



HOTEL CORPORATION OF INDIA LIMITED

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BOARD OF DIRECTORS (as on 27 DECEMBER 2018)

Shri Pradeep Singh Kharola

Chairman

Shri Pankaj Kumar

Managing Director

Shri Vinod Hejmadi

Smt. Gargi Kaul

Shri Satyendra Kumar Mishra

Chief Financial Officer

Smt. Thrity C Dalal

Company Secretary

Kum. Shyamala P Kunder

Auditors

SARA & Associates

Solicitors

M/s. MV Kini & Co.

Bankers

State Bank of India
United Bank of India
Axis Bank Limited
Syndicate Bank
J&K Bank

Registered Office

1st Floor, Transport Annexe Building,
Air India Complex, Old Airport,
Santacruz (E), Mumbai-400 029.



CHAIRMAN'S MESSAGE

Dear Shareholders,

With pleasure I would like to present to you the 47th Annual Report of the Company for the year 2017-18.

PERFORMANCE OF THE COMPANY

The over-view of the performance of the Company for the year 2017-18 was as follows :

- During the year, the total revenue had increased to Rs.5512.71 lakhs as against Rs 5255.99 lakhs in the previous year, a increase of Rs.256.72 lakhs (5%) over 2016-17. This was mainly on account of increase in the revenue of Centaur Delhi by Rs. 568.09 lakhs. But there was a reduction in revenue of Centaur Srinagar by Rs 96.25 lakhs (12%).
- The total operating expenditure had reduced to Rs. 9046.18 lakhs, i.e. reduced by Rs. 302.81 lakhs over previous year.
- In view of the above, the Gross Operating Loss had reduced to Rs.3533.47 lakhs as against Rs. 4004.24 lakhs during the previous year.
- Interest of Rs.2122.10 lakhs (previous year Rs. 1346.67 lakhs) had been charged to the P&L account, mainly on account of reimbursement of finance costs to AI on borrowings for operational requirements.
- Depreciation for the year had increased to Rs. 327.92 lakhs in the current year mainly due to capitalisation of renovated rooms and allied works at Centaur Delhi.
- The Net loss before exceptional items & Other Comprehensive Income was Rs.5983.49 lakhs as against Rs.5663.39 lakhs.
- Other Comprehensive Income was the Actuarial Gain / (Loss) on Post Retirement Benefit Plans – Rs 454.63 lakhs.
- In view of the above the Net Loss was Rs.5528.86 lakhs as against Rs. 6176.98 lakhs during the previous year.

The over-view of the performance of the Company for the year 2017-18 was as follows :

HOTEL INDUSTRY SCENARIO

Introduction

The Indian tourism and hospitality industry had emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country. During January-April 2018 FEEs from tourism increased 17.4 per cent year-on-year to US\$ 10.62 billion.

Market Size

India is the most digitally-advanced traveller nation in terms of digital tools being used for planning, booking and experiencing a journey. India's rising middle class and increasing disposable incomes has continued to support the growth of domestic and outbound tourism.



Domestic Tourist Visits (DTV) to the States/Union Territories (UTs) grew by 15.5 per cent y-o-y to 1.65 billion (provisional) during 2016 with the top 10 States/UTs contributing about 84.2 per cent to the total number of DTVs, as per Ministry of Tourism.

The number of Foreign Tourist Arrivals (FTAs) increased 10.8 per cent year-on-year to 3.88 million.

The travel & tourism sector in India accounted for 8 per cent of the total employment opportunities generated in the country in 2017, providing employment to around 41.6 million people during the same year. The number is expected to rise by 2 per cent annum to 52.3 million jobs by 2028.

International hotel chains are increasing their presence in the country, as it will account for around 47 per cent share in the Tourism & Hospitality sector of India by 2020 & 50 per cent by 2022.

Investments

The tourism and hospitality sector is among the top 10 sectors in India to attract the highest Foreign Direct Investment (FDI). During the period April 2000-December 2017, the hotel and tourism sector attracted around US\$ 10.90 billion of FDI, according to the data released by Department of Industrial Policy and Promotion (DIPP).

Government Initiatives

The Indian government has realised the country's potential in the tourism industry and has taken several steps to make India a global tourism hub.

Some of the major initiatives planned by the Government of India to give a boost to the tourism and hospitality sector of India are as follows:

- *The Government of India is working to achieve one per cent share in world's international tourist arrivals by 2020 and two per cent share by 2025.*
- *Under Budget 2018-19, the government has allotted Rs 1,250 crore (US\$ 183.89 million) for Integrated development of tourist circuits under Swadesh Darshan and Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD).*

Road Ahead

India's travel and tourism industry has huge growth potential. The tourism industry is also looking forward to the expansion of E-visa scheme which is expected to double the tourist inflow to India. India's travel and tourism industry has the potential to expand by 2.5 per cent on the back of higher budgetary allocation and low cost healthcare facility, according to a joint study conducted by Assocham and Yes Bank.

Exchange Rate Used: INR 1 = US\$ 0.0147 as of June 15, 2018.

References: Media Reports, Ministry of Tourism, Press Releases, Department of Industrial Policy and Promotion (DIPP), Press Information Bureau (PIB), Union Budget 2018-19.

CHALLENGES FACED BY THE COMPANY

Subsequent to the disinvestment of three out of six units, the Company has been running its business with three units viz., Centaur Hotel Delhi Airport (CHDA) including Chefair Flight Catering, Delhi (CFCD), Centaur Lake View Hotel, Srinagar (CLVH), Chefair Flight Catering, Mumbai (CFCM). The Company is also operating two



Dining Facilities Centres (DFC), one at Air India Building, Mumbai and another one at GSD Complex at New Delhi and a Lounge at T3 at IGI Airport, New Delhi.

- The business in the 3 units viz., CHDA (including CFCD), CFCM and CLVH were downsized as all these properties had to be upgraded to match the quality of five star hotels in the Industry. This had resulted in fall in the market share resulting in lower revenue, consequently resulting into lower funds available for renovation of these properties.
- Due to demand from AAI / DIAL to take over the property under their airport expansion project by April 2019, there had been uncertainty over the future of its two units viz., Centaur Hotel Delhi Airport (CHDA) and Chefair Flight Catering, Delhi (CHDA). In spite of this, 80 rooms were renovated and put to use during the year which had resulted in increased revenue.
- With regard to Centaur Hotel Lake View, Srinagar, due to insurgency in the valley, the business of the unit had been affected to a great extent, resulting into lower revenue.

All the above factors have resulted in the Company being unable to take advantage of the high growth potential of the Tourism Industry and various initiatives taken by the Government and had to continue to struggle for its survival. In view of all these factors, it has been difficult to plan and maintain a long-term strategy for revival of the Company.

VISION

The Company is committed to curtail its losses by implementing consistent and stringent measures for cutting the overall expenditure, thereby lowering its losses gradually. Various initiatives are being undertaken by the management for improving the operational performance of the Company and increasing the revenues leading to improved financial performance.

Unit-wise details of Revival Plan :

Out of the total fund provided by the government by way of equity infusion i.e. Rs.27 crores, renovation of two properties in Delhi and Srinagar, viz., Centaur Hotel Delhi Airport (CHDA), Chefair Flight Catering, Delhi (CFCD) and Centaur Lake View Hotel, Srinagar (CLVH) were carried out to upgrade these properties, which had resulted in better occupancy rate, having sold 68615 room nights in the financial year 2017-18.

Chefair Flight Catering Mumbai and Delhi

Even with assured business from Air India of its 30% catering business to these Units, due to shortage of funds, the units could not be upgraded to enable to meet the increased demand, in spite, with concerted effort during the year under review. However number of flights catered had increased from 14741 in 2016-17 to 16363 in the year 2017-18.

ACKNOWLEDGEMENT

I take this opportunity to thank my colleagues on the Board for their valuable guidance and employees of all the units for their efforts to continue the business with the limited available resources.

Sd/-
(Pradeep Singh Kharola)
Chairman

**DIRECTORS' REPORT**

The Directors have pleasure in presenting their Forty Seventh Annual Report and the Audited Accounts for the year ended 31st March 2018.

REVIEW OF FINANCIAL PERFORMANCE :**(Rupees in Lakhs)**

PARTICULARS	2017-18	2016-17 (adjusted as per Ind As)	Variance
TOTAL REVENUE	5512.71	5255.99	256.72
TOTAL OPERATING EXPENDITURE	9046.18	9348.99	-302.81
GROSS OPERATING (LOSS)	(3533.47)	(4093.00)	-559.53
INTEREST	2122.10	1346.67	775.43
CASH (LOSS)	(5655.57)	(5439.67)	215.89
DEPRECIATION	327.92	223.72	-104.21
NET (LOSS) BEFORE EXCEPTIONAL ITEMS	(5983.49)	(5663.39)	320.10
OTHER COMPREHENSIVE INCOME	454.63	(131.45)	-586.08
EXCEPTIONAL ITEMS	-	(382.14)	-382.14
NET (LOSS) CARRIED TO BALANCE SHEET	(5528.86)	(6176.98)	-648.12

OTHER FINANCIAL INFORMATION**SHARE CAPITAL :**

As on 31 March 2018, the Authorised Share Capital of the Company was Rs.150,00,00,000/- (Rupees One hundred fifty crores) divided into 150,00,000 shares of Rs.100/- each.

As on 31 March 2018, the Paid-up Share Capital of the Company was Rs.137,60,00,000/- (Rupees One hundred and Thirty Seven Crores sixty lakhs) divided into 137,60,000 shares of Rs.100/- each which were held as follows :

- Rs.110,60,00,000 (Rupees One hundred and Ten Crore sixty lakhs) divided into 110,60,000 shares of Rs.100 each held by Air India Limited being the Holding Company.
- Rs.27,00,00,000/- (Rupees Twenty Seven crores) divided into 27,00,000 shares of Rs.100/- each held by the Central Government in the name of the President of India.

**ANNUAL PLAN OUTLAY 2017-18**

The Government had not approved Annual Plan Outlay for 2017-18.

FOREIGN TOURS

The Company incurred NIL expenditure under this head during the year under review.

INDUSTRIAL RELATIONS**Personnel**

As on 31 March 2018 the Company had on its payroll a total of 740 employees as against 836 as on 31 March 2017, in the Head Office and various Units of the Company. The Management's relations with the employees continued to be good and cordial during the year under review.

Wage Settlement

A Wage Negotiation Committee has been constituted by the Company to discuss the wage negotiations for the Unionised Category of employees.

Training & Development

During the year under review, opportunities were provided to its employees at all levels to acquaint themselves with Modern Management, Technical Concept and latest innovation in the Hotel Industry through sponsoring them for various Seminars, Conferences and various short duration Refresher Courses organised by various agencies.

VIGILANCE

During the year under report, periodic surprise checks and inspections were carried out at all units of HCI. Report to various agencies have been sent based on inputs received from the administrative department. During the year, procedural advice was rendered from time to time in matters pertaining to tender/purchase procedures. Vigilance Awareness Week was observed from 31 October 2017 and 5 November 2017.

STATUTORY COMPLIANCE**Employment of Ex-Servicemen**

The Company had been following the Government directive received in this regard for employment of Ex-Servicemen.

Implementation of Official Language Policy

With regard to the implementation of Official Language Policy, the directives received from the Government from time to time were being followed.

Employment of SC, ST & OBC

Subsequent to the disinvestment of three out of six Units of HCI, there was a ban on recruitment and hence, no recruitment exercise was carried out. However, the Company continued to observe the Government directives for reservation of posts in promotions of SC, ST and OBC candidates.

**SC/ST/OBC – Number of employees as on 31 March 2018**

Total No. of employees	Total No. of SC employees	% of SC employees	Total No. of ST employees	% of ST employees	Total No. of OBC employees	% of OBC employees
740	175	23.65%	55	7.43%	62	8.38

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Energy conservation continues to be given a high priority by the Company. Constant efforts are being made to reduce energy consumption. Energy conservation has been made possible due to automation and better controls.

Particulars required under Form B of the relevant Rules Pursuant to Section 134 (2)(m) of the Companies Act 2013, have not been given since the Company has no Research and Development activity. The question of technology absorption, adaptation or innovation is not applicable to the Company, in view of it being a Service Industry.

FOREIGN EXCHANGE EARNING & OUTGO

The Foreign Exchange earnings and Outgo during the year were Nil.

COMPLIANCE WITH THE RTI ACT, 2005 :

Hotel Corporation of India Limited has successfully ensured compliance with the provisions of Right to Information Act for providing information to the citizens.

Hotel Corporation of India Limited has decentralized its structure to deal with the applications/appeals received under RTI Act and has 3 Assistant Public Information Officers (APIOs), 5 Public Information Officers (PIOs) and an Appellate Authority have been appointed for speedy disposal of applications/appeals.

During 2017-18, 13 Requests/Appeals were received and all were disposed off satisfactorily.

SEXUAL HARASSMENT :

The Company has a Cell in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this.

During the year 2017-18 no complaints pertaining to sexual harassment have been received.

MEETINGS OF THE BOARD OF DIRECTORS

As required under Section 173 of the Companies Act 2013, Four Meetings of the Board of Directors of the Company were held during the Financial Year 2017-18 as detailed below, and the provisions of the Companies Act, 2013 were adhered to while considering the time gap between two Meetings:



Sr.No.	Date of Meeting	Board Strength	No. of Directors Present
1	14 June 2017	5	4
2	29 September 2017	5	5
3	26 December 2017	5	5
4	20 March 2018	4	4

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134(5) of the Companies Act 2013, the Directors confirm that :

- In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31 March 2017 and of the profit or loss of the Company for that period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of the knowledge and ability of the Directors.
- The Company being an unlisted Company, provisions of Section 134(3)(e) are not applicable.
- That the annual accounts have been prepared on a going concern basis.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance with the exception of appointment of Independent Directors on the Board. This matter is being pursued with the Administrative Ministry. The detailed Corporate Governance Report forms part of this Annual Report is annexed as Annexure I.

AUDITORS :

M/s. Sara & Associates, Chartered Accountants, have been appointed as the sole auditors of the Company for the financial year 2018-19 by the Comptroller & Auditor General of India in accordance with the provisions of the Section 139 of the Companies Act, 2013.

**SECRETARIAL AUDIT REPORT :**

Pursuant to the provisions of section 204 of the Companies Act 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the company has appointed M/s Vijay Sonone & Company, Practicing Company Secretary, Mumbai, to conduct Secretarial Audit for the financial year 2017-18.

The Secretarial Audit Report for the financial year ended 31 March 2018 is enclosed at Annexure II .

The Managements' Comments on Secretarial Auditors' observations are as under:

Observations	Management's Comments
<i>The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period.</i>	Hotel Corporation of India Limited (HCI) is a subsidiary of Air India Limited (AIL), a Government Company. As per Article 22 of the Articles of Association of the Company, all the Directors of the Company are appointed by AIL in consultation with Government of India. HCI has requested AIL to nominate at least two Independent Directors on its Board and the reply from AIL is awaited.
<i>Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.</i>	As per the provisions of Section 177(2) the Audit Committee shall consist of a minimum of three Directors with Independent Directors forming a majority. However, Audit Committee has been constituted by the Company and its meetings were held at regular intervals. As required under section 178, the Nomination and Remuneration Committee should consist of 3 or more Non Executive Directors out of which not less than one half should be Independent Directors. Presently there is no Independent Director on the Board of HCI and the matter has been taken up with AIL.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules 2014, extract of Annual Return in form MGT 9 is annexed as **Annexure III**.

