16,795	8,26,647	12,29,405
	Total (C)	**24,43,442**	–	–	**24,43,442**	–	–	**24,43,442**	**4,91,799**	**7,22,237**	–	**12,14,036**	**4,02,759**	–	**16,16,795**	**8,26,647**	**12,29,405**
	Grand Total (A+B+C)	**71,01,31,690**	**10,98,85,371**	**2,78,65,772**	**79,21,51,289**	**20,50,76,901**	**2,31,86,442**	**97,40,41,748**	**4,68,31,232**	**3,58,38,898**	**5,65,897**	**8,21,04,233**	**3,33,41,441**	**12,40,389**	**11,42,05,285**	**85,98,36,463**	**71,00,47,055**

Note : The amount of expenditures recognised in the carrying amount of Property, Plant and Equipment in the course of construction is ₹ 1,85,81,810 (2017; ₹ 1,46,45,515)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2018 ₹	As at March 31, 2017 ₹
4. Inventories		
(At lower of cost and net realisable value)		
Food and beverages	1,09,55,371	1,18,31,590
Stores and spares	38,99,716	41,88,278
Finished goods held for resale	1,01,951	1,01,233
Total	1,49,57,038	1,61,21,101
Cost of inventory recognised as expense during the year amount to ₹ 8,65,17,785 (2016-2017 - ₹ 7,81,13,843)		
5. Current investments		
Unquoted investment in mutual funds [Mandatorily Fair valued through Profit or Loss (FVTPL)] (Refer note (i) below)		
— Aditya Birla Sun Life Cash Plus-Growth-Regular Plan (2,73,927.114 units of ₹ 278.23 each)	7,62,15,778	—
— ICICI Prudential- Money Market Fund - Growth (8,80,447.942 units of ₹ 224.3816 each)	—	19,75,56,313
Investments carried at amortised cost		
National Savings Certificate (Refer note (ii) below)	10,000	10,000
Total	7,62,25,778	19,75,66,313

Note:

(i) Gain as at year end on account of measuring the investments at fair value through profit or loss amounts to ₹ 6,45,591 (March 31, 2017: ₹ 21,48,029).

(ii) National Savings Certificates have been lodged as security with Government Department

6. Trade receivables (Current)				
Secured, considered good		11,90,854		13,39,695
Unsecured, considered good		3,30,07,265		2,82,69,476
Total		3,41,98,119		2,96,09,171
7. Cash and cash equivalents				
Balances with banks in current accounts	2,28,33,731		18,63,622	
Cheques on hand	3,93,848		13,76,189	
Cash on hand	5,02,269		3,00,825	
Cash and cash equivalents as per the cash flow statement		2,37,29,848		35,40,636

	As at March 31, 2018 ₹		As at March 31, 2017 ₹	
8. Other bank balances				
Earmarked balances - held as margin money against gurantees given (refer note below)	67,73,392		11,00,000	
Total		67,73,392		11,00,000

Note:

Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance Sheet date.

9. Other financial assets (Current)				
Security deposits	21,62,140		24,10,718	
Interest accrued on deposits	93,723		71,808	
Recoverable from employees	6,22,900		5,52,486	
Total		28,78,763		30,35,012
	Current	**Non-Current**	**Current**	**Non-Current**
10. Other assets				
Capital advances	—	2,84,34,227	—	3,19,10,098
Advances other than capital advances:				
Prepaid Expenses [Refer Note below]	69,07,086	2,82,86,682	78,86,438	2,91,48,216
Balances with government authorities	50,887	—	13,87,867	—
Commercial Advance	36,57,003	—	8,68,200	—
Advance tax (net of provisions)	—	1,50,09,873	—	2,54,47,449
Security deposits				
-With Statutory Authorities	—	29,40,579	—	29,40,579
-With Others	—	5,47,87,744	—	5,39,72,022
Served from India Scheme Duty Credit Entitlement Account (includes ₹ Nil carried forward from previous year, March 31, 2017: ₹ 51,392)	12,85,879	—	62,90,787	—
Total	1,19,00,855	12,94,59,105	1,64,33,292	14,34,18,364

Note:

Non current prepaid expenses include leasehold land assigned by ITC Limited in favour of the Company effective September 10, 2013, pursuant to an assignment deed.

