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 under review, your Company recorded an Operating Income of ₹ 5,902.42 lakhs (previous year: ₹ 5,700.59 lakhs) showing a growth of 3.54%. The Other Income of the Company was ₹ 146.60 lakhs (previous year: ₹ 136.73 lakhs). Loss for the year was ₹ 212.04 lakhs (previous year profit: ₹ 48.04 lakhs) primarily due to one off loss of ₹ 279.22 lakhs incurred on sale of Amritsar Hotel Project of the Company to ITC Limited, the Holding Company.

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 / (Loss) Before Tax	**(230.30)**	(49.42)
b. Less : Tax Expense		
Current Tax	–	–
Deferred Tax	**(18.26)**	(97.46)
c. Profit / (Loss) for the year	**(212.04)**	48.04
d. Other Comprehensive Income / (Loss)	**(0.95)**	(8.10)
e. Total Comprehensive Income / (Loss)	**(212.99)**	39.94
Statement of Retained Earnings		
a. At the beginning of the year	**6,507.07**	6,467.13
b. Add : Profit / (Loss) for the year	**(212.04)**	48.04
c. Add : Other Comprehensive Income / (Loss)	**(0.95)**	(8.10)
d. At the end of the year	**6,294.08**	6,507.07

3. **OPERATIONAL PERFORMANCE**

Your Company's hotel 'ITC Kakatiya' in Hyderabad continued to face sluggish demand conditions during the year. While room occupancy rates and average room rates remained under pressure, Food and Beverages recorded robust growth.

'Dakshin', the South Indian fine dining restaurant at the hotel, was adjudged the Best South Indian Fine Dining Restaurant at the 'Times Food Guide Nightlife Award 2019' for the 9th consecutive year. 'Dakshin' was also among the Top 3 in the list of Top 10 Restaurants in India and amongst the Top 10 in the list of top 25 restaurants in Asia at TripAdvisor's Travellers' Choice Awards 2018.

During the year, the Company's 101-key full service hotel under development on leased land in Amritsar was sold to ITC Limited, the Holding Company along with assignment of the leased land on an arm's length basis.

During the year, the Ministry of Corporate Affairs vide its notification dated 10th September, 2018, made it mandatory that every Unlisted Public Company shall facilitate dematerialisation of all its existing securities and issue further securities only in dematerialised form. Accordingly, your Company obtained International Securities Identification Number (ISIN): INE04H001010 from National Securities Depository Limited and appointed M/s. Karvy Fintech Private Limited as the Registrar and Share Transfer Agents.

4. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

During the year under review, the Board of Directors of the Company ('the Board') appointed Mr. Ashwin Moodliar (DIN: 08205036) as an Additional Director of the Company with effect from 10th September, 2018. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 138 of the Articles of Association of the Company, Mr. Moodliar will vacate office at the ensuing Annual General Meeting ('AGM') and is eligible for appointment as a Director of the Company. The Board at the meeting held on 23rd April, 2019 recommended for the approval of the Members, the appointment of Mr. Moodliar as a Non-Executive Director of your Company, liable to retire by rotation.

During the year under review, Mr. V. Razdan, stepped down as Managing Director of your Company with effect from 21st December, 2018. Your Directors place on record their appreciation for the contribution made by Mr. Razdan during his tenure.

The Board, appointed Mr. Ashutosh Chhibba (DIN: 08355922) as an Additional Director, and subject to the approval of the members, also as the Managing Director of the Company with effect from 9th March, 2019, for a period of three years. In accordance with Section 161 of the Companies Act, 2013 ('the Act') and Article 138 of the Articles of Association of the Company, Mr. Chhibba will vacate office at the ensuing AGM and is eligible for appointment as a Director of the Company. The Board at the meeting held on 23rd April, 2019 recommended for the approval of the Members, the appointment of Mr. Chhibba as a Director not liable to retire by rotation.

Requisite Notices under Section 160 of the Act have been received by the Company for appointment of Mr. Moodliar and Mr. Chhibba, who have filed their consents to act as Directors of your Company, if appointed. Appropriate resolutions seeking approval of the Members to Mr. Moodliar's and Mr. Chhibba's appointment are appearing in the Notice convening the ensuing AGM of the Company.

Ms. Sonali Grover resigned as the Company Secretary of the Company with effect from close of work on 31st October, 2018. The Board, appointed Ms. Anupama Jha as the Company Secretary of the Company with effect from 29th November, 2018, in terms of the provisions of Section 203 of the Act.

b) **Retirement by Rotation**

In accordance with the provisions of Section 152 of the Act read with Articles 151 and 152 of the Articles of Association of the Company, Mr. B. N. Suresh Reddy (DIN: 00218223), Mr. Jagdish Singh (DIN: 00042258) and Mr. Nakul Anand (DIN: 00022279), Directors, will retire by rotation at the ensuing AGM of the Company, and being eligible, offers themselves for re-appointment. Your Board has recommended their re-appointment.

5. **BOARD AND BOARD COMMITTEES**

The two Board Committees of the Company and their present composition is as follows:

<u>Audit Committee</u>

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

<u>Corporate Social Responsibility Committee</u>

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

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

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

ii. selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

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

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

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

8. **PARTICULARS OF EMPLOYEES**

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

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

9. 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 Auditors of the Company, periodically carries out risk focused audits with the objective of identifying areas where risk management processes could be strengthened. The Audit Committee and the Board annually reviews the effectiveness of the Company's risk management systems and policies.

10. INTERNAL FINANCIAL CONTROLS

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

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

11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Keeping in view the non-applicability of the CSR provisions, no contribution was made towards CSR activities during the financial year 2018-19.

12. 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.

13. RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with its related parties during the financial year were in accordance with the provisions of the Act. All such contracts or arrangements were entered in the ordinary course of business and on arm's length basis, and have been approved by the Audit Committee.

During the year, as mentioned earlier, the Company has sold assets of hotel under development in Amritsar including leasehold land rights and long-term vendor balances relating to the project to ITC Limited, the Holding Company, on an arm's length basis for a consideration of ₹ 63.50 crores. The said transaction is considered material as it exceeds 10% of the revenue from operations of the Company as per its latest audited financial statements. The details of the above transaction in the prescribed Form No. AOC-2, is given in the **Annexure 3** to this Report.

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

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

15. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT-9 is enclosed as **Annexure 4** to this Report.

16. 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.

17. STATUTORY AUDITORS

The Company's Statutory Auditors, Messrs Deloitte Haskins & Sells LLP ('DHS'), Chartered Accountants, were appointed with your approval at the Thirty-Second AGM to hold such office till the conclusion of the Thirty-Seventh AGM. On the recommendation of the Audit Committee, the Board has recommended for the approval of the Members, remuneration of DHS for the financial year 2019-20. Appropriate resolution in respect of the above is appearing in the Notice convening the ensuing AGM of the Company.

18. 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.

