REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

1. Your Directors submit their Report for the financial year ended 31st March, 2019.

2. **FINANCIAL PERFORMANCE**

During the year, your Company recorded an Operating Income of ₹ 2,766.60 lakhs (previous year: ₹ 2,588.03 lakhs) registering an increase of 7%. The Other Income of the Company was ₹ 231.36 lakhs (previous year: ₹ 171.28 lakhs). Profit for the year was ₹ 661.09 lakhs (previous year: ₹ 192.97 lakhs).

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

		For the year ended 31st March, 2019 (₹ in lakhs)	For the year ended 31st March, 2018 (₹ in lakhs)
Profits			
a.	Profit Before Tax	935.79	367.23
b.	Less : Tax Expense		
	Current Tax	272.00	236.28
	Deferred Tax	2.70	(62.02)
c.	Profit for the year	661.09	192.97
d.	Other Comprehensive Income	1.83	11.66
e.	Total Comprehensive Income	662.92	204.63
Statement of Retained Earnings			
a.	At the beginning of the year	2,213.17	2,076.24
b.	Add : Profit for the year	661.09	192.97
c.	Add : Other Comprehensive Income	1.83	11.66
d.	Less:		
	- Dividend Paid	56.25	56.25
	- Income Tax on Dividend Paid	11.56	11.45
e.	At the end of the year	2,808.28	2,213.17

3. **DIVIDEND**

The Board of Directors of the Company have recommended a dividend of ₹ 12.50 (previous year: ₹ 12.50) per Equity Share of ₹ 10/- each, for the year ended 31st March, 2019. Total cash outflow in this regard will be ₹ 67.81 lakhs including Dividend Distribution Tax of ₹ 11.56 lakhs.

4. **OPERATIONAL PERFORMANCE**

Your Company, which caters to the 'Mid-market to Upscale' segment through a chain of Fortune hotels, continues to forge new alliances and expand its footprint. Currently, the Company has an aggregate inventory of nearly 4,000 rooms spread over 53 properties of which 47 are operating hotels. Of the balance 6 properties, 1 hotel is slated to be commissioned in the ensuing year and 5 hotel projects are in various stages of development.

The Company has established 'Fortune' as the premier 'value' brand in the Indian hospitality sector. The brand remains a frontrunner in its operating segment and is well positioned to sustain its leadership position in the industry.

During the year, the Company bagged the 'Today's Traveller Award 2018' as well as the 'Hospitality India Travel Award 2018' in the 'Best Premier Class Business Hotel Chain' category. It was also awarded the 'Versatile Excellence Travel Award (VETA) 2018' in the 'Best Business Hotel Chain' category by Travelscapes.

5. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

During the year under review, there were no changes in the composition of the Board of Directors ('the Board') and Key Managerial Personnel of the Company.

(b) Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') and Articles 143 and 144 of the Articles of Association of the Company, Mr. Nakul Anand (DIN: 00022279), Director, will retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

6. **BOARD AND BOARD COMMITTEES**

The Company has two Board Committees and its present composition is as follows:

A. Corporate Social Responsibility Committee

Mr. N. Anand – Chairman
Mr. J. Singh – Member
Mr. Samir MC – Member

B. New Alliance Approval Committee

Mr. J. Singh – Member
Mr. Samir MC – Member

Four meetings of the Board were held during the year ended 31st March, 2019.

7. **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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit 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.

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

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

9. **PARTICULARS OF EMPLOYEES**

The details of employee(s) drawing remuneration more than the limit specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 along with the details of top ten employees of the Company in terms of remuneration drawn, as required under the said Rule, are provided in **Annexure 1** to this Report.

The Company seeks to enhance equal opportunities for men and women and is committed to a gender-friendly workplace. Your Company has an Internal Complaints Committee as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the year, no complaint for sexual harassment was received.

10. **RISK MANAGEMENT**

The risk management framework of the Company is commensurate with its size and nature of business. 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 periodically carries out, at the request of the Company, risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Board annually reviews the effectiveness of the Company's risk management systems and policies.

11. **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 Board 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.

12. **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.

13. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year ended 31st March, 2019, the Company has neither given any loan or guarantee nor has made any investment under Section 186 of the Act.

14. **RELATED PARTY TRANSACTIONS**

During the year ended 31st March, 2019, the Company has neither entered into any contract or arrangement with its related parties which is not at arm's length nor has the Company entered into any material contract or arrangement with them, in terms of Section 188 of the Act.

15. **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.

16. **EXTRACT OF ANNUAL RETURN**

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

17. COST RECORDS

The Company is not required to maintain cost records in terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

18. STATUTORY AUDITORS

The Company's Auditors, Messrs. Price Waterhouse LLP, Chartered Accountants, who were appointed with your approval at the 19th AGM for a period of five years, will complete their present term on conclusion of the 24th AGM of the Company.

The Board has recommended for the approval of the Members, the appointment of Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), as the Auditors of the Company for a period of five years from the conclusion of the ensuing 24th AGM till the conclusion of the 29th AGM. SRBC have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with Section 139 and 141 of the Act. The Board has also recommended for the approval of the Members, the remuneration of SRBC for the financial year 2019-20. Appropriate resolution seeking your approval to the appointment and remuneration of SRBC as the Auditors is appearing in the Notice convening the ensuing AGM of the Company.

19. 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 of the Act.

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

Conservation of Energy & Technology Absorption

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption.

Foreign Exchange Earnings and Outgo

During the year under review, there has been no foreign exchange earnings or outflow.

On behalf of the Board

Dated : 23rd April, 2019 **Samir MC** **Managing Director**
Place : Gurugram **J. Singh** **Director**

Annexure 1 to the Report of the Board of Directors
for the financial year ended on 31st March, 2019
[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
Samir Mecherivalappil Chandrasekharan*	43	Managing Director	1,82,30,195/-	91,37,050/-	MBA, Diploma in Hotel Management	23	16.10.2017	ITC Limited, Executive Vice President
Dhananjay Saliankar*	54	Head-Sales & Marketing	59,74,946/-	31,25,432/-	B. A. (Economics)	28	01.12.2017	ITC Limited, General Manager – Sales & Marketing
Jugal Kishore Batra*	48	Vice President – Finance	51,74,486/-	25,66,240/-	M.Com, ACA	23	10.11.2016	ITC Limited, Manager Finance – Projects
Raj Kamal Chopra*	53	Corporate Chef	39,38,837/-	19,71,425/-	B.Com (P), Diploma in Hotel Management	32	01.04.2013	ITC Limited, Executive Chef
Rajendra AJG Louzado	58	General Manager – Operations Support	37,06,877/-	21,14,417/-	Diploma in Hotel Management	37	17.03.2008	Prism Properties Private Limited, Manager
P P Srivastava*	59	EHS Manager	33,65,311/-	16,14,147/-	B.E.	37	11.07.2015	ITC Limited, Chief Engineer
Kovid Sharma*	41	Head-Human Resources	33,33,842/-	19,61,101/-	B.Sc. (Hons.) Statistics, Masters in IR & HRM	18	15.09.2017	ITC Limited – Manager – Human Resource
Saravanan Dhanabalu	46	General Manager	32,29,285/-	23,88,887/-	PG Course in Facility Management, B.Sc. (Computer Science)	25	05.09.2007	Auromatrix Hotels Private Limited, Manager
Rohit Malhotra #	62	Vice President – Operations	32,17,107/-	18,03,270/-	B.Sc., Diploma in Hotel Management	41	01.01.2017	ITC Limited, General Manager
Ajay Joginderlal Sharma	52	General Manager	31,99,645/-	23,64,783/-	Diploma in Hotel Management	31	19.05.2015	Elixir Enterprises and Hotels Private Limited, Manager

* On deputation from ITC Limited, the Holding Company (ITC).
# Fixed term contract completed on 31st December, 2018.