11. Equity share capital

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	₹	No. of Shares	₹
Authorised				
Equity shares of ₹ 10 each	2,40,00,000	24,00,00,000	2,40,00,000	2,40,00,000
Issued, subscribed and paid-up				
Equity shares of ₹ 10 each, fully paid	2,40,00,000	24,00,00,000	2,40,00,000	2,40,00,000

A) Reconciliation of number of equity shares outstanding

	As at March 31, 2018	As at March 31, 2017
	No. of Shares	No. of Shares
As at beginning of the year	2,40,00,000	2,40,00,000
Changes during the year	—	—
As at end of the year	2,40,00,000	2,40,00,000

B) Equity shares held by Holding Company

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	%	No. of Shares	%
ITC Limited	1,63,20,477	68%	1,63,20,477	68%

C) Shareholders holding more than 5% of the equity shares in the Company

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	%	No. of Shares	%
ITC Limited	1,63,20,477	68.00%	1,63,20,477	68.00%
G Siva Kumar Reddy	13,04,230	5.43%	13,04,230	5.43%
G Sulochanamma	15,00,000	6.25%	15,00,000	6.25%

D) Rights, preferences and restrictions attached to the ordinary shares

The ordinary shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including entitlement to dividend.

		As at March 31, 2018 ₹		As at March 31, 2017 ₹	
12.	**Other financial liabilities**				
	Sundry deposits	1,38,45,707	12,15,000	15,48,200	9,30,000
	Payable to employees	51,73,500	–	50,40,655	–
	Payable for property, plant and equipment	2,08,61,729	–	61,50,388	–
	Payable towards employee share based payments	7,09,141	–	54,55,496	–
	Total	4,05,90,077	12,15,000	1,81,94,739	9,30,000
13.	**Provisions**				
	Provision for employee benefits:				
	— Gratuity [Refer Note 27]	28,59,740	3,37,953	28,19,568	3,69,805
	— Compensated absences	10,88,770	13,54,517	7,71,534	9,16,380
	Total	39,48,510	16,92,470	35,91,102	12,86,185
14.	**Other current liabilities**				
	Advances received from customers	42,07,513	–	63,15,033	–
	Statutory liabilities	34,79,995	–	71,22,325	–
	Total	76,87,508	–	1,34,37,358	–

		As at March 31, 2018		As at March 31, 2017	
		₹		₹	
15.	**Deferred tax liabilities (Net)**				
	Deferred tax liabilities	**5,84,71,348**		6,96,82,508	
	Deferred tax assets	**(1,18,25,413)**		(1,29,79,305)	
	Total		**4,66,45,935**		5,67,03,203

	Opening blance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
	₹	₹	₹	₹
2016-17				
Deferred tax liabilities in relation to:				
On depreciation	6,83,45,677	6,26,628	–	6,89,72,305
On financial assets at fair value through profit or loss	60,334	6,49,869	–	7,10,203
Total deferred tax liabilities (A)	**6,84,06,011**	**12,76,497**	**–**	**6,96,82,508**
Deferred tax assets in relation to:				
On provision for employee benefits	16,67,040	35,776	(90,239)	16,12,577
On unabsorbed depreciation	–	1,13,66,728	–	1,13,66,728
Total deferred tax assets (B)	**16,67,040**	**1,14,02,504**	**(90,239)**	**1,29,79,305**
Deferred tax liabilities (net) [A-B]	**6,67,38,971**	**(1,01,26,007)**	**90,239**	**5,67,03,203**
2017-18				
Deferred tax liabilities in relation to:				
On depreciation	6,89,72,305	(1,06,80,560)	–	5,82,91,745
On financial assets at fair value through profit or loss	7,10,203	(5,30,600)	–	1,79,603
Total deferred tax liabilities (A)	**6,96,82,508**	**(1,12,11,160)**	**–**	**5,84,71,348**
Deferred tax assets in relation to:				
On provision for employee benefits	16,12,577	(3,24,128)	3,12,523	16,00,972
On unabsorbed depreciation	1,13,66,728	(11,42,287)	–	1,02,24,441
Total deferred tax assets (B)	**1,29,79,305**	**(14,66,415)**	**3,12,523**	**1,18,25,413**
Deferred tax liabilities (net) [A-B]	**5,67,03,203**	**(97,44,745)**	**(3,12,523)**	**4,66,45,935**