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

Conservation of Energy

Steps taken on Conservation of Energy and impact thereof:

S. No.	Description
1.	Commissioning of New Cooling Towers (CTI) Certified
2.	Procurement of New Automatic Rescue Device (ARD) for Service Lifts

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

Capital investment on energy conservation equipment:

S. No.	Description	(₹ in Lakhs)
1.	ARD for Service Lifts	9.29

Technology Absorption

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

S. No.	Description	Benefits
1.	Installation of CTI (Cooling Technology Institute) Certified Cooling Tower	Energy Saving
2.	Installation of New Screw Air Compressor	Air Quality to machine
3.	ARD for Service Lifts	Upgrading the technology in safety

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

Foreign Exchange Earnings and Outgo

The foreign exchange earnings of your Company during the year aggregated ₹ 1,415.54 lakhs (previous year: ₹ 1,359.37 lakhs), while there was a foreign exchange outflow aggregating ₹ 90.65 lakhs (previous year: ₹ 135.43 lakhs).

On behalf of the Board

Date: 23rd April, 2019 — **G. S. Reddy**
Place: Gurugram — **Chairman**

Annexure 1 to the Report of the Board of Directors for the financial year ended 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
Virender Razdan*	54	Managing Director (Till 20th December, 2018)	47,23,320/-	21,27,432/-	B.Sc., Hotel Management	31	29.08.2016	ITC Limited, General Manager
Rakshit Kapoor*	34	Chief Financial officer	38,50,621/-	23,12,646/-	B. Com, A.C.A	11	24.03.2017	ITC Limited, Finance Manager
Srinivas Rao Mortha	52	Jr. Executive	7,92,800/-	7,65,540/-	Graduate	24	31.07.1995	Marriot Hotel & Convention Centre, Hyderabad, F & B Production Associate
Jhansi Gangarapu	31	Sales Executive	7,24,952/-	6,91,052/-	Post Graduate	7	01.02.2018	IBIS Hyderabad-Accor Group of Hotels, Sales Manager
Venu Gopal	46	Laundry Incharge	7,01,796/-	6,88,737/-	Matriculate	3	11.07.2016	The Park, Hyderabad, Laundry Manager
Akkem Shiva Kumar	40	F&B Executive	6,77,736/-	6,66,693/-	Intermediate	20	10.08.1998	Holiday Inn Krishna, Assistant Steward
Ammisetti Lakshman Raja	49	Jr. Executive	6,60,244/-	6,57,844/-	Graduate	24	06.06.1995	APSIDC Limited, Executive Secretary
Teja Sundar Raj	52	Executive Secretary	6,35,641/-	6,27,932/-	Graduate	18	11.10.1999	Orbit Technologies Pvt. Limited, Executive Secretary
Sambasiva Rao Bhimavarapu	51	Jr. Executive	6,32,000/-	6,22,628/-	Matriculate	24	01.10.1995	J.J Associates, Electrical Supervisor
Archana Koul	38	Head - Responsible Luxury Ambassador	6,06,426/-	5,81,995/-	Graduate	2	23.03.2017	Spice Jet Airlines, Cabin Crew

** On deputation from ITC Limited, the Holding Company (ITC).*

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. 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 the employees on deputation under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by such grant of 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 of the Company nor hold any equity share in the Company.

Dated : 23rd April, 2019 **On behalf of the Board**

Place: Gurugram **G. S. Reddy** **Chairman**

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 subsidiary of ITC Limited (ITC), discharges its corporate social responsibilities (CSR) by aligning itself with the CSR Policy of ITC. The Company undertakes its CSR activities: • as listed in Schedule VII to the Companies Act, 2013, in line with the CSR initiatives of ITC and as approved by the CSR Committee of the Company; • directly or through a registered trust or a registered society or a company established under Section 8 of the Companies Act, 2013. The Company may collaborate with ITC or other companies for undertaking CSR activities.
2.	Composition of CSR Committee	Mr. G. S. Reddy (Chairman) Mr. D. Haksar Mr. J. Singh
3.	Average net profit of the Company for last three financial years	₹ (2,94,52,582/-) [Loss]
4.	Prescribed CSR expenditure (two percent of the amount stated under 3 above)	Nil
5.	Details of CSR spent during the financial year 2018-19: Total amount spent for the financial year Total amount unspent	 Nil Nil

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

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
–	–	–	–	–	–	–	–

6.	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report	As per Section 135 of the Companies Act, 2013, the provisions of CSR are not applicable to the Company for this financial year, therefore, no contribution has been made towards CSR activities during the financial year 2018-19.
7.	A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.	Not Applicable

On behalf of the Board

Dated : 23rd April, 2019 **G. S. Reddy** **A. Chhibba**
Place : Gurugram **Chairman - CSR Committee** **Managing Director**

Annexure 3 to the Report of the Board of Directors

FORM AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a)	Name(s) of the related party and nature of relationship	NIL
b)	Nature of contracts / arrangements / transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited (ITC), the Holding Company.
b)	Nature of contracts / arrangements / transactions	Re-assignment of leasehold rights for the land parcel at Amritsar Hotel Project including sale of the Company's assets and long-term vendor balances relating to the project to ITC.
c)	Duration of the contracts / arrangements / transactions	Re-assignment deed and conveyance deed executed on 10th January, 2019 and Company's assets relating to the Project was sold on 31st January, 2019.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	- Sale of the Company's assets (including leasehold land rights) and long-term vendor balances relating to the Amritsar Hotel Project to ITC at a consideration of ₹ 63.50 crores plus applicable taxes etc. - Fair valuation of the project was done by an Independent Valuation Agency.
e)	Date(s) of approval by the Board, if any	12th November, 2018
f)	Amount paid as advances, if any	Not Applicable.

On behalf of the Board

Date: 23rd April, 2019 **G. S. Reddy**
Place: Gurugram **Chairman**

Annexure 4 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	:	U74999TG1984PLC005192
ii)	Registration Date	:	20th December, 1984
iii)	Name of the Company	:	Srinivasa Resorts Limited
iv)	Category / Sub-Category of the Company	:	Unlisted Public Company limited by shares
v)	Address of the Registered office and contact details	:	6-3-1187, Begumpet, Hyderabad, Telangana-500016 Phone: 040 - 40081888 e-mail ID: srl.kakatiya@itchotels.in
vi)	Whether listed Company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:		Karvy Fintech Private Limited, Karvy Selenium, Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana – 500 032

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Shareholding:

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

Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	N.A.
C. Share held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	N.A.
Grand Total (A+B+C)	–	**2,40,00,000**	**2,40,00,000**	**100.00**	–	**2,40,00,000**	**2,40,00,000**	**100.00**	**NIL**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
1.	ITC Limited	1,63,20,477	68.00%	–	1,63,20,477	68.00%	–	–
2.	G Sivakumar Reddy	13,04,230	5.43%	–	13,04,230	5.43%	–	–
3.	G Sulochanamma	15,00,000	6.25%	–	15,00,000	6.25%	–	–
4.	N Shailaja Reddy	10,00,000	4.17%	–	10,00,000	4.17%	–	–
5.	G Samyuktha Reddy	6,15,810	2.57%	–	6,15,810	2.57%	–	–
6.	B Bharathi Reddy	10,00,000	4.17%	–	10,00,000	4.17%	–	–
7.	G V Pranab Reddy	8,00,000	3.33%	–	8,00,000	3.33%	–	–
8.	M V Rachita	10,00,000	4.17%	–	10,00,000	4.17%	–	–
9.	GSR Projects Pvt. Ltd.	4,59,483	1.92%	–	4,59,483	1.91%	–	–
	Total	2,40,00,000	100%	–	2,40,00,000	100%	–	–

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

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

Mr. Ashwin Moodliar, Director, Mr. Ashutosh Chhibba, Managing Director and Ms. Anupama Jha, Company Secretary did not hold any Shares of the Company either at the time of their appointment or at the end of the year or at any time during the year.

