

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2014

Your Directors have pleasure in submitting their Report for the financial year ended 31st March, 2014.

Performance and Hotel Operations

During the year under review, operating revenue of the Company marginally grew by 3.10% at ₹ 48.15 crores (previous year ₹ 46.70 crores). The net revenue of your Company registered a 5% growth over last year at ₹ 53.28 crores (previous year ₹ 50.61 crores). Post tax profit decreased by 25% to ₹ 3.33 crores (previous year ₹ 4.43 crores).

Despite decline in profits, your Directors are pleased to recommend a Dividend of 0.50 paise (previous year ₹ 1/-) per equity share of ₹ 10/- each for the year ended 31st March 2014 involving a cash outflow of ₹ 1.40 crores including Dividend Distribution Tax of ₹ 0.20 crores.

Your Company's hotel ITC Kakatiya at Hyderabad is constantly focusing on superior guest experience despite the political instability in the State of Andhra Pradesh and high input cost of power and fuel.

During the year ITC Limited has assigned the land parcel admeasuring about 4.27 acres in village Raja Sansi, Tehsil Ajnala, District Amritsar, Punjab, for your Company to construct, develop and operate a full services star hotel. Your Company has taken requisite steps to initiate the project related work by appointing consultants for architectural services, landscape designing, facility planning, interior designing, lighting design etc. Further, necessary government approvals are being sought from various authorities to expedite the project work.

Awards

During the year your hotel received a special prize for 'Best Landscaping within the 5 Acre Category' from the Department of Horticulture, Andhra Pradesh. Food and Beverage has been one of the Company's main strength over the years bringing accolades and awards. Times Food Guide had awarded Dakshin (The Best South Indian) in Fine Dine Category and Best Bar Awards for Marco polo. Trip advisor (Hotel Review Site) ranked all 3 outlets at ITC Kakatiya in the top 5 positions within the "Trip advisor Luxury Hotel Brand Outlet-wise" category. The Hotel also achieved the "3 Star Rating for Appreciation in EHS Practices" awarded by CII for the Year. The Hotel was ranked No.1 by the STR (Smith Travel Research) and the GDS (Global Distribution System).

Conservation of Energy, Foreign Exchange Earnings and Outgo

Your Company has obtained LEED (Leadership in Energy and Environment Design) Platinum certification from the US Green Building Council (USGBC) in the Existing Building (EB) category, as part of a holistic approach towards sustainability. This has helped achieve significant energy savings.

Your Company continued its efforts to improve energy usage efficiency and increase contributions from renewable sources of energy.

During the year, your Company earned ₹ 13.36 crores in foreign exchange (previous year - ₹ 15.68 crores) and its foreign exchange outgo was ₹ 1.15 crores (previous year - ₹ 2.39 crores).

Directors

Mr. N R Pradeep Reddy stepped down as a Director of your Company with effect from close of work on 14th April, 2014. Your Directors would like to place on record their appreciation for the contribution made by Mr. Reddy as a Director of the Company.

In accordance with the provisions of Articles 151 and 152 of the Articles of Association of the Company, Mr. B N Suresh Reddy and Mr. G Sivakumar Reddy will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Board of Directors has recommended their re-appointment.

The Board of Directors of your Company varied the remuneration payable to Mr. George Verghese, Managing Director, on the recommendation of the Remuneration Committee and subject to the approval of Members.

Appropriate resolution seeking your approval for such variation is appearing in the Notice convening the ensuing Annual General Meeting of the Company.

Human Resource

The human resource philosophy and strategy of your Company has been designed to attract and retain talent of the highest quality. Your Company has initiated various training and development programmes to meet the challenges posed by ever changing market realities. Your Directors place on record their sincere appreciation of the efforts made and the support rendered by its employees.

Particulars of Employees

None of the employees fall under the purview of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Auditors

Your Company's Auditors, Messrs Lovelock & Lewes, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Board, on the recommendation of the Audit Committee, has recommended the re-appointment of Messrs Lovelock & Lewes for a period of three years in accordance with Section 139 of the Companies Act, 2013.

Audit Committee

The Audit Committee of the Company comprises of Mr Chandrasekhar Subrahmanyam as Chairman and Mr. Dipak Haksar and Mr. B N Suresh Reddy as Members.

Directors' Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having:

- followed in the preparation of the Annual Accounts the applicable accounting standards with proper explanations relating to material departures, if any;
- 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 your Company at the end of the financial year and of the profit of your Company for that period;
- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- prepared the Annual Accounts on a going concern basis.

Future Prospects

The city of Hyderabad, where your Company's hotel is located, will be occupying a centre stage for next ten years as all political activities arising from the bifurcation of the State of Andhra Pradesh are expected to happen in Hyderabad as the city being the capital of two States.

Your Company is distinctly poised to take advantage of emerging trends as soon as economic indices start improving.

Place: Gurgaon
Date : April 14, 2014

On behalf of the Board
Gunupati Sivakumar Reddy
Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SRINIVASA RESORTS LIMITED**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Srinivasa Resorts Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 of India (the "Act") read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

- Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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 accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting notified under the Companies Act, 1956 of India (the "Act") read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Lovelock & Lewes
Firm's Registration Number : 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership No. : 55000

Place: Hyderabad
Date : April 14, 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Srinivasa Resorts Limited on the financial statements as of and for the year ended March 31, 2014.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted/taken any loans secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4 (iii) [(b), (c) and (d)/ (f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party during the year.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of tax deducted at source, employees' state insurance and service tax, and is regular in depositing undisputed statutory dues, including investor education and protection fund, provident fund, income tax, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax and sales tax as at March 31, 2014 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
A.P. Value Added Tax Act, 2005	Exclusion of service tax in computation of liability	1,090,519*	April 1, 2005 to January 31, 2008	Hon'ble High Court of Andhra Pradesh, Hyderabad.
A.P. Value Added Tax Act, 2005	Exclusion of service tax in computation of liability	2,084,417**	Financial year 2012-13	Assessing Officer, Hyderabad.