	For the year ended March 31, 2018 (₹)	For the year ended March 31, 2017 (₹)
16. Revenue from operations		
Sale of services:		
Rooms	24,55,04,088	22,77,78,687
Food and beverage	28,78,81,417	24,75,72,758
Recreation and other services	2,92,75,809	2,99,59,443
Total	56,26,61,314	50,53,10,888
Other operating revenue*	73,98,296	1,66,34,879
Total	57,00,59,610	52,19,45,767

Note:
* Includes Government grants received of ₹ 18,84,608 (2016-2017: ₹ 87,75,609) on account of Served from India Scheme (SFIS)

17. Other Income		
Interest income	18,52,967	40,80,893
Other non operating income	30,99,404	44,68,688
Other gains and losses	87,20,744	1,37,65,097
Total	1,36,73,115	2,23,14,678
Interest income comprises interest from:		
a) Deposits with bank - carried at amortised cost	1,62,394	33,65,163
b) Others - from statutory authorities	16,90,573	7,15,730
Total	18,52,967	40,80,893
Other gains and losses:		
a) Net foreign exchange (loss) / gain	(66,073)	(2,82,371)
b) Net gain arising on financial assets mandatorily measured at FVTPL (Refer Note below)	87,86,817	1,40,47,468
Total	87,20,744	1,37,65,097

Note:
Includes net gain on sale of current investments amounting to ₹ 1,02,89,255 (2016-2017: ₹ 1,20,81,938).

18. Employee benefits expense		
Salaries, wages and bonus	7,03,43,099	6,64,16,373
Contribution to provident and other funds	48,18,072	40,56,782
Gratuity (Refer Note 27)	12,14,723	11,67,062
Remuneration of managers on deputation reimbursed	5,08,85,662	4,94,83,076
Employee share based payments	30,59,572	29,59,189
Staff welfare expenses	1,69,49,313	1,82,10,273
Total	14,72,70,441	14,22,92,755

	For the year ended March 31, 2018 (₹)	For the year ended March 31, 2017 (₹)
19. Depreciation and amortisation expense		
Depreciation/ amortisation on tangible assets	3,29,38,682	3,51,16,661
Amortisation on intangible assets	4,02,759	7,22,237
Total	3,33,41,441	3,58,38,898
20. Other expenses		
Consumption of stores and supplies	2,14,27,960	2,31,50,329
Power and fuel	6,43,24,369	6,82,54,984
Rent (Refer Note 25)	1,40,71,668	1,37,16,493
Repairs to building	47,06,302	72,70,450
Repairs to machinery	1,47,43,958	1,57,95,045
Repairs - others	44,90,935	84,58,034
Insurance	35,12,918	43,62,474
Rates and taxes	1,91,77,233	1,93,73,841
Travelling and conveyance	1,32,81,077	1,44,65,553
Technical and consultancy fees	3,31,60,758	2,70,93,648
Printing and stationary	30,92,876	30,00,838
Information technology services	1,45,99,500	1,54,93,369
Advertising / Sales Promotion	37,08,928	57,30,995
Training and development	33,00,698	25,94,704
Legal expenses	6,13,413	11,000
Postage, telephone, etc.	12,94,470	13,62,675
Commission paid to travel agents	63,73,372	35,66,889
Bank and credit card charges	63,76,763	55,03,833
Hotel reservation/ marketing expenses	1,40,40,559	1,25,60,082
Contract services	4,31,21,463	3,63,26,323
Loss on fixed assets sold/ discarded (net)	10,01,927	8,58,404
Miscellaneous Expenses *	3,11,22,907	2,43,83,352
Total	32,15,44,054	31,33,33,315