Notes:

a. 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.

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

c. Certain employees on deputation from ITC have been granted Stock Options by ITC in previous year(s) 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]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to certain employees under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is immediately conferred upon the employees by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

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

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

On behalf of the Board

Dated : 23rd April, 2019 **Samir M C** **Managing Director**
Place : Gurugram **J. Singh** **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, 2019

[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 wholly owned 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. N. Anand (Chairman) Mr. Samir MC Mr. J. Singh
3.	Average net profit of the Company for last three financial years		₹ 8,18,34,174/-
4.	Prescribed CSR expenditure (two percent of the amount stated under 3 above)		₹ 16,36,684/-
5.	Details of CSR spent during the financial year 2018-19	Total amount spent for the financial year	₹ 16,37,000/-
		Total Amount unspent	NIL

Manner in which the amount spent during the financial year 2018-19 is detailed below:

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
Contribution to ITC Rural Development Trust	Undertaking rural development projects [covered under Clause (x) of Schedule VII to the Companies Act, 2013]	N. A.	₹ 16,37,000/-	₹ 16,37,000/-	₹ 16,37,000/-	Implementing Agency - ITC Rural Development Trust, Kolkata

6. The CSR Committee of the Board has confirmed that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

On behalf of the Board

Dated : 23rd April, 2019	**N. Anand**	**Samir MC**	**J. Singh**
Place : Gurugram	**Chairman - CSR Committee**	**Managing Director**	**Director**

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, 2019

[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	:	U55101HR1995PLC052281
ii)	Registration Date	:	26th July, 1995
iii)	Name of the Company	:	Fortune Park Hotels Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	ITC Green Centre 10, Institutional Area Sector 32, Gurugram -122001 Phone: 0124 4171717 e-mail : fphl@fortunehotels.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 services	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	100%	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	–	–	–	–	–	–	–	–	N.A.
b) Central Govt.	–	–	–	–	–	–	–	–	N.A.
c) State Govt.(s)	–	–	–	–	–	–	–	–	N.A.
d) Bodies Corp.	–	4,50,008	4,50,008	100.00	–	4,50,008	4,50,008	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A.
f) Any Other	–	–	–	–	–	–	–	–	N.A.
Sub-total (A)(1)	**–**	**4,50,008**	**4,50,008**	**100.00**	**–**	**4,50,008**	**4,50,008**	**100.00**	**Nil**
(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)	**–**	**4,50,008**	**4,50,008**	**100.00**	**–**	**4,50,008**	**4,50,008**	**100.00**	**Nil**
B. 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	–	–	–	–	–	–	–	–	N.A.
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	–	–	–	–	–	–	–	–	N.A.
Sub-total (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**N.A.**
Grand Total (A+B+C)	**–**	**4,50,008**	**4,50,008**	**100.00**	**–**	**4,50,008**	**4,50,008**	**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	4,50,008	100.00	Nil	4,50,008	100.00	Nil	Nil

(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: None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

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	Samir MC (Managing Director) *(refer Note 1)*
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,56,53,532
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	19,12,643
	(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)	**1,75,66,175**
	Ceiling as per the Companies Act, 2013	**>84,00,000 per annum** *(refer Note 2)*

Note 1: Mr. Samir MC is on deputation from ITC Limited (ITC) and has been granted Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC under its Stock Appreciation Linked Reward Plan. Since these ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Units, and accordingly the said grant has not been considered as remuneration.

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, 2019 are inadequate. The appointment of Mr. Samir MC is governed by the resolution passed by the Board and the shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

B. Remuneration to other Directors: (Amount in ₹)

Sl. No.	Name of Directors	Particulars of Remuneration		Total Amount
		Fee for attending Board and Board Committee meetings	**Commission**	
1.	**Other Non - Executive Directors**			
	N. Anand	Nil	Nil	Nil
	J. Singh			
Total Amount (B)				**Nil**
Total Managerial Remuneration (A+B)				**1,75,66,175**
Overall ceiling as per the Companies Act, 2013				**>84,00,000 per annum** *(refer Note)*

Note: 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, 2019 are inadequate.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: NOT APPLICABLE

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

On behalf of the Board

Dated : 23rd April, 2019 **Samir MC** **Managing Director**

Place : Gurugram **J. Singh** **Director**

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORTUNE PARK HOTELS LIMITED

Report on the audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Fortune Park Hotels Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss ((including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

12. As required by Section 143(3) of the Act, 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 Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements;

ii. The Company did not have any derivative contracts and in respect of other long-term contracts there are no material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Ashok Narayanaswamy
Partner
Membership Number : 095665

Place: Gurugram
Date: April 23, 2019

Annexure A to Independent Auditor's Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Fortune Park Hotels Limited on the financial statements for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Fortune Park Hotels Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal financial controls with reference to financial statements 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 Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Ashok Narayanaswamy
Partner
Membership Number : 095665

Place: Gurugram
Date: April 23, 2019

Annexure B to Independent Auditor's Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Fortune Park Hotels Limited on the financial statements as of and for the year ended March 31, 2019

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of property, plant and equipment.

(b) The property, plant and equipment 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) The Company does not own any immovable properties as disclosed in Note 3 on property, plant and equipment to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (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 regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax 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, there are no dues of income-tax, sales-tax, service-tax, duty of customs, and duty of excise or value added tax or goods and service tax which have not been deposited on account of any dispute.

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Ashok Narayanaswamy
Partner
Membership Number : 095665

Place: Gurugram
Date: April 23, 2019

Balance Sheet

(All amounts in rupees unless otherwise stated)

	Notes	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	**22,33,995**	32,46,519
Deferred tax assets (net)	4	**2,29,78,265**	2,33,19,271
Income tax assets (net)	5	**5,79,78,255**	4,24,51,240
Total non-current assets		**8,31,90,515**	6,90,17,030
Current assets			
Financial assets			
i. Investments	6(a)	**12,13,86,658**	9,95,15,133
ii. Trade receivables	6(b)	**10,99,67,826**	10,03,15,314
iii. Cash and cash equivalents	6(c)	**1,31,23,551**	60,32,846
iv. Others	6(d)	**5,25,57,663**	5,78,54,872
Other current assets	7	**26,78,840**	25,19,528
Total current assets		**29,97,14,538**	26,62,37,693
Total assets		**38,29,05,053**	33,52,54,723
EQUITY AND LIABILITIES			
Equity share capital	8	**45,00,080**	45,00,080
Other equity		**31,75,75,532**	25,80,64,943
Total equity		**32,20,75,612**	26,25,65,023
LIABILITIES			
Non-current liabilities			
Other financial liabilities	9(a)	**13,72,761**	–
Provisions	10(a)	**1,20,46,362**	1,04,15,736
Total non-current liabilities		**1,34,19,123**	1,04,15,736
Current liabilities			
Financial liabilities			
i. Trade payables	9(b)		
Total outstanding dues of micro enterprises and small enterprises		**–**	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,45,48,692**	1,64,62,523
ii. Other financial liabilities	9(c)	**61,71,048**	55,09,031
Provisions	10(b)	**63,95,354**	1,00,55,399
Other current liabilities	11	**2,02,95,224**	3,02,47,011
Total current liabilities		**4,74,10,318**	6,22,73,964
Total liabilities		**6,08,29,441**	7,26,89,700
Total equity and liabilities		**38,29,05,053**	33,52,54,723

The accompanying notes 1 to 28 are an integral part of the financial statements.