* Total amount paid under protest ₹ 895,179

** Total amount paid under protest ₹ 307,024

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Lovelock & Lewes
Firm's Registration Number : 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership No. : 55000

Place: Hyderabad
Date : April 14, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	31st March, 2014 (₹)	31st March, 2013 (₹)
Equity and Liabilities			
Shareholder's Funds			
Share Capital	3	240,000,000	240,000,000
Reserves and surplus	4	774,650,540	755,398,560
Non-current liabilities			
Deferred tax liabilities (Net)	5	81,607,839	80,496,566
Other long term liabilities	6	1,497,000	1,460,000
Long-term provisions	7	1,094,191	1,317,127
Current liabilities			
Trade payables	8	49,510,012	43,099,309
Other current liabilities	9	25,724,868	20,060,833
Short-term provisions	10	16,690,475	31,648,568
Total		1,190,774,925	1,173,480,963
Assets			
Non-current assets			
Fixed Assets	11		
Tangible assets		534,330,430	513,610,630
Intangible assets		1,376,660	—
Capital work-in-progress		46,962,146	23,357,287
Non-current investments	12	10,000	10,000
Long term loans and advances	13	73,339,468	17,219,272
Other non-current assets	14	—	142,700,000
Current assets			
Current investments	15	317,891,902	416,200,536
Inventories	16	12,297,756	7,445,308
Trade receivables	17	24,549,714	27,008,120
Cash and bank balances	18	153,034,223	9,322,323
Short-term loans and advances	19	8,886,044	14,186,807
Other current assets	20	18,096,582	2,420,680
Total		1,190,774,925	1,173,480,963

Summary of Significant accounting policies 2
The accompanying notes are an integral part of these financial statements

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

For Lovelock & Lewes
Chartered Accountants

Firm's Registration Number : 301056E

Sunit Kumar Basu
Partner
Membership Number : 55000

Place: Hyderabad
Date : April 14, 2014

On behalf of the Board
Gunupati Sivakumar Reddy Chairman
George Verghese Managing Director
Amit Chandak Company Secretary
Place: Gurgaon
Date: April 14, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Note No.	31st March, 2014 (₹)	31st March, 2013 (₹)
Revenue from operations			
Revenue from Sale of Services (Net of Service tax, Luxury tax and Value Added Tax)		467,075,606	458,706,170
Other operating revenue		14,445,027	8,338,847
Revenue from Operations (total)		481,520,633	467,045,017
Other income	21	51,244,465	39,097,415
Total revenue		532,765,098	506,142,432
Expenses:			
Cost of materials consumed	23	77,466,490	65,133,062
Employee benefit expense	24	109,650,526	106,654,063
Depreciation and amortization expense	25	35,937,759	35,431,541
Other expenses	26	270,107,670	243,545,756
Total expenses		493,162,445	450,764,422
Profit before tax		39,602,653	55,378,010
Tax expense:			
Current tax	27	5,200,000	9,800,000
Deferred tax		1,111,273	1,179,441
Profit for the year		33,291,380	44,398,569
Earning per equity share: Nominal value per share ₹ 10/- (2013: ₹ 10/-)	28		
Basic		1.39	1.85
Diluted		1.39	1.85
Summary of Significant Accounting Policies	2		

The notes are an integral part of these financial statements
This is the Statement of Profit and Loss referred to in our Report of even date.

For Lovelock & Lewes
Chartered Accountants
Firm Registration Number : 301056E
Sunit Kumar Basu
Partner
Membership Number : 55000
Place: Hyderabad
Date : April 14, 2014

On behalf of the Board
Gunupati Sivakumar Reddy Chairman
George Verghese Managing Director
Amit Chandak Company Secretary
Place: Gurgaon
Date: April 14, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