* Includes Auditors' remuneration and expenses (excluding taxes)

- Audit Fees	11,00,000	11,00,000
- Tax Audit Fees	1,00,000	1,00,000
- Reimbursement of Expenses	8,050	5,956

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended March 31, 2018 (₹)	For the year ended March 31, 2017 (₹)
21. Earnings per share		
Profit / (Loss) after taxation [A]	48,03,749	(1,51,92,359)
Weighted average number of equity shares outstanding [B]	2,40,00,000	2,40,00,000
Earnings per share -		
Basic and Diluted (Face value of ₹ 10 per share) [A/B]	0.20	(0.63)

	For the year ended March 31, 2018 (₹)	For the year ended March 31, 2017 (₹)
22. Commitments		
The estimated amount of contracts remaining to be executed on capital account (net of advances: ₹ 2,84,34,227 ; March 31, 2017: ₹ 3,19,10,098)	46,02,56,963	53,37,18,601

	For the year ended March 31, 2018 (₹)	For the year ended March 31, 2017 (₹)
23. Contingent liability		
Claims against the Company not acknowledged as debts:		
i) Indirect taxation matters	3,76,64,267	29,04,332
ii) Others	18,45,400	18,45,400

24. Segment reporting

The operating segment of the Company has been identified in a manner consistent with the internal reporting provided to the Managing Director, who is the Chief Operating Decision Maker, based on which there is only one operating segment in which the Company operates i.e. Hoteliering and within one geographical segment i.e. India.

	For the year ended March 31, 2018 (₹)	For the year ended March 31, 2017 (₹)
a) Segment Revenue		
-Within India	57,00,59,610	52,19,45,767
-Outside India	–	–
b) Non Current Assets		
-Within India	98,92,95,568	85,34,65,419
-Outside India	–	–

c) The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of it's revenues from transactions with any single external customer.

25. Leases

The Company's significant lease arrangements are in respect of operating leases for land and building premises (residential, godown, etc.). These leasing arrangements, which are not non-cancellable are for a period 11 months generally, or longer and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as 'Rent' under Note 20.

With regard to certain other non-cancellable operating leases for leasehold land, the future minimum rentals are as follows:

	For the year ended March 31, 2018 (₹)	For the year ended March 31, 2017 (₹)
Not Later than one year	46,58,500	42,35,000
Later than one year but not later than five years	1,95,65,700	1,90,99,850
Later than five years	35,06,57,774	35,57,82,124

26. There are no Micro, Small and Medium enterprises, to whom the Company owes dues which are outstanding for more than 45 days during the year and also as at March 31, 2018. This information, as required to be disclosed under the 'Micro, Small and Medium Enterprises Development Act, 2006' has been determined to the extent such parties have been identified on the basis of the information available with the Company.

27. Defined Benefit Plans

The Company makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees. Gratuity Benefits are funded with the Life Insurance Corporation of India and Leave Encashment Benefits are unfunded in nature.Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method at the year end. The Company makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation.

	For the year ended March 31, 2018 (₹) Gratuity Funded	For the year ended March 31, 2017 (₹) Gratuity Funded
I. Components of Employer Expense		
A. Recognised in Profit or Loss		
- Current Service Cost	10,91,462	9,94,392
- Past Service Cost	–	–
- Net interest Cost	1,23,261	1,72,670
Total expense recognised in the Statement of Profit or Loss (A)	12,14,723	11,67,062
B. Re-measurements recognised in Other Comprehensive Income		
- Return on plan assets (excluding amounts included in net interest cost)	1,43,871	(1,31,979)
- Effect of changes in financial assumptions	(3,28,483)	2,55,467
- Effect of changes in demographic assumptions	–	–
- Effect of experience adjustments	13,07,989	(3,96,442)
Total re-measurements included in Other Comprehensive Income (B)	11,23,377	(2,72,954)
Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (A+B)	23,38,100	8,94,108

The current service cost and net interest cost for the year pertaining to Gratuity expenses have been recognised in "Gratuity" under Note 18. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.