Details of Key Managerial Personnel of the Company:

Sr.No	Name	Designation	Date of appointment
1	Shri Pankaj Kumar	Managing Director	9 February 2015
2	Smt. Thrity C Dalal	Chief Financial Officer	9 February 2015
3	Kum Shyamala P Kunder	Company Secretary	9 February 2015



In view of the exemption granted vide Notification dated 5 June 2015 of the Ministry of Corporate Affairs information on the following points has not been given:

- I. Performance Evaluation of Board, its Committees and individuals.
- ii. Policy for selection and appointment of Directors and their remuneration.
- iii. Remuneration Policy - Remuneration to Executive Directors and Non Executive Directors.
- iv. Related Party Transactions

Even though vide the above notification exemption has been granted to Government Companies from application of First Provision to Section 188 i.e. to obtain approval of the shareholders in respect of contracts or arrangements entered into by it with any other Government Company, approval of the Board is required to be obtained for the same. Accordingly, the post-facto approval of the Board has been taken for Related Party Transactions entered with Air India Limited for the year 2016-17 and also blanket approval has been obtained for such transactions to be entered between 2017-18 to the tune of Rs.44 Crores.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

The comments of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 March 2018 are annexed to this report.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the support and co-operation extended by the employees of the Company. The Board also wishes to acknowledge gratefully the support and guidance received from the Ministry of Civil Aviation and Air India Limited. The Directors wish to thank the Comptroller and Auditor General of India, Chairman and members of the Audit Board, Statutory Auditors and Banks.

On Behalf of the
BOARD OF DIRECTORS

(PRADEEP SINGH KHAROLA)
CHAIRMAN

Date : 6 November 2018

Place : New Delhi.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ANALYSIS OF THE FINANCIAL/PHYSICAL PERFORMANCE :

UNIT WISE PERFORMANCE:

CENTAUR HOTEL DELHI AIRPORT

- The Unit earned revenue of Rs. 1794.93 lakhs as compared to Rs. 1225.28 lakhs in the previous year, an increase of Rs.569.65 lakhs over the previous year mainly on account of the revenue earned from the renovated rooms.
- The total expenditure was Rs.2845.54 lakhs, as against Rs. 2994.33 lakhs in the previous year, a reduction of Rs.148.78 lakhs.
- As a result, the Unit made an Operating Loss of Rs.1050.61 lakhs as compared to Rs. 1769.04 lakhs in the previous year.
- After providing for interest and depreciation, the Unit made a Net Loss of Rs.1911.52 lakhs as compared to Rs. 2531.92 lakhs in the previous year.
- After considering extra-ordinary items and Other Comprehensive Income, the unit had incurred a Net Loss of Rs. 1728.35 lakhs as against Rs. 2857 lakhs in the previous year.

CENTAUR LAKE VIEW HOTEL, SRINAGAR:

- The Unit earned revenue of Rs.709.95 lakhs as compared to Rs. 806.20 lakhs in the previous year, i.e. decrease of 12% over the previous year.
- The total expenditure was Rs.1404.02 lakhs as against Rs. 1549.77 lakhs in the previous year.
- As a result, the Unit made an Operating Loss of Rs. 694.07 lakhs as against Rs. 743.57 lakhs in the previous year.
- After providing for interest and depreciation, the Unit incurred a Net Loss of Rs.1164.74 lakhs as compared to Rs. 984.18 lakhs in the previous year.
- After considering Other Comprehensive Income, the unit had incurred a Net Loss of Rs. 1068.81 lakhs as against Rs. 1012.17 lakhs in the previous year.

CHEFAIR FLIGHT CATERING, MUMBAI

- The Unit earned revenue of Rs.1450.10 lakhs as compared to Rs. 1372.88 lakhs in the previous year, i.e. an increase of 6% over the previous year.
- The total expenditure was Rs. 2503.67 lakhs as against Rs.2354.94 lakhs in the previous year.
- As a result, the Unit made an Operating Loss of Rs. 1053.56 lakhs as against Rs.982.06 lakhs in the previous year.



- After providing for interest and depreciation, the Unit incurred a Net Loss of Rs. 1767.33 lakhs as compared to Rs.1270.48 lakhs. in the previous year.
- After considering Other Comprehensive Income, the unit had incurred a Net Loss of Rs. 1668.56 lakhs as against Rs.1310.53 lakhs in the previous year.

CHEFAIR FLIGHT CATERING, DELHI:

- The Unit earned revenue of Rs 558.33 lakhs as compared to Rs.770.18 lakhs in the previous year i.e a decrease of 28%.
- The total expenditure was Rs.1433.22 lakhs as against Rs.1588.26 lakhs in the previous year.
- As a result, the Unit made an Operating Loss of Rs. 874.89 lakhs as against Rs.818.09 lakhs in the previous year.
- After providing for interest and depreciation, the Unit incurred a Net Loss of Rs. 1277.21 lakhs as against Rs.1094.39 lakhs in the previous year.
- After considering Other Comprehensive Income, the unit had incurred a Net Loss of Rs. 1220.42 lakhs as against Rs.1209.54 lakhs in the previous year.

T3 LOUNGE, DELHI:

- The Unit, earned revenue of Rs.753.63 lakhs as compared to Rs.619.48 lakhs in the previous year.
- The total expenditure was Rs.440.12 lakhs as against Rs.411.51 lakhs in the previous year.
- As a result, the Unit made an Operating Profit of Rs. 313.51 lakhs as against Rs.207.98 lakhs in the previous year.
- After providing for depreciation, the Unit made Net Profit of Rs.312.08 lakhs as against Rs.206.58 lakhs in the previous year.

**CORPORATE GOVERNANCE****Meetings of Board of Directors**

As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than fourteen.

During the year 2017-18, four Board Meetings were held and the Board consisted of the following members:

- | | | | |
|----|---|---|--------------------|
| 1. | Shri Ashwani Lohani
Chairman & Managing Director-AIL
(ceased w.e.f 23 August 2017) | - | Part-time Chairman |
| | Shri Rajeev Bansal
Chairman & Managing Director-AIL
(appointed w.e.f. 23 August 2017 and
ceased w.e.f. 12 December 2017) | - | Part-time Chairman |
| | Shri Pradeep Singh Kharola
Chairman & Managing Director-AIL
(appointed w.e.f. 12 December 2017) | - | Part-time Chairman |
| 2. | Smt. Gargi Kaul
Addl. Secretary & Financial Advisor,
Ministry of Civil Aviation | - | Director |
| 3. | Shri Satyendra Kumar Mishra
Joint Secretary
Ministry of Civil Aviation | - | Director |
| 4. | Shri Vinod Hejmadi, Director - Finance
Air India Limited | - | Director |
| 5. | Shri Pankaj Kumar,
Executive Director-Sales & Marketing,
Air India Limited | - | Managing Director |

Shri Ashwani Lohani ceased to be Chairman effective 23 August 2017. Shri Rajiv Bansal, who was appointed Chairman vice Shri Ashwani Lohani effective 23 August 2017 ceased to be Chairman effective 12 December 2017 and Shri Pradeep Singh Kharola was appointed Chairman vice Shri Rajiv Bansal effective that date.

The Board places on record its appreciation of the valuable services rendered by Shri Ashwani Lohani, Shri Rajiv Bansal, as Chairman of the Company.

During the year, all meetings of the Board were chaired by the Chairman and the Annual General Meeting was chaired by the Director-Finance-Air India Limited, being the representative of Air India Limited.

Details regarding the Board Meetings, Annual General Meeting, Directors' Attendance thereat, Directorships and Committee positions held by the Directors are as under:

Board Meetings:

Four Board Meetings were held during the financial year on the following dates:

- | | | |
|-------------------|---|---------------|
| 14 June 2017 | - | 238th Meeting |
| 29 September 2017 | - | 239th Meeting |
| 26 December 2017 | - | 240th Meeting |
| 20 March 2018 | - | 241st Meeting |



Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the financial year 2017-18.

Name of the Director	Academic Qualifications	Attendance in the Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Ashwani Lohani CMD-Air India Limited (Ceased w.e.f. 23 August 2017 ceased wef.)	Mechanical Engineer and Fellow of Chartered Institute of Logistic and Transport	1	<u>Chairman & MD-</u> Air India Limited, <u>Part-time Chairman</u> Air India Express Ltd., Air India Air Transport Services Ltd., Air India Engineering Services Ltd., Airline Allied Services Ltd., Hotel Corporation of India Ltd., <u>Director</u> Air India SATS Airport Services Pvt Ltd., Air Mauritius Limited and Air Mauritius Holding Ltd.	In Air India Ltd., <u>Chairman</u> Finance Committee; HR Committee; Strategic Committee <u>Permanent Invitee</u> Audit Committee <u>Member</u> Corporate Social Responsibility and Sustainability Committee; Nomination & Remuneration Committee In Hotel Corp._of India Ltd., <u>Member-</u> Audit Committee In Air India Express Ltd., <u>Member-</u> Audit Committee
Shri Rajiv Bansal CMD-Air India Limited (appointed w.e.f. 23 August 2017 and ceased w.e.f. 12 December 2017)	Civil Engineer from IIT, Delhi, Diploma in Finance, ICFAI, HYD, EXE Masters in International business IIFT, Delhi	1	<u>Chairman & MD-</u> Air India Limited, <u>Part-time Chairman</u> Air India Express Ltd., Air India Air Transport Services Ltd., Air India Engineering Services Ltd., Airline Allied Services Ltd., Hotel Corporation of India Ltd., <u>Director</u> Air India SATS Airport Services Pvt Ltd., Air Mauritius Limited and Air Mauritius Holding Ltd.	In Air India Ltd., <u>Chairman</u> Finance Committee; HR Committee; Strategic Committee <u>Permanent Invitee</u> Audit Committee <u>Member</u> Corporate Social Responsibility and Sustainability Committee; Nomination & Remuneration Committee In Hotel Corp._of India Ltd., <u>Member-</u> Audit Committee In Air India Express Ltd., <u>Member-</u> Audit Committee



Name of the Director	Academic Qualifications	Attendance in the Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Pradeep Kumar Kharola CMD-Air India Limited (appointed w.e.f. 12 December 2017)	Phd and Masters in Development Management IAS Cadre, Karnataka	2	<u>Chairman & MD-</u> Air India Limited, <u>Part-time Chairman</u> Air India Express Ltd., Air India Air Transport Services Ltd., Air India Engineering Services Ltd., Airline Allied Services Ltd., Hotel Corporation of India Ltd., <u>Director</u> Air India SATS Airport Services Pvt Ltd., Air Mauritius Limited and Air Mauritius Holding Ltd.	In Air India Ltd., <u>Chairman</u> Finance Committee; HR Committee; Strategic Committee <u>Permanent Invitee</u> Audit Committee <u>Member</u> Corporate Social Responsibility and Sustainability Committee; Nomination & Remuneration Committee In Hotel Corp. of India Ltd., <u>Member-</u> Audit Committee In Air India Express Ltd., <u>Member-</u> Audit Committee
Shri Pankaj Kumar	MBA	4	In Hotel Corp. of India Ltd. Managing Director	In Hotel Corp. of India Ltd. <u>Member-</u> Audit Committee
Shri Vinod Hejmadi Director (Finance)- Air India Limited	B.Com, FCA	3	<u>Director</u> Air India Limited, Air India Express Ltd., Air India Air Transport Services Ltd., Air India Engineering Services Ltd., Airline Allied Services Ltd., Hotel Corporation of India Ltd., And AISATS Airport Services Pvt Ltd	<u>In Air India Ltd.,</u> <u>Member</u> Finance Committee <u>Special Invitee</u> Audit Committee; Overseeing Committee <u>Co-opted Member</u> Strategic Committee In Hotel Corp. of India Ltd., <u>Member</u> Audit Committee In Air India Express Ltd., <u>Member</u> Audit Committee



Name of the Director	Academic Qualifications	Attendance in the Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
GOVERNMENT DIRECTORS				
Smt. Gargi Kaul Addl. Secretary & Financial Advisor, Ministry of Civil Aviation	M.Phil	4	<u>Director</u> Air India Ltd., Hotel Corporation of India Ltd., Air India Air Transport Services Ltd., Air India Engineering Services Ltd	<u>In Air India Ltd.,</u> <u>Member</u> Audit Committee; Strategic Committee; Finance Committee In Hotel Corp. of India Ltd., Audit Committee
Shri Satyendra Kumar Mishra Jt. Secretary, Ministry of Civil Aviation	M.Tech (applied Geology) MA (in Public Policy)	4	<u>Director</u> Air India Ltd., Hotel Corporation of India Ltd., Air India Air Transport Services Ltd., Air India Engineering Services Ltd	<u>In Air India Ltd.,</u> <u>Member</u> Audit Committee; HR Committee; Strategic Committee; Remuneration Committee In Hotel Corp. of India Ltd., Audit Committee

BOARD COMMITTEES**AUDIT COMMITTEE:**

During the year 2017-18, the constitution of the Audit Committee was as follows:

- | | | |
|---|---|--------------|
| 1. Addl Secretary & Financial Advisor, MOCA | - | Chair Person |
| 2. Chairman & Managing Director-AIL | - | Member |
| 3. Joint Secretary , MOCA | - | Member |
| 4. Managing Director, HCI | - | Member |
| 5. Director Finance-Air India Ltd., | - | Member |
| 6. Ms. Shyamala P Kunder | - | Secretary |

The quorum for the meeting of Audit Committee would be 1/3rd of the total strength or 2 whichever is higher. During the year under report, three meetings of the audit committee were held.



The terms of reference of this Committee are:

- To consider the appointment of the External Auditor, Audit Fee & all matters relating thereto ;
- To discuss with the Auditor before the audit commences, the nature & scope of the audit and to ensure co-ordination where more than one audit firm is involved;
- To review the half yearly and annual financial statements before submission to the Board ;
- To review the Statutory Auditor's Report, Management's response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors ;
- To review the Company's Statement on Internal Control Systems prior to endorsement by the Board ;
- To review the Internal Audit program and ensure co-ordination between the Internal & External Auditors as well as to determine whether the Internal Audit function is commensurate with the size and nature of the hotel business and to consider any other matter as desired by the Board.

The Audit Committee met thrice during the year to review various issues including inter alia annual accounts of the Company for the year before submission to the Board, on the following dates:

14 June 2017	-	22th Meeting
29 September 2017	-	23rd Meeting
20 March 2018	-	24th Meeting

Attendance at the Audit Committee Meetings

Name of the Member	No. of Meetings Attended
Shri Ashwani Lohani	1
Shri Rajiv Bansal	1
Shri Pradeep Singh Kharola	1
Smt. Gargi Kaul, Chairperson	3
Shri Satyendra Kumar Mishra	3
Shri Vinod Hejmadi	2
Shri Pankaj Kumar	3

**Annual General Meetings during the last three years**

The details of these meetings are given below :

No. of meeting	Date and time of the Meeting	Venue
46th Annual General Meeting	27 December 2017	1 st floor, Transport Annexe Building, Air India Complex, Old Airport, Santa Cruz(E), Mumbai-400 029
45th Annual General Meeting	29 December 2016 at 1100 hrs	
Extra Ordinary General Meeting	29 August 2016 at 1630 hrs	
Extra Ordinary General Meeting	20 May 2016 at 1630 hrs	
Extra Ordinary General Meeting	11 March 2016 at 1730 hrs	
44th Adjourned Annual General Meeting	11 March 2016 at 1700 hrs	
44th Annual General Meeting	29 December 2015 at 1100 hrs	



CODE OF CONDUCT

DECLARATION

I hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors for the year ended 31 March 2018.

(Pankaj Kumar)
Managing Director
Hotel Corporation of India Limited

Place : Delhi
Date : 6th November 2018



Annexure-II

FORM NO. MR.3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Hotel Corporation of India Limited,
CIN-U55101MH1971GOI015217
Transport Annex Building,
1st Floor, Air India Complex,
Santacruz East,
Mumbai -400029

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hotel Corporation of India Limited [CIN- U55101MH1971GOI015217] (hereinafter called '**the Company**'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations given to me and the representation made by the Management, I hereby report that in my opinion, the Company has, during the Audit Period covering the financial year ended on 31st March, 2018 ('Audit Period') generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under (In so far as they are applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under (Not applicable to the Company during the Audit Period);
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; (Not applicable to the Company during the Audit Period);
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable to the Company during the Audit Period);



- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the Audit Period);
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. (Not applicable to the Company during the Audit Period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not applicable to the Company during the Audit Period);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);

Having regard to the compliance system prevailing in the Company and on the basis of the Compliance Certificates/Management Representation Letters issued by the designated officers of the Company, the Company has generally complied with the following laws applicable specifically to the Company:

- (a) The Prevention of Food Adulteration Act, 1954
- (b) Food Safety and Standards Act, 2006
- (c) The State specific Shops and Establishments statutes.
- (d) The Water (Prevention and Control of Pollution) Act, 1974
- (e) The Air (Prevention and Control of Pollution) Act, 1981
- (f) The Employees' Provident Acts & Misc. Provisions Act, 1952
- (g) The Maternity Benefit Act, 1961
- (h) The Sexual Harassment of Women at Workplace (Prevention, Prohibition, Redressal) Act, 2013.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by The Institute of Company Secretaries of India and the revised Secretarial Standards effective from 1st October, 2017; and
- (ii) Listing Agreements entered into by the Company with the Stock Exchanges (Not applicable to the Company);

During the Audit Period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:



- i. *The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period.*
- ii. *Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.*

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals;

Subject to what is stated herein above as regards the appointment of Independent Directors, the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the Management, were taken with requisite majority.