		31st March, 2014 (₹)	31st March, 2013 (₹)
A. Cash flow from operating activities			
Net profit before tax		39,602,653	55,378,010
Adjustment for:-			
Depreciation & Amortisation		35,937,759	35,431,541
Interest on Deposits		(13,952,954)	(13,195,998)
Loss on Fixed assets sold / discarded		762,469	1,800,351
Income from investment		(20,329,404)	(21,151,788)
Profit on sale of investment		(12,595,105)	(1,129,267)
Net loss / (gain) on foreign currency transactions and translations		322,534	(14,485)
Liability no longer required written back		(148,441)	(5,705,373)
Provision for doubtful debts/Bad debts written off		229,397	475,481
Operating Profit before Working Capital Changes		29,828,908	51,888,472
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Trade Receivables		2,525,891	(7,628,170)
Inventories		(4,852,448)	616,830
Other Receivables		(47,458)	(1,506,121)
Security Deposits		—	—
Trade Payables		6,466,707	(13,821,922)
Other Payables		(222,937)	(5,099,379)
Cash generated from operations		3,869,755	(27,438,762)
Income Tax Paid		(7,060,023)	24,449,710
Net cash from operating activities		26,638,640	9,344,634
B. Cash flow from investing activities			
Purchase of Fixed Assets (Net of Capital Creditors)		(78,146,183)	(39,046,624)
Sale of Fixed Assets		—	—
Capital advances / Deposits		(50,960,687)	5,865,133
Purchase of Current Investments		(317,891,902)	(3,080,711,173)
Sale/Redemption of Current Investments		416,200,536	3,129,431,292
Profit on sale of investment		12,595,105	—
Interest on Deposits		325,787	13,508,316
Income from investment		20,329,404	21,151,788
Net cash used in investing activities		2,452,060	50,198,732
C. Cash flow from financing activities			
Dividends paid		(24,000,000)	(48,000,000)
Dividend distribution tax paid		(4,078,800)	(7,786,800)
Net cash used in financing activities		(28,078,800)	(55,786,800)
Net increase in cash and bank balances		1,011,900	3,756,566
Opening cash and bank balances		152,022,323	148,265,757
Closing cash and bank balances		153,034,223	152,022,323
CASH AND CASH EQUIVALENTS COMPRISE :			
Cash, Cheques and Current Accounts		10,334,223	8,301,123
Other Bank Balances		—	—
Deposits Maturing within 3 months (held as margin money)		—	1,021,200
- Long Term Deposits with maturity more than 3 months but less than 12 months		142,700,000	—
- Long term deposit with banks with maturity period more than 12 months		—	142,700,000
		153,034,223	152,022,323

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

Note:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements
- Previous Year's Figures have been regrouped and/or rearranged wherever considered necessary to conform to those of current year.

For Lovelock & Lewes
Chartered Accountants
Firm Registration Number : 301056E
Sunit Kumar Basu
Partner
Membership Number : 55000
Place: Hyderabad
Date : April 14, 2014

On behalf of the Board
Gunupati Sivakumar Reddy Chairman
George Verghese Managing Director
Amit Chandak Company Secretary
Place: Gurgaon
Date: April 14, 2014

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Srinivasa Resorts Limited, subsidiary of ITC Limited, is in the business of Hoteliering. The Company was incorporated on December 20, 1984.

2. Summary of Significant Accounting Policies

I) Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

II) Basis Of Preparation Of Financial Statements

To prepare financial statements in accordance with the historical cost convention, generally accepted accounting principles in India and relevant presentational requirements of the Companies Act, 1956.

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 revised Schedule VI to the Companies Act, 1956 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

III) Fixed Assets

To state fixed assets at cost of acquisition 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 the assets capitalised.

To capitalise software where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation / system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

IV) Depreciation

To calculate depreciation on fixed assets in a manner that amortises the cost of assets after commissioning, over their estimated useful lives or, where specified, lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual instalments. Leasehold properties are amortised over the period of the lease.

To amortise capitalised software costs over a period of five years.

V) Government Grants

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received/ utilized.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is shown as deduction from the gross book value of the asset concerned in order to arrive at net book value.

VI) Investments

To state Current Investments at lower of cost and fair value; and long term investments at cost. Where applicable, provision is made to recognize a decline, other than temporary, in valuation of Long Term investments.

VII) Inventories

To state inventories 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 location. Obsolete and slow moving inventories are identified at the time of physical verification of inventories and, where necessary, provision is made for such inventories.

VIII) Revenue from Services

To recognize Gross Sales after delivery of goods and rendering of services net of Sales Tax / Value Added Tax recovered from customers but including all other applicable taxes. Net sales are stated after deducting such applicable taxes.

IX) Investment Income

To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source.

To account for Income from Dividends when the right to receive such dividends is established.

X) Proposed Dividend

To provide for Dividends (including Income Tax thereon) in the books of account as proposed by the Directors, pending approval at the Annual General Meeting.

XI) Employee Benefits

To make regular monthly contributions to Provident Fund which are in the nature of defined contribution scheme and such paid/payable amounts are charged against revenue. The contributions in respect of provident fund and family pension are statutorily deposited with the Government of India.

To determine the liabilities towards gratuity and leave encashment by an independent actuarial valuation as per requirements of Accounting Standard - 15 (revised 2005) on "Employee benefits". To determine actuarial gains or losses and to recognise such gains or losses immediately in Statement of Profit and Loss as income or expense. The contributions in respect of gratuity fund are made to Life Insurance Corporation.

XII) Lease Rentals

To charge Rentals in respect of leased premises and equipment to the Statement of Profit and Loss.

XIII) Taxes On Income

To provide Current tax as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws.

To provide Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

Not to recognise Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

XIV) Foreign Currency Translations

To account for transactions in foreign currencies at the exchange rate prevailing on the date of the transaction. Gains / Losses arising out of fluctuations in the exchange rates are recognised in the Statement of Profit and Loss in the period in which they arise.

To account for gains / losses in the Statement of Profit and Loss on foreign exchange rate fluctuation relating to monetary items at the year end.

XV) Claims

To disclose claims against the company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

XVI) Financial and Management Information Systems

The books of account and other records have been designed to facilitate compliance with the relevant provisions of the Companies Act, 1956 on one hand, and meet the internal requirements of information and systems for Planning, Review and Internal Control.