	For the year ended March 31, 2018 (₹) Gratuity Funded	For the year ended March 31, 2017 (₹) Gratuity Funded
II. Net Asset/Liability recognised in Balance Sheet		
- Present Value of Defined Benefit Obligation	1,22,83,612	1,01,22,972
- Fair Value of Plan Assets	90,85,919	69,33,599
- Status [Surplus/(Deficit)]	(31,97,693)	(31,89,373)
- Non-Current	3,37,953	3,69,805
- Current	28,59,740	28,19,568
III. Change in Defined Benefit Obligation		
Present Value of DBO at the beginning of the year	1,01,22,972	91,38,991
- Current Service cost	10,91,462	9,94,392
- Interest cost	6,63,920	6,65,369
- Re-measurements gains/ (losses)		
a. Effect of changes in demographic assumptions	–	–
b. Effect of changes in financial assumptions	(3,28,483)	2,55,467
c. Effect of experience adjustments	13,07,989	(3,96,442)
- Benefits paid	(5,74,248)	(5,34,805)
Present Value of DBO at the end of the year	1,22,83,612	1,01,22,972
IV. Best Estimate of Employer's Expected Contribution for the next year	32,69,758	33,45,942
V. Change in Fair Value of Assets		
Plan Assets at the beginning of the year	69,33,599	62,05,039
- Interest Income	5,40,659	4,92,699
- Re-measurements gains/ (losses) on plan assets	(1,43,871)	1,31,979
- Actual company contributions	23,29,780	6,38,687
- Benefits paid	(5,74,248)	(5,34,805)
Plan Assets at the end of the year	90,85,919	69,33,599
VI. Acturial Assumptions		
- Discount rate	7.5%	6.75%
- Salary increase rate	5%	5%
- Attrition Rate	18%	18%
- Retirement Age	58	58

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

VII. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

	DBO as at March 31, 2018 (₹)	DBO as at March 31, 2017 (₹)
- Discount rate +100 basis points	1,18,43,075	97,58,977
- Discount rate -100 basis points	1,27,60,351	1,05,17,741
- Salary Increase Rate +1%	1,27,07,012	1,04,11,031
- Salary Increase Rate -1%	1,18,85,566	98,52,739
- Attrition Rate +1%	1,23,28,293	1,01,66,738
- Attrition Rate -1%	1,22,34,972	1,00,75,127
Maturity analysis of the benefit payments		
- Year 1	28,59,740	28,19,568
- Year 2	20,52,684	22,67,025
- Year 3	17,42,777	16,94,630
- Year 4	15,13,195	14,52,200
- Year 5	12,43,389	12,33,097
- Next 5 years	38,65,953	36,84,623

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

28. Related party transactions

i) Holding Company : ITC Limited

ii) Key Management Personnel :

Board of Directors

G. Sivakumar Reddy	Chairman
Nakul Anand	Vice Chairman and Director
Jagdish Singh	Non-Executive Director
B. N. Suresh Reddy	Non-Executive Director
V. Razdan	Managing Director
Dipak Haksar	Non-Executive Director
G Pranav Reddy	Non-Executive Director
Anil Chadha	Non-Executive Director (w.e.f March 6, 2018)
N. R. Pradeep Reddy	Non-Executive Director (w.e.f March 6, 2018)
K. V. Raghavaiah	Non-Executive Director (upto March 16, 2018)
Subba Rao Tulasi	Non-Executive Director (upto March 16, 2018)

Relatives of Key Management Personnel :