As represented and explained to us, I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

I further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

Place : Mumbai
Date : 2 November 2018

VIJAY SONONE & CO.
Company Secretaries

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

[Vijay Sonone FCS.7301]
(Proprietor)
[Certificate of Practice No.7991]

This Report is to be read with our letter of even date which is annexed as 'Appendix A' and forms an integral part of this report.



'Appendix A'

To,
The Members,
Hotel Corporation of India Limited,
Transport Annex Building,
1st Floor, Air India Complex,
Santacruz East,
Mumbai -400029

My report of even date is to be read along with this letter.

1. The maintenance of the secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that the correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management Representations about the compliance of laws, rules and regulations and occurrence of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test check basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai
Date: 2 November 2018

VIJAY SONONE & CO.
Company Secretaries

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

[Vijay Sonone FCS.7301]
(Proprietor)
[Certificate of Practice No.7991]



Annexure - III

Annexure to Directors' Report for the year 2017-18**FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN****As on financial year ended on 31.03.2018**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U55101MH1971GOI015217
2.	Registration Date	8 July 1971
3.	Name of the Company	HOTEL CORPORATION OF INDIA LIMITED
4.	Category/Sub-category of the Company	Government Company
5.	Address of the Registered office & contact details	1 ST Floor, Transport Annex Building, Air India Complex, Old Airport, Santa Cruz (East), Mumbai – 400 029.
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated) -

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	To carry on the business of hotel, motel, restaurant, café, tavern, flight kitchen, refreshment-room and boarding and lodging, housekeepers, licensed victuallers, wine, beer and spirit merchants, brewers, maltsters, distillers, importers, exporters and manufacturers and dealers in all kinds of foods and drinks.	551	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY:

Sr. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
1	Air India Limited 113, Airlines House, Gurudwara Rakabganj Road, New Delhi, 110 001.	U62200DL2007GOI161431	Holding	80%	2 (46)



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity): Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2017]				No. of Shares held at the end of the year [As on 31-03-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	27,00,000	27,00,000	19	-	27,00,000	27,00,000	19	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	110,60,000	110,60,000	81	-	110,60,000	110,60,000	81	16
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)		137,60,000	137,60,000	100	-	137,60,000	137,60,000	100	16
B. Public Shareholding	Not Applicable								
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds/UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) Foreign Banks	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2017]				No. of Shares held at the end of the year [As on 31-03-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions	Not Applicable								
a) Bodies Corp. (Market Maker + LLP)	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Non Resident Indians	-	-	-	-	-	-	-	-	-
ii) Non Resident Indians - Non Repatriable	-	-	-	-	-	-	-	-	-
iii) Office Bearers	-	-	-	-	-	-	-	-	-
iv) Directors	-	-	-	-	-	-	-	-	-
v) HUF	-	-	-	-	-	-	-	-	-
vi) Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
vi) Foreign Nationals	-	-	-	-	-	-	-	-	-
vii) Clearing Members	-	-	-	-	-	-	-	-	-
viii) Trusts	-	-	-	-	-	-	-	-	-
ix) Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2) :-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)		137,60,000	137,60,000	-	-	137,60,000	137,60,000	100	16



B) Shareholding of Promoter-

Sr. No	Shareholders 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	Air India Limited	110,60,000	81%	NIL	110,60,000	81%	NIL	16
2	President of India	27,00,000	19%	NIL	27,00,000	19%	NIL	16

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

Sr No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at end of 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				
	Air India Limited	110,60,000	81	110,60,000	81
	President of India	27,00,000	19	27,00,000	19
	At the end of the year				
	Air India Limited	110,60,000	81	110,60,000	81
	President of India	27,00,000	19	27,00,000	19

D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
NOT APPLICABLE					

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding at the end of year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Pradeep Singh Kharola	1	0	1	0
2	Shri Vinod Hejmadi	1	0	1	0
3	Shri Pankaj Kumar	1	0	1	0
	Total	3		3	



V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(In Rs Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	0	0	0	0
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0
Change in Indebtedness during the financial year	0	0	0	0
* Addition	0	0	0	0
* Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the financial year	0	0	0	0
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NOT APPLICABLE

(in figures)

Sr No	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961						
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961						
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961						
2	Stock Option						
3	Sweat Equity						
4	Commission as % of profit others, specify.						
5	Others : (PF, DCS, House Perks tax etc)						
	Total (A)						
	Ceiling as per the Act						

*There are no Whole Time Directors in the Company and the Managing Director of the Company is holding additional charge and is the Executive Director-Sales & Marketing of Air India, its Holding Company.



B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify (Fees for attending Board Sub Committee Meetings)	-	-	-	-	-	-
	Total (1)	-	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B) = (1+2)	-	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(figures in Rs)

Sr. No	Particulars of Remuneration	Key Managerial Personnel			
					Total
1	Gross salary		796,540*	796,540*	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	Others specify.	-	-	-	-
5	Others: (PF, DCS, House Perks tax etc)	-	-	-	-
	Total	-	-	-	-

* Not applicable to Government Companies. Only CFO and CS are KMPs and the remuneration of CFO is provided herewith.

** The Company Secretary is holding the position in addition to her responsibilities as AGM - Corporate Affairs, Air India Ltd.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



Annexure-IV

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HOTEL CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements of Hotel Corporation of India Limited for the year ended 31 March 2018. In accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act, based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 06 November 2018.

I, on the behalf of the Comptroller of Auditor General of India, have conducted a supplementary audit under Section 143 (6)(a) of the Act of the financial statements of Hotel Corporation of India Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Comments on Financial Position-Assets.**Other Financial Assets Rs.191,199,519 (Note 5)**

This includes an amount of Rs.18.90 million receivable from M/s.Sahara Hospitality Limited the buyer of Centaur Hotel Mumbai Airport, on account of sale of properties, keeping in view the Agreement to Sell dated 18 April 2002.

As per Note 37(iii), the Hon'ble Arbitral Tribunal had published their Award under which the buyer was to pay an amount of Rs.18.90 million and interest thereon along with legal cost of Rs.0.04 million. The Company had recognised an amount of Rs.18.90 million in the books of accounts as receivable from the buyer. However, the buyer preferred an Appeal in Hon'ble High Court of Bombay against the Award and in July 2015, the High Court set aside the arbitration award and passed an order in favour of the buyer. This has been challenged by the Company before the divisional bench of the Hon'ble High Court which has been admitted and is pending for hearing.

As per Para 31 to 35 of Ind AS 37 (Provisions,Contingent Liabilities and Contingent Assets), 'An entity shall not recognize a contingent asset. Contingent assets usually arise from unplanned or other unexpected events that give a rise to the possibility of an inflow of economic benefits to the entity. An example is a claim that an entity is pursuing through legal processes, where the outcome is uncertain. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised'.



Since the Hon'ble High Court has set aside the said arbitral award, receipt of the said amount has become contingent. Inclusion of Rs.18.90 million as receivable resulted in overstatement of long term loans & advances and understatement of accumulated loss by same amount.

B. Comments on Auditor's Report

Auditor's Opinion

The Company has reported losses of Rs.598,349,177 for the year 2017-18, however the Statutory auditors in their opinion (Sr.no.b) have stated that the Financial Statement gives True and Fair view in case of the Statement of Profit & Loss Account, of the profit of Company for the year ended on that date. Thus the above opinion of the Statutory Auditors is not correct to that extent.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-

Roop Rashil

Director General of Commercial Audit
& ex-officio Member Audit Board-II, Mumbai

Place : Mumbai

Date : 11 January 2019



ANNEXURE - IV

REPLIES TO COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HOTEL CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2018.

Comments	Management's Replay
<p>A. Comments on Financial Position-Assets.</p> <p>Other Financial Assets Rs.191,199,519 (Note 5)</p> <p>This includes an amount of Rs.18.90 million receivable from M/s.Sahara Hospitality Limited the buyer of Centaur Hotel Mumbai Airport, on account of sale of properties, keeping in view the Agreement to Sell dated 18 April 2002.</p> <p>As per Note 37(iii), the Hon'ble Arbitral Tribunal had published their Award under which the buyer was to pay an amount of Rs.18.90 million and interest thereon along with legal cost of Rs.0.04 million. The Company had recognised an amount of Rs.18.90 million in the books of accounts as receivable from the buyer. However, the buyer preferred an Appeal in Hon'ble High Court of Bombay against the Award and in July 2015, the High Court set aside the arbitration award and passed an order in favour of the buyer. This has been challenged by the Company before the divisional bench of the Hon'ble High Court which has been admitted and is pending for hearing.</p> <p>As per Para 31 to 35 of Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets), 'An entity shall not recognize a contingent asset. Contingent assets usually arise from unplanned or other unexpected events that give a rise to the possibility of an inflow of economic benefits to the entity. An example is a claim that an entity is pursuing through legal processes, where the outcome is uncertain. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised'.</p> <p>Since the Hon'ble High Court has set aside the said arbitral award, receipt of the said amount has become contingent. Inclusion of Rs.18.90</p>	<p>The Company had accounted for the Arbitral Award of Rs 18.90 million receivable from M/s.Sahara Hospitality Limited in the year 2010-11. This has been adequately disclosed in the Notes forming part of the Financial Statements for the year ended 31 March 2018 – Note no. 29 (a) (v) and 37(iii).</p> <p>However, as suggested by C&AG, appropriate action to show the amount under Contingent Assets would be taken in the year 2018-19.</p>



Comments	Management's Replay
million as receivable resulted in overstatement of long term loans & advances and understatement of accumulated loss by same amount.	
B. Comments on Auditor's Report Auditor's Opinion The Company has reported losses of Rs.598,349,177 for the year 2017-18, however the Statutory auditors in their opinion (Sr.no.b) have stated that the Financial Statement gives True and Fair view in case of the Statement of Profit & Loss Account, of the profit of Company for the year ended on that date. Thus the above opinion of the Statutory Auditors is not correct to that extent.	The word "Profit" has been corrected by the statutory auditors to "LOSS" in their Auditor's Report for the year 2017-18.



REPORT OF THE AUDITORS TO THE MEMBERS OF HOTEL CORPORATION OF INDIA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Hotel Corporation of India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India



- a) In case of Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- b) In case of the Statement of Profit & Loss Account, of the loss* of Company for the year ended on that date.
- c) In case of the Cash Flow Statement, of the Cash flow of the Company for the year ended on that date.

EMPHASIS OF MATTERS

1. Net worth of the Company continues to be completely eroded. Company continues to be under severe financial stress as reflected by
 - a. Trade Receivables Rs. 3632.78 lakhs
 - b. Trade Payables Rs. 643.71 lakhs
 - c. Statutory dues Rs. 924.27 lakhs

Despite the above facts, these financial statements have been prepared on a “Going Concern” basis as stated in Note no. 53. in view of the Management being committed to the revival of the Company through various initiatives such as:

- i. Equity infusion of Rs 27 crores upto 31 st March 2018 by Government of India.
 - ii. The renovation of 80 guest rooms and other allied works at Centaur Delhi was completed in the quarter ended June 2017 which augmented the revenue during the year.
 - iii. The Company has appointed a consultant for upgradation and refurbishment of 75 guest rooms and allied works at Centaur Srinagar.
 - iv. The holding company Air India Limited converted Rs 70 crores of advance to the Company into Share Capital.
 - v. The Government of India has reduced the retirement age of employees of the Company from 60 years to 58 years.
2. The financial statements of the Company for the year ended March 31, 2017, were audited by another auditor who expressed qualified opinion on those statements on March 31, 2017. However, during the year the Company has rectified the same and financial Impact of the same is shown in the opening retained earnings as referred in Note no. 32.
 3. Loans and Advances and Other advances receivable are considered good for recovery though the same are in the process of being reconciled, referred to in Note Nos. 31 and 37 (ii).
 4. The Company has not provided for Interest and penalty in relation to the following:
 - a. Non filing of statutory returns in respect of Luxury Tax, Service Tax, Goods and Service Tax and Work Contract Tax (Refer Note No. 42).
 - b. Non deduction of Tax at Source (Contracts and Professional) and Works Contract Tax at Centaur Delhi. The Company has done capitalisation of Rs.1043.22 lacs on the basis of invoice received from AAI which is subject to Tax Deducted at Source (TDS). The Company has booked Lease Rent Expenses during the F.Y. 2017-18 of Rs.2,71,06,362/-. However no TDS has been deducted on this transaction.

** typographical error corrected as per CAG observations*



- c. Unpaid statutory dues in respect of Luxury Tax, Value Added Tax, Service Tax, Goods and Service Tax Provident Fund and ESI. (Refer Note No. 42, 44).
5. The Company has not complied with certain provision of the Act. As a consequence thereof:
 - a. The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period.
 - b. Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.
6. The Company has not made any wage revision provision as wage agreements with workmen and Officers Cadre are pending as referred to in Note no. 33.
7. The Company has not made any provision for Impairment of Assets as referred to in Note no. 47.
8. The Company has reconciled the balances from Trade Receivables, and Payables from the Holding Company and is in the process of obtaining confirmation of balances from other Trade Receivables, Trade Payables, Loan and Advances, Deposits and Other liabilities, as referred to in Note no. 37.
9. The Company has internal control system for management of inventory which need strengthening as referred to in Note no. 49 and e company has internal control system which need strengthening as referred to in Note no. 50.
10. Income Tax Receivables are in the process of being reconciled with the refund claim filed with the Income Tax department.
11. The Income and Expenses as per the financial statement and as per Goods and Service Tax (GST) are being reconciled.
12. Fair value of the financial assets and financial liabilities is arrived based upon best information available or provided by the management. We have relied upon the management information for fair valuation on the absence of other required information.