NOTES TO THE FINANCIAL STATEMENTS

3. Share Capital

Authorised

2,40,00,000/- (March 31, 2013: 2,40,00,000/-) Equity Shares of ₹ 10/- each

	As at	As at
	31st March, 2014	31st March, 2013
	(₹)	(₹)

	240,000,000	240,000,000
	<u>240,000,000</u>	<u>240,000,000</u>

Issued, subscribed & paid up

2,40,00,000/- (March 31, 2013: 2,40,00,000/-) Equity Shares of ₹ 10/- each (fully paid up)

	240,000,000	240,000,000
	<u>240,000,000</u>	<u>240,000,000</u>

Total

	<u>240,000,000</u>	<u>240,000,000</u>
--	---------------------------	--------------------

a) Rights, Preferences, and restrictions attached to shares

The Ordinary Shares of the Company, having par value of ₹ 10/- per share, rank pari passu in all respects including entitlement to dividend.

b) Equity Shares held by Holding Company

ITC Limited

	As at	As at
	31st March, 2014	31st March, 2013
	No. of Shares held	No. of Shares held
	<u>16,320,477</u>	<u>16,320,477</u>

c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at		As at	
	31st March, 2014		31st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
ITC Limited, the holding company	16,320,477	68.00%	16,320,477	68.00%
G Siva Kumar Reddy, Promoter	1,304,230	5.43%	1,304,230	5.43%
G Sulochanamma, Promoter	1,500,000	6.25%	1,500,000	6.25%

4. Reserves & Surplus

Capital Reserves

(A)

	As at	As at
	31st March, 2014	31st March, 2013
	(₹)	(₹)
	<u>94,603</u>	<u>94,603</u>

General Reserve

Balance as at the beginning of the year

	80,643,117	77,143,117
--	-------------------	------------

Add: Transferred from surplus in Statement of Profit and Loss during the year

	—	3,500,000
--	----------	-----------

Balance as at the end of the year

(B)

	<u>80,643,117</u>	<u>80,643,117</u>
--	--------------------------	-------------------

Surplus in Statement of Profit and Loss

Balance as at the beginning of the year

	674,660,840	661,841,071
--	--------------------	-------------

		As at 31st March, 2014 (₹)	As at 31st March, 2013 (₹)
Profit for the year		33,291,380	44,398,569
Less: Appropriations			
Proposed dividends on equity shares for the year		12,000,000	24,000,000
Dividend distribution tax on proposed dividend on equity shares for the year		2,039,400	4,078,800
Transfer to General Reserve		—	3,500,000
Balance as at the end of the year	(C)	693,912,820	674,660,840
Total	(A+B+C)	774,650,540	755,398,560
5. Deferred Tax liabilities (Net)			
Deferred Tax Liabilities			
On depreciation		82,827,694	82,434,258
Deferred Tax Assets			
On provision for employee benefits		1,215,152	1,585,553
Other timing differences		4,703	352,139
Total		81,607,839	80,496,566
Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.			
6. Other long term liabilities			
Sundry deposits		1,497,000	1,460,000
Total		1,497,000	1,460,000
7. Long Term Provisions			
Provision for employee benefits			
Provision for compensated absences (Refer Note 37)		1,094,191	1,317,127
Total		1,094,191	1,317,127
8. Trade Payables			
Trade payables (Refer Note 39)		49,510,012	43,099,309
Total		49,510,012	43,099,309
9. Other Current Liabilities			
Sundry deposits		1,340,000	1,212,364
Advances from customers		7,832,824	5,780,435
Employee benefits payable		3,214,661	4,179,744
Capital creditors		5,654,379	1,399,016
Statutory dues (including tax deducted at source)		7,683,004	7,489,274
Total		25,724,868	20,060,833
There is no outstanding amount to be credited to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956 at year end.			
10. Short Term Provisions			
Provision For Employee Benefits:			
Provision for gratuity (Refer Note 37)		2,138,113	2,972,057
Provision for compensated absences (Refer Note 37)		512,962	597,711
Other provisions			
Provision for proposed dividend on equity shares		12,000,000	24,000,000
Provision for dividend distribution tax on proposed dividend on equity shares		2,039,400	4,078,800
Total		16,690,475	31,648,568

11. Fixed Assets

Particulars	Gross Block					Depreciation / Amortisation					Net Block	
	April 1, 2013	Additions	Disposals	Adjustments (Net)	March 31, 2014	April 1, 2013	For the year	Disposals	Adjustments (Net)	March 31, 2014	March 31, 2014	March 31, 2013
Tangible assets												
Land - Freehold	10,000,000	—	—	—	10,000,000	—	—	—	—	—	10,000,000	10,000,000
Land - Leasehold (Note 1)	—	30,383,243	—	—	30,383,243	—	350,884	—	—	350,884	30,032,359	—
Building	324,156,132	9,215,974	—	12,843	333,384,949	83,386,675	5,316,869	—	7,736	88,711,280	244,673,669	240,769,457
Plant and Machinery (Note 2)	354,415,223	16,832,104	4,680,871	(5,251,666)	361,314,790	156,640,231	16,852,387	4,054,284	(2,607,294)	166,831,040	194,483,750	197,774,992
Furnitures & fixtures	174,556,933	481,656	4,221,071	(96,125)	170,721,393	132,285,100	9,015,975	4,167,986	(42,891)	137,090,198	33,631,195	42,271,833
Vehicles	14,700,082	274,939	252,916	—	14,722,105	8,612,796	1,210,470	183,928	—	9,639,338	5,082,767	6,087,286
Office equipment	2,664,835	—	17,575	(685,309)	1,961,951	449,501	94,005	6,756	—	536,750	1,425,201	2,215,334
Others (Computers)	28,419,351	1,608,772	59,800	4,044,477	34,012,800	13,927,623	2,899,050	56,810	2,241,448	19,011,311	15,001,489	14,491,728
Total	908,912,556	58,796,688	9,232,233	(1,975,780)	956,501,231	395,301,926	35,739,640	8,469,764	(401,001)	422,170,801	534,330,430	513,610,630
March 31, 2013	889,978,129	27,411,740	8,477,313	—	908,912,556	366,539,411	35,431,541	6,677,195	8,169	395,301,926	513,610,630	523,438,718
Capital Work-in-progress	23,357,287	82,401,547	58,796,688	—	46,962,146	—	—	—	—	—	46,962,146	23,357,287
Intangible assets												
Software	—	—	—	1,975,780	1,975,780	—	198,119	—	401,001	599,120	1,376,660	—
Grand Total	932,269,843	141,198,235	68,028,921	—	1,005,439,157	395,301,926	35,937,759	8,469,764	—	422,769,921	582,669,236	536,967,917