Mrs. G. Sulochanamma	Mother of Mr. G.Sivakumar Reddy, Chairman
Mrs. G. Samyuktha Reddy	Wife of Mr. G.Sivakumar Reddy, Chairman
Mrs. M. V. Rachita	Daughter of Mr. G.Sivakumar Reddy, Chairman
Mrs. Shailaja Reddy	Sister of Mr. G.Sivakumar Reddy, Chairman
Mrs. Bharati Reddy	Sister of Mr. G.Sivakumar Reddy, Chairman

iii) Other related party and nature of relationship with whom the Company has transactions:

International Travel House	Associate of ITC Limited

iv) Summary of transactions during the year :

iv) Summary of transactions during the year:

Amount in ₹

	Holding Company		Others		Key Management Personnel		Relatives of Key Management Personnel	
	2018	2017	2018	2017	2018	2017	2018	2017
Sales of services	58,73,856	68,62,106	5,68,899	5,19,453	–	–	–	–
Purchase of goods	66,24,551	52,27,561	–	–	–	–	–	–
Purchase of services:					–	–		
- Hotel services	22,73,208	30,88,938	–	–	–	–	–	–
- Service fee	3,46,48,123	2,72,12,638	–	–	–	–	–	–
- Others	–	5,61,377	24,07,053	30,73,596	–	–	–	–
- Towards Fixed Assets	62,800	1,91,574	–	–	–	–	–	–
Rent paid and other services	–	–	–	–	–	–	17,46,470	11,76,000
Employee share based payments	30,59,572	29,59,189	–	–	–	–	–	–
Managerial Remuneration (includes reimbursement to holding company amounting to ₹ 43,16,773; March 31, 2017: ₹ 24,82,568)	–	–	–	–	57,17,447	24,82,568	–	–
Reimbursement of contractual remuneration:				–	–	–		
- Towards Fixed Assets	50,21,892	19,28,370	–	–	–	–	–	–
- Others	5,46,27,535	5,39,19,881	–	–	–	–	–	–
Expenses recovered	1,47,08,962	51,64,340	–	–	–	–	–	–
Expenses reimbursed:					–	–		
- Towards Fixed Assets	29,66,654	10,92,389	–	–	–	–	–	–
- Others	2,11,11,785	1,57,58,918	–	–	–	–	–	–

v) Outstanding balances arising from sales/purchase of goods and services :

Amount in ₹

	Holding Company		Others		Key Management Personnel		Key Management Personnel and Relatives of Key Managerment Personnel	
	2018	2017	2018	2017	2018	2017	2018	2017
Balance outstanding at the year end :								
- Receivables	47,38,010	10,71,948	30,153	20,615	–	–	–	–
- Deposits Taken	–	–	50,000	–	–	–	–	
- Payables (Refer note below)	1,24,15,302	1,41,62,575	12,40,141	2,61,512	–	–	98,000	98,000
Commitments	51,63,680	–	–	–	–	–	–	–

Note:

Net of TDS amounting to ₹ 28,29,821 (March 31, 2017: ₹ 27,87,770)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

29. Reconciliation of effective tax rate:

	For the year ended March 31, 2018 (₹)	For the year ended March 31, 2017 (₹)
Profit/(Loss) before income tax expense	**(49,40,996)**	(2,53,18,366)
Income tax calculated @ 30.90% (March 31, 2017: 33.063%)	**(15,26,768)**	(83,71,011)
Tax effect of amounts which are not deductible in calculating taxable income	**(2,55,472)**	14,12,492
Effect of tax relating to uncertain tax positions	**9,45,406**	–
Previously unrecognised tax losses now recouped to reduce current tax expense	–	(31,67,488)
Effect of change in tax rates	**(89,07,911)**	–
Income tax expense	**(97,44,745)**	(1,01,26,007)

30. Information in respect of Options granted under ITC's Employee Stock Option Schemes ('Schemes'):

The deputed employees of ITC Limited have been granted stock options by ITC Limited, the holding company, under the ITC Employee Stock Option Scheme (ITC ESOS). These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. Each option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of ITC of ₹ 1.00 each upon payment of exercise price. These options have been granted at 'market price' within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The fair value of the options granted is determined by ITC, using the Black Scholes Option Pricing Model, for all the Optionees covered under the ITC ESOS as a whole.