Our opinion is not qualified in respect of all these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required under Section 143(5) of the Act, we enclose herewith, as per Annexure "B", our report on the directions issued by the Comptroller & Auditor General of India.
3. As required by section 143(3) of the Act, we report that:



- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016.
- e. The Company being a Government Company as defined in Section 2(45) of the Companies Act, 2013, is exempted from applicability of section 164(2) of the Companies Act, 2013 vide circular no. 1/2/2014 –CL.-V dated 5th June, 2015 issued by Ministry of Corporate Affairs.
- 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 “C”; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2017, 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 litigation on its financial position in its financial statement – Refer to Note No. 29 and 30.
 - ii. The company does not have any long-term contracts including derivatives contracts and hence there are no material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S A R A & Associates
Chartered Accountants
Firm Registration No:
0120927W

Manoj Agarwal
Partner
Membership No.: 119509

Place : Mumbai
Date : 6 November 2018



ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

As referred to in our Independent Auditors 'Report to the members of the Company on the financial statements for the year ended 31st March 2018, we report that :

- I. (a) *The Company is in the process of updating its Fixed Assets Records maintained with reference to full particulars, quantitative details and location thereof.*
- (b) *The Company proposes to conduct physical verification of its Fixed Assets in a phased manner i.e. once in two years (Financial Year 2017-18 to 2018-19). However, since the Fixed Assets have not been physically verified by the Management during the year, and in the absence of un-reconciled records of Fixed Assets referred to in (a) above, the extent of the discrepancies if any, cannot be ascertained and hence, the resultant impact of the same on the accounts will be dealt with in the year in which finality is reached. (Refer Note No. 47).*
- (c) According to the information, explanations and records provided to us the title deeds of immovable properties are held in the name of the Company except relating to 4 flats in Sher –e- Punjab Society conveyance deed in respect thereof are pending to be execution.
- ii. As explained to us, inventories have been physically verified once in a year by the management. *In our opinion, the frequency of verification by the management is not reasonable* and discrepancies which were noticed on physical verification which were not material have been properly dealt with in the books of accounts. (Note No 49).
- iii. The Company has not granted any loans to any party, covered in the register maintained under section 189 of the Act and hence clause 3(iii) of the Order is not applicable.
- iv. According to the information and explanations provided to us the Company has not made any loans, investments, guarantees and securities, within the meaning of section 185 and 186 of the Act, and hence clause 3(iv) of the Order is not applicable.
- v. According to the information and explanations provided to us, the Company has not accepted deposits within the meaning of section 73 to 76 or any other relevant provision of the Companies Act, 2013, and hence clause 3(v) of the Order is not applicable.
- vi. In our opinion and based on the information & explanation given by the management, maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Act in respect of the Company's products.
- vii. (a) According to the records of the Company, *undisputed relevant statutory dues including Employees' State Insurance, Luxury Tax, Service Tax, and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities. The extent of the arrears of outstanding statutory dues as at 31st March, 2018 for a period of more than six months from the date they became payable are as follows:*



Name of the Statute	Amount (Rs)
Employees State Insurance Act, 1948	2,38,046
Luxury Tax Act of Respective States	1,66,89,017
Central Excise and Service Tax Act	2,70,90,865
TOTAL	4,40,17,928

- (b) Statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:

(Amount in Lakhs)

Name of the Statute	Nature of Dues	Amount in dispute (Rs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax	Tax	18.93	2000 – 01	Joint Commissioner of Sales Tax Appeal
	Interest	0.29		
	Penalty	0.02		
	Less: Paid	10.00		
	Total	09.24		
Luxury Tax	Tax	21.75	2000 – 01	Addl. Commissioner Sales Tax
	Less: Paid	08.78		
	Total	12.97		
Luxury Tax	Tax	65.05	2000 – 01	Addl. Commissioner Sales Tax
	Interest	93.32		
	Penalty	0.08		
	Less: paid	25.31		
	Total	133.14		
Luxury Tax	Tax	19.84	2002 – 03	Commissioner of Sales Tax
	Interest	20.76		
	Penalty	1.00		
	Less: Paid	30.32		
	Total	14.64		
Luxury Tax	Tax	06.97	2002 – 03	Commissioner of Sales Tax
	Penalty	0.14		
	Less: Paid	6.30		
	Total	0.81		



Name of the Statute	Nature of Dues	Amount in dispute (Rs)	Period to which the amount relates	Forum where dispute is pending
Excise Duty	Tax	197.28	2005 – 06	Commissioner of Central – Appellate Tribunal, Mumbai
Service Tax	Tax	27.7	July 2012- March 2013	Commissioner of Central– Excise Appellate-II
Service Tax	Tax	51.08	2013-14	Commissioner of Central– Excise Appellate-II
	Penalty	5.00		
	Total	56.08		
Service Tax	Tax	60.70	2014-15	Commissioner of Central– Excise Appellate-II
	Penalty	6.00		
	Total	66.70		
Service Tax	Tax	78.30	2015-16	Commissioner of Central– Excise Appellate-II

- viii. Based on our audit procedures and the information and explanations provided to us, the Company did not have any borrowings from financial institution, bank, government and debenture holders. Hence, clause 3(viii) of the Order is not applicable.
- ix. According to the information and explanations given to us, the Company has not raised any moneys by way of Initial Public Offer or Further Public Offer (including debt instrument) and term loans. Hence, clause 3(ix) of the Order is not applicable.
- x. To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the year and, nor have we been informed of such case by the management.
- xi. According to the information and explanations given to us and based on our audit procedures, the Company has neither paid nor provided for managerial remuneration and hence clause 3(xi) of the Order is not applicable.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company and hence clause 3(xii) of the Order is not applicable.



xiii. According to the information and explanations obtained by us:

- (I) the Company has not appointed Independent Directors and hence to that extent the Company has not complied with the provision of section 177 (2) of the Act, which in turn results in non compliance with section 177(iv) of the Act.
- (ii) the Company has not complied with the provisions of section 188 of the Act. However, details of the related parties have been disclosed in the financial statements which are identified by the Management in terms of IND AS 24 "Related Party Disclosure" and the same are relied upon by us.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations obtained by us, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence clause 3(xv) of the Order is not applicable.

xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For S A R A & Associates
Chartered Accountants
Firm Registration No: 0120927W

Manoj Agarwal
Partner
Membership No. : 119509

Place : Mumbai
Date : 6 November 2018

**ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT**

As referred to in our Independent Auditors 'Report to the members of the Company on the financial statements for the year ended 31st March 2018, we report that :

Based on the information and explanations obtained by us, we furnish our comments on the Directions issued by the Comptroller and Auditor General of India relating to the accounts of the Company for the year ended 31st March, 2018.

1. Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?	According to the information, explanations and records provided to us, the Company has lease deeds for leasehold land. Further, the Company does not own any freehold land.
2. Whether there are any cases of Waiver/Write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved.	During the year under review, there were no cases of waiver/write off of debts/loans/interest and hence the said clause is not applicable.
3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The company is neither maintaining inventories lying with third parties nor has it received assets as gift from Government or other authorities and hence the said clause is not applicable.

For S A R A & Associates
Chartered Accountants
Firm Registration No: 0120927W

Manoj Agarwal
Partner
Membership No. : 119509

Place : Mumbai
Date : 6 November 2018



ANNEXURE - C TO THE INDEPENDENT AUDITORS' REPORT

REPORT ON THE INTERNAL FINANCIAL CONTROLS 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 **Hotel Corporation of India Limited ("the Company")** as of 31st March 2018 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external



purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of 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.

DISCLAIMER OF OPINION

According to the information and explanation given to us, the Company has not established its internal financial controls over financial reporting on criteria based on or considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at 31st March, 2018.

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the Company and our disclaimer does not affect our opinion on the financial statements of the Company.

For S A R A & Associates
Chartered Accountants
Firm Registration No: 0120927W

Manoj Agarwal
Partner
Membership No. : 119509

Place : Mumbai
Date : 6 November 2018



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>Report on the Financial Statements</p> <p>We have audited the accompanying financial statements of Hotel Corporation of India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.</p> <p>Management's Responsibility for the Financial Statements</p> <p>The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.</p> <p>Auditors' Responsibility</p> <p>Our responsibility is to express an opinion on these financial statements based on our audit.</p> <p>We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.</p>	<p>This is a statement of fact</p> <p>This is a statement of fact</p> <p>This is a statement of fact</p> <p>This is a statement of fact</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.</p> <p>Opinion</p> <p>In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India</p> <p>a) In case of Balance Sheet, of the state of affairs of the Company as at March 31, 2018;</p> <p>b) In case of the Statement of Profit & Loss Account, of the profit of Company for the year ended on that date.</p> <p>c) In case of the Cash Flow Statement, of the Cash flow of the Company for the year ended on that date.</p>	<p>This is a statement of fact</p> <p>This is a statement of fact</p> <p>This is a statement of fact</p> <p>This is a statement of fact</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>Emphasis of Matters</p> <p>1. Net worth of the Company continues to be completely eroded. Company continues to be under severe financial stress as reflected by</p> <ul style="list-style-type: none"> a. Trade Receivables Rs. 3632.78 lakhs b. Trade Payables Rs. 643.71 lakhs c. Statutory dues Rs. 924.27 lakhs <p>Despite the above facts, these financial statements have been prepared on a “Going Concern” basis as stated in Note no. 53. in view of the Management being committed to the revival of the Company through various initiatives such as:</p> <ul style="list-style-type: none"> i. Equity infusion of Rs 27 crores upto 31 st March 2018 by Government of India. ii. The renovation of 80 guest rooms and other allied works at Centaur Delhi was completed in the quarter ended June 2017 which augmented the revenue during the year. iii. The Company has appointed a consultant for upgradation and refurbishment of 75 guest rooms and allied works at Centaur Srinagar. iv. The holding company Air India Limited converted Rs 70 crores of advance to the Company into Share Capital. v. The Government of India has reduced the retirement age of employees of the Company from 60 years to 58 years. <p>2. The financial statements of the Company for the year ended March 31, 2017, were audited by another auditor who expressed modified opinion on those statements on March 31, 2017. However, during the year the Company has rectified the same and financial Impact of the same is shown in the opening retained earnings as referred in Note no. 32.</p>	<p>This is a statement of fact</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>3. Loans and Advances and Other advances receivable are considered good for recovery though the same are in the process of being reconciled, referred to in Note Nos. 31 and 37 (ii).</p>	<p>Confirmations for the advances are in the process of being obtained in the year 2018-19</p>
<p>4. The Company has not provided for Interest and penalty in relation to the following:</p> <p>a. Non filing of statutory returns in respect of Luxury Tax, Service Tax, Goods and Service Tax and Work Contract Tax (Refer Note No. 42).</p> <p>b. Non deduction of Tax at Source (Contracts and Professional) and Works Contract Tax at Centaur Delhi. The Company has done capitalisation of Rs.1043.22 lacs on the basis of invoice received from AAI which is subject to Tax Deducted at Source (TDS). The Company has booked Lease Rent Expenses during the F.Y. 2017-18 of Rs.2,71,06,362/-. However no TDS has been deducted on this transaction.</p> <p>c. Unpaid statutory dues in respect of Luxury Tax, Value Added Tax, Service Tax, Goods and Service Tax Provident Fund and ESI. (Refer Note No. 42, 44).</p>	<p>The returns are being filed in 2018-19 and interest and penalty thereon would be duly accounted for</p> <p>The Company is in the process of clearing the overdue statutory dues</p>
<p>5. The Company has not complied with certain provision of the Act. As a consequence thereof:</p> <p>a. The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period.</p> <p>b. Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the</p>	<p>Hotel Corporation of India Limited (HCI) is a subsidiary of Air India Limited (AIL), a Government Company. As per Article 22 of the Articles of Association of the Company, all the Directors of the Company are appointed by AIL in consultation with Government of India.</p> <p>HCI has requested AIL to nominate at least two Independent Directors on its Board and the reply from AIL is awaited.</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.</p>	<p>As per the provisions of Section 177(2) the Audit Committee shall consist of a minimum of three Directors with Independent Directors forming a majority.</p> <p>As required under section 178, the Nomination and Remuneration Committee should consist of 3 or more Non Executive Directors out of which not less than one half should be Independent Directors.</p> <p>Presently there is no Independent Director on the Board of HCI and the matter has been taken up with AIL.</p>
<p>6. The Company has not made any wage revision provision as wage agreements with workmen and Officers Cadre are pending as referred to in Note no. 33.</p>	<p>The Company is in the process of negotiating with the unions. Once an MOU is signed with the unions, provision for wage increase would be made in the books of accounts</p>
<p>7. The Company has not made any provision for Impairment of Assets as referred to in Note no. 47.</p>	<p>This is a statement of fact</p>
<p>8. The Company has reconciled the balances from Trade Receivables, and Payables from the Holding Company and is in the process of obtaining confirmation of balances from other Trade Receivables, Trade Payables, Loan and Advances, Deposits and Other liabilities, as referred to in Note no. 37.</p>	<p>The Company is in the process of obtaining confirmations in the year 2018-19</p>
<p>9. The Company has internal control system for management of inventory which needs strengthening as referred to in Note no. 49 and the company has internal control system which needs strengthening as referred to in Note no. 50.</p>	<p>Efforts would be made to strengthen the system</p>
<p>10. Income Tax Receivables are in the process of being reconciled with the refund claim filed with the Income Tax department.</p>	<p>This is a statement of fact</p>
<p>11. The Income and Expenses as per the financial statement and as per Goods and Service Tax (GST) are being reconciled.</p>	<p>This is being completed while filing the annual returns for 2017-18</p>
<p>12. Fair value of the financial assets and financial liabilities is arrived based upon best information available or provided by the management. We</p>	<p>This is a statement of fact</p>

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AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>1/2/2014 –CL.-V dated 5th June, 2015 issued by Ministry of Corporate Affairs.</p> <p>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 “C”; and</p> <p>g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:</p> <p>i. The company has disclosed the impact of pending litigation on its financial position in its financial statement – Refer to Note No. 29 and 30.</p> <p>ii. The company does not have any long-term contracts including derivatives contracts and hence there are no material foreseeable losses.</p> <p>iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.</p>	<p>This is a statement of fact</p>



ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>As referred to in our Independent Auditors 'Report to the members of the Company on the financial statements for the year ended 31st March 2018, we report that :</p> <p>I. (a) <i>The Company is in the process of updating its Fixed Assets Records maintained with reference to full particulars, quantitative details and location thereof.</i></p> <p>(b) <i>The Company proposes to conduct physical verification of it's Fixed Assets in a phased manner i.e. once in two years (Financial Year 2017-18 to 2018-19). However, since the Fixed Assets have not been physically verified by the Management during the year, and in the absence of un-reconciled records of Fixed Assets referred to in (a) above, the extent of the discrepancies if any, cannot be ascertained and hence, the resultant impact of the same on the accounts will be dealt with in the year in which finality is reached. (Refer Note No. 47).</i></p> <p>(c) According to the information, explanations and records provided to us the title deeds of immovable properties are held in the name of the Company except relating to 4 flats in Sher-e-Punjab Society conveyance deed in respect thereof are pending to be execution.</p> <p>ii. As explained to us, inventories have been physically verified once in a year by the management. <i>In our opinion, the frequency of verification by the management is not reasonable</i> and discrepancies which were noticed on physical verification which were not material have been properly dealt with in the books of accounts. (Note No 49).</p> <p>iii. The Company has not granted any loans to any party, covered in the register maintained under section 189 of the Act and hence clause 3(iii) of the Order is not applicable.</p> <p>iv. According to the information and explanations provided to us the Company has not made any loans, investments, guarantees and securities, within the meaning of section 185 and 186 of the Act, and hence clause 3(iv) of the Order is not applicable.</p>	<p>This exercise would be completed in 2018-19</p> <p>This exercise would be completed in 2018-19</p> <p>This is a statement of fact</p> <p>The frequency has been increased to quarterly verification of inventory</p> <p>This is a statement of fact</p> <p>This is a statement of fact</p>



AUDIT OBSERVATIONS		MANAGEMENT COMMENTS										
<p>v. According to the information and explanations provided to us, the Company has not accepted deposits within the meaning of section 73 to 76 or any other relevant provision of the Companies Act, 2013, and hence clause 3(v) of the Order is not applicable.</p>		This is a statement of fact										
<p>vi. In our opinion and based on the information & explanation given by the management, maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Act in respect of the Company's products.</p>												
<p>vii (a) According to the records of the Company, <i>undisputed relevant statutory dues including Employees' State Insurance, Luxury Tax, Service Tax, and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities. The extent of the arrears of outstanding statutory dues as at 31st March, 2018 for a period of more than six months from the date they became payable are as follows:</i></p>												
<table><tr><th>Name of the Statute</th><th>Amount (Rs)</th></tr><tr><td>Employees State Insurance Act, 1948</td><td>2,38,046</td></tr><tr><td>Luxury Tax Act of Respective States</td><td>1,66,89,017</td></tr><tr><td>Central Excise and Service Tax Act</td><td>2,70,90,865</td></tr><tr><td>Total</td><td>4,40,17,928</td></tr></table>		Name of the Statute	Amount (Rs)	Employees State Insurance Act, 1948	2,38,046	Luxury Tax Act of Respective States	1,66,89,017	Central Excise and Service Tax Act	2,70,90,865	Total	4,40,17,928	This is being streamlined in 2018-19
Name of the Statute	Amount (Rs)											
Employees State Insurance Act, 1948	2,38,046											
Luxury Tax Act of Respective States	1,66,89,017											
Central Excise and Service Tax Act	2,70,90,865											
Total	4,40,17,928											
<p>(b) Statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:</p>												