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

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurugram
Date : 23rd April, 2019

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 23rd April, 2019

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 23rd April, 2019

Statement of Profit and Loss
(All amounts in rupees unless otherwise stated)

	Notes	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Revenue from operations	12	27,66,60,399	25,88,03,180
Other income	13	2,31,35,945	1,71,27,801
Total income		29,97,96,344	27,59,30,981
Expenses			
Employee benefits expense	14	14,49,84,517	15,44,94,076
Depreciation expense	3	10,70,981	14,85,210
Other expenses	15	6,01,61,711	8,32,28,701
Total expenses		20,62,17,209	23,92,07,987
Profit before tax		9,35,79,135	3,67,22,994
Income tax expense			
- Current tax	16	2,72,00,000	2,36,28,000
- Deferred tax	16	2,70,394	(62,02,069)
Total tax expense		2,74,70,394	1,74,25,931
Profit for the year		6,61,08,741	1,92,97,063
Other comprehensive income			
Items that will not be reclassified to profit or loss			
– Remeasurements of post-employment benefit obligations		2,53,816	16,15,979
– Income tax relating to these items		(70,612)	(4,49,565)
Other comprehensive income for the year, net of tax		1,83,204	11,66,414
Total comprehensive income for the year		6,62,91,945	2,04,63,477
Earnings per equity share			
Basic earnings per share	17	146.91	42.88
Diluted earnings per share	17	146.91	42.88

The accompanying notes 1 to 28 are an integral part of the financial statements.
This is the Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurugram
Date : 23rd April, 2019

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 23rd April, 2019

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 23rd April, 2019

Statement of changes in equity
(All amounts in rupees unless otherwise stated)

A. Equity Share Capital

Balance as at 1st April, 2017	**45,00,080**
Changes in Equity Share Capital	–
Balance as at 31st March, 2018	**45,00,080**
Changes in Equity Share Capital	–
Balance at 31st March, 2019	**45,00,080**

B. Other Equity

	Reserves and Surplus			
	Capital Reserve	Retained Earnings	General Reserve	Total
Balance as at 1st April, 2017	30,00,000	20,76,23,706	3,37,47,999	24,43,71,705
Profit for the year	–	1,92,97,063	–	1,92,97,063
Other comprehensive income (net of tax)	–	11,66,414	–	11,66,414
Total comprehensive income	–	**2,04,63,477**	–	**2,04,63,477**
Dividend paid		(56,25,100)		(56,25,100)
Income tax on dividend paid	-	(11,45,139)	–	(11,45,139)
Balance as at 31st March, 2018	**30,00,000**	**22,13,16,944**	**3,37,47,999**	**25,80,64,943**
Profit for the year	–	6,61,08,741	–	6,61,08,741
Other comprehensive income (net of tax)	–	1,83,204	–	1,83,204
Total comprehensive income	–	**6,62,91,945**	–	**6,62,91,945**
Dividend paid *	–	(56,25,100)	–	(56,25,100)
Income tax on dividend paid	–	(11,56,256)	–	(11,56,256)
Balance as at 31st March, 2019	**30,00,000**	**28,08,27,533**	**3,37,47,999**	**31,75,75,532**

*The Company had paid a final dividend of ₹ 12.50 per share on equity shares of ₹ 10/- each, aggregating to ₹ 56,25,100 (Previous year : ₹ 56,25,100) for the year ended 31st March, 2018. The tax impact of dividend is ₹ 11,56,256 (Previous year : ₹ 11,45,139).

The directors have recommended the payment of a final dividend of ₹ 12.50 per fully paid equity share of ₹ 10/- each, aggregating to ₹ 56,25,100 subsequent to the year end. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. The tax impact of dividend is ₹ 11,56,256.

- Capital reserve represents amount received as compensation of rights under contract.
- Retained earnings represents the cumulative profit as well as remeasurement of defined benefit plans, distribution as per provisions of Companies Act, 2013.
- General reserve is used for strengthening the financial position and meeting future contingencies and losses.

The accompanying notes 1 to 28 are an integral part of the financial statements.
This is the Statement of changes in equity referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurugram
Date : 23rd April, 2019

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 23rd April, 2019

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 23rd April, 2019

Cash Flow Statement

(All amounts in rupees unless otherwise stated)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Cash flow from operating activities		
Profit before tax	9,35,79,135	3,67,22,994
Adjustments for :		
Depreciation expense	10,70,981	14,85,210
Loss on sale of property, plant and equipment - Net	59,172	44,467
Provisions for doubtful debts and other financial assets	17,32,560	2,39,76,456
Bad debts written off	29,03,011	9,76,995
Net (gain)/loss arising on investments mandatorily measured at fair value through profit and loss	(71,78,331)	(91,78,316)
Interest Income	–	(6,01,590)
Operating profit before working capital changes	9,21,66,528	5,34,26,216
Adjustments for :		
Trade receivables, advances and other assets	(91,50,185)	(3,79,79,297)
Trade payables, other liabilities and provisions	(1,16,06,443)	(9,60,75,264)
Cash generated from operations	7,14,09,900	(8,06,28,345)
Income tax paid	(4,27,27,016)	(3,54,73,470)
Net cash from operating activities	2,86,82,884	(11,61,01,815)
Cash flow from investing activities		
Purchase of property, plant and equipment	(1,17,629)	(1,65,080)
Sale of property, plant and equipment	–	8,648
Purchase of current investments	(37,81,00,000)	(86,27,00,000)
Sale / redemption of current investments	36,34,06,806	97,36,38,295
Interest received	–	6,01,590
Net cash from investing activities	(1,48,10,823)	11,13,83,453
Cash flow from financing activities		
Dividend paid	(56,25,100)	(56,25,100)
Income tax on dividend paid	(11,56,256)	(11,45,139)
Net cash from financing activities	(67,81,356)	(67,70,239)
Net increase in cash and cash equivalents	70,90,705	(1,14,88,601)
Opening cash and cash equivalents	60,32,846	1,75,21,447
Closing cash and cash equivalents	1,31,23,551	60,32,846
Cash and cash equivalents comprise of :		
Balances with Banks	1,30,68,354	59,71,586
Cash on hand	55,197	61,260
Cash and cash equivalents at the end of the year [Refer note 6(c)]	1,31,23,551	60,32,846

The above cash flow statement has been prepared under the “Indirect Method” as set out in Ind AS 7 “Statement of Cash flows”.

The accompanying notes 1 to 28 are an integral part of the financial statements.

This is the cash flow statement referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurugram
Date : 23rd April, 2019

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 23rd April, 2019

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 23d April, 2019

Notes forming part of the financial statements (Contd.)

BACKGROUND OF THE COMPANY

Fortune Park Hotels Limited, a 100% subsidiary of ITC Limited is in the business of operating hotels in the mid – market to upscale segment under 'Fortune' Brands. It currently operates 47 hotels.

Note 1: SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been applied to all the years presented, unless otherwise stated (Refer Note 27).

a) BASIS OF PREPARATION

(i) Compliance with IND AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value;
- defined benefit plans – plan assets measured at fair value.

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. Based on the nature of services, the company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

b) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. The carrying amount of a replaced part is derecognized. All upgradations / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

On transition to Ind AS, it has been elected to continue with the carrying value of all the tangible assets recognised as at 1st April, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the tangible asset.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, plant and equipment are recognised in the Statement of Profit and Loss.

c) DEPRECIATION

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 amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. The estimated useful lives of property, plant and equipment of the Company are as follows:

Category of property, plant and equipment	Useful life
Office equipment	5 Years
Computers end users devices	3 Years
Computer, network and servers	6 Years
Furniture and fixtures	10 Years
Vehicles	8 Years

.

d) IMPAIRMENT OF ASSETS

Impairment loss is provided, if any, to the extent, the carrying amount of assets 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 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.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

e) FOREIGN CURRENCY TRANSACTIONS

The Company accounts for transactions in foreign currency at the exchange rate prevailing on the date of transactions. The date of the transaction for the purpose of determining the exchange rate on initial recognition of the asset, expense or income is the date on which an entity initially recognizes the related non – monetary asset or non – monetary liability on the payment or receipt of the advance consideration. Gains/Losses arising on settlement of transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss.

f) FINANCIAL INSTRUMENT, FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are recognised 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 issue 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 recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset 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:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) 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 unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised 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 investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, 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 recognised 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 other comprehensive income, fair value through profit or loss without restating the previously recognised 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 derecognised 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 recognised 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 and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised 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 derecognised 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 included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

g) REVENUE

Revenue is measured at the fair value of the consideration received or receivable for services rendered, net of discounts to customers. Revenue excludes Goods and Services Tax (GST).