Notes

- Represents Leasehold Land assigned by ITC Ltd. in favour of the company effective September 10, 2013, pursuant to an assignment deed.
- The company has received a subsidy from the Ministry of New and Renewable Energy Resources vide Sanction letter 35/4/2012-13 (ST) of ₹ 692,280 which has been deducted from the Addition of the Asset as per AS-12 - Government Grants.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2014	As at 31st March, 2013		As at 31st March, 2014	As at 31st March, 2013
12. Non current Investments (at cost unless otherwise stated) Other Investments (Unquoted) Deposit in Government Securities- National Savings Certificates Total	<u>10,000</u> <u>10,000</u>	<u>10,000</u> <u>10,000</u>			
13. Long term loans and advances Capital Advances Secured, Considered good Unsecured, Considered good Unsecured, considered good (unless otherwise stated): Security Deposit (Refer 13 a) Advance Income Tax (Net of Provision of ₹ 439,004,972/- Previous Year - ₹ 433,804,972/-) Other loans and advances Prepaid expenses Balance with government authorities Total 13a - Security Deposit includes ₹ 50,000,000 of deposit reimbursed to ITC Limited and recoverable from Mr. Gurpal Singh on account of assignment deed dated September 10, 2013.	<u>926,975</u> <u>1,398,915</u> <u>52,540,306</u> <u>16,897,019</u> <u>183,300</u> <u>1,392,953</u> <u>73,339,468</u>	<u>—</u> <u>1,365,203</u> <u>1,866,891</u> <u>12,534,931</u> <u>357,068</u> <u>1,095,179</u> <u>17,219,272</u>			
14. Other Non Current Assets Long term deposits with bank with maturity period more than 12 months Total	<u>—</u> <u>—</u>	<u>142,700,000</u> <u>142,700,000</u>			
15. Current Investments (at cost or market value, which ever is less) Investments in Mutual Funds (Unquoted) ICICI prudential money market fund - Growth - Direct plan 918,485.06 (PY - Nil) Units of ₹ 176.26 each Reliance liquidity fund - Growth plan - Growth option 81,282.31 (PY - Nil) Units of ₹ 1,919.24 each Birla Sun Life Floating Rate Fund Short term Plan - Growth - Regular plan Nil (PY - 797,683.32) Units of ₹ 152.9429 each Canara Robeco Liquid Fund - Regular Growth Nil (PY - 100,306.95) Units of ₹ 1,387.7457 each Reliance Liquid Fund Treasury Plan - Growth Plan Nil (PY - 55,571.63) Units of ₹ 2,789.1931 each Total	<u>161,891,902</u> <u>156,000,000</u> <u>—</u> <u>317,891,902</u>	<u>—</u> <u>—</u> <u>122,000,000</u> <u>139,200,537</u> <u>154,999,999</u> <u>416,200,536</u>			
16. Inventories (at lower of cost or net realisable value) Food and Beverages Stores and Spares Finished Goods held for resale Total	<u>8,051,887</u> <u>4,050,285</u> <u>195,584</u> <u>12,297,756</u>	<u>5,862,317</u> <u>1,543,276</u> <u>39,715</u> <u>7,445,308</u>			
17. Trade Receivables Secured, considered good: Outstanding for a period exceeding 6 months from the date they are due for payment Others Unsecured, considered good: Outstanding for a period exceeding 6 months from the date they are due for payment Others Unsecured, considered doubtful Outstanding for a period exceeding 6 months from the date they are due for payment Others Less: Provision for doubtful debts Total	<u>111,111</u> <u>875,412</u> <u>1,373,817</u> <u>22,189,374</u> <u>14,494</u> <u>24,564,208</u> <u>14,494</u> <u>24,549,714</u>	<u>—</u> <u>237,105</u> <u>4,794,864</u> <u>21,976,151</u> <u>162,935</u> <u>27,171,055</u> <u>162,935</u> <u>27,008,120</u>			
18. Cash and Bank Balances Cash and Cash Equivalents Cash on hand Cheques on hand Bank Balances In Current accounts In Deposit account (Original Maturity more than 12 months) Pledged with Bank for Bank Guarantee Total	<u>373,616</u> <u>121,101</u> <u>9,839,506</u> <u>142,700,000</u> <u>153,034,223</u>	<u>766,896</u> <u>405,909</u> <u>7,128,318</u> <u>1,021,200</u> <u>9,322,323</u>			
19. Short terms loans and advances Unsecured and considered good, unless otherwise stated: Advance Recoverable in cash or in kind or for value to be received Other deposits Advance Fringe Benefit Tax (Net of Provision of ₹ Nil, Previous Year ₹33,53,052/-) Balances with statutory authorities	<u>1,974,983</u> <u>1,567,400</u> <u>—</u> <u>1,939,684</u>	<u>2,234,216</u> <u>1,494,400</u> <u>647,499</u> <u>5,532,472</u>			
			Pre-paid expenses Total	<u>3,403,977</u> <u>8,886,044</u>	<u>4,278,220</u> <u>14,186,807</u>
			20. Other Current Assets Unsecured and considered good: Interest accrued on deposits SFIS Duty Credit Entitlement Account Total	<u>14,193,281</u> <u>3,903,301</u> <u>18,096,582</u>	<u>2,420,680</u> <u>—</u> <u>2,420,680</u>
			21. Revenue from Operations Revenue from Sale of Services Rooms Food and Beverage Recreation & Other Services (A) Other Operating Revenue Export Incentive Income (SFIS)* Provisions for Bad Debts Written Back Others (B) Total (A + B) * On the basis of Import Orders placed during the year, against which Export Incentive Income worth ₹ 2,068,818/- has been realized	<u>229,940,664</u> <u>203,397,852</u> <u>33,737,090</u> <u>467,075,606</u> <u>5,972,119</u> <u>148,441</u> <u>8,324,467</u> <u>14,445,027</u> <u>481,520,633</u>	<u>242,270,763</u> <u>182,848,003</u> <u>33,587,404</u> <u>458,706,170</u> <u>608,240</u> <u>—</u> <u>7,730,607</u> <u>8,338,847</u> <u>467,045,017</u>