AUDIT OBSERVATIONS					MANAGEMENT COMMENTS
(Amount in Lakhs)					This is a statement of fact
Name of the Statute	Nature of Dues	Amount in dispute (Rs)	Period to which the amount relates	Forum where dispute is pending	
Sales Tax	Tax Interest Penalty Less: Paid Total	18.93 0.29 0.02 10.00 09.24	2000 – 01	Joint Commissioner of Sales Tax Appeal	
Luxury Tax	Tax Less: Paid Total	21.75 08.78 12.97	2000 – 01	Addl. Commissioner Sales Tax	
Luxury Tax	Tax Interest Penalty Less: paid Total	65.05 93.32 0.08 25.31 133.14	2000 – 01	Addl. Commissioner Sales Tax	
Luxury Tax	Tax Interest Penalty Less: Paid Total	19.84 20.76 1.00 30.32 14.64	2002 – 03	Commissioner of Sales Tax	
Luxury Tax	Tax Penalty Less: Paid Total	06.97 0.14 6.30 0.81	2002 – 03	Commissioner of Sales Tax	
Excise Duty	Tax	197.28	2005 – 06	Commissioner of Central –Appellate Tribunal, Mumbai	
Service Tax	Tax	27.7	July 2012 - March 2013	Commissioner of Central-Excise Appellate-II	
Service Tax	Tax Penalty Total	51.08 5.00 56.08	2013-14	Commissioner of Central-Excise Appellate-II	
Service Tax	Tax Penalty Total	60.70 6.00 66.70	2014-15	Commissioner of Central-Excise Appellate-II	
Service Tax	Tax	78.30	2015-16	Commissioner of Central-Excise	



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
viii. Based on our audit procedures and the information and explanations provided to us, the Company did not have any borrowings from financial institution, bank, government and debenture holders. Hence, clause 3(viii) of the Order is not applicable.	This is a statement of fact
ix. According to the information and explanations given to us, the Company has not raised any moneys by way of Initial Public Offer or Further Public Offer (including debt instrument) and term loans. Hence, clause 3(ix) of the Order is not applicable.	This is a statement of fact
x. To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the year and, nor have we been informed of such case by the management.	This is a statement of fact
xi. According to the information and explanations given to us and based on our audit procedures, the Company has neither paid nor provided for managerial remuneration and hence clause 3(xi) of the Order is not applicable.	This is a statement of fact
xii. According to the information and explanations given to us, the Company is not a Nidhi Company and hence clause 3(xii) of the Order is not applicable.	This is a statement of fact
xiii. <i>According to the information and explanations obtained by us:</i>	
(i) <i>the Company has not appointed Independent Directors and hence to that extent the Company has not complied with the provision of section 177 (2) of the Act, which in turn results in non compliance with section 177(iv) of the Act.</i>	This is a statement of fact
(ii) <i>the Company has not complied with the provisions of section 188 of the Act. However, details of the related parties have been disclosed in the financial statements which are identified by the Management in terms of IND AS 24 "Related Party Disclosure" and the same are relied upon by us.</i>	This is a statement of fact



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.	This is a statement of fact.
xv. According to the information and explanations obtained by us, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence clause 3(xv) of the Order is not applicable.	This is a statement of fact
xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.	This is a statement of fact

**ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT**

As referred to in our Independent Auditors 'Report to the members of the Company on the financial statements for the year ended 31st March 2018, we report that:

Based on the information and explanations obtained by us, we furnish our comments on the Directions issued by the Comptroller and Auditor General of India relating to the accounts of the Company for the year ended 31st March, 2018.

AUDIT OBSERVATIONS		MANAGEMENT COMMENTS
1. Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?	According to the information, explanations and records provided to us, the Company has lease deeds for leasehold land. Further, the Company does not own any freehold land.	This is a statement of fact
2. Whether there are any cases of Waiver/Write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved.	During the year under review, there were no cases of waiver/write off of debts/loans/ interest and hence the said clause is not applicable.	This is a statement of fact
3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The company is neither maintaining inventories lying with third parties nor has it received assets as gift from Government or other authorities and hence the said clause is not applicable.	This is a statement of fact



AUDIT OBSERVATIONS

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

Management's Responsibility for Internal Financial Controls

Auditors' Responsibility

This is a statement of fact

This is a statement of fact

This is a statement of fact



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>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.</p> <p>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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.</p> <p>Meaning of Internal Financial Controls over Financial Reporting</p> <p>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 expenditure of the Company are being made</p>	<p>This is a statement of fact</p> <p>This is a statement of fact</p> <p>This is a statement of fact</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>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.</p> <p>Inherent Limitations of Internal Financial Controls Over Financial Reporting</p> <p>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.</p> <p>Disclaimer of Opinion</p> <p>According to the information and explanation given to us, the Company has not established its internal financial controls over financial reporting on criteria based on or considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at 31st March, 2018.</p> <p>We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the Company and our disclaimer does not affect our opinion on the financial statements of the Company.</p>	<p>This is a statement of fact</p> <p>This is a statement of fact</p>



BALANCE SHEET AS AT 31 MARCH 2018

(Rupees in Million)

Particulars	Note	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
ASSETS :							
1 Non-current Assets							
(i) Property, Plant & Equipment	3	377,107,685		299,426,513		310,717,386	
(ii) Intangible Assets							
(iii) Financial assets:							
a) Trade Receivables							
b) Loans	4	8,634,433		8,667,013		8,391,963	
c) Other Financial Assets	5	-		-		-	
(iv) Income Tax Assets (Net)	6	153,301,189		143,928,719		157,219,300	
(v) Other Non-Current Assets	7	8,742,334	547,785,641	1,104,678	453,126,923	13,134,934	489,463,583
2 Current Assets							
(i) Inventories	8	24,210,103		22,545,986		22,111,800	
(ii) Financial assets:							
a) Trade Receivables	9	363,278,015		263,778,900		243,632,119	
b) Cash and Cash equivalents	10	126,671,367		142,450,604		131,663,599	
c) Bank balances other than (b) above	11	-		-		-	
d) Loans	2	1,068,660		1,144,652		955,568	
e) Other Financial Assets	5	191,199,519		288,691,353		289,671,330	
(iii) Current Tax Assets (Net)							
(iv) Other Current Assets	7	50,564,842	756,992,506	40,926,928	759,538,423	105,244,451	793,278,866
Total Assets			1,304,778,147		1,212,665,346		1,282,742,449
EQUITY AND LIABILITIES :							
1 Equity							
a) Equity Share Capital	12	1,376,000,000		1,376,000,000		626,000,000	
b) Other Equity	13	(4,146,328,013)	(2,770,328,013)	(3,593,441,915)	(2,217,441,915)	(2,975,744,257)	(2,349,744,257)
2 Liabilities :							
(i) Non-current Liabilities							
a) Financial Liabilities							
i) Borrowings	14	-		-		-	
ii) Others	15	-		-		-	
b) Provisions	16	470,252,669		528,852,841		494,960,247	
c) Other Non-current Liabilities	17	233,129	470,485,798	144,181	528,997,022	750,259,370	1,245,219,617
(ii) Current Liabilities							
a) Financial Liabilities							
i) Borrowings	14	2,578,240,198		1,891,488,727		1,436,331,182	
ii) Trade Payables	18	64,371,598		346,388,139		355,291,370	
iii) Others	15	688,247,271		385,639,897		354,146,230	
b) Provisions	16	79,620,518		85,424,582		79,883,473	
c) Other Current Liabilities	17	194,140,777	3,604,620,362	192,168,895	2,901,110,240	161,614,834	2,387,267,089
Total Equity & Liabilities			1,304,778,147		1,212,665,346		1,282,742,449

Significant Accounting Policies

The Company notes are an integral part of the Financial Statements.

As per our report of even date

For and on behalf of
SARA & ASSOCIATES
Chartered Accountants
FRN : 0120927W

Sd/-
Manoj Agarwal
Partner
M.No. 119509

For and on behalf of the Board

Sd/-
Pradeep Singh Kharola
Chairman
DIN : 05347746

Sd/-
Thrity C. Dalal
Chief Financial Officer

Sd/-
Gargi Kaul
Director
DIN : 07173427

Sd/-
Shyamala P Kunder
Company Secretary

Place : Mumbai
Date : 6 November 2018

Place : New Delhi
Date : 6 November 2018

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018****(Amount in Rupees)**

Particulars	Notes	2017-18	2016-17
Continuing operations			
Income			
Revenue from operations	19	532,325,576	504,853,820
Revenue from operations		532,325,576	504,853,820
Other income	20	18,945,863	20,746,152
Total revenue		551,271,438	525,599,972
Expenses			
Cost of raw material consumed	21	140,375,062	133,607,770
Employee Benefits	22	549,952,487	573,039,893
Finance Cost	23	212,209,650	134,666,851
Depreciation /Amortisation Expenses	3	32,792,485	22,371,688
Other Expenses	24	214,290,931	228,252,083
Total Expenses		1,149,620,615	1,091,938,285
Loss before Exceptional Items		(598,349,177)	(566,338,313)
Exceptional Items (Net)	25	-	(38,213,899)
Loss for the year		(598,349,177)	(604,552,212)
Other Comprehensive Income			
Actuarial Gain / (Loss) on Post Retirement Benefit Plans	27	45,463,079	(13,145,446)
Total Comprehensive Income for the year		(552,886,098)	(617,697,658)
Earning per Equity Share			
Basic		(40.18)	(53.47)
Diluted		(40.18)	(53.47)

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of
SARA & ASSOCIATES
Chartered Accountants
FRN : 0120927W

Sd/-
Manoj Agarwal
Partner
M.No. 119509

Place : Mumbai
Date : 6 November 2018

For and on behalf of the Board

Sd/-
Pradeep Singh Kharola
Chairman
DIN : 05347746

Sd/-
Thrity C. Dalal
Chief Financial Officer

Place : New Delhi
Date : 6 November 2018

Sd/-
Gargi Kaul
Director
DIN : 07173427

Sd/-
Shyamala P Kunder
Company Secretary

**STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018**

(Figures in Million)

A. Equity Share Capital	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of Shares	Amount in Rupees	No. of Shares	Amount in Rupees	No. of Shares	Amount in Rupees
Balance at the beginning of the reporting period	13,760,000	13,760,000	6,260,000	6,260,000	5,060,000	506,000,000
Changes in the Equity Share Capital during the Add : Equity Shares Allotted during the year	-		7,500,000	7,500,000	1,200,000	120,000,000
Balance at the end of reporting period	13,760,000	13,760,000	13,760,000	13,760,000	6,260,000	626,000,000

(Rupees in Million)

B. Other Equity	Retained Earnings	Total
Balance as at 31.03.2017	(3,593,441,915)	(3,593,441,915)
Add/Less: Prior Period Adjustment	-	-
Restated Balance as at 31.03.2017	(3,593,441,915)	(3,593,441,915)
Transfer to/ from Total Comprehensive Income	(552,886,098)	(552,886,098)
Balance as at 31.03.2018	(4,146,328,013)	(4,146,328,013)
Balance as at 01.04.2016	(2,498,558,361)	(2,498,558,361)
Add/Less: Prior Period Adjustment	(477,185,896)	(477,185,896)
Restated Balance as at 01.04.2016	(2,975,744,257)	(2,975,744,257)
Transfer to/ from Total Comprehensive Income	(617,697,658)	(617,697,658)
Balance as at 31.03.2017	(3,593,441,915)	(3,593,441,915)

As per our report of even date

For and on behalf of
SARA & ASSOCIATES
Chartered Accountants
FRN : 0120927W

Sd/-
Manoj Agarwal
Partner
M.No. 119509

Place : Mumbai
Date : 6 November 2018

For and on behalf of the Board

Sd/-
Pradeep Singh Kharola
Chairman
DIN : 05347746

Sd/-
Thrity C. Dalal
Chief Financial Officer

Place : New Delhi
Date : 6 November 2018

Sd/-
Gargi Kaul
Director
DIN : 07173427

Sd/-
Shyamala P Kunder
Company Secretary


CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018
(Amount in Rupees)

Particulars	2017-2018	2016-2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss After Tax	(552,886,098)	(617,697,658)
Adjustment for Depreciation (Net)	32,792,485	22,371,688
Finance Cost	212,209,650	134,666,851
Loss/(Profit) on Sale of Fixed Assets	(47,530)	(553,498)
Provision for Doubtful Debts	-	1,721,915
Interest Income	(13,996,154)	(11,780,000)
Operating loss before working capital changes	(321,927,647)	(471,270,702)
Movement in working capital:		
(Increase)/Decrease in Trade and Other Receivables	(19,179,020)	56,716,842
(Increase)/Decrease in Inventories	(1,664,117)	(434,186)
Increase/(Decrease) in Trade and Other Payables	644,998,899	(202,379,445)
Cash generated from operations	302,228,115	(617,367,490)
Less : Taxes paid	9,601,498	(13,290,581)
Net cash generated/(used in) from operating activities - (A)	292,626,617	(604,076,909)
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Additions)/ Sale of Fixed Assets / CWIP	(110,204,824)	(12,802,734)
Sale of Fixed Assets	12,466	553,500
Interest Received	13,996,154	11,780,000
Net cash generated/(used in) from investing activities - (B)	(96,196,205)	(469,234)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares	-	750,000,000
Interest Paid	(212,209,650)	(134,666,851)
Net cash from financing activities - (C)	(212,209,650)	615,333,149
Net increase/ (decrease) in cash or cash equivalents - (A+B+C)	(15,779,237)	10,787,006
Cash and bank balance as at beginning of the year	142,450,604	131,663,599
Cash and bank balance at the end of the year	126,671,367	142,450,604
Earmarked balances with banks	269,494	270,590
Fixed deposits with banks (Maturity more than 12 months)		
Cash and cash equivalents as at the end of the year	126,401,873	142,180,014
	126,671,367	142,450,604

The Cash flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7- 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India and presents cash flows from operating, investing and financing activities

As per our report of even date

For and on behalf of
SARA & ASSOCIATES
Chartered Accountants
FRN : 0120927W

Sd/-
Manoj Agarwal
Partner
M.No. 119509
Place : Mumbai
Date : 6 November 2018

For and on behalf of the Board

Sd/-
Pradeep Singh Kharola
Chairman
DIN : 05347746

Sd/-
Thrity C. Dalal
Chief Financial Officer
Place : New Delhi
Date : 6 November 2018

Sd/-
Gargi Kaul
Director
DIN : 07173427

Sd/-
Shyamala P Kunder
Company Secretary



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (RUPEES EXCEPT OTHERWISE STATED)

1. Company Information / Overview:

i. Background :

Hotel Corporation of India Limited, (a Government of India Company) is a company registered under the Companies Act, 1956. Hotel Corporation of India Limited ("HCIL" or the Company) is primarily engaged in the business of owning operating & managing Hotels and Flight Caterings. It is a subsidiary of "Air India Limited" (AIL).

2. Significant Accounting Policies:

Basis of preparation of Financial Statements:

(i) Statement of Compliance:

The Financial Statements of the company for the year ended 31st March 2018 have been prepared in accordance with Indian Accounting Standards (Ind AS) pursuant to the notification issued by Ministry of Corporate Affairs dated 16 February 2015, in conjunction with notifying the Companies (Indian Accounting Standards) Rules, 2015 relevant provisions of the Act and other accounting principles generally accepted in India.

These financial statements are the first financial statements prepared in accordance with Ind AS as notified under the Companies Act 2013. The date of transition to the Ind AS is 1st April 2016. Details of exemptions and exceptions availed by the company in preparing the first financial statement is given in Note No. 3.

(ii) Basis of measurement:

Financial statements have been prepared on the historical cost and on accrual basis except for certain financial assets and liabilities which are measured at fair value or amortized cost at the end of each financial year as explained in the accounting policies below:

Historical cost is generally based on the fair value of the consideration given in Exchange for goods and services. 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.

(iii) Critical accounting estimates /judgments:

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. However the actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates where necessary are recognized prospectively.

(iv) Operating cycle & Classification of Current & Non Current:

Presentation of assets and liabilities in the financial statement has been made based on current / non-current classification provided under the Company Act 2013. The Company being in service



sector, there is no specific operating cycle; however, 12 months period has been adopted as “the Operating Cycle” in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial liabilities.