Revenue from the sale of services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable.

Under the Operating and Marketing Services Agreements with the hotel owners, the Company provides operating and marketing services and towards this revenue is recognised during the term of the agreements on regular time intervals upon satisfactory completion of performance obligation.

In addition, under the said Agreements, the Company provides other services during pre-operations period and fee for such other services is received in advance and the same is recognised during pre-operations period basis the output method i.e. contract milestone matrix which is best reflective of the performance completed till date.

h) 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.

i) 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 and such paid/payable amounts are recognised as employee benefit expense. The contributions in respect of provident fund are statutorily deposited with the Government.

The contributions in respect of defined benefit gratuity plan are made to Life Insurance Corporation (LIC) under its Group Gratuity Scheme. 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 remeasurements are recognized immediately through Other Comprehensive Income in the period in which they occur.

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 similar to benefits of gratuity explained above. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognized immediately through Other Comprehensive Income in the period in which they occur. These benefits are unfunded.

The eligible employees are also entitled to other benefits such as loyalty plan, which are in the nature of Long Term Benefits, and are estimated based on variable elements affecting the computations including performance ratings in the subsequent appraisal cycle. Such plans are unfunded and are recognized in the Statement of Profit and Loss.

j) EMPLOYEE SHARE BASED COMPENSATION

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees deputed to the Company is recognised at fair value. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the Holding Company.

In case of stock options, the fair value of stock options at the grant date is amortised on a straight line basis over the vesting period and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding credit in equity, net of reimbursements, if any.

In case of stock appreciation units, the fair value of stock appreciation units at the grant date is initially recognised and remeasured at each reporting date, until settled, and cost recognized as an employee benefits expenses in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

k) LEASES

Leases are recognised 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.

Lease payables 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.

l) 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 enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income, are disclosed separately under Other Comprehensive Income, as applicable.

Deferred tax is recognized 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 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.

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.

m) CLAIMS

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

n) PROVISIONS

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.

o) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

p) EARNINGS PER SHARE

Basic earnings per share computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

q) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee headed by the Managing Director.

Note 2: Use of critical 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 the 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 action, actual results could defer from these estimates.

The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates 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 areas involving critical estimates or judgements are:

– Estimation of defined benefit obligations Note 10 and 14
– Contingent liability Note 25
– Impairment of trade receivables and other financial assets Note 6 (b) and 6 (d)

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

Note 3 : Property, Plant and Equipment

	Furniture and fixture	Vehicles	Office equipment	Computers end users devices	Computer, network and servers	Total
Year ended 31st March, 2018						
Gross carrying amount						
Opening gross carrying amount	4,30,824	46,069	4,38,342	44,15,081	22,23,598	75,53,914
Additions	–	–	49,800	1,15,280	–	1,65,080
Disposals	–	–	(23,831)	(1,02,681)	–	(1,26,512)
Closing gross carrying amount	**4,30,824**	**46,069**	**4,64,311**	**44,27,680**	**22,23,598**	**75,92,482**
Accumulated depreciation						
Opening accumulated depreciation	1,91,390	12,030	3,15,432	21,63,126	2,52,172	29,34,150
Depreciation charge during the year	27,740	6,015	35,103	10,39,477	3,76,875	14,85,210
Disposals	–	–	(20,987)	(52,410)	–	(73,397)
Closing accumulated depreciation	**2,19,130**	**18,045**	**3,29,548**	**31,50,193**	**6,29,047**	**43,45,963**
Net carrying amount	**2,11,694**	**28,024**	**1,34,763**	**12,77,487**	**15,94,551**	**32,46,519**
Year ended 31st March, 2019						
Gross carrying amount						
Opening gross carrying amount	4,30,824	46,069	4,64,311	44,27,680	22,23,598	75,92,482
Additions	–	–	–	–	1,17,629	1,17,629
Disposals	–	–	(1,34,513)	(14,383)	(29,219)	(1,78,115)
Closing gross carrying amount	**4,30,824**	**46,069**	**3,29,798**	**44,13,297**	**23,12,008**	**75,31,996**
Accumulated depreciation						
Opening accumulated depreciation	2,19,130	18,045	3,29,548	31,50,193	6,29,047	43,45,963
Depreciation charge during the year	20,886	6,014	34,818	6,57,526	3,51,737	10,70,981
Disposals	–	–	(1,18,943)	–	–	(1,18,943)
Closing accumulated depreciation	**2,40,016**	**24,059**	**2,45,423**	**38,07,719**	**9,80,784**	**52,98,001**
Net carrying amount	**1,90,808**	**22,010**	**84,375**	**6,05,578**	**13,31,224**	**22,33,995**

Contractual obligations
Refer to note 22 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

	Deferred tax assets				Deferred tax liabilities			Net Deferred Tax Assets (A-B)
	On employee benefit	On allowances for doubtful trade and other financial assets	Other timing differences	Deferred tax assets (A)	Property, plant and equipment	Financial assets at fair value through profit or loss	Deferred tax liabilities (B)	
At 1st April, 2017	68,33,282	1,08,27,448	6,06,483	1,82,67,213	(2,68,988)	(4,31,458)	(7,00,446)	1,75,66,767
(Charged)/credited:								
- to profit or loss	(6,61,006)	67,75,371	(1,88,852)	59,25,513	99,688	1,76,868	2,76,556	62,02,069
- to other comprehensive income	(4,49,565)	–	–	(4,49,565)	–	–	–	(4,49,565)
At 31st March, 2018	**57,22,711**	**1,76,02,819**	**4,17,631**	**2,37,43,161**	**(1,69,300)**	**(2,54,590)**	**(4,23,890)**	**2,33,19,271**
(Charged)/credited:								
- to profit or loss	(4,88,194)	4,81,998	(2,22,560)	(2,28,756)	89,540	(1,31,178)	(41,638)	(2,70,394)
- to other comprehensive income	(70,612)	–	–	(70,612)	–	–	–	(70,612)
At 31st March, 2019	**51,63,905**	**1,80,84,817**	**1,95,071**	**2,34,43,793**	**(79,760)**	**(3,85,768)**	**(4,65,528)**	**2,29,78,265**

The Company has long term capital losses of ₹ 11,67,837 (Previous year : ₹11,68,309) for which deferred tax assets has not been recognised, which is due to expire by financial year 2021-22.