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	A. Chhibba* (Managing Director) (refer Note 1)
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,69,835
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	2,31,961
	(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)		**5,01,796**
Ceiling as per the Companies Act, 2013		84,00,000 per annum (refer Note 2)

*Appointed with effect from 9th March, 2019.

Note 1: Mr. A. Chhibba is on deputation from ITC Limited (ITC) and has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively. Since these Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / 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. Chhibba is governed by the resolutions passed by the Board and the shareholders of the Company. The statutory provisions apply with respect to notice period and severance fee.

B. Remuneration to other Directors:

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount (in ₹)
		Fee for attending Board and Board Committee meetings	Commission	Others, please specify	
1.	**Independent Directors**				
	Total Amount (B) (1)				**Nil**
2.	**Other Non-Executive Directors**				
	N. Anand	Nil	Nil	Nil	Nil
	B. N. Reddy				
	G. S. Reddy				
	D. Haksar				
	G. V. P. Reddy				
	J. Singh				
	A. Chadha				
	N. R. Pradeep Reddy				
	A Moodliar*				
	Total Amount (B) (2)				**Nil**
Total Amount (B) = (B) (1) + (B) (2)					**Nil**
Total Managerial Remuneration (A+B)					**5,01,796**
Overall ceiling as per the Companies Act, 2013					84,00,000 per annum (refer Note 1)

**Appointed with effect from 10th September, 2018.*

Note 1: Ceiling as per Part II of Schedule V to the Companies Act, 2013 has been disclosed, considering that the profits of the Company for the financial year ended 31st March, 2019 are inadequate.

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

Sl. No.	Particulars of Remuneration	R. Kapoor (Chief Financial Officer) (refer Note 1)	A. Jha (Company Secretary) (refer Note 2)
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	₹ 32,43,316	₹ 1,62,666
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	₹ 4,50,598	–
	(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		**₹ 36,93,914**	**₹ 1,62,666**

Note 1: Mr. R. Kapoor is on deputation from ITC Limited (ITC), the Holding Company, and has been granted Stock Options in previous year(s) and Employee Stock Appreciation Linked Reward Units (ESAR Units) in the current year by ITC under its Employee Stock Option Schemes and Stock Appreciation Linked Reward Plan, respectively'. Since these Stock Options / ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.

Note 2: Appointed with effect from 29th November, 2018.

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

Dated : 23rd April, 2019 **On behalf of the Board**
Place: Gurugram **G. S. Reddy** **Chairman**

INDEPENDENT AUDITOR'S REPORT
To The Members of Srinivasa Resorts Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Srinivasa Resorts Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 Responsibility for the Audit of the Financial Statements

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.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 financial 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 system 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 the 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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

1. As required by Section 143(3) of the Act based on our audit, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N: 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354

Hyderabad, April 23, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Srinivasa Resorts Limited ("the Company") as at 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

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

Auditor's Responsibility

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sumit Trivedi
Partner
Membership No. 209354

Hyderabad, April 23, 2019

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of, Service Tax and Value Added Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in Lakhs)	Amount Unpaid (₹ in Lakhs)
VAT Laws	VAT	High Court	2005-06 to 2007-08	30.96	20.01
Finance Act, 1994	Service Tax	Joint Commissioner (Service Tax)	2011-12 to 2014-15	346.64	346.64

The total disputed dues aggregating ₹ 377.60 lakhs as above has been stayed for recovery by the relevant authorities.

There are no dues of Income-tax, Sales Tax, Excise Duty and Customs Duty as at March 31, 2019 on account of disputes.

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

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

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

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

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

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

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

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

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N: 117366W/W - 100018)

Sumit Trivedi
Partner
Membership No. 209354

Hyderabad, April 23, 2019

Balance Sheet as at 31st March, 2019

	Note		As at 31st March, 2019 (₹ in Lakhs)		As at 31st March, 2018 (₹ in Lakhs)
ASSETS					
Non-current assets					
(a) Property, plant and equipment	3A		4390.57		4593.85
(b) Capital work-in-progress	3B		—		3996.27
(c) Intangible assets	3C		5.28		8.26
(d) Other non-current assets	10		268.54		1294.60
Total Non-current assets			4664.39		9892.98
Current assets					
(a) Inventories	4		165.59		149.57
(b) Financial assets					
(i) Investments	5	5633.20		762.26	
(ii) Trade receivables	6	303.12		341.98	
(iii) Cash and cash equivalents	7	167.36		237.30	
(iv) Bank balances, other than (iii) above	8	83.57		67.73	
(v) Others	9	30.42	6217.67	28.79	1438.06
(c) Other current assets	10		132.86		119.01
Total Current assets			6516.12		1706.64
Total Assets			11180.51		11599.62
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	11	2400.00		2400.00	
(b) Other equity		7101.46	9501.46	7314.45	9714.45
Total Equity			9501.46		9714.45
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
(i) Other financial liabilities	12		8.14		12.15
(b) Provisions	13		11.35		16.93
(c) Deferred tax liabilities (net)	15		447.81		466.43
Total Non-current liabilities			467.30		495.51
Current liabilities					
(a) Financial liabilities					
(i) Trade payables	26				
- Total outstanding dues to micro enterprises and small enterprises, and		–		–	
- Total outstanding dues to creditors other than micro enterprises and small enterprises		1008.85		867.39	
(ii) Other financial liabilities	12	88.82	1097.67	405.90	1273.29
(b) Other current liabilities	14		65.53		76.88
(c) Provisions	13		48.55		39.49
Total Current liabilities			1211.75		1389.66
Total Equity and Liabilities			11180.51		11599.62

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached

On behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Gunupati Sivakumar Reddy
Chairman

Ashutosh Chhibba
Managing Director

Rakshit Kapoor
Chief Financial Officer

Anupama Jha
Company Secretary

Place: Hyderabad
Date: April 23, 2019

Place: Gurugram
Date: April 23, 2019

Statement of Profit and Loss account for the year ended 31st March, 2019

		Note	For the Year ended 31st March, 2019 (₹ in Lakhs)	For the Year ended 31st March, 2018 (₹ in Lakhs)
I	**Revenue from operations**	16	**5902.42**	5700.59
II	**Other income**	17	**146.60**	136.73
III	**Total income (I+II)**		**6049.02**	5837.32
IV	**Expenses**			
	Cost of materials consumed		**866.00**	865.19
	Changes in inventories of stock-in-trade		**0.02**	(0.01)
	Employee benefits expense	18	**1384.88**	1472.71
	Depreciation and amortization expense	19	**314.46**	333.42
	Other expenses	20	**3713.96**	3215.43
	Total expenses (IV)		**6279.32**	5886.74
V	**Profit / (Loss) before tax (III- IV)**		**(230.30)**	(49.42)
VI	**Tax Expense:**			
	Deferred tax	15	**(18.26)**	(97.46)
VII	**Profit /(Loss) for the year (V - VI)**		**(212.04)**	48.04
	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss:			
	(i) Remeasurements of defined benefit plans	27	**(1.31)**	(11.23)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	15	**(0.36)**	(3.13)
VIII	**Other comprehensive income / (loss) for the year (i - ii)**		**(0.95)**	(8.10)
IX	**Total comprehensive income / (loss) for the year (VII+VIII)**		**(212.99)**	39.94
X	**Earnings per equity share (Face value of ₹ 10 each)**	21		
	Basic (in ₹)		**(0.88)**	0.20
	Diluted (in ₹)		**(0.88)**	0.20