2.1 Summary of Significant Accounting Policies, Accounting Judgments, estimates and assumptions:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening Ind AS Balance Sheet as at 1 April 2016 for the purposes of the transition to Ind AS.

I. PROPERTY, PLANT AND EQUIPMENT: (IND AS 16)

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2016 measured as per the Previous Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

- a. Property, plant and equipment are stated at cost including incidental costs incurred pertaining to the acquisition and bringing them to the location for use and interest on loans borrowed where ever applicable, upto the date of putting the concerned asset to its working condition for its intended use.
- b. Cost incurred on major renovation /modifications have been capitalized.
- c. All revenue expenses directly attributable to ongoing projects are set apart as expenses during construction and capitalized on the basis of value of work completed during the year in which the Assets are put to use.

Depreciation / Amortization:

- d. Depreciation is provided on straight-line method over the useful life of the Property, plant and equipment as prescribed in the Schedule II of the Companies Act 2013 (except as otherwise stated), keeping a residual value of 5% of the original cost.
- e. Cost incurred on major renovation/refurbishment, modernization/conversion are depreciated over the useful life and / or period of lease as the case may be.
- f. Kitchen utensils purchased for the first time for a new unit are written off equally in four years. Any additions in the subsequent years are written off in the year of purchase.
- g. Carpets purchased initially for a new unit/major renovation are capitalized as Fixed Assets in the year of purchase and depreciated on the Straight Line Method as specified in Para d above. Carpets purchased in the subsequent years are being written off as Soft furnishings in the year of purchase.
- h. Heavy curtains are written off in the year of issue.
- i. Physical Verification of PPE :

Physical Verification of PPE is done on a rotational basis so that every asset is verified in every two years and the discrepancies observed in the course of the verification adjusted in the year in which report is submitted and finalized.

**II. ASSETS HELD FOR SALE (IND AS 105)**

In respect of assets held, with an intention to sale, the net book value of the assets, is transferred from the block of fixed assets to “Assets held for Sale” when the sale becomes highly probable and are classified as Current Assets and valued at lower of the cost or market value. No depreciation is provided, once the asset is transferred to current asset category as per Ind AS.

III. INTANGIBLE ASSETS (IND AS – 38)

The Company has elected to continue with the carrying value of all its intangible assets as recognized as at 1 April 2016 measured as per the Previous Indian GAAP and use that carrying value as the deemed cost of such other intangible assets.

Intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortization and impairment losses, if any.

Amortization of Intangible assets which have finite useful lives are amortized on straight line method over the estimated useful life of the concerned intangible assets.

IV. LEASES:(IND AS - 17)

In term of clause of Appendix C of Ind AS 17, Company has assessed all the contracts and arrangements to ensure whether arrangements contain a lease or otherwise. However, the Company has used Ind AS 101 exemption and assessed all arrangements based on the conditions, in place, as at the date of transition.

A lease is classified as finance lease or operating lease at the inception date. Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance lease and capitalized as assets.

V. INVENTORIES (IND AS – 2)

- a. Inventories primarily consist of soft furnishing (linen), cutlery / crockery and stores and spares. Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.
- b. Expendables & Consumables are charged off at the time of initial issue.
- c. Soft furnishing (linen) and Stores & Supplies (cutlery & crockery) are being valued at lower of cost or NRV and written off to the Statement of Profit and Loss as and when issued for consumption.

VI. IMPAIRMENT OF NON FINANCIAL ASSETS (IND AS – 36)

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non– financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with IND AS-36.

**VII. REVENUE RECOGNITION (IND AS - 18)**

- a) Revenue comprises sale of rooms, food and beverages and allied services relating to hotels operations, and flight kitchen revenues. Revenue is recognized upon rendering of the service, provided pervasive evidence of an arrangement exists, tariff/ rates are fixed or are determinable and collectability is reasonably certain. Revenue from sales of foods or rendering of services is net of taxes, returns and discounts.
- b) Income from Interest/Rentals is recognized on a time proportion basis.
- c) Claims, if any, receivable from Insurance Company are accounted for on the acceptance of the claims by the Insurance Companies.
- d) Gain or loss arising out of sale/scrap of Fixed Assets over the net depreciated value is taken to Statement of Profit & Loss as Non-Operating Revenue or Expenses.

VIII. BORROWING COST(IND AS - 23)

Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work-in-progress are capitalized, as part of the cost of assets, up to the date of commencement of commercial use of the assets.

IX. FOREIGN CURRENCY MONETARY ITEMS: (IND AS - 21)

The management has determined the currency of the primary economic environment in which the company operates i.e. functional currency, to be Indian Rupees (Rs). The financial statements are presented in Indian Rupees, which is company's functional and presentation currency.

Foreign Currency Monetary Items:

The Company has elected to continue the policy adopted for accounting of the exchange differences arising on reporting of long-term foreign currency monetary items in line with Para D13AA of IND AS 101 as under:

- i. Accordingly, the effect of exchange differences arising on settlement or reporting of long term monetary items at the rates different from those at which they were initially recorded during the period, or reported in previous financial statements, is accounted as addition or deduction to the cost of the assets so far as it relates to acquisition of depreciable capital assets and is depreciated over the balance useful life of the concerned asset and in other cases such difference is accumulated by transfer to "Foreign Currency Monetary Items Translation Difference Account" to be amortized over the balance period of such long term Assets or Liability.
- ii. Foreign currency monetary items other than those identified as long term at the year-end are converted at the year-end exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI), and the gains/losses arising out of fluctuations in exchange rates are recognized in the Statement of Profit and Loss.
- iii. Exchange variation is not considered at the year-end in respect of Debts and Loans & Advances for which doubtful provision exists since they are not expected to be realized.



X. RETIREMENT BENEFITS (IND AS 19)

The Retirement Benefits to the employees comprise of “Defined Contribution Plans” and “Defined Benefit Plans”.

- a) Defined Contribution Plans consist of contributions to Employees Provident Fund and Employees State Insurance Scheme. PF and ESI dues are regularly deposited with government authorities.
- b) The Company's Defined Benefit Plans, which are not funded, consist of Gratuity, Leave Encashment and Post Retirement Medical Benefits. The liability for these benefits actuarially determined under the Projected Unit Credit Method at the year end as per Indian Laws.

XI. TAXES ON INCOME (IND AS 12)

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognised out side profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Deferred tax assets unrecognized or recognized, are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized. Significant management judgment is required to determine the probability of deferred tax asset.

Deferred tax is measured at the tax rates that are expected to apply to the period when the assets are realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Minimum alternate tax (MAT)

MAT paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for



which MAT credit is allowed to be carried forward. In the year in which the Company recognise MAT credit as a deferred tax asset.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax relating to items recognized outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

XII. PROVISIONS, CONTINGENT LIABILITIES& CONTINGENT ASSETS (IND AS -37) :

- a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- b) Contingent liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

XIII. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

XIV. EARNINGS PER SHARE (IND AS - 33)

Basic earnings per equity share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

XV. FAIR VALUE MEASUREMENT

The Company measures financial instruments and specific investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as below, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.



Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

XVI. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

(i) Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through Other Comprehensive Income or fair value through Statement of Profit and Loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are a rebuttable to the acquisition of the financial asset.

(iii) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

(iv) Financial assets carried at amortized cost

A financial asset other than derivatives and specific investments, is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(v) Financial assets at fair value through other comprehensive income

A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which



are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

(vi) Financial assets at fair value through Statement of Profit and Loss

A financial asset comprising derivatives which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(vii) Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(viii) Impairment of other financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables etc.

(ix) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counter party does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

b. Financial Liabilities

(i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(ii) Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value.

(iii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below.

**(iv) Financial liabilities at amortized cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(v) Financial liabilities at fair value through Statement of Profit and Loss

Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(vi) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(vii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

XVII. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

XVIII. Standard Issued but not yet effective

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 – Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2018 only.



(a) **IND AS 115, Revenue from Contract with Customers:**

On March 28, 2018, The Ministry of Corporate Affairs notified the IND AS 115. The core principal of new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the company's contracts with customers. The Company is evaluating the impact thereof.

(b) **Amendment to Existing issued Ind AS**

The MCA has also carried out amendments of the following accounting standards:

- i. Ind AS 21 – The effect of changes in Foreign Exchange rates.
- ii. Ind AS 40 – Investment Property.
- iii. Ind AS 12 – Income Taxes.
- iv. Ind AS 28 – Investment in Associates and Joint Ventures and
- v. Ind AS 112- Disclosures of Interest in other entities.

Applications of the above standards are not expected to have any significant impact on the Company's financial statement.



NOTE "3" : PROPERTY PLANT AND EQUIPMENT

(Rupees in Million)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 01, 2017	Additions	Deductions/ Adjustments	As at March 31, 2018	Upto April 01, 2017	For the Year	Deductions/ Adjustments	Upto March 31, 2018	As at March 31, 2018	As at March 31, 2017
PROPERTY, PLANT & EQUIPMENT											
TANGIBLE ASSETS :											
1	LAND (LEASEHOLD)	1,675,348			1,675,348	27,500	27,500		55,000	1,620,348	1,647,848
2	BUILDING & OWNERSHIP FLATS	241,823,749	83,044,855		324,868,604	8,772,956	18,006,681		26,779,637	298,088,967	233,050,794
3	PLANT & MACHINERY	53,490,963	1,661,849	(2,500)	55,150,311	8,140,089	7,155,125	(2,496)	15,292,718	39,857,593	45,350,874
4	FURNITURE & FIXTURES	1,618,731	2,267,853		3,886,584	1,315,998	274,149		1,590,147	2,296,437	302,732
5	OFFICE EQUIP, ELECTL INSTALLATIONS ETC.	11,495,210	21,775,799		33,271,009	3,304,166	5,349,981		8,654,147	24,616,862	8,191,044
6	VEHICLES	10,373,164	1,037,836	(251,972)	11,159,028	637,260	1,725,260	(239,506)	2,123,014	9,036,014	9,735,905
7	OBJECT D'ART.	8			8	-	-	-	8	8	8
8	COMPUTERS	305,680	414,133		719,813	172,765	253,788		426,553	293,260	132,916
TOTAL FOR TANGIBLE ASSETS		320,782,853	110,202,324	(254,472)	430,730,706	22,370,733	32,792,485	(242,002)	54,921,215	375,809,490	298,412,120
INTANGIBLE ASSETS :		-	-	-	-	-	-	-	-	-	-
TOTAL FOR INTANGIBLE ASSETS		-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS		320,782,853	110,202,324	(254,472)	430,730,706	22,370,733	32,792,485	(242,002)	54,921,215	375,809,490	298,412,120
Previous Year		307,204,990	13,578,820	956	893,111,703	572,328,854	22,371,687	954	594,699,587	298,412,116	
Capital Work-in-Progress										1,298,195	
Intangible Assets under Development											
TOTAL		320,782,853	110,202,324	(254,472)	430,730,706	22,370,733	32,792,485	(242,002)	54,921,215	377,107,685	

2016-2017

(Rupees in Million)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 01, 2016	Additions	Deductions/ Adjustments	As at March 31, 2017	Upto April 01, 2016	For the Year	Deductions/ Adjustments	Upto March 31, 2017	As at March 31, 2017	As at March 31, 2016
PROPERTY, PLANT & EQUIPMENT											
TANGIBLE ASSETS :											
1	LAND (LEASEHOLD)	1,675,348	-		1,675,348	-	27,500		27,500	1,647,848	1,675,348
2	BUILDING & OWNERSHIP FLATS	241,823,749	-		241,823,749	-	8,772,956		8,772,956	233,050,793	241,823,749
3	PLANT & MACHINERY	48,315,476	5,176,443	956	53,490,963	-	8,141,043	954	8,140,089	45,350,874	48,315,476
4	FURNITURE & FIXTURES	1,609,134	9,597		1,618,731	-	1,315,998		1,315,998	302,733	1,609,134
5	OFFICE EQUIP, ELECTL INSTALLATIONS ETC.	11,108,918	386,292		11,495,210	-	3,304,166		3,304,166	8,191,044	11,108,918
6	VEHICLES	2,376,527	7,996,637	-	10,373,164	-	637,260		637,260	9,735,904	2,376,527
7	OBJECT D'ART.	8	-		8	-	-	-	8	8	8
8	COMPUTERS	295,830	9,850		305,680	-	172,765		172,765	132,915	295,830
TOTAL FOR TANGIBLE ASSETS		307,204,990	13,578,819	956	320,782,853	-	22,371,687	954	22,370,733	298,412,118	307,204,990
INTANGIBLE ASSETS :		-	-	-	-	-	-	-	-	-	-
TOTAL FOR INTANGIBLE ASSETS		-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS		307,204,990	13,578,819	956	320,782,853	-	22,371,687	954	22,370,733	298,412,118	307,204,990
Previous Year		328,809,409	2,402,042	9,677,225	321,534,226	-	23,952,152	9,622,916	14,329,236	307,204,990	
Capital Work-in-Progress										1,014,395	
Intangible Assets under Development											
TOTAL		307,204,990	13,578,819	956	320,782,853	-	22,371,687	954	22,370,733	299,426,513	

The company has elected to use the exemption available under IND AS 101 to continue the carrying value for all of its Property, Plant and Equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost as at the date of transition (1 April 2016) as per the following details:



Particulars	Gross Block (at cost)	Accumulated Depreciation	Net Block as per previous GAAP (Deemed Cost)	IND AS Adjustments	Net Block as per IND AS as on 1.4.2016
TANGIBLE ASSETS :					
1 LAND (LEASEHOLD)	2,708,800	1,033,452	1,675,348	-	1,675,348
2 BUILDING & OWNERSHIP FLATS	372,837,096	131,013,347	241,823,749	-	241,823,749
3 PLANT & MACHINERY	307,837,287	259,521,811	48,315,476	-	48,315,476
4 FURNITURE & FIXTURES	88,213,499	86,604,366	1,609,134	-	1,609,134
5 OFFICE EQUIP, ELECTL INSTALLATIONS ETC.	75,507,188	64,398,270	11,108,918	-	11,108,918
6 VEHICLES	26,411,000	24,034,473	2,376,527	-	2,376,527
7 OBJECT D'ART.	774,250	774,242	8	-	8
8 COMPUTERS	5,244,718	4,948,888	295,830	-	295,830
TOTAL FOR TANGIBLE ASSETS	879,533,839	572,328,849	307,204,990	-	307,204,990
INTANGIBLE ASSETS :	-	-	-	-	-
TOTAL ASSETS	879,533,839	572,328,849	307,204,990	-	307,204,990
Capital Work-in-Progress	-	-	-	-	3,512,396
TOTAL					310,717,386

NOTE "4" : LOANS

(Rupees in Million)

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	DEPOSITS WITH PUBLIC BODIES & OTHER DEPOSIT WITH MISCELLEANOUS PARTIES / PEC	8,634,433	8,667,013	8,391,963	1,068,660	1,144,652	955,568
	TOTAL	8,634,433	8,667,013	8,391,963	1,068,660	1,144,652	955,568

NOTE "5" : OTHER FINANCIAL ASSETS

(Rupees in Million)

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Interest Accrued but not Due				3,588,486	3,362,681	3,053,213
	Accounts Receivable - Shere Punjab				-	61,075	61,075
	Accounts Receivable - AAI				13,413,175	119,733,705	122,898,825
	Advances to Staff				1,296,300	721,731	831,762
	Receivable from Sahara Star/BHPL				18,895,920	18,895,920	18,895,920
	Receivable from J&K Govt.				146,855,755	139,975,763	133,035,478
	Other Receivable				7,149,883	5,940,478	10,895,057
	TOTAL	-	-	-	191,199,519	288,691,353	289,671,330



NOTE "6" : INCOME TAX ASSETS

(Rupees in Million)

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Advance Tax	153,301,189	143,928,719	157,219,300			
	TOTAL	153,301,189	143,928,719	157,219,300			

NOTE "7" : OTHER ASSETS

(Rupees in Million)

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Capital Advance	1,000,000	1,283,799	1,000,000			
	VAT refund receivable				3,992,159	12,511,449	5,800,000
	Advances to Suppliers				3,213,755	3,558,381	3,924,831
	Prepaid Expenses				1,962,846	1,865,743	1,446,257
	Balance with Govt. Authorities	7,742,334	(179,121)	12,134,934			
	Due from Holding Company				-	22,884,934	93,729,772
	Other advances				41,396,082	106,421	343,591
	TOTAL	8,742,334	1,104,678	13,134,934	50,564,842	40,926,928	105,244,451

NOTE "8" : INVENTORIES

(Rupees in Million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw Material/ Food and Beverages	3,587,801	4,279,805	3,260,227
Stores	12,865,577	11,791,754	10,691,715
Operating Supplies	7,756,725	6,474,427	8,159,858
TOTAL	24,210,103	22,545,986	22,111,800

NOTE "9" : TRADE RECEIVABLES

(Rupees in Million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured			
Considered Good	363,278,015	263,778,900	243,632,119
Considered Doubtful	8,823,705	17,818,805	16,096,890
Less : Allowance for Doubtful Debts	(8,823,705)	(17,818,805)	(16,096,890)
TOTAL	363,278,015	263,778,900	243,632,119

**NOTE "10" : CASH AND CASH EQUIVALENTS****(Rupees in Million)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with Banks:			
in Current Accounts	31,978,542	26,120,427	27,260,101
in Fixed Deposits (Less than 3 months maturity)	94,423,331	116,059,587	104,154,972
Cheques on Hand / in Transit	266,437	175,602	242,515
Cash on Hand	3,057	94,988	6,011
TOTAL	126,671,367	142,450,604	131,663,599

NOTE "11" : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**(Rupees in Million)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with Banks:			
Fixed Deposits (3 months < Maturity < 12 months)			
TOTAL	-	-	-

NOTE "12" : SHARE CAPITAL**(Rupees in Million)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Authorised Share Capital			
150,00,000 (P.Y.-150,00,000) Equity Shares of Rs 100/- each	1,500,000,000	1,500,000,000	1,000,000,000
TOTAL	1,500,000,000	1,500,000,000	1,000,000,000
Issued, subscribed and fully paid-up shares			
1,37,60,000 (P.Y.-137,60,000) Equity Shares of Rs 100/- each	1,376,000,000	1,376,000,000	626,000,000
TOTAL	1,376,000,000	1,376,000,000	626,000,000

12.(a) Reconciliation of the shares outstanding at the beginning and at the end of the year.