			22. Other Income Interest income - with Banks - Statutory Authorities Dividend Income Net Gain on Sale of Current Investments Other Non Operating Income Total	<u>13,952,954</u> <u>781,775</u> <u>20,329,404</u> <u>12,595,105</u> <u>3,585,227</u> <u>51,244,465</u>	<u>13,195,998</u> <u>—</u> <u>21,151,788</u> <u>1,129,267</u> <u>3,620,362</u> <u>39,097,415</u>
			23. Cost of Material Consumed Consumption of Food and Beverages Opening inventory Add: Purchases (net) Less: Closing inventory Cost of food and beverages consumed during the year Less: Closing stock of finished goods held for resale Total	<u>5,902,032</u> <u>79,811,929</u> <u>85,713,961</u> <u>8,051,887</u> <u>77,662,074</u> <u>195,584</u> <u>77,466,490</u>	<u>5,867,096</u> <u>65,167,998</u> <u>71,035,094</u> <u>5,862,317</u> <u>65,172,777</u> <u>39,715</u> <u>65,133,062</u>
			24. Employee Benefit Expenses Salaries, Wages and Bonus Contribution to Provident and Other Funds (Refer note 37b) Gratuity (Refer note 37a) Staff welfare expenses Remuneration of managers on deputation reimbursed Total	<u>53,782,571</u> <u>3,275,754</u> <u>196,255</u> <u>13,587,576</u> <u>38,808,370</u> <u>109,650,526</u>	<u>52,750,054</u> <u>3,110,538</u> <u>1,498,958</u> <u>14,446,250</u> <u>34,848,263</u> <u>106,654,063</u>
			25. Depreciation and Amortization Expense Depreciation/ Amortization on tangible assets Amortization on intangible assets Total	<u>35,739,640</u> <u>198,119</u> <u>35,937,759</u>	<u>35,431,541</u> <u>—</u> <u>35,431,541</u>
			26. Other Expenses Consumption of stores and supplies Power and Fuel Rent (Refer Note: 36) Repairs to Building Repairs to Machinery Repairs - Others Insurance Rates and Taxes Travelling and Conveyance Technical & Consultancy Fees Printing & Stationary Information Technology Services Advertising / Sales Promotion Provision for doubtful debts Bad debts Training and development Legal Expenses Postage, Telephone, etc. Commission paid to Travel Agents Bank & Credit Card Charges Hotel Reservation/Marketing Expenses Contract Services Net loss / (gain) on foreign currency transactions Loss on Fixed assets sold / discarded Miscellaneous Expenses * Total	<u>14,942,350</u> <u>70,495,168</u> <u>9,596,930</u> <u>5,025,692</u> <u>13,405,676</u> <u>2,678,535</u> <u>4,149,173</u> <u>17,378,048</u> <u>12,529,335</u> <u>29,085,227</u> <u>2,699,694</u> <u>13,558,098</u> <u>2,999,166</u> <u>—</u> <u>229,397</u> <u>1,298,181</u> <u>468,250</u> <u>1,142,455</u> <u>2,293,510</u> <u>4,657,102</u> <u>13,667,603</u> <u>29,322,172</u> <u>322,534</u> <u>762,469</u> <u>17,400,905</u> <u>270,107,670</u>	<u>16,018,339</u> <u>55,990,145</u> <u>6,164,135</u> <u>5,210,750</u> <u>8,989,422</u> <u>4,062,132</u> <u>4,068,153</u> <u>16,594,640</u> <u>10,975,932</u> <u>34,215,337</u> <u>1,674,284</u> <u>13,766,757</u> <u>3,762,627</u> <u>162,935</u> <u>312,546</u> <u>1,392,238</u> <u>182,815</u> <u>1,371,048</u> <u>1,151,263</u> <u>5,184,613</u> <u>14,262,843</u> <u>24,095,280</u> <u>(14,485)</u> <u>1,800,351</u> <u>12,151,656</u> <u>243,545,756</u>
			* Includes Auditors' Remuneration and Expenses - Audit Fees - Tax Audit Fees - Reimbursement of Expenses	<u>825,000</u> <u>75,000</u> <u>35,651</u>	<u>750,000</u> <u>75,000</u> <u>8,806</u>
			27. Income Tax Income Tax for the Year Adjustments / (credits) related to previous years - Net Total	<u>5,801,516</u> <u>(601,516)</u> <u>5,200,000</u>	<u>9,800,000</u> <u>—</u> <u>9,800,000</u>
			28. Earnings Per Share Profit after Taxation Weighted average number of equity shares outstanding Basic & diluted EPS (face value - ₹ 10/- per share)	<u>33,291,380</u> <u>24,000,000</u> <u>1.39</u>	<u>44,398,569</u> <u>24,000,000</u> <u>1.85</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2014		As at 31st March, 2013	
29. The Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances ₹ 1,046,867 Previous Year ₹ Nil)	34,145,667		9,234,570	
30. Contingent Liability				
Claims against the Company not acknowledged as debts :				
i) Indirect Taxation Matters	4,377,139		1,985,698	
ii) Direct Taxation Matters	1,422,303		1,786,570	
31. Earnings in Foreign Exchange	133,648,119		156,791,458	
* Includes ₹ 125,318,530/- (Previous Year - ₹ 150,638,611/-) being Earnings during the year through International Credit Cards & Travel Agencies etc. as certified by Bankers.				
32. Expenditure in Foreign Currency				
Hotel Reservation / Marketing Expenses	11,050,431		23,392,980	
Technical & Consultancy Fees	507,606		551,483	
Total	11,558,037		23,944,463	
33. Value of Imports (CIF Basis)				
Capital Goods	1,334,864		2,256,058	
Other Goods	626,184		421,097	
Total	1,961,048		2,677,155	
	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
34. Value of Consumption of Raw Materials, Stores & Supplies	₹	%	₹	%
a) Raw Materials				
Indigenous	77,466,490	100	65,133,062	100
Imported	—	—	—	—
	77,466,490	100	65,133,062	100
b) Stores & Supplies				
Indigenous	14,316,166	96	16,018,339	97
Imported	626,184	4	421,097	3
	14,942,350	100	16,439,436	100
35. The Company operates in one operating segment i.e., Hoteliering and within one geographical segment i.e. India.				
36. The Company's significant lease arrangements are in respect of operating leases for residential premises. These leasing arrangements, which are cancellable, are for a period of 11 months or longer and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Note 26.				