The Company has recognized the cost of options granted, as stated above, as equity settled share based payment scheme in accordance with Ind AS 102 – Share Based Payment, and the company's share of the cost of the fair value of such options has been accounted based on the advice / on-charge by ITC Limited.

The summary of movement of such options granted by ITC Limited and status of the outstanding options is as under:

	As at March 31, 2018	As at March 31, 2017
	No. of Options	No. of Options
Outstanding at the beginning of the year	**30,582**	17,750
Add: Granted during the year*	**4,595**	5,320
Effect of Corporate Action (Bonus)	–	8,874
Options Forfeited/Surrendered during the year	–	–
Options due to transfer in and transfer out	**2,700**	2,475
Less: Exercised during the year	**15,600**	3,837
Outstanding at the end of the year	**22,277**	30,582
Options exercisable at the end of the year	**12,065**	15,960
Options Vested and Exercisable during the year	**6,015**	9,640

Note: The weighted average exercise price of the options granted to all Optionees under the ITC ESOS is computed by ITC as a whole.

* Includes 2,120 (2017 - Nil) options granted to the Key Management Personnel of the Company. Since such options are not tradeable, no perquisite or benefit is immediately conferred upon an employee by such grant.

In accordance with Ind AS 102, the Company has recognised an amount of ₹ 30,59,572 (2017 – ₹ 29,59,189) (Refer Note 18) by way of share based payments. Such charge has been recognised as employee benefits expense with corresponding credit to Payables. Out of the above, ₹ 19,30,092 (2017- ₹ Nil) is attributable to key management personnel Mr. Virender Razdan.

31. Financial instruments and related disclosures

I. Capital management

The Company's financial strategy aims to provide adequate capital for its growth plans for generating superior guest experience and sustained stakeholder value. Depending on the financial market scenario, nature of the funding requirements and cost of such funding, the Company decides the optimum capital structure. Currently, there are no borrowings and operations are being funded through internal accruals. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth of its business as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

II. Categories of financial instruments

	Note	As at March 31, 2018		As at March 31, 2017	
		Carrying Value (₹)	*Fair Value (₹)	Carrying Value (₹)	*Fair Value (₹)
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	7	2,37,29,848	2,37,29,848	35,40,636	35,40,636
ii) Other bank balances	8	67,73,392	67,73,392	11,00,000	11,00,000
iii) Investment in government securities	5	10,000	10,000	10,000	10,000
iv) Trade receivables	6	3,41,98,119	3,41,98,119	2,96,09,171	2,96,09,171
v) Other financial assets	9	28,78,763	28,78,763	30,35,012	30,35,012
Sub - total		6,75,90,122	6,75,90,122	3,72,94,819	3,72,94,819
b) Measured at Fair value through Profit or Loss					
i) Investment in mutual funds	5	7,62,15,778	7,62,15,778	19,75,56,313	19,75,66,313
Sub - total		7,62,15,778	7,62,15,778	19,75,56,313	19,75,66,313
Total financial assets		14,38,05,900	14,38,05,900	23,48,51,132	23,48,61,132
B. Financial liabilities					
a) Measured at amortised cost					
i) Trade payables	—	8,67,36,640	8,67,36,640	5,92,78,031	5,92,78,031
ii) Other financial liabilities	12	4,18,05,077	4,18,05,077	1,91,24,739	1,91,24,739
Sub - total		12,85,41,717	12,85,41,717	7,84,02,770	7,84,02,770
Total financial assets		12,85,41,717	12,85,41,717	7,84,02,770	7,84,02,770

* The carrying amounts of trade payables, other financial liabilities, cash and cash equivalents, other bank balances, investment in government securities, trade receivables and other financial assets are considered to be the same as their fair values due to their short term nature.