Note 5: Income tax assets (net)

	As at 31st March, 2019	As at 31st March, 2018
Advance tax [Net of provisions ₹ 13,90,90,229 (Previous year ₹ 11,18,90,229)]	5,79,78,255	4,24,51,240
Total income tax assets (net)	**5,79,78,255**	**4,24,51,240**

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

Note 6: Financial assets - current

Note 6(a) Investments

	As at 31st March, 2019	As at 31st March, 2018
Unquoted		
Investment in mutual funds measured at FVTPL		
Aditya Birla Sun Life Liquid Fund		
[66,773.898 units: Previous year (Nil units)] of ₹ 100/- each	2,00,61,296	–
UTI-Money Market Fund-Institutional Plan		
[Nil units: Previous year (25,945.237 units)] of ₹ 1,000/- each	–	5,05,86,588
ICICI Prudential Liquid Fund		
[1,85,415.779 units: Previous year (Nil units)] of ₹ 100/- each	5,12,51,946	–
SBI Liquid Fund		
[17,098.248 units: Previous year (Nil units)] of ₹ 1,000/- each	5,00,73,416	–
Reliance Liquid Fund - Treasury Plan		
[Nil units: Previous year (8,975.975 units)] of ₹ 1,000/- each	–	3,80,57,617
Aditya Birla Sun Life Floating Rate Fund Short Term Plan		
[Nil units: Previous year (46,860.356 units)] of ₹ 100/- each	–	1,08,70,928
Total investments	**12,13,86,658**	**9,95,15,133**

Note 6(b) Trade receivables

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, Considered Good (Refer note 21)	10,99,67,826	10,03,15,314
Credit impaired	5,06,64,762	4,86,82,503
Less: Provision for impairment	(5,06,64,762)	(4,86,82,503)
Total trade receivables	**10,99,67,826**	**10,03,15,314**

Note 6(c) Cash and cash equivalents

	As at 31st March, 2019	As at 31st March, 2018
Balances with banks		
- in current accounts	1,30,68,354	59,71,586
Cash on hand	55,197	61,260
Total cash and cash equivalents	**1,31,23,551**	**60,32,846**

Note 6(d) Others

	As at 31st March, 2019	As at 31st March, 2018
Other assets - Unsecured unless stated otherwise		
- Contractually reimbursable cost - Considered good	5,19,15,663	5,73,92,872
- Contractually reimbursable cost - Credit impaired	1,43,41,768	1,45,91,467
Less: Provision for impairment	(1,43,41,768)	(1,45,91,467)
- Security deposits	6,42,000	4,62,000
Total others	**5,25,57,663**	**5,78,54,872**

Note 7 : Other current assets

	As at 31st March, 2019	As at 31st March, 2018
Prepayment expenses	5,22,622	3,99,659
Advances to employees and vendors	–	55,264
GST recoverable	21,56,218	20,64,605
Total other current assets	**26,78,840**	**25,19,528**

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

Note 8: Equity share capital

Particulars		As at 31st March, 2019	As at 31st March, 2018
Authorised			
20,00,000 (Previous year 20,00,000) equity shares of ₹ 10 each		2,00,00,000	2,00,00,000
	Total	**2,00,00,000**	**2,00,00,000**
Issued, subscribed and paid up			
4,50,008 (Previous year 4,50,008) equity shares of ₹ 10 each		**45,00,080**	45,00,080
	Total	**45,00,080**	**45,00,080**

(i) Movements in equity share capital

Particulars	Number of shares	Amount
As at 1st April, 2017	4,50,008	45,00,080
Add: Increase / less changes during the year	–	–
As at 31st, March, 2018	**4,50,008**	**45,00,080**
Add: Increase / less changes during the year	–	–
As at 31st March, 2019	**4,50,008**	**45,00,080**

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(ii) Shares held by holding company

Particulars	As at 31st March, 2019	As at 31st March, 2018
Equity Shares of ₹ 10 each fully paid up held by:		
ITC Limited, the holding Company	**4,50,002**	4,50,002
Held by management personnel as nominees of ITC Limited	**6**	6

(iii)Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	% holding	Number of shares	% holding
ITC Limited, the holding company	**4,50,002**	**99.98%**	4,50,002	99.98%
Held by management personnel as nominees of ITC Limited	**6**	**0.02%**	6	0.02%

Note 9: Financial liabilities

Note 9(a): Other financial liabilities

	As at 31st March, 2019	As at 31st March, 2018
Non-Current		
Payable to holding company (Refer Note 21)	13,72,761	–
Total other financial liabilities	**13,72,761**	–

Note 9(b) : Trade payables

	As at 31st March, 2019	As at 31st March, 2018
Current		
Total outstanding dues of micro and small enterprises #	–	-
Total outstanding dues of creditors other than micro and small enterprises	1,45,48,692	1,64,62,523
Total trade payables	**1,45,48,692**	**1,64,62,523**

The Company, based on the information available on the status of the suppliers, does not have any dues to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

Note 9(c) : Other financial liabilities

	As at 31st March, 2019	As at 31st March, 2018
Current		
Employee benefits payable	54,71,057	39,24,775
Payable to holding Company (Refer Note 21)	6,99,991	15,84,256
Total other financial liabilities	**61,71,048**	**55,09,031**

Note 10 (a) Provisions

	As at 31st March, 2019	As at 31st March, 2018
Non-current		
Provision for employee benefits (Refer Note 14)		
- Retirement benefits	56,51,268	57,23,136
- Other benefits	63,95,094	46,92,600
Total provision	**1,20,46,362**	**1,04,15,736**

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

Note 10 (b) Provisions

	As at 31st March, 2019	As at 31st March, 2018
Current		
Provision for employee benefits (Refer Note 14)		
- Retirement benefits	37,93,721	57,75,899
- Other benefits	26,01,633	42,79,500
Total provision	63,95,354	1,00,55,399

Note 11: Other current liabilities

	As at 31st March, 2019	As at 31st March, 2018
Deferred revenue received in advance #	38,49,531	47,04,531
Advance from customers	47,38,000	1,44,84,460
Statutory dues including provident fund and tax deducted at source	1,17,07,693	1,10,58,020
Total other current liabilities	2,02,95,224	3,02,47,011

 # Revenue recognised in relation to contract liabilities

	As at 31st March, 2019	As at 31st March, 2018
Opening balance	47,04,531	79,33,031
Add: Received during the year net of revenue recognised during the year	37,00,000	2,00,000
Less: Revenue recognised that relates to carried-forward contract liabilities	45,55,000	34,28,500
Closing Balance	38,49,531	47,04,531

Note 12: Revenue from operations

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Rendering of services [Refer Note 27(i)]		
- Operating and marketing services	27,41,60,399	25,88,03,180
- Income from alliance closure	25,00,000	-
Total revenue	27,66,60,399	25,88,03,180

Note 13 : Other income

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Interest income from financial assets at amortised cost		
- On income tax refund	–	6,01,590
Net gain on financial assets mandatorily measured at fair value through profit or loss	13,86,658	9,15,133
Net gain on sale of investments	57,91,673	82,63,183
Liabilities no longer required written-back	1,38,39,191	54,00,537
Miscellaneous income	21,18,423	19,47,358
Total other income	2,31,35,945	1,71,27,801

Note 14: Employee benefits expense

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Salary, wages and bonus	19,96,87,255	19,68,49,269
Reimbursement of remuneration of deputed managers	3,87,98,295	3,39,76,528
Share based payments expense for deputed managers	56,54,520	2,64,74,501
Contribution to employees provident and other funds	1,31,47,058	1,28,16,556
Staff welfare expenses	1,11,50,023	1,15,74,171
	26,84,37,151	28,16,91,025
Less: Recoveries*	12,34,52,634	12,71,96,949
Total employee benefit expense	14,49,84,517	15,44,94,076

* Recoveries of salary cost of deputed personnel from alliances.

The Company has accounted for the defined benefit and retirement benefit plan and contribution scheme as under:

[a] Defined benefit plan / long term compensated absences

Gratuity : The employees are entitled to gratuity that is computed as half-month's salary, for every completed year of service and is payable on separation/retirement. The Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation. The Company pays contribution to Life Insurance Corporation of India to fund its plan.

Leave encashment : The employees are entitled for leave for each year of service and part thereof, subject to the limits specified, the unavailed portion of such leaves can be accumulated or encashed during/at the end of the service period. The plan is unfunded.