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached

On behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Gunupati Sivakumar Reddy
Chairman

Ashutosh Chhibba
Managing Director

Rakshit Kapoor
Chief Financial Officer

Anupama Jha
Company Secretary

Place: Hyderabad
Date: April 23, 2019

Place: Gurugram
Date: April 23, 2019

Cash Flow Statement for the year ended 31st March, 2019

		For the year ended 31st March, 2019 (₹ in Lakhs)		For the year ended 31st March, 2018 (₹ in Lakhs)
A. Cash flow from operating activities				
Net Profit / (Loss) before tax		(230.30)		(49.42)
Adjustments for:				
- Depreciation and amortization expense	314.46		333.42	
- Interest income	(13.85)		(18.53)	
- (Gain) / Loss on sale / transfer of property, plant and equipment (Including CWIP)- Net	300.12		10.02	
- Provision for doubtful receivables	29.85		–	
- Prepayment of leasehold land	4.83		6.57	
- Net (gain)/loss arising on investments mandatorily measured at fair value through Profit or Loss	(92.91)		(87.87)	
		542.50		243.61
Operating profit before working capital changes		312.20		194.19
Adjustments for:				
- Trade receivables	9.02		(45.89)	
- Inventories	(16.02)		11.64	
- Other assets	(25.70)		40.99	
- Trade payables	372.42		274.60	
- Other payables	(29.37)		18.59	
		310.35		299.93
Cash generated from operations		622.55		494.12
Income tax paid (net)		(34.10)		104.38
Net Cash from operating activities		588.45		598.50
B. Cash Flow from investing activities				
- Purchase of property, plant and equipment	(2228.75)		(1660.71)	
- Proceeds from sale of property, plant and equipment (including capital work in progress)	6350.74		1.25	
- Purchase of current investments	(12862.81)		(2743.69)	
- Sale/redemption of current investments	8084.78		4044.96	
- Redemption / proceeds from bank deposits (original maturity more than 3 months)	41.00		36.00	
- Investment in bank deposits (original maturity more than 3 months)	(56.84)		(92.73)	
- Interest income	13.49		18.31	
Net cash used in investing activities		(658.39)		(396.61)
C. Cash Flow from financing activities		—		—
Net Increase / (decrease) in cash and cash equivalents (A+B+C)		(69.94)		201.89
Opening Cash and cash equivalents		237.30		35.41
Closing Cash and cash equivalents		167.36		237.30

Notes:

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

	As at March 31, 2019 (₹ in Lakhs)	As at March 31, 2018 (₹ in Lakhs)
- Balances with banks in current accounts	158.91	228.34
- Cheques on hand	0.21	3.94
- Cash on hand	8.24	5.02
Total	167.36	237.30

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: April 23, 2019

On behalf of the Board

Gunupati Sivakumar Reddy
Chairman

Ashutosh Chhibba
Managing Director

Rakshit Kapoor
Chief Financial Officer

Anupama Jha
Company Secretary

Place: Gurugram
Date: April 23, 2019

Statement of changes in equity for the year ended 31st March, 2019

A. Equity share capital (₹ in Lakhs)

	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
For the year ended March 31, 2018	2400.00	–	2400.00
For the year ended March 31, 2019	2400.00	–	2400.00

B. Other equity

	Reserves and surplus			Total
	Capital reserve (Refer note 1)	Retained earnings (Refer note 2)	General reserve (Refer note 3)	
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Balance as at March 31, 2017	**0.95**	**6467.13**	**806.43**	**7274.51**
Profit / (Loss) for the year	–	48.04	–	48.04
Other comprehensive income (net of tax)	–	(8.10)	–	(8.10)
Total comprehensive income	–	39.94	–	39.94
Balance as at April 1, 2018	**0.95**	**6507.07**	**806.43**	**7314.45**
Profit / (Loss) for the year	–	(212.04)	–	(212.04)
Other comprehensive income / (loss) (net of tax)	–	(0.95)	–	(0.95)
Total comprehensive income / (loss)	–	(212.99)	–	(212.99)
Balance as at March 31, 2019	**0.95**	**6294.08**	**806.43**	**7101.46**

Notes:

1. Capital reserve represents the excess of net assets taken over by the Company over the consideration paid for business combinations.
2. Retained earnings represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.
3. General reserve is created by an appropriation from one component of equity to another not being an item of Other Comprehensive Income, the same can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 36 are an integral part of the Financial Statements.

In terms of our report attached

On behalf of the Board

For Deloitte Haskins & Sells LLP

Chartered Accountants

Sumit Trivedi
Partner

Gunupati Sivakumar Reddy
Chairman

Ashutosh Chhibba
Managing Director

Rakshit Kapoor
Chief Financial Officer

Anupama Jha
Company Secretary

Place: Hyderabad
Date: April 23, 2019

Place: Gurugram
Date: April 23, 2019

Notes to the Financial Statements

1. Significant Accounting Policies

Statement of Compliance

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

Basis of Preparation

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

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

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

Operating Cycle

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

Property, Plant and Equipment– Tangible Assets

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset.

Notes to the Financial Statements

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

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

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

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

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

Intangible Assets

Intangible Assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

a. for assets acquired in a business combination, at fair value on the date of acquisition.

b. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

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

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

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

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

Impairment of Assets

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

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

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

Inventories

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

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

Foreign Currency Transactions

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

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 of 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.

Derivatives and Hedge Accounting

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

Financial instruments, Financial assets and Financial liabilities

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

Financial Assets

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

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

Financial assets are classified as those measured at:

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

Trade receivables, advances, security deposits, cash and cash equivalents, etc. are classified for measurement at amortised cost while current investments are classified for measurement at fair value through profit or loss (FVTPL).

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as 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 recognized if the credit quality of the financial asset has deteriorated significantly since initial recognition.

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

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

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

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

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

Financial Liabilities

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

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

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized

Notes to the Financial Statements

amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Revenue

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

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

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. The timing of such recognition in case of services, in the periods in which such services are rendered

Government Grant

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

Government Grants are recognized when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant. Accordingly, government grants:

(a) related to or used for assets, are deducted from the carrying amount of the asset.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

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

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.

Employee Benefits

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

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

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

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

Employee Share Based Compensation

The cost of stock options and stock appreciation units granted by ITC Limited, the Holding Company, to its eligible employees deputed to the Company is recognized 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 is recognized as an employee benefits expenses in the Statement of Profit and Loss and with a corresponding credit in current financial liabilities where such reimbursement is sought by the Holding Company.