III. Financial risk management objectives

The Company has a system - based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as foreign currency risk credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

a) Liquidity Risk:

The Company's Current assets aggregate to ₹ 17,06,63,793 (March 31, 2017 – ₹ 26,74,05,525) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 10,67,29,018 (March 31, 2017 – ₹ 20,22,06,949) against an aggregate Current liability of ₹ 13,89,62,735 (March 31, 2017 – ₹ 9,45,01,230). Further, while the Company's total equity stands at ₹ 97,14,43,221 (March 31, 2017 – ₹ 96,74,50,326). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

b) Foreign currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar) which are subject to exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency are also subject to reinstatement risks.

There are no outstanding foreign currency denominated financial assets and financial liabilities, as at the end of the reporting period.

As the transactions undertaken by the Company are in smaller denominations, taking forward cover for each transaction may not be economically feasible. Hence, the Company uses Forward Exchange Contracts for select exposures, although not designated under hedge accounting. As there are no large exposures, sensitivity analysis has not been provided.

c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. The Company is exposed to credit risk from its operating and investing activities (primarily trade receivables and investments).

The Company has policy of dealing on cash terms, to the extent practicable. Credit is extended only after due approvals and evaluation in terms of the Credit Policy applicable for such sale. The process of extending credit approval, takes into account various factors such as publicly available financial information, market feedback, and past business patterns etc. Many of the Company's customers have been transacting for many years and the incidence of bad debts has been low. Such credit limits extended to trade receivables are monitored by the dual structure of Hotel Unit Credit Committee and Board of Directors and protective action are initiated to avoid a default. In view of the short nature of its trade receivables, the Company makes provision for credit risk on an individual basis, if any.

Trade receivables are initially recognized at fair value plus any directly attributable transaction costs. The net carrying value of trade receivables is not significantly different from their carrying values due to the short - term duration of trade receivables. Generally, terms of trade are cash payment, wherever required credit terms for customers are determined based on individual customer in accordance with the terms of the industry. Company's customer base is large and diverse. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low. Individual customer credit limits are imposed based on relevant factors such as market feedback, business potential and past records on selective basis. All customer balances which are overdue for more than 180 days are evaluated for provision and considered for impairment on an individual basis. Write offs are made with the approval of the Board of Directors.

Investments in deposits are made with banks and institutions, which are of investment grade and are managed by the Company through active monitoring of balances and pre-determined parameters. Similarly, investment in debt mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house. There are limits for any exposure to financial institutions.

The carrying amount of financial assets recognized in accordance with Ind AS 109 and any amounts offset in accordance with Ind AS 32, that represents the Company's maximum exposure to credit risk as at March 31, 2018 is ₹ 110,423,897 (March 31, 2017: ₹ 227,175,484) represented by carrying amounts of trade receivables and investments measured at amortised cost and those mandatorily measured at Fair value through Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

32. Fair value hierarchy

The following table presents the fair value hierarchy of assets and liabilities:

	Fair value hierarchy level	As at March 31, 2018 Fair Value (₹)	As at March 31, 2017 Fair Value (₹)
Financial assets			
a) Measured at amortised cost			
(i) Investment in govemment securities	2	**10,000**	10,000
b) Measured at Fair Value through Profit or Loss			
(i) Investment in mutual funds	1	**7,62,15,778**	19,75,56,313
Total		**7,62,25,778**	19,75,66,313

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

33. On March 28, 2018 the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 – "Revenue from Contracts with Customers" having effect from April 1, 2018. Whilst the Company is in the process of assessing its impact on the financial statements, the effect on adoption of Ind AS 115 is expected to be insignificant.

34. The financial statements were approved for issue by the Board of Directors on April 21, 2018.

35. The financial statements of the Company for the year ended March 31, 2017, were audited by Lovelock & Lewes, Chartered Accountants, the predecessor auditor.

On behalf of the board

Gunupati Sivakumar Reddy
Chairman

Virender Razdan
Managing Director

Rakshit Kapoor
Chief Financial Officer

Sonali Grover
Company Secretary

Place: New Delhi
Date: April 21, 2018