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

a) The reconciliation of opening and closing balances of the present value of defined benefit obligations are as under :

Gratuity - funded

	Present value of obligation	Fair value of plan assets	Total	Impact of asset ceiling	Net amount
1st April, 2017	**1,24,98,426**	**(1,12,30,225)**	**12,68,201**	–	**12,68,201**
Current service cost	26,24,749	–	26,24,749	–	26,24,749
Past service cost	–	–	–	–	–
Interest expense/(income)	7,48,318	(7,30,576)	17,742	–	17,742
Total amount recognised in profit or loss	**33,73,067**	**(7,30,576)**	**26,42,491**	–	**26,42,491**
Remeasurements					
Return on plan assets, excluding amounts included in interest expense/(income)	–	(80,127)	(80,127)	–	(80,127)
(Gain)/loss from change in demographic assumptions	(1,37,089)	–	(1,37,089)	–	(1,37,089)
(Gain)/loss from change in financial assumptions	(4,61,860)	–	(4,61,860)	–	(4,61,860)
Experience (gains)/losses	(6,25,861)	–	(6,25,861)	–	(6,25,861)
Change in asset ceiling, excluding amounts included in interest expense	–	–	–	–	–
Total amount recognised in other comprehensive income	**(12,24,810)**	**(80,127)**	**(13,04,937)**	–	**(13,04,937)**
Contributions:					
Employers					
Plan participants	–	(12,00,000)	(12,00,000)	–	(12,00,000)
Benefit payments	(28,24,464)	28,24,464	–	–	–
31st March, 2018	**1,18,22,218**	**(1,04,16,464)**	**14,05,754**	–	**14,05,754**

	Present value of obligation	Fair value of plan assets	Total	Impact of asset ceiling	Net amount
1st April, 2018	**1,18,22,218**	**(1,04,16,464)**	**14,05,754**	–	**14,05,754**
Current service cost	26,46,464	–	26,46,464	–	26,46,464
Past service cost	–	–	–	–	–
Interest expense/(income)	8,03,080	(9,33,707)	(1,30,627)	–	(1,30,627)
Change in asset ceiling, excluding amounts included in interest expense	–	–	–	20,45,084	20,45,084
Total amount recognised in profit or loss	**34,49,544**	**-9,33,707**	**25,15,837**	**20,45,084**	**45,60,921**
Remeasurements					
Return on plan assets, excluding amounts included in interest expense/(income)	–	1,14,904	1,14,904	–	1,14,904
(Gain)/loss from change in demographic assumptions	19,582	–	19,582	–	19,582
(Gain)/loss from change in financial assumptions	–	–	–	–	–
Experience (gains)/losses	(6,25,047)	–	(6,25,047)	–	(6,25,047)
Change in asset ceiling, excluding amounts included in interest expense	–	–	–	–	–
Total amount recognised in other comprehensive income	**(6,05,465)**	**1,14,904**	**(4,90,561)**	–	**(4,90,561)**
Contributions:					
Employers					
Plan participants	–	(54,76,114)	(54,76,114)	–	(54,76,114)
Benefit payments	(22,28,982)	22,28,982	-	–	–
31st March, 2019	**1,24,37,315**	**(1,44,82,399)**	**(20,45,084)**	**20,45,084**	–

The net liability disclosed above relates to funded and unfunded plans are as follows:

	31st March, 2019	31st March, 2018
Present value of funded obligations	**1,24,37,315**	1,18,22,218
Fair value of plan assets	**(1,44,82,399)**	(1,04,16,464)
Funded status	**(20,45,084)**	14,05,754
Effect of asset ceiling	**20,45,084**	–
Net defined benefit liability (asset)	–	14,05,754

Major Category of Plan Assets as a % of the Total Plan Assets

Life Insurance Corporation of India	**100%**	100%

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	31st March, 2019	31st March, 2018
Discount rate	**7.50% p.a.**	7.50% p.a.
Salary Growth Rate	**5.00% p.a.**	5.00% p.a.
Attrition Rate	**33.00% p.a.**	38.00% p.a.

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

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 sensitivity analysis from previous year.

	Defined Benefit Obligation	
	As At 31st March, 2019 ₹	As At 31st March, 2018 ₹
Discount Rate + 100 basis points	**1,21,80,119**	1,16,07,387
Discount Rate - 100 basis points	**1,27,07,808**	1,20,46,883
Salary Increase Rate + 1%	**1,26,51,633**	1,19,93,160
Salary Increase Rate – 1%	**1,22,30,061**	1,16,55,959
Attrition Rate + 1%	**1,24,28,934**	1,18,09,091
Attrition Rate – 1%	**1,24,45,169**	1,18,35,089

Leave encashment - unfunded

	As At 31st March, 2019 ₹	As At 31st March, 2018 ₹
	Present value of obligation	**Present value of obligation**
Opening Balance	1,00,93,281	1,14,87,273
Current service cost	8,87,495	12,37,993
Past service cost	–	–
Interest expense/(income)	6,65,567	6,74,301
Total amount recognised in profit or loss	**15,53,062**	**19,12,294**
Remeasurements		
Return on plan assets, excluding amounts included in interest expense/(income)	–	–
(Gain)/loss from change in demographic assumptions	(67,689)	2,22,709
(Gain)/loss from change in financial assumptions	–	(3,93,680)
Experience (gains)/losses	3,04,433	(1,40,071)
Change in asset ceiling, excluding amounts included in interest expense	–	-
Total amount recognised in other comprehensive income	**2,36,744**	**(3,11,042)**
Contributions: Employers		
Plan participants	–	–
Benefit payments	(24,38,098)	(29,95,244)
Closing Balance	**94,44,989**	**1,00,93,281**

The significant actuarial assumptions were as follows:

	31st March, 2019	31st March, 2018
Discount rate	**7.50% p.a.**	7.50% p.a.
Salary Growth Rate	**5.00% p.a.**	5.00% p.a.
Attrition Rate	**33.00% p.a.**	38.00% p.a.

Sensitivity Analysis

	Defined Benefit Obligation	
	As At 31st March, 2019 ₹	As At 31st March, 2018 ₹
Discount Rate + 100 basis points	**92,61,240**	99,21,740
Discount Rate - 100 basis points	**96,37,970**	1,02,72,413
Salary Increase Rate + 1%	**95,95,186**	1,02,26,423
Salary Increase Rate – 1%	**92,99,598**	99,63,653
Attrition Rate + 1%	**94,60,377**	1,01,06,347
Attrition Rate – 1%	**94,28,819**	1,00,79,616

[b] State plans (contribution scheme)

The Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund for the benefit of the employees. Accordingly, the Company's contribution during the year that has been charged to statement of profit and loss amounts to ₹ 79,84,702 (Previous year :₹ 78,94,415).

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

Note 15: Other expenses

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Repairs and maintenance - others	26,80,684	35,05,408
Power and fuel	5,06,466	6,98,114
Rates and taxes	–	55,660
Rent (Refer note 23)	56,62,370	50,44,788
Printing and stationery	6,02,460	4,04,183
Travelling and conveyance	1,68,15,624	1,59,04,562
Advertisement / sales promotion	1,16,61,991	1,43,47,910
Legal expenses	21,08,410	36,73,751
Consultancy / professional fees	71,64,182	39,62,276
Postage and telephone	14,74,321	21,23,348
Insurance	2,23,513	2,53,536
Information technology services	35,06,939	48,50,508
Bad debts written-off	29,03,011	9,76,995
Provisions for doubtful debts and other financial assets	17,32,560	2,39,76,456
Loss on sale of property, plant and equipment - Net	59,172	44,467
Payment to the auditors [Refer note 15(a)]	5,91,500	549,123
Expenditure towards corporate social responsibility activities [Refer note 15(b)]	16,37,000	18,09,000
Miscellaneous	8,31,508	10,48,616
Total other expenses	6,01,61,711	8,32,28,701

Note 15 (a): Details of payments to auditors

Payment to auditors (excluding GST)		
As auditor:		
Audit fees	3,50,000	3,50,000
Tax audit fees	1,00,000	1,00,000
Fees for other services	75,000	50,000
Re-imbursement of expenses	66,500	49,123
Total payments to auditors	5,91,500	5,49,123