Particulars	31-Mar-18		31-Mar-17		31-Mar-16	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
At the beginning of the Year	13,760,000	1,376,000,000	6,260,000	626,000,000	5,060,000	506,000,000
Issued during the Year	0	0	7,500,000	750,000,000	1,200,000	120,000,000
As at the end of the Year	13,760,000	13,760,000,000	13,760,000	1,376,000,000	6,260,000	626,000,000

The company has only one class of equity shares having a par value of Rs. 100 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

In the event of liquidation, Equity Share holders will be entitled to receive the assets of the company remaining after distribution of all preferential amount, in proportion to the number of shares held by them.



12.(b). Shares held by Holding Company and President of India

Out of equity shares issued by the company, shares held by its Holding Company and President of India are as below :

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
President of India	2,700,000	2,700,000	2,200,000
Air India Limited (Holding Company) and its nominees	11,060,000	11,060,000	4,060,000

12.(c) Details of shareholders holding more than 5% shares in the company

Particulars	31-Mar-18		31-Mar-17		31-Mar-16	
	Nos.	%	Nos.	%	Nos.	%
President of India	2,700,000	19.62%	2,700,000	19.62%	2,200,000	35.14%
Air India Limited (Holding Company) and its nominees	11,060,000	80.38%	11,060,000	80.38%	4,060,000	64.86%
TOTAL	13,760,000	100.00%	13,760,000	100.00%	6,260,000	100.00%

NOTE "13" : OTHER EQUITY

(Rupees in Million)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Surplus/(Deficit) in the Statement of Profit and Loss			
Balance as per last financial statements	(3,593,441,915)	(2,975,744,257)	(1,920,991,349)
Loss for the year	(552,886,098)	(617,697,658)	(577,567,012)
Add/Less: Prior Period Adjustments			(477,185,896)
Balance as at the end of the year	(4,146,328,013)	(3,593,441,915)	(2,975,744,257)

NOTE "14" : BORROWINGS

(Rupees in Million)

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Amount due to Holding Company				2,578,240,198	1,891,488,727	1,436,331,182
	TOTAL	-	-	-	2,578,240,198	1,891,488,727	1,436,331,182



NOTE "15" : OTHER FINANCIAL LIABILITIES

(Rupees in Million)

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Lease Rent Payable				565,923,640	259,712,185	238,357,454
	Retention Money				200,231	200,231	200,231
	Earnest Money				6,376,996	6,134,455	5,586,798
	Security Deposits				2,218,336	2,354,520	2,493,365
	Shop & Other Deposits				32,215,708	32,215,708	22,749,867
	Payable to Employees				43,378,573	39,119,987	31,503,247
	Service Charges Payable				4,608,359	3,601,267	4,746,561
	Other Account Payable				33,325,428	42,301,544	48,508,707
	TOTAL	-	-	-	688,247,271	385,639,897	354,146,230

NOTE "16" : PROVISIONS

(Rupees in Million)

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Gratuity	219,979,011	236,323,950	244,250,484	56,724,926	60,418,669	56,254,873
	Leave Encashment	79,409,976	86,750,943	86,053,445	22,895,592	25,005,913	23,628,600
	Provison for Post Retirement Medical	163,100,670	199,367,948	159,536,318		-	-
	Post Retirement Benefit Scheme	7,763,012	6,410,000	5,120,000		-	-
	TOTAL	470,252,669	528,852,841	494,960,247	79,620,518	85,424,582	79,883,473

NOTE "17" : OTHER LIABILITIES

(Rupees in Million)

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Statutory Dues		-	-	101,458,783	107,225,465	75,247,000
	Coin Adjustments				(2,186)	539	1,092
	Accounts Payable - Tulip Star				-	-	2,500,000
	Amount Payable to J&K Govt.	-	-	-	39,676,000	39,676,000	39,676,000
	Advance Against Share Capital	-	-	750,000,000			
	Defect liability	233,129	144,181	259,370			
	Liquidity Damages				853,288	853,288	853,288
	CREDIT BALANCE IN SUNDRY DEBTORS/ADV				3,030,009	9,477,078	12,931,873
	OUTSTANDING LIABILITIES				2,942,200	12,941,860	14,446,437
	COURT RECOVERY/SUNDRY RECOVERY STAFF				907,426	859,562	870,849
	HCI CO OP CR SOC & OTHER SOC				5,216,373	3,409,275	6,710,063
	GROUP INSURANCE				343	259	175
	PROVISION TOWARDS INTERIM RELIEF				40,058,541	8,461,118	-
	Others			-	-	9,264,452	8,378,057
	TOTAL	233,129	144,181	750,259,370	194,140,777	192,168,895	161,614,834

**NOTE "18" : TRADE PAYABLES****(Rupees in Million)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-	-
Total outstanding dues of other than Micro Enterprises and Small Enterprises	64,371,598	346,388,139	355,291,370
TOTAL	64,371,598	346,388,139	355,291,370

NOTE "19" : REVENUE FROM OPERATIONS**(Amount in Rupees)**

Particulars	2017-18	2016-17
Revenue from Hotels and Flight Kitchen		
Rooms - Guest Accommodation	185,595,054	134,008,228
Food, Cigars and Cigarettes	252,107,241	271,160,907
Other Services	68,040,252	69,721,270
License fees for Shops and Offices	26,559,078	29,758,343
Beverages (Wine and Liquor)	20,252	188,042
Telex and Telephone	3,699	17,030
TOTAL	532,325,576	504,853,820

NOTE "20" : OTHER INCOME**(Amount in Rupees)**

Particulars	2017-18	2016-17
Interest Income	13,996,154	11,780,000
Profit on sale of asset	47,530	553,498
Excess provision written back	691,951	2,924,610
Sundry balances written back (Net)	6,159	-
Others	4,204,069	5,488,044
TOTAL	18,945,863	20,746,152

**NOTE "21" : COST OF RAW MATERIAL CONSUMED****(Amount in Rupees)**

Particulars	2017-18	2016-17
Food Consumed (Including Cigars and Cigarettes)		
Opening stock	3,842,959	2,822,192
Add: Purchases	137,160,405	135,432,859
Less: Closing stock	(12,902,500)	(13,353,360)
	128,100,864	124,901,691
Beverages (Wine and Liquor)		
Opening Stock	436,846	438,035
Add: Purchases	246,491	31,822
Less: Closing stock	-	(436,846)
	683,337	33,011
Consumption of Stores and Supplies		
Opening Stock	11,791,754	10,691,715
Add: Purchases	15,366,063	11,904,465
Less: Closing Stock	(15,566,956)	(13,923,112)
	11,590,861	8,673,068
Cost of Raw material consumed	140,375,062	133,607,770

NOTE "22" : EMPLOYEE BENEFITS**(Amount in Rupees)**

Particulars	2017-18	2016-17
Salaries, Wages and other benefits	435,158,486	413,701,844
Gratuity	29,521,107	32,323,909
Leave Encashment	9,467,948	22,983,892
Post Retirement Medical Benefit	16,496,779	-
Contribution to Provident Fund and Other Fund	40,083,692	39,242,872
Staff Welfare Expenses	12,907,499	58,314,000
Bonus	6,316,976	6,473,376
TOTAL	549,952,487	573,039,893

NOTE "23" : FINANCE COST**(Amount in Rupees)**

Particulars	2017-18	2016-17
Interest Expenses	212,209,650	134,666,851
TOTAL	212,209,650	134,666,851

**NOTE "24" : OTHER EXPENSES****(Amount in Rupees)**

Particulars	2017-18	2016-17
Power & Fuel	92,078,272	89,502,103
Lease Rent	31,762,741	20,159,442
Security Charges	19,769,887	14,745,953
<u>Repairs & Maintenance:</u>		
Building	5,389,578	6,640,868
Plant and Machinery	4,903,545	3,624,215
Others	14,688,933	25,101,373
Miscellaneous Expenses	4,778,216	4,964,662
<u>Travelling & Conveyance:</u>		
Travelling	789,717	572,399
Conveyance	494,214	2,939,650
Hire charges	37,915	78,000
Vehicle Expenses	8,092,647	3,302,498
Soft Furnishing	3,966,244	3,077,501
Rates and Taxes	8,233,024	30,477,088
Printing and Stationery	1,921,678	2,235,091
Legal and Professional Charges	12,902,469	7,783,830
Communication costs	1,306,705	1,685,605
Insurance	1,610,778	1,548,977
Advertisement and Publicity	204,558	296,070
Commission	105,892	135,904
Sundry balances written off (Net)	-	1,050,738
Payment to Auditor (Refer note below)	286,735	305,750
Share Issue Expenses		5,500,000
Provision for Doubtful Debts	-	1,721,915
Guest Transportation	967,183	802,451
TOTAL	214,290,931	228,252,083
Note : Payment to Auditor	31-Mar-18	31-Mar-17
For Audit Fees	225,000	225,000
For Service Tax	-	34,875
For Reimbursement of expenses	61,735	45,875
	286,735	305,750

NOTE "25" : EXCEPTIONAL ITEMS (NET)**(Amount in Rupees)**

Particulars	2017-18	2016-17
Damages on late payment of Provident Fund	-	38,213,899
TOTAL	-	38,213,899



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(RUPEES EXCEPT IF OTHERWISE STATED)**

26 Transition to Ind AS :

These are the Company's first financial statements prepared in accordance with Ind AS:

These are the first financial statement of the company prepared on the basis of Ind AS. The Company has adopted Ind AS and adoption was carried out in accordance with Ind AS 101 First Time Adoption of Indian Accounting Standard. The transition was carried out from Indian GAAP as prescribed under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Account) Rules, 2014 which was the previous GAAP.

The Significant Accounting Policies set out in Note No. – 1 have been applied in preparing the financial statement for the year ended 31st March 2018, 31st March 2017 and the opening Ind AS Balance Sheet on the date of transition i.e. 1st April 2016.

In preparing opening Ind AS Balance Sheet as on 1st April 2016 and in presenting the comparative information for the year ended 31st March 2017, the Company have adjusted amounts reported previously in the financial statements prepared in accordance with the previous GAAP. This note explains the principal adjustment made by the company in restating its financial statement prepared in accordance with previous GAAP, and how the transition from Indian GAAP to Ind AS has affected company's financial position, financial performance and cash flows.

a. Exemptions and Exception availed :

Ind AS 101 allows first-time adopters certain optional exemptions and mandatory exception from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

(i) Ind AS optional exemptions :

Property, Plant and Equipments, Investment Property and Intangible Assets as Deemed Cost.

AS per Ind AS 101, an entity may elect to use carrying values of all property, plant and equipment and other intangible assets as recognized in the financial statements as at the date of transition to Ind AS, measured as per the Previous Indian GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure property, plant and equipment and other intangible assets at their Previous Indian GAAP carrying values.

(ii) Ind AS mandatory exceptions

1. Estimates

The estimates at April 01, 2016 and at March 31, 2017 are consistent with those made for the same dates in accordance with Indian GAAP

2. De-recognition of financial assets and financial liabilities

The company has elected to use the exemption for de-recognition of financial assets and liabilities prospectively i.e. after 1 April 2016.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exists at the date of transition to Ind AS.

4. Reconciliations between Previous Indian GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following tables and notes represent the reconciliations from Previous Indian GAAP to Ind AS:



(i) Reconciliation of Equity as on 1 April, 2016 :

Particulars	Note	Previous GAAP	ADJUSTMENTS	IND AS
ASSETS				
1 Non-current assets				
i) Property, Plant & Equipment		310,717,386	0	310,717,386
ii) Intangible Assets		-	-	-
Financial assets			-	-
a) Trade Receivables			-	-
b) Loans			(8,391,963)	8,391,963
iv) Income Tax Assets (Net)			(157,219,300)	157,219,300
v) Other Non-Current Assets		461,179,549	448,044,615	13,134,934
2. Curret Assets			-	-
i) Inventories		22,111,800	-	22,111,800
ii) Financial assets		-	-	-
a) Trade Receivables		288,864,557	45,232,438	243,632,119
b) Cash and Cash equivalents		132,474,629	811,030	131,663,599
c) Bank balance other than (b) above			-	-
d) Loans			(955,568)	955,568
e) Others			(289,671,330)	289,671,330
iii) Current Tax Assets (Net)			-	-
iv) Other Current Assets		115,998,387	10,753,936	105,244,451
Total Assets		1,331,346,307	48,603,859	1,282,742,449
EQUITY AND LIABILITIES				
1 Equity				
a) Equity Share Capital		626,000,000	-	626,000,000
b) Other Equity		(2,498,558,361)	477,185,896	(2,975,744,257)
2 Liabilities			-	-
i) Non-Current Liabilities			-	-
a) Fianancial Liabilities			-	-
i) Borrowings			-	-
ii) Others		1,488,722,752	738,463,382	750,259,370
b) Provisions		330,303,929	(164,656,318)	494,960,247
ii) Current Liabilities			-	-
a) Fianancial Liabilities			-	-
i) Borrowings			(1,436,331,182)	1,436,331,182
ii) Trade Payables		86,625,183	(268,666,187)	355,291,370
iii) Others		845,534,382	491,388,151	354,146,230
b) Provisions		79,883,473	1	79,883,472
c) Other Current Liabilities		372,834,949	211,220,115	161,614,834
Total Liabilities		1,331,346,307	48,603,859	1,282,742,449



(ii) Reconciliation of Equity as on 31 March, 2017 :