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, where such reimbursement is sought by the Holding Company

Leases

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

Company as a Lessee

Assets used under finance leases are recognised as property, plant and equipment in the Balance Sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount.

The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit and Loss.

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

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

Taxes on Income

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

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

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

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

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

Claims

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

Provisions and Contingent Liabilities

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

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

2. Use of estimates and judgements

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

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

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

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

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

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

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

Notes to the Financial Statements

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

(₹ in Lakhs)

	Particulars	Gross Block							Depreciation and Amortisation							Net Book Block	
		As at March 31, 2017	Additions	Withdrawals and Adjustments	As at March 31, 2018	Additions	Withdrawals and Adjustments	As at March 31, 2019	Upto 31st March, 2017	For the year	Withdrawals and Adjustments	Upto 31st March, 2018	For the year	Withdrawals and Adjustments	Upto 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
3A.	**Property, Plant and Equipment**																
	Land	100.00	–	–	100.00	–	–	100.00	–	–	–	–	–	–	–	**100.00**	100.00
	Buildings	2532.52	42.48	–	2575.00	–	9.14	2565.86	104.23	53.16	0.00	157.39	53.34	0.34	210.39	**2355.47**	2417.61
	Plant and Equipment	2366.81	110.14	19.51	2457.44	122.55	53.48	2526.51	519.54	213.16	10.58	722.12	202.35	21.92	902.55	**1623.96**	1735.32
	Furnitures and Fixtures	218.07	51.37	1.34	268.10	26.06	10.64	283.52	79.54	19.84	0.83	98.55	24.27	8.22	114.60	**168.92**	169.55
	Vehicles	194.12	–	2.29	191.83	4.05	1.04	194.84	39.65	24.17	0.99	62.83	20.51	–	83.34	**111.50**	129.00
	Office Equipment	0.84	0.09	–	0.93	–	0.02	0.91	0.19	0.03	–	0.22	0.03	0.02	0.23	**0.68**	0.71
	Computers	66.37	3.77	0.53	69.61	1.07	2.84	67.84	40.88	9.64	–	50.52	5.17	1.23	54.46	**13.38**	19.09
	Computer servers and networks	56.47	0.34	–	56.81	–	0.25	56.56	24.85	9.39	–	34.24	5.81	0.15	39.90	**16.66**	22.57
	Total (A)	**5535.20**	**208.19**	**23.67**	**5719.72**	**153.73**	**77.41**	**5796.04**	**808.88**	**329.39**	**12.40**	**1125.87**	**311.48**	**31.88**	**1405.47**	**4390.57**	**4593.85**
3B.	**Capital work-in-progress (B)**	**2361.88**	**1842.58**	**208.19**	**3996.27**	**2241.77**	**6238.04**	–	–	–	–	–	–	–	–	–	**3996.27**
3C.	**Intangible assets**																
	Software	24.43	–	–	24.43	–	–	24.43	12.14	4.03	–	16.17	2.98	–	19.15	5.28	8.26
	Total (C)	**24.43**	–	–	**24.43**	–	–	**24.43**	**12.14**	**4.03**	–	**16.17**	**2.98**	–	**19.15**	**5.28**	**8.26**

Note : The amount of expenditures recognised in the carrying amount of Property, Plant and Equipment in the course of construction is ₹ Nil (2018; ₹ 185.81 Lakhs)

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (₹ in Lakhs)
4. Inventories		
(At lower of cost and net realisable value)		
Food and beverages	124.22	109.55
Stores and spares	40.37	39.00
Finished goods held for resale	1.00	1.02
Total	165.59	149.57

Cost of inventory recognised as expense during the year amount to ₹ 992.45 Lakhs (2017-2018 - ₹ 865.18 Lakhs)

	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (₹ in Lakhs)
5. Current investments		
Unquoted investment in mutual funds [Mandatorily measured at fair value through profit or loss(FVTPL)] (Refer note (i) below)		
- Aditya Birla Sun Life Liquid Fund - Growth Regular Plan (9,79,822.409 units of ₹ 299.01 each)	2929.72	–
- Aditya Birla Sun Life Cash Plus -Growth Regular Plan (2,73,927.114 units of ₹ 278.23 each)	–	762.16
- ICICI Prudential- Liquid Fund - Growth (9,81,551.20 units of ₹ 275.42 each)	2703.38	–
Investments carried at amortised cost		
National Savings Certificate (Refer note (ii) below)	0.10	0.10
Total	5633.20	762.26

Note:

(i) Gain as at year end on account of measuring the investments at fair value through profit or loss amounts to ₹ 8.09 Lakhs (March 31, 2018: ₹ 6.45 Lakhs).

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

	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (₹ in Lakhs)
6. Trade receivables (Current)		
Considered good - Secured	9.79	11.91
Considered good - Unsecured	293.33	330.07
Which have significant increase in credit risk	29.85	–
Credit impaired	(29.85)	–
Total	303.12	341.98

	As at 31st March, 2019 (₹ in Lakhs)		As at 31st March, 2018 (₹ in Lakhs)	
7. Cash and cash equivalents				
Balances with banks in current accounts	158.91		228.34	
Cheques on hand	0.21		3.94	
Cash on hand	8.24		5.02	
Total		167.36		237.30
8. Other bank balances				
In deposit accounts	83.57		-	
Earmarked balances - held as margin money against guarantees given (refer note below)	–		67.73	
Total		83.57		67.73

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

	As at 31st March, 2019 (₹ in Lakhs)		As at 31st March, 2018 (₹ in Lakhs)	
9. Other financial assets (Current)				
Security deposits	20.38		21.62	
Interest accrued on deposits	1.30		0.94	
Recoverable from employees	8.74		6.23	
Total		30.42		28.79

	Current	Non-Current	Current	Non-Current
10. Other assets				
Capital advances	–	–	–	284.34
Advances other than capital advances:				
Prepaid Expenses	66.69	7.05	69.07	282.87
Balances with government authorities	–	–	0.51	–
Commercial advance	65.00	–	36.57	–
Advance tax (net of provisions)	–	184.20	–	150.10
Security deposits				
- With Statutory Authorities	–	29.41	–	29.41
- With others	–	47.88	–	547.88
Served from India Scheme Duty Credit Entitlement Account	1.17	–	12.86	–
Total	132.86	268.54	119.01	1294.60

11. Equity share capital

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Authorised Equity shares of ₹ 10 each	2,40,00,000	2400.00	2,40,00,000	2400.00
Issued, subscribed and paid-up Equity shares of ₹ 10 each, fully paid	2,40,00,000	2400.00	2,40,00,000	2400.00

A) Reconciliation of number of equity shares outstanding

	As at 31st March, 2019	As at 31st March, 2018
	No. of Shares	No. of Shares
As at beginning of the year	2,40,00,000	2,40,00,000
Changes during the year	–	–
As at end of the year	2,40,00,000	2,40,00,000

B) Equity shares held by Holding Company

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	%	No. of Shares	%
ITC Limited	1,63,20,477	68%	1,63,20,477	68%