Note 15 (b): Corporate social responsibility expenditure

Contribution to ITC Rural Development Trust	16,37,000	18,09,000
Total	16,37,000	18,09,000
Amount required to be spent as per Section 135 of the Act	16,36,684	18,08,891
Amount spent during the year on		
(i) Construction/acquisition of an asset	–	–
(ii) On purposes other than (i) above	16,37,000	18,09,000

Note 16: Income tax expense

(a) Income tax expense

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Current tax		
Current tax on profits for the year	2,72,00,000	2,36,28,000
Total current tax expense	2,72,00,000	2,36,28,000
Deferred tax		
Decrease / (increase) in deferred tax assets	2,28,756	(59,25,513)
(Decrease) / increase in deferred tax liabilities	41,638	(2,76,556)
Total deferred tax expense/(benefit)	2,70,394	(62,02,069)
Income tax expense	2,74,70,394	1,74,25,931

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit before income tax expenses	9,35,79,135	3,67,22,994
Indian tax rate	27.82%	27.55%
Tax based on normal tax rate	2,60,33,715	1,01,33,632
Items not considered while determining taxable profits	14,36,679	75,20,845
Effect of deferred tax balances due to changes in income tax rate notified under Income Tax Act, 1961	–	(2,28,546)
Total tax expense	2,74,70,394	1,74,25,931

Note 17: Earnings per equity share

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit after tax	6,61,08,741	1,92,97,063
Weighted average number of shares outstanding	4,50,008	4,50,008
Basic and diluted earnings per share	146.91	42.88

Note: There are no dilutive instruments.

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

Note 18: Financial Instruments and Fair Value Disclosures

Particulars	Notes	As at 31st March, 2019		As at 31st March, 2018	
		Carrying value	Fair value	Carrying value	Fair value
A. Financial assets					
a) Measured at amortised cost					
i) Trade receivables (net of provision for impairment)	6(b)	**10,99,67,826**	**10,99,67,826**	10,03,15,314	10,03,15,314
ii) Cash and cash equivalents	6(c)	**1,31,23,551**	**1,31,23,551**	60,32,846	60,32,846
iii) Other	6(d)	**5,25,57,663**	**5,25,57,663**	5,78,54,872	5,78,54,872
Sub-total		**17,56,49,040**	**17,56,49,040**	**16,42,03,032**	**16,42,03,032**
b) Measured at fair value through profit or loss					
i) Investments in mutual funds	6(a)	**12,13,86,658**	**12,13,86,658**	9,95,15,133	9,95,15,133
Sub-total		**12,13,86,658**	**12,13,86,658**	**9,95,15,133**	**9,95,15,133**
Total financial assets		**29,70,35,698**	**29,70,35,698**	**26,37,18,165**	**26,37,18,165**
B. Financial liabilities					
a) Measured at amortised cost					
i) Other financial liabilities-non current	9(a)	**13,72,761**	**13,72,761**	-	-
ii) Trade payable	9(b)	**1,45,48,692**	**1,45,48,692**	1,64,62,523	1,64,62,523
iii) Other financial liabilities - current	9(c)	**61,71,048**	**61,71,048**	55,09,031	55,09,031
Total financial liabilities		**2,20,92,501**	**2,20,92,501**	**2,19,71,554**	**2,19,71,554**

Fair value hierarchy

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. The Mutual Funds are valued using the closing NAV.

Level 2: Inputs other than quoted price including 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 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.

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 instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

The fair value of trade receivables and payables is considered to be equal to the carrying amounts of these items due to their short – term nature.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2019	As at 31st March, 2018
		Fair value	Fair value
A Financial Assets a) Measured at fair value through profit or loss i) Investment in mutual funds	1	**12,13,86,658**	9,95,15,133
Total financial assets		**12,13,86,658**	9,95,15,133

There are no transfers between Level 1, Level 2 and Level 3 during the year.

Note 19: Financial risk management

The Company's activities expose it to primarily Credit Risk and Liquidity Risk, which are not material given the nature of business and limited risk undertaken by the Company.

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

a) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company's investment decisions relating to deployment of surplus liquidity are guided by the tenets of safety, liquidity and return. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. Investments are made with a range of maturities, generally matching the projected cash flows and spreading the same across wide range of counterparties.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

Current

Particulars	As at 31st March, 2019				
		Contractual cash flows *			
	Carrying value	0 - 1 month	1 - 3 months	More than 3 months	Total
Trade payable	1,45,48,692	1,45,48,692	–	–	1,45,48,692
Other financial liabilities	61,71,048	61,71,048	–	–	61,71,048
Total	**2,07,19,740**	**2,07,19,740**	–	–	**2,07,19,740**

Particulars	As at 31st March, 2018				
		Contractual cash flows *			
	Carrying value	0 - 1 month	1 - 3 months	More than 3 months	Total
Trade payable	1,64,62,523	1,64,62,523	–	–	1,64,62,523
Other financial liabilities	55,09,031	55,09,031	–	–	55,09,031
Total	**2,19,71,554**	**2,19,71,554**	–	–	**2,19,71,554**

Notes forming part of the financial statements (Contd.)
(All amounts in rupees unless otherwise stated)

Non-Current

Particulars	As at 31st March, 2019				
	Contractual cash flows *				
	Carrying value	1 - 2 years	2 - 3 years	More than 3 years	Total
Other financial liabilities	13,72,761	2,74,552	3,43,190	7,55,019	13,72,761
Total	**13,72,761**	**2,74,552**	**3,43,190**	**7,55,019**	**13,72,761**
Particulars	**As at 31st March, 2018**				
	Contractual cash flows *				
	Carrying value	**1 - 2 years**	**2 - 3 years**	**More than 3 years**	**Total**
Other financial liabilities	–	–	–	–	–
Total	–	–	–	–	–

* The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

b) Credit risk

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

The Company has a policy of extending credit only after due approvals and evaluation in terms of the agreed terms. Based on negotiations, bank guarantee is also taken from some of the customers to whom credit is extended, but adjustment to the same are made only based on mutual agreement. Such credit limits extended to trade receivables are monitored by the management committee and protective action initiated to recover the amount. In view of the short nature of its trade receivables, the Company makes provision for bad and doubtful debts on an individual basis. Write offs are made with the approval of the Board of Directors.

Trade receivables are initially measured at transaction value, which is the fair value and subsequently retained at cost less provision for impairment. Impairment losses are recognized in the profit or loss where there is objective evidence that the Company will not be able to collect all the due amounts.

Interest is generally not charged and / or paid on customer balances.

There are no significant concentrations of credit risk with respect to trade receivables due to the diverse customer base. Our historical experience of collecting receivables, supported by the level of default, so trade receivables are considered to be a single class of financial assets. All Customer balances which are overdue for more than 180 days are evaluated for provision and considered for expected credit loss provision on an individual basis. Based on the historic trend and expected performance of the customers, the Company, has computed expected credit loss allowances for doubtful receivables.

Movement in the provisions for impairment of trade receivables and contractually reimbursable cost is as follows:

	As at 31st March, 2019	As At 31st March, 2018
Balance at the beginning of the year	(6,32,73,970)	(3,92,97,514)
Provided during the year	(1,68,82,366)	(2,51,00,000)
Adjusted during the year	1,51,49,806	11,23,544
Balance at the end of the year	(6,50,06,530)	(6,32,73,970)

Note 20: Capital Management

Risk Management

The Company's financial strategy aims to provide adequate capital for its growth plans in 'upscale to mid market segment' for generating superior returns and sustained stakeholder value. The Company funds its operations mainly through internal accruals. The Company does not have borrowings and continues to invest its surplus funds for its future growth as a going concern within the tenets of Safety, Liquidity and Returns.