SCHEDULES TO THE ACCOUNTS

Note - 37.

Employee Benefits :

a) As per Actuarial Valuations as on March 31, 2014 and recognised in the financial statements in respect of Employee Benefit Schemes :

	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity Funded (₹)	Leave Encashment Unfunded (₹)	Gratuity Funded (₹)	Leave Encashment Unfunded (₹)
I Components of Employer Expense				
1 Current Service Cost	759,223	164,086	1,113,475	502,709
2 Interest Cost	603,710	160,970	469,432	99,628
3 Expected Return on Plan Assets	(355,536)	—	(364,677)	—
4 Curtailment Cost / (Credit)	—	—	—	—
5 Settlement Cost / (Credit)	—	—	—	—
6 Past Service Cost	—	—	—	—
7 Actuarial Losses / (Gains)	(811,141)	(380,174)	280,728	92,983
8 Total expense recognised in the statement of Profit and Loss Account	196,255	(55,118)	1,498,958	695,320
The Gratuity Expense has been recognised in "Gratuity" and Leave Encashment in "Salaries/Wages and Bonus" under Schedule 24.				
II Actual Returns	386,551	—	364,677	—
III Net Asset / (Liability) recognised in Balance Sheet				
1 Present Value of Obligation	6,768,319	1,607,153	7,230,257	1,914,838
2 Fair Value on Plan Assets	4,630,206	—	4,258,200	—
3 Status [Surplus / (Deficit)]	(2,138,113)	(1,607,153)	(2,972,057)	(1,914,838)
4 Unrecognised Past Service Cost	—	—	—	—
5 Net Asset / (Liability) recognised in Balance Sheet	(2,138,113)	(1,607,153)	(2,972,057)	(1,914,838)
IV Change in Defined Benefit Obligations (DBO)				
1 Present Value of DBO at the Beginning of Period	7,230,257	1,914,838	6,004,512	1,271,090
2 Current Service Cost	759,223	164,086	1,113,475	502,709
3 Interest Cost	603,710	160,970	469,432	99,628
4 Curtailment Cost / (Credit)	—	—	—	—
5 Settlement Cost / (Credit)	—	—	—	—
6 Plan Amendments	—	—	—	—
7 Acquisitions	—	—	—	—
8 Actuarial (Gains) / Losses	(780,127)	(380,174)	(83,949)	92,893
9 Benefits Paid	(1,044,744)	(252,567)	(273,213)	(51,482)
10 Present Value of DBO at the End of Period	6,768,319	1,607,153	7,230,257	1,914,838
V Change in Fair Value of Assets				
1 Plan Assets at the Beginning of Period	4,258,200	—	3,712,693	—
2 Acquisition Adjustment	—	—	182	—
3 Expected Return on Plan Assets	355,536	—	364,677	—
4 Actuarial Gains / (Losses)	31,015	—	(364,677)	—
5 Actual Company Contribution	1,030,199	252,567	818,538	51,482
6 Benefits Paid	(1,044,744)	(252,567)	(273,213)	(51,482)
7 Plan assets at the End of Period	4,630,206	—	4,258,200	—

As per Actuarial Valuations as on March 31, 2014 and recognised in the financial statements in respect of Employee Benefit Schemes :

VI Actuarial Assumptions				
1 Discount Rate (%)	9.00	9.00	8.00	8.00
2 Expected Return on Plan Assets (%)	8.00	—	9.15	—
3 Rate of Increase in compensation (%)	5.00	5.00	7.00	7.00

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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.