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

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	%	No. of Shares	%
ITC Limited	1,63,20,477	68.00%	1,63,20,477	68.00%
G Siva Kumar Reddy	13,04,230	5.43%	13,04,230	5.43%
G Sulochanamma	15,00,000	6.25%	15,00,000	6.25%

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

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

		As at 31st March, 2019 (₹ in Lakhs)		As at March 31, 2018 (₹ in Lakhs)	
		Current	Non-Current	Current	Non-Current
12.	**Other financial liabilities**				
	Sundry deposits	14.48	7.55	138.46	12.15
	Payable to employees	71.46	–	51.73	–
	Payable for property, plant and equipment	1.16	–	208.62	–
	Payable towards employee share based payments	1.72	0.59	7.09	–
	Total	88.82	8.14	405.90	12.15
13.	**Provisions**				
	Provision for employee benefits:				
	— Gratuity [Refer Note 27]	25.35	–	28.60	3.38
	— Compensated absences	23.20	11.35	10.89	13.55
	Total	48.55	11.35	39.49	16.93
14.	**Other current liabilities**				
	Advances received from customers	34.23	–	42.08	–
	Statutory liabilities	31.30	–	34.80	–
	Total	65.53	–	76.88	–

Notes to the Financial Statements

		As at 31st March, 2019		As at 31st March, 2018	
		(₹ in Lakhs)		(₹ in Lakhs)	
15.	**Deferred tax liabilities (Net)** Deferred tax liabilities Deferred tax assets	583.26 135.45		584.70 118.27	
	Total		447.81		466.43

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
	(₹ in Lakhs)		(₹ in Lakhs)	
2017-18				
Deferred tax liabilities in relation to:				
On depreciation	689.72	(106.81)	–	582.91
On financial assets at fair value through profit or loss	7.10	(5.31)	–	1.79
Total deferred tax liabilities (A)	**696.82**	**(112.12)**	**–**	**584.70**
Deferred tax assets in relation to:				
On provision for employee benefits	16.13	(3.24)	3.13	16.02
On unabsorbed depreciation	113.67	(11.42)	–	102.25
Total deferred tax assets (B)	**129.80**	**(14.66)**	**3.13**	**118.27**
Deferred tax liabilities (net) [A-B]	**567.02**	**(97.46)**	**(3.13)**	**466.43**
2018-19				
Deferred tax liabilities in relation to:				
On depreciation	582.91	(1.90)	–	581.01
On financial assets at fair value through profit or loss	1.79	0.46	–	2.25
Total deferred tax liabilities (A)	**584.70**	**(1.44)**	**–**	**583.26**
Deferred tax assets in relation to:				
On provision for employee benefits	16.02	0.28	0.36	16.66
On provision for doubtful debts	—	8.30	—	8.30
On unabsorbed depreciation	102.25	8.24	—	110.49
Total deferred tax assets (B)	**118.27**	**16.82**	**0.36**	**135.45**
Deferred tax liabilities (net) [A-B]	**466.43**	**(18.26)**	**(0.36)**	**447.81**

The Company has capital losses of ₹ 306.93 Lakhs (2018 - ₹ NIL) for which no deferred tax assets have been recognised.

		For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
16.	**Revenue from operations**		
	Sale of services:		
	Rooms	2537.80	2455.04
	Food and beverage	3047.97	2878.81
	Recreation and other services	251.61	292.76
	Total	5837.38	5626.61
	Other operating revenue*	65.04	73.98
	Total	5902.42	5700.59

Note:

* Includes Government grants received of ₹18.15 Lakhs (2017-2018: ₹ 18.85 Lakhs) on account of Served from India Scheme (SFIS)

		For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
17.	**Other Income**		
	Interest income	13.85	18.53
	Other non operating income	40.92	30.99
	Other gains and losses	91.83	87.21
	Total	146.60	136.73
	Interest income comprises interest from:		
	a) Deposits with bank - carried at amortised cost	5.31	1.62
	b) Others - from statutory authorities	8.54	16.91
	Total	13.85	18.53
	Other gains and losses:		
	a) Net foreign exchange (loss) / gain	(1.08)	(0.66)
	b) Net gain arising on financial assets mandatorily measured at FVTPL (Refer Note below)	92.91	87.87
	Total	91.83	87.21

Note:

Includes net gain on sale of current investments amounting to ₹ 84.81 Lakhs (2017-2018: ₹ 102.89 Lakhs).

		For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
18.	**Employee benefits expense**		
	Salaries, wages and bonus	706.99	703.43
	Contribution to provident and other funds	39.64	48.18
	Gratuity (Refer Note 27)	12.08	12.15
	Remuneration of managers on deputation reimbursed	456.63	508.86
	Employee share based payments	18.38	30.60
	Staff welfare expenses	151.16	169.49
	Total	1384.88	1472.71

		For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
19.	**Depreciation and amortisation expense**		
	Depreciation/ amortisation on tangible assets	311.48	329.39
	Amortisation on intangible assets	2.98	4.03
	Total	314.46	333.42
20.	**Other expenses**		
	Consumption of stores and supplies	232.96	214.28
	Power and fuel	711.78	643.24
	Rent	136.01	140.72
	Repairs to building	62.75	47.06
	Repairs to machinery	228.63	147.44
	Repairs - others	52.99	44.91
	Insurance	50.53	35.13
	Rates and taxes	199.62	191.77
	Travelling and conveyance	104.18	132.81
	Technical and consultancy fees	311.60	331.61
	Printing and stationery	32.95	30.93
	Information technology services	151.92	145.99
	Advertising / Sales Promotion	43.92	37.09
	Training and development	33.80	33.01
	Legal expenses	1.11	6.13
	Postage, telephone, etc.	11.65	12.94
	Commission paid to travel agents	58.15	63.73
	Bank and credit card charges	61.46	63.77
	Hotel reservation/ marketing expenses	211.58	140.41
	Contract services	444.70	431.21
	Loss on property, plant and equipment sold /discarded (including Capital Work-in-Progress-Project) [Net] (Refer Note 31)	300.12	10.02
	Provision for doubtful receivables	29.85	–
	Miscellaneous Expenses	229.04	299.15
	Auditors' remuneration and expenses (excluding taxes)		
	- Audit Fees	11.00	11.00
	- Tax Audit Fees	1.00	1.00
	- Reimbursement of Expenses	0.66	0.08
	Total	3713.96	3215.43

Notes to the Financial Statements

		31st March, 2019 (₹ in Lakhs)	31st March, 2018 (₹ in Lakhs)
21.	**Earnings per share**		
	Profit / (Loss) after taxation [A]	(212.04)	48.04
	Weighted average number of equity shares outstanding [B] [No's]	2,40,00,000	2,40,00,000
	Earnings per share - Basic and Diluted (In ₹) (Face value of ₹ 10 per share) [A/B]	(0.88)	0.20
22.	**Commitments**		
	The estimated amount of contracts remaining to be executed on capital account (net of advances: ₹ Nil ; March 31, 2018: ₹ 284.34 Lakhs)	10.56	4602.57
23.	**Contingent liability**		
	Claims against the Company not acknowledged as debts:		
	i) Indirect taxation matters *	377.60	376.64
	ii) Others	18.45	18.45

*including interest on claims, where applicable, estimated to be ₹ 13.41 Lakhs (March 31, 2018 : ₹ 212.45 Lakhs)

24. Segment reporting

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

		31st March, 2019 (₹ in Lakhs)	31st March, 2018 (₹ in Lakhs)
a)	**Segment Revenue**		
	-Within India	5902.42	5700.59
	-Outside India	–	–
b)	**Non Current Assets**		
	-Within India	4664.39	9892.98
	-Outside India	–	–

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

25. Leases

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

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

	March 31, 2019 (₹ in Lakhs)	March 31, 2018 (₹ in Lakhs)
Not Later than one year	—	46.59
Later than one year but not later than five years	—	195.66
Later than five years	—	3506.58

26. There are no Micro, Small and Medium enterprises, to whom the Company owes dues which are outstanding for more than 45 days during the year and also as at March 31, 2019. This information, as required to be disclosed under the 'Micro, Small and Medium Enterprises Development Act, 2006' has been determined to the extent such parties have been identified on the basis of the information available with the Company.