Note 21: Related party disclosures

a) Names of related parties and nature of relationship:

i) Where control exists:

Holding Company	ITC Limited

ii) Key Management Personnel:

Nakul Anand	Director
Jagdish Singh	Director
Samir Mecherivalappil Chandrasekharan #	Managing Director

iii) Other related parties with whom transactions have taken place during the year :

Associates	International Travel House Limited
Entity under control of the ITC Group	ITC Infotech India Limited
Joint Venture	Maharaja Heritage Resorts Limited

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

b) Summary of transactions / balances :

	Transactions / balances	Holding Company		Other Related Parties		Key Management Personnel	
		31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
1	Operating and marketing fees *	56,62,841	1,30,56,284	–	–	–	–
2	Purchase of services						
	- ITC Limited	13,94,760	3,82,305	–	–	–	–
	- International Travel House Limited	–	–	45,20,499	32,84,880	–	–
	- ITC Infotech India Limited	–	–	7,08,000	7,03,500	–	–
3	Rent *	17,86,291	17,44,117	–	–	–	–
4	Remuneration of managers / staff on deputation recovered *						
	- ITC Limited	91,03,866	1,57,25,255	–	–	–	–
5	Remuneration of managers on deputation reimbursed ((including remuneration of - Managing Director) ₹ 1,68,52,907 (Previous year - ₹ 94,41,869) as disclosed below)	4,44,52,815	6,08,24,904	–	–	–	–
6	Dividend payments	56,25,100	56,25,100	–	–	–	–
7	Expense recovered during the year (amount due on account of payments made on behalf of related parties)						
	- ITC Limited	31,35,706	92,45,587	–	–	–	–
	- Maharaja Heritage Resorts Limited	–	–	–	12,636	–	–
8	Expense reimbursed during the year (amount due to related parties on account of payments made by them on behalf of the Company)						
	- ITC Limited	3,48,67,922	3,46,69,790	–	–	–	–
	(including remuneration of - Managing Director ₹ Nil (Previous year - ₹ 500,000/-))						
	- International Travel House Limited	–	–	2,37,458	84,569	–	–
9	Remuneration to Key Management Personnel @						
	- Suresh Kumar	–	–	–	–	–	80,94,155
	- Samir Mecherivalappil Chandrasekharan	–	–	–	–	1,96,46,744	29,30,116
10	Closing Balances:						
	(i) Trade receivables						
	- ITC Limited	4,10,517	3,74,139	–	–	–	–
	(ii) Other current assets						
	- ITC Limited	8,20,234	7,79,804	–	–	–	–
	(iii) Trade payables						
	- ITC Limited	43,45,105	48,62,790	–	–	–	–
	- International Travel House Limited	–	–	496,523	4,48,256	–	–
	(iv) Other financial liabilities						
	- ITC Limited	699,991	15,84,256	-	–	–	–
	(v) Other Financial liabilities - Non current						
	- ITC Limited	13,72,761	–	–	–	–	–

* Includes GST / Service tax

\# The remuneration is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company.

@ Excludes ESOS / ESAR (Refer Note 26)

Note : The remuneration paid to the Managing Director due to the inadequacy of profits, is subject to the approval of shareholders by special resolution in the ensuing Annual General Meeting of the Company.

Note 22: Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liability is as follows:

	As at 31st March, 2019	As at 31st March, 2018
Property, plant and equipment	**4,68,176**	–

Note 23 Lease arrangements

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc.). These leasing arrangements which are cancellable range between 11 months and 2 years 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 15.

Note 24 Segment reporting

The operating segment of the company has been identified in a manner consistent with the internal reporting provided to the Management Committee headed by the Managing Director. The Committee is the chief operating decision maker based on which there is only one operating segment in which the company operates i.e. operating hotels in the mid - market to upscale segment and within one geographical segment i.e. India. The Company is not reliant on revenues from operations with any single operating hotel, customer and does not receive 10% or more of it's revenue from operating fee from any single external operating hotel. All the non-current asset are located in India.

Note 25 Contingent Liability

	As at 31st March, 2019	As at 31st March, 2018
Claims against the Company not acknowledged as debts		
Income tax Demands from income tax authorities under appeal for assessment year 2012 - 13	–	67,57,173

Income tax appeal for assessment year 2012-13 on account of alleged difference of receipts appearing in Form 26AS and income credited to the statement of profit and loss was decided in favour of the Company during the year.

Notes forming part of the financial statements (Contd.)

(All amounts in rupees unless otherwise stated)

Note 26 Employee share based compensation

(i) The eligible employees of ITC Limited (ITC), who are deputed to the Company at its request, are covered under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each Option entitles the holder thereof to apply for and be allotted ten ordinary shares of ₹1.00 each of ITC upon payment of the exercise price during the exercise period. 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. The options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

ITC ESAR:

Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation units (SARs) vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / stock appreciation units granted to the deputed employees on-charge by ITC. The fair value of the options / SARs granted is determined, using the Black Scholes Option Pricing model, by ITC for all the grantees covered under ITC ESOS / ITC ESAR as a whole.

(iii) The summary of movement of such stock options granted by ITC (ITC ESOS) and status of the outstanding options is as under:

Particulars	As at 31st March, 2019	As at 31st March, 2018
	No. of Options	No. of Options
Outstanding at the beginning of the year	64,329	3,11,986
Add: Granted during the year *	–	27,815
Add : Effect of Bonus	–	–
Less: Lapsed during the year	–	2,68,725
Less: Exercised during the year	12,906	6,747
Outstanding at the end of the year	51,423	64,329
Options exercisable at the end of the year	40,583	41,506
Options Vested and Exercisable during the year	11,983	13,036

* Includes Nil (Previous year 17,750) stock options granted to the Key Management Personnel of the Company. Since such stock options are not tradeable, no perquisite or benefit is immediately conferred upon an employee by such grant.

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

(iv) In accordance with Ind AS 102, an amount of ₹ 42,81,759 (Previous Year ₹ 2,64,74,501) towards ITC ESOS and ₹13,72,761 (Previous year - ₹ Nil) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 14). Such charge has been recognized as employee benefits expense with corresponding credit to current / non – current financial liabilities, as applicable.
Out of the above, ₹ Nil (Previous Year ₹ 1,86,74,326) is attributable to key management personnel [Mr. Suresh Kumar ₹ Nil (Previous Year ₹ 1,86,74,326)] for ITC ESOS and ₹ 8,26,609 (Samir Mecherivalappil Chandrasekharan) (Previous year ₹ Nil) for ITC ESAR.

Note 27 Other Disclosure

(i) Ministry of Corporate Affairs (MCA) has notified Ind AS 115 – "Revenue from Contracts with Customers" effective 1st April, 2018, The Company has adopted Ind AS 115 using modified retrospective method, wherein the Company has elected to apply practical expedient for contracts that were not completed on or before 31st March, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The Company has evaluated and there is no material impact on the financial statements resulting from the implementation of this standard.

The Company has applied the practical expedient in Ind AS 115, accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer is outcome based and event based contracts (Refer Note 11).

No significant judgments have been made by the Company in applying Ind AS 115 that significantly affect the determination of the amount and timing of revenue from contracts with customers.

(ii) Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 on 30th March, 2019 notifying new Standard Ind AS 116 "Leases' This Ind AS is applicable for annual period beginning on or after April 01, 2019. The Company expects that there will be no material impact on the financial statements resulting from the implementation of this standard.

(iii) Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments). The Company does not expect any significant impact of the amendment on its financial statements.

Note 28 The Financial statements were authorised for issue by the directors on 23rd April, 2019.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Ashok Narayanaswamy
Partner
Membership Number : 095665
Place : Gurugram
Date : 23rd April, 2019

On behalf of the Board of Directors

Samir Mecherivalappil Chandrasekharan
Managing Director
DIN 08064002
Place : Gurugram
Date : 23rd April, 2019

Jagdish Singh
Director
DIN 00042258
Place : Gurugram
Date : 23rd April, 2019