	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity Funded (₹)	Leave Encashment Unfunded (₹)	Gratuity Funded (₹)	Leave Encashment Unfunded (₹)
VII Major Categories of Plan Assets as a % of the Total Plan Assets				
1 Insurance Companies	100%	—	100%	—

VIII Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimised returns within acceptable risk.

	For the year ended 31st March, 2014		For the year ended 31st March, 2013		For the year ended 31st March, 2012		For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
IX Net Asset / (Liability) recognized in Balance Sheet (including experience adjustment impact)										
1 Present Value of Defined Benefit Obligation	6,768,319	1,607,153	7,230,257	1,914,838	6,004,512	1,271,090	5,236,642	1,302,107	4,807,308	796,811
2 Fair Value on Plan Assets	4,630,206	—	4,258,200	—	3,712,693	—	3,709,295	—	3,076,520	—
3 Status [Surplus / (Deficit)]	(2,138,113)	(1,607,153)	(2,972,057)	(1,914,838)	(2,291,819)	(1,271,090)	(1,527,347)	(1,302,107)	(1,730,788)	—
4 Experience Adjustment of Plan Assets [Gain / (loss)]	—	—	(364,677)	—	13,407	—	27,139	—	—	—
5 Experience Adjustment of Obligation [(Gain) / Loss]	—	—	(525,993)	(15,408)	127,585	(538,237)	(198,364)	49,724	134,890	(206,099)

b) Contribution to provident fund and Employee state insurance scheme charged to the Statement of Profit and Loss (included in Note 24) ₹ 3,275,754/- (March 31,2013: ₹ 3,110,538/-)

38. Related Party Disclosures

Name of related parties and nature of relationships

- i) **Holding Company :** ITC Limited
- ii) **Other Related Parties with whom transactions have taken place during the year :**
International Travel House Ltd. (Associate of the holding company)
Espirito Hotels Pvt. Ltd. (Joint Venture of the holding company)
ITC Infotech Limited (Fellow Subsidiary)
GSR Ventures Private Limited (Company in which key managerial personnel is a director)

iii) Key Management Personnel :

Board of Directors

- Gunupati Sivakumar Reddy - Chairman
- Nakul Anand - Vice Chairman & Director
- Chandrasekhar Subrahmoneyan - Director
- Ramana Pradeep Reddy Nallari - Director
- Bommireddi Narasimhasuresh Reddy - Director
- George Verghese - Managing Director
- Dipak Haksar - Director

iv) 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)

v) Summary of transactions during the year :

Sr. No.	Particulars	Holding Company		Others		Key - Management Personnel		Relatives of Key Management Personnel (*)	
		2014	2013	2014	2013	2014	2013	2014	2013
a	Sales of Goods	—	—	—	—	—	—	—	—
b	Sales of Services	4,720,053	3,937,947	764,384	577,346	—	—	—	—
c	Purchase of Goods	5,623,473	7,644,003	—	—	—	—	—	—
d	Purchase of Services								
	- Hotel Services	2,681,554	1,976,250	—	—	—	—	—	—
	- Service Fee	30,373,916	31,686,806	—	—	—	—	—	—
	Total	33,055,470	33,663,056	11,519,121	15,541,557	—	—	—	—
e	Rent Paid	—	—	—	—	—	—	1,332,000	840,000
f	Reimbursement of Contractual Remuneration	38,808,370	37,293,546	—	—	—	—	—	—
g	Expenses recovered	17,824,444	17,056,437	—	—	—	—	—	—
h	Expenses reimbursed								
	Amritsar Project Expenses (CWIP)	2,264,767	—	—	—	—	—	—	—
	Others	18,231,458	22,735,236	—	5,790	—	—	—	—
i	Remuneration	—	—	—	—	4,097,608	4,066,703	—	—
j	Dividend Payments	16,320,477	32,640,954	—	—	1,303,200	2,608,460	6,376,800	11,831,620
k	Transaction pursuant to the assignment deed:								
	Purchase of Services	16,484,149	—	—	—	—	—	—	—
	Acquisition of Fixed Assets	11,186,858	—	—	—	—	—	—	—
	Expenses Reimbursed	12,736,872	—	—	—	—	—	—	—
	Security Deposits Reimbursed	50,000,000	—	—	—	—	—	—	—
l	Balance outstanding at the year end :								
	- Debtors / Receivables	88,292	228,708	—	22,527	—	—	—	—
	- Creditors / Payables (Note 1)	10,417,132	5,844,227	467,320	1,889,873	—	—	—	—

Note 1

Net of tds amounting to ₹ 26,19,235/- (PY 29,91,996/-)

39. 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, 2014. 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 information available with the company.

40. Reclassification

The comparative figures for the previous year have been re-arranged to conform with the current year presentation of accounts.

For Lovelock & Lewes

Chartered Accountants

Firm Registration Number : 301056E

Sunit Kumar Basu

Partner

Membership Number : 55000

Place: Hyderabad

Date : April 14, 2014

On behalf of the Board

Gunupati Sivakumar Reddy Chairman

George Verghese Managing Director

Amit Chandak Company Secretary

Place: Gurgaon

Date: April 14, 2014