27. Defined Benefit Plans

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

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

	For the year ended 31st March, 2019 (₹ in Lakhs) Gratuity Funded	For the year ended 31st March, 2018 (₹ in Lakhs) Gratuity Funded
I. Components of Employer Expense		
A. Recognised in Statement of Profit and Loss		
- Current Service Cost	10.79	10.92
- Past Service Cost	–	–
- Net interest Cost	1.29	1.23
Total expense recognised in the Statement of Profit and Loss (A)	12.08	12.15
B. Re-measurements recognised in Other Comprehensive Income		
- Return on plan assets (excluding amounts included in net interest cost)	(2.16)	1.43
- Effect of changes in financial assumptions	–	(3.28)
- Effect of changes in demographic assumptions	4.92	–
- Effect of experience adjustments	(1.45)	13.08
Total re-measurements included in Other Comprehensive Income (B)	1.31	11.23
Total defined benefit cost recognised in Statement of Profit and Loss and Other Comprehensive Income (A+B)	13.39	23.38
The current service cost and net interest cost for the year pertaining to Gratuity expenses have been recognised in "Gratuity" under Note 18. The remeasurement of the net defined benefit liability are included in Other Comprehensive Income.		
II. Net Asset/Liability recognised in Balance Sheet		
- Present Value of Defined Benefit Obligation	132.05	122.84
- Fair Value of Plan Assets	106.70	90.86
- Status [Surplus/(Deficit)]	(25.35)	(31.98)
- Non-Current	–	3.38
- Current	25.35	28.60
III. Change in Defined Benefit Obligation		
Present Value of DBO at the beginning of the year	122.84	101.23
- Current Service cost	10.79	10.91
- Interest cost	8.70	6.64
- Re-measurements gains/ (losses)		
a. Effect of changes in demographic assumptions	4.92	–
b. Effect of changes in financial assumptions	–	(3.28)
c. Effect of experience adjustments	(1.45)	13.08
- Benefits paid	(13.75)	(5.74)
Present Value of DBO at the end of the year	132.05	122.84
IV. Best Estimate of Employer's Expected Contribution for the next year	50.32	32.70
V. Change in Fair Value of Assets		
Plan Assets at the beginning of the year	90.86	69.33
- Interest Income	7.41	5.41
- Re-measurements gains/ (losses) on plan assets	2.17	(1.44)
- Actual Company contributions	20.01	23.30
- Benefits paid	(13.75)	(5.74)
Plan Assets at the end of the year	106.70	90.86
VI. Actuarial Assumptions		
- Discount rate	7.50%	7.50%
- Salary increase rate	5%	5%
- Attrition Rate	34%	18%
- Retirement Age	58	58

Notes to the Financial Statements

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

VII. Sensitivity Analysis

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

	DBO as at 31st March, 2019	DBO as at 31st March, 2018
- Discount rate +100 basis points	129.36	118.43
- Discount rate -100 basis points	134.87	127.60
- Salary Increase Rate +1%	134.28	127.07
- Salary Increase Rate -1%	129.89	118.86
- Attrition Rate +1%	132.20	123.28
- Attrition Rate -1%	131.89	122.35
Maturity analysis of the benefit payments		
- Year 1	47.53	28.60
- Year 2	32.37	20.53
- Year 3	22.08	17.43
- Year 4	14.99	15.13
- Year 5	10.39	12.43
- Next 5 years	17.69	38.66

28. Related party transactions

i) Holding Company : ITC Limited

ii) Key Management Personnel :

Board of Directors

G. Sivakumar Reddy	Chairman
Nakul Anand	Vice Chairman and Non Executive Director
Jagdish Singh	Non-Executive Director
B.N. Suresh Reddy	Non-Executive Director
Virender Razdan	Managing Director (upto December 20, 2018)
Ashutosh Chhibba	Managing Director (w.e.f. March 9, 2019)#
Dipak Haksar	Non-Executive Director
G Pranav Reddy	Non-Executive Director
Anil Chadha	Non-Executive Director
N.R.Pradeep Reddy	Non-Executive Director
Ashwin Moodliar	Non-Executive Director (w.e.f September 10, 2018)

Subject to approval by the members to be obtained at the ensuing annual general meeting of the Company

Relatives of Key Management Personnel :

Mrs. G. Sulochanamma	Mother of Mr. G.Sivakumar Reddy, Chairman
Mrs. G. Samyuktha Reddy	Wife of Mr. G.Sivakumar Reddy, Chairman

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

International Travel House Limited — Associate of ITC Limited

iv) Summary of transactions during the year: (₹ in Lakhs)

	Holding Company		Others		Key Management Personnel		Relatives of Key Management Personnel	
	2019	2018	2019	2018	2019	2018	2019	2018
Sales of services	77.28	58.74	5.33	5.69	–	–	–	–
Transfer of capital work-in-progress and vendor balances in relation to Amritsar Project	6905.76	–	–	–	–	–	–	–
Purchase of goods	73.08	66.25	–	–	–	–	–	–
Purchase of services:					–	–	–	
- Hotel services	16.32	22.73	–	–	–	–	–	–
- Service fee	330.21	346.48	–	–	–	–	–	–
- Others	–	–	34.88	24.07	–	–	–	–
- Towards Property Plant and Equipment	–	0.63	–	–	–	–	–	–
Rent paid and other services	–	–	–	–	–	–	11.76	17.46
Employee share based payments	18.38	30.60	–	–	–	–	–	–
Managerial Remuneration (includes reimbursement to Holding Company amounting to ₹ 43.26 Lakhs; March 31, 2018: ₹ 43.16 Lakhs)	–	–	–	–	54.39	57.17	–	–
Reimbursement of contractual remuneration:					–	–		
- Towards Property Plant and Equipment	44.27	50.22	–	–	–	–	–	–
- Others	497.81	546.28	–	–	–	–	–	–
Expenses recovered	247.48	147.09	–	–	–	–	–	–
Expenses reimbursed:					–	–		
- Towards Property Plant and Equipment	7.56	29.67	–	–	–	–	–	–
- Others	360.59	211.12	–	–	–	–	–	–

Notes to the Financial Statements

v) Outstanding balances arising from sales/purchase of goods and services : (₹ in Lakhs)

	Holding Company		Others		Key Management Personnel		Relatives of Key Management Personnel	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Balance outstanding at the year end :								
- Receivables	**10.98**	47.38	**0.21**	0.30	**–**	–	**–**	–
- Deposits taken	**–**	–	**0.50**	0.50	**–**	–	**–**	–
- Payables (Refer note below)	**88.23**	124.15	**5.04**	26.19	**–**	–	**0.98**	0.98
Commitments	**–**	51.64	**–**	–	**–**	–	**–**	–

Note: Net of TDS amounting to ₹ 27.24 Lakhs (March 31, 2018: ₹ 28.29 Lakhs)

29. Reconciliation of effective tax rate:

	For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
Profit/ (Loss) before income tax expense	**(230.30)**	(49.42)
"Income tax calculated @ 27.82% (March 31, 2018: 30.90%)"	**(64.07)**	(15.27)
Tax effect of amounts which are not deductible in calculating taxable income	**81.43**	(2.55)
Effect of tax relating to uncertain tax positions	**4.95**	9.44
Benefit of previously unrecognised tax losses	**(15.18)**	–
Effect of different tax rates on certain items	**(25.39)**	–
Effect of change in tax rates	**–**	(89.08)
Income tax expense	(18.26)	(97.46)

30. 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.

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

	As at March 31, 2019	As at March 31, 2018
	No. of Options	No. of Options
Outstanding at the beginning of the year	**22,277**	30,582
Add: Granted during the year*	**–**	4,595
Effect of Corporate Action (Bonus)	**–**	–
Options Forfeited / Surrendered during the year	**–**	–
Options due to transfer in and transfer out	**(17,327)**	2,700
Less: Exercised during the year	**–**	15,600
Outstanding at the end of the year	**4,950**	22,277
Options exercisable at the end of the year	**2,226**	12,065
Options Vested and Exercisable during the year	**2,226**	6,015

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

* Includes Nil (2018- 4595) options granted to the Key Management Personnel of the Company. Since such options are not tradeable, no perquisite or benefit is immediately conferred upon an employee by such grant.

In accordance with Ind AS 102, an amount of ₹ 17.79 Lakhs (2018 – ₹ 30.59 Lakhs) towards ITC ESOS and ₹ 0.59 Lakhs (2018 - ₹ Nil) towards ITC ESAR has been recognized as employee benefits expense (Refer Note 18). Such charge has been recognised as employee benefits expense with corresponding credit to current / non – current financial liabilities, as applicable.

Notes to the Financial Statements

31. Transfer of Amritsar Project Assets

Pursuant to the approval by the Members, vide a special resolution, at the extra ordinary general meeting of the Company held on November 10, 2018, the Company has transferred the moveable and immoveable assets, leasehold land rights, vendor balances, deposits, licenses, permits, consents, approvals, contracts and rights, etc. of whatsoever nature attached thereto, both present and future, relating to the Amritsar Hotel Project of the Company to ITC Limited, the Holding Company, at an aggregate consideration of ₹ 6,350 lakhs plus applicable taxes. The consideration was determined basis valuation carried out by an independent valuer. The transaction resulted in book loss of ₹ 279.22 Lakhs in relation to the aforementioned transfer which has been disclosed under "Loss on property, plant and equipment sold / discarded (including Capital Work-in-Progress-Project)" [Net] in Note 20 to the Financials Statements.

32. Financial instruments and related disclosures

I. Capital management

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

II. Categories of financial instruments

	Note	As at 31st March, 2019		As at 31st March, 2018	
		Carrying Value (₹ in Lakhs)	*Fair Value (₹ in Lakhs)	Carrying Value (₹ in Lakhs)	*Fair Value (₹ in Lakhs)
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	7	167.36	167.36	237.30	237.30
ii) Other bank balances	8	83.57	83.57	67.73	67.73
iii) Investment in government securities	5	0.10	0.10	0.10	0.10
iv) Trade receivables	6	303.12	303.12	341.98	341.98
v) Other financial assets	9	30.42	30.42	28.79	28.79
Sub - total		584.57	584.57	675.90	675.90
b) Measured at Fair value through Profit or Loss					
i) Investment in mutual funds	5	5633.10	5633.10	762.16	762.16
Sub - total		5633.10	5633.10	762.16	762.16
Total financial assets		6217.67	6217.67	1438.06	1438.06
B. Financial liabilities					
a) Measured at amortised cost					
i) Trade payables	–	1008.85	1008.85	867.39	867.39
ii) Other financial liabilities	12	96.96	96.96	418.05	418.05
Sub - total		1105.81	1105.81	1285.44	1285.44
Total financial liabilities		1105.81	1105.81	1285.44	1285.44

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

III. Financial risk management objectives

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

a) Liquidity Risk:

The Company's Current assets aggregates ₹ 6516.12 Lakhs (March 31, 2018 – ₹ 1706.64 Lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 5884.13 Lakhs (March 31, 2018 – ₹ 1067.29 Lakhs) against an aggregate Current liability of ₹ 1211.75 Lakhs (March 31, 2018 – ₹ 1389.62 Lakhs). Further, while the Company's total equity stands at ₹ 9501.46 Lakhs (March 31, 2018 – ₹ 9714.45 Lakhs), it has no borrowings.

In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

b) Foreign currency risk

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

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

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

c) Credit risk

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

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

Notes to the Financial Statements

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

"The Company's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 303.12 Lakhs (2018 - ₹ 341.98 Lakhs). The movement of the expected loss provision (allowance for bad and doubtful loans and receivables etc.) made by the Company are as under:"

(₹ in Lakhs)

Particular	Expected Credit Loss Provision	
	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	–	–
Add: Provisions made (net)	29.85	–
Closing Balance	29.85	–

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

The Company investments that are held at amortised cost stood at ₹ 5633.20 Lakhs (2018 - ₹ 762.26 Lakhs).

33. Fair value hierarchy

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

	Fair value hierarchy level	**As at 31st March, 2019 Fair Value (₹ in Lakhs)**	As at 31st March, 2018 Fair Value (₹ in Lakhs)
Financial assets			
a) Measured at amortised cost			
(i) Investment in government securities	2	**0.10**	0.10
b) Measured at Fair Value through Profit or Loss			
(i) Investment in mutual funds	1	**5633.10**	762.16
Total		**5633.20**	762.26

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

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

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

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

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

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

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

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

34. Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 on March 30, 2019 notifying new Standard Ind AS 116 "Leases". On the even date, MCA also amended the guidance in Ind AS 12 "Income Taxes", in connection with accounting for taxes on dividend. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. These said changes are applicable for accounting period beginning on or after 1st April, 2019. The Company expects that the said changes will not have any impact on the Financial Statements of the Company.

35. Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contracts with Customers effective April 1, 2018. The Company has adopted the cumulative catch up method. There is no material impact on financial statements due to transition to IND AS 115.

36. The Financial Statements were approved for issue by the Board of Directors on 23rd April,2019.

On behalf of the board

Gunupati Sivakumar Reddy
Chairman

Ashutosh Chhibba
Managing Director

Rakshit Kapoor
Chief Financial Officer

Anupama Jha
Company Secretary

Place: Gurugram
Date: April 23, 2019