Particulars	Note	Previous GAAP	ADJUSTMENTS	IND AS
ASSETS				
1 Non-current assets				
i) Property, Plant & Equipment		299,426,515	0	299,426,513
ii) Intangible Assets		-	-	-
Financial assets			-	-
a) Trade Receivables			-	-
b) Loans			(8,667,013)	8,667,013
iv) Income Tax Assets (Net)			(143,928,719)	143,928,719
v) Other Non-Current Assets		439,908,926	438,804,248	1,104,678
2. Curret Assets			-	-
i) Inventories		22,545,986	-	22,545,986
ii) Financial assets		-	-	-
a) Trade Receivables		332,363,259	68,584,359	263,778,900
b) Cash and Cash equivalents		142,883,378	432,774	142,450,604
c) Bank balance other than (b) above			-	-
d) Loans			(1,144,652)	1,144,652
e) Others			(288,691,353)	288,691,353
iii) Current Tax Assets (Net)			-	-
iv) Other Current Assets		52,157,545	11,230,617	40,926,928
Total Assets		1,289,285,609	76,620,260	1,212,665,346
EQUITY AND LIABILITIES				
1 Equity				
a) Equity Share Capital		1,376,000,000	-	1,376,000,000
b) Other Equity		(3,041,263,974)	552,177,941	(3,593,441,915)
2 Liabilities				
i) Non-Current Liabilities			-	-
a) Fianancial Liabilities			-	-
i) Borrowings			-	-
ii) Others		1,942,901,313	1,942,757,132	144,181
b) Provisions		323,074,893	(205,777,948.00)	528,852,841
ii) Current Liabilities			-	-
a) Fianancial Liabilities			-	-
i) Borrowings			(1,891,488,727)	1,891,488,727
ii) Trade Payables		70,198,408	(276,189,731)	346,388,139
iii) Others		110,317,026	(275,322,871)	385,639,897
b) Provisions		85,424,582	0	85,424,582
c) Other Current Liabilities		422,633,361	230,464,466	192,168,895
Total Liabilities		1,289,285,609	76,620,262	1,212,665,347



* Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(iii) Reconciliation of Total Comprehensive Income for the year ended 31 March, 2017

Particulars	Previous GAAP	ADJUSTMENTS	IND AS
I Revenue			
I. Revenue from Operation			
i) Rooms - Guest Accommodation	134,008,228	-	134,008,228
ii) Food, Cigars and Cigarettes	266,315,287	4,845,620	271,160,907
iii) Other Operating Revenue	99,542,928	141,757	99,684,685
Operating Revenue	499,866,443	4,987,377	504,853,820
II. Other Income	20,746,152	-	20,746,152
Total Revenue (I+II)	520,612,595	4,987,377	525,599,972
II. Expenses			
1. Operating supplies	133,607,771	(1)	133,607,770
2. Operation Expenses		-	
3. Employees Benefit Expenses	546,347,069	26,692,824	573,039,893
4. Finance Cost	134,666,851	-	134,666,851
5. Depreciation and Amortisation Expenses	22,371,688	-	22,371,688
6. Other Expenses	218,435,424	9,816,659	228,252,083
7. Prior Period Adjustments (Net)	(30,324,494)	30,324,494	-
Total Expenses	1,025,104,309	66,833,976	1,091,938,285
III. Profit before Exceptional Items (III - IV)	(504,491,714)	(61,846,599)	(566,338,313)
IV. Exceptional Items	38,213,899	(76,427,798)	(38,213,899)
V. Profit before Tax (VII-VIII)	(542,705,613)	14,581,199	(528,124,414)
VI. Tax Expenses			
i) Current Tax	-		-
ii) Tax Adjustment relating to earlier year	-		-
iii) Deferred Tax	-		-
VII. Profit / (Loss) after Tax for the year (IX-X)	(542,705,613)	14,581,199	(528,124,414)
VIII. Loss carried to Balance Sheet	(542,705,613)	14,581,199	(528,124,414)
IX. Other Comprehensive Income			
a) items that will not be reclassified to profit or loss remeasurements of defined benefits plans income tax relating to above mentioned items		(13,145,446)	(13,145,446)
	(542,705,613)	1,435,753	(541,269,860)

* Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



(iv) On account of transition to Ind AS, there are no material adjustments to the statement of Cash Flow for the year ended 31 March 2017.

(v) Reconciliation of total equity as at 31 March 2017 and 1 April 2016

Particulars	As at 31st March 2017	As at 1st April 2016
Total Shareholders Funds as per previous GAAP	(1,665,263,974)	(1,872,558,361)
Others	(552,177,941)	(477,185,896)
Total Impact	(2,217,441,915)	(2,349,744,257)
Total Equity as per Ind AS		

(vi) Reconciliation of Profit or Loss for the year ended 31st March 2017

Particulars	2016-17
Net Loss as per previous GAAP	(542,705,613)
Prior Period (Expenses) restated for 2016-17	(49,654,928)
Prior Period Income restated for 2016-17	4,987,377
Prior Period (Expenses) restated for 2015-16	15,587,053
Prior Period Income restated for 2015-16	(32,766,101)
Add: OCI	
Actuarial Gain / (Loss) on Post Retirement Benefit Plans	(13,145,446)
Total Impact	(74,992,045)
Net Loss as per Ind AS	(617,697,658)

Notes to Reconciliation

A. Prior Period

Under Ind AS – 8, Accounting Policy, change in Accounting estimates and errors, shall be corrected by retrospective restatement. A prior period income of Rs 327.66 lakhs was recognized in F.Y. 2016-17 and has been restated as at 1 April, 2016. This restatement result in increase in retained earnings with corresponding increase in asset / liability by Rs 327.66 lakhs as at 1st April, 2016. Prior period expenses of Rs 4985.68 lakhs for the year ended 31st March 2018 has been accounted during FY 2017-18, out of which expenses of Rs. 4489.13 lakhs adjusted in retained earnings in the opening balance sheet and Rs 496.55 lakhs has been recognized in FY 2016-17 with corresponding increase / decrease in Assets / Liabilities. Prior period income of Rs 504.89 lakhs for the year ended 31st March 2018 has been reversed during FY 2017-18, out of which income reduction of Rs. 585.97 lakhs is adjusted in retained earnings in the opening balance sheet and income of Rs. 49.87 lakhs has been recognized in FY 2016-17 with corresponding increase / decrease in Assets / Liabilities.

B. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI), separately. Hence, it has reconciled Indian GAAP Profit or Loss to Profit or Loss as per Ind AS. Further, Indian GAAP Profit or Loss is reconciled to Total Comprehensive Income as per Ind AS.



C. Re-measurement of post employments benefit plans

Under Ind AS, re-measurements i.e. actuarial gains and losses on the net defined benefit liability are recognized in Other Comprehensive Income instead of Statement of Profit and Loss. Under Previous Indian GAAP these were forming part of the Statement of Profit and Loss for the year 2016-17. As a result of this change, the employee benefit expense to the extent of actuarial loss amounting to Rs. 1.31 crores for the year ended 31 March 2017 has been reclassified to Other Comprehensive Income. For the year 2017-18, the actuarial gain of Rs 4.55 crores has been reflected under Other Comprehensive Income. There is no impact on the other equity as at 31 March 2018.

27. Employee Benefits

A. Defined Contribution Scheme:

Contributions to Defined Contribution Scheme of Provident Fund and Employee State Insurance are charged to the Statement of Profit & Loss, Rs 4.00 crores (Previous Year Rs.3.92 crores).

B. Defined Benefit Plan:

Gratuity: Gratuity is payable to all eligible employees of the Company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act.

C. Privilege Leave Encashment: Privilege Leave Encashment is payable to all eligible employees at the time of retirement upto a maximum of 300 days.

D. Post Retirement Medical Scheme: Post Retirement Medical Scheme is payable to all permanent employees who opt for the scheme at the time of retirement. The reimbursement of medical expenses for self and spouse for their entire lifetime is upto a maximum of Rs 10 lakhs.

E. Disclosure as per Ind AS – 19

Particulars	Gratuity	
	As at 31.03.18	As at 31.03.17
(a) Table for Change in Benefit Obligation:		
Liability at the beginning of the year	296,742,619	300,505,357
Interest Cost	20,208,172	23,409,367
Current service cost	8,549,510	8,914,542
Past Service Cost (Vested Benefit)	763,425	-
Benefit paid	(52,496,711)	(49,232,093)
Actuarial (gain)/loss on obligations- Due to change in Financial Assumptions	(8,420,942)	10,346,149
Actuarial (gain)/loss on obligations - Due to Experience	11,357,864	2,799,297
Liability at the end of the year	276,703,937	296,742,619
(b) Table for Fair Value of Plan Assets:		
Value of Plan Assets at beginning of the year	-	-
Expected return on Plan Assets	-	-



Particulars	Gratuity	
	As at 31.03.18	As at 31.03.17
Contributions	-	-
Benefit paid	-	-
Actuarial (gain)/loss on Plan Assets	-	-
Fair value of Plan Assets at the end of the year	-	-
Total Actuarial Gain/(Loss) on Plan Assets	-	-
(c) Amount Recognized in the Balance Sheet:		
Liability at the end of the year	(276,703,937)	(296,742,619)
Fair value of Plan Assets at the end of the year	-	-
Funded Status (Surplus/ (Deficit)	(276,703,937)	(296,742,619)
Amount Recognized in the Balance Sheet	(276,703,937)	(296,742,619)
(d) Expenses recognised in the Other Comprehensive Income (OCI) for current period:		
Actuarial (Gains)/Losses on Obligation for the period	2,936,922	13,145,446
Return on Plan Assets, excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net (Income)/Expense for the period recognised in OCI	2,936,922	13,145,446
(e) Expense recognized in the P & L Account:		
Current service cost	8,549,510	8,914,542
Interest cost	20,208,172	23,409,367
Expected return on Plan Assets	-	-
Net actuarial (gain)/loss to be recognized	-	-
Past Service Cost (Vested Benefit)	763,425	-
Expense recognized in the Statement of P & L Account	29,521,107	32,323,909
(f) Balance Sheet Reconciliation:		
Opening Net Liability	296,742,619	300,505,357
Expense recognized in the Statement of P & L Account	29,521,107	32,323,909
Expenses recognised in the Other Comprehensive Income (OCI) for current period:	2,936,922	13,145,446
(Benefit Paid directly by the Employer)	(52,496,711)	(49,232,093)
Net Liability/(Asset) Recognized in the Balance Sheet	276,703,937	296,742,619



Particulars	Post Retirement Medical Benefits	
	As at 31.03.18	As at 31.03.17
(a) Table for Change in Present Value of Projected Benefit Obligation:		
Liability at the beginning of the year	203,400,000	
Interest Cost	15,200,000	
Current service cost		
Past Service Cost (Vested Benefit)	2,700,000	
Benefit paid	(1,996,000)	
Actuarial (gain)/loss on obligations - due to change in Financial Assumptions	(6,340,317)	
Actuarial (gain)/loss on obligations - due to Experience	(42,100,000)	
Present Value of Benefit Obligation at the end of the year	170,863,683	
(b) Table showing Change in the Fair Value of Plan Assets:		
Value of Plan Assets at beginning of the year	-	
Expected return on Plan Assets	-	
Contributions	-	
Benefit paid	-	
Actuarial (gain)/loss on Plan Assets	-	
Fair value of Plan Assets at the end of the year	-	
Total Actuarial Gain/(Loss) on Plan Assets	-	
(c) Amount Recognized in the Balance Sheet:		
Liability at the end of the year	(170,863,683)	
Fair value of Plan Assets at the end of the year	-	
Funded status (Surplus / (Deficit))	(170,863,683)	
Amount Recognized in the Balance Sheet	(170,863,683)	
(d) Expense recognized in the Profit & Loss Account for Current Period:		
Current service cost	2,700,000	-
Interest cost	15,200,000	-
Expected return on Plan Assets	-	-
Past Service Cost (Vested Benefit)	-	-
Expense recognized in the P & L Account	17,900,000	-
(e) Amount Recognized in Other Comprehensive Income(OCI) for Current Period		
Remeasurements:		
Actuarial (Gain) / Losses	(48,400,000)	-
Expense Recognized in Other Comprehensive Income	(48,400,000)	-



Particulars	Post Retirement Medical Benefits	
	As at 31.03.18	As at 31.03.17
(f) Balance Sheet Reconciliation:		
Opening Net Liability	203,400,000	-
Expense recognized in the Profit & Loss Account for Current Period:	17,900,000	-
Expense Recognized in Other Comprehensive Income	(48,400,000)	-
Benefit Paid	(1,996,000)	-
Net Liability/(Asset) Recognized in the Balance Sheet	170,904,000	-
(g) Actuarial Assumptions for the year:		
Discount Rate	7.76%	7.45%
Medical Cost Inflation Rate	4.00%	4.00%
Attrition Rate	2.00%	2.00%

Sensitivity Analysis

Sensitivity Analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase / decrease of 1% as at 31 March 2018 and 31 March 2017 is given below:

Sensitivity Analysis	For the year ended 31 March 2018	For the year ended 31 March 2017
	Gratuity	Gratuity
Projected Benefit Obligation on Current Assumptions	276,703,937	296,742,619
Delta Effect of +1 % change in rate of Discounting	(9,338,078)	(10,549,093)
Delta Effect of -1 % change in rate of Discounting	10,089,012	11,430,543
Delta Effect of +1 % change in rate of Salary Increase	10,252,390	11,521,566
Delta Effect of -1 % change in rate of Salary Increase	(9,653,118)	(10,822,811)
Delta Effect of +1 % change in rate of Employee Turnover	1,176,723	907,556
Delta Effect of -1 % change in rate of Employee Turnover	(1,245,440)	(962,802)

Sensitivity Analysis	For the year ended 31 March 2018	For the year ended 31 March 2017
	Post Retirement Medical Benefits	Post Retirement Medical Benefits
+1 % change in rate of Discounting	(17,900,000)	-
-1 % change in rate of Discounting	21,800,000	-
+1 % change in Medical Cost Inflation	22,400,000	-
-1 % change in Medical Cost Inflation	(18,700,000)	-
Maturity Analysis of the Benefit Payment:		
From the Employer Projected benefits payable in the future years from the date of reporting		
1st Following year	5,000,000	-
2nd Following year	6,200,000	-
3rd Following year	7,400,000	-
4th Following year	8,500,000	-
5th Following year	10,000,000	-
Year 6 to 10	52,700,000	-



28. Deferred tax Assets

The Company has not recognized deferred tax assets arising on account of carried forward tax losses and unabsorbed depreciation to the extent of the deferred tax liability arising since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty.

29. Contingent Liabilities and Contingent Assets:

A. Contingent Liabilities

In compliance of Ind AS 37 on “Provisions, Contingent Liabilities and Contingent Assets”, the required information is as under:

No.	Description	Opening Balance as on 1st April 2016	Additions during the year 2016-17	Utilisation during the year 2016-17	Reversals during the year 2016-17	Closing Balance as on 31st March 2017	Opening Balance as on 1st April 2017	Additions during the year 2017-18	Utilisation during the year 2017-18	Reversals during the year 2017-18	Closing Balance as on 31st March 2018
i)	Sales Tax	126,420,087			(40,964,993)	85,455,094	85,455,094			(83,531,094)	1,924,000
ii)	Luxury Tax	32,008,000			(9,117,000)	22,891,000	22,891,000				22,891,000
iii)	Excise Duty	19,728,246				19,728,246	19,728,246				19,728,246
iv)	Service Tax	-					-	22,865,000			22,865,000
v)	Counter claim of Sahara Hospitality Ltd	23,567,000				23,567,000	23,567,000				23,567,000
vi)	Arbitration Award for B D & P Hotels challenged in Court	5,400,000				5,400,000	5,400,000				5,400,000
vii)	Arbitration proceedings against N S Associates	78,779,081				78,779,081	78,779,081				78,779,081
viii)	Premium payable on fore shore land of erstwhile Centaur Hotel Juhu Beach to Government of Maharashtra	44,800,000				44,800,000	44,800,000				44,800,000
ix)	Guarantees given to Customs Department for the flight kitchen operations	300,000				300,000	300,000				300,000
x)	Others	50,621,000				50,621,000	50,621,000				50,621,000
xi)	Awards that have gone against the Company and preferred an appeal	1,062,000				1,062,000	1,062,000				1,062,000
xii)	Interest on dues payable to AAI, MIAL and DIA	377,727,527	57,618,869			435,346,396	435,346,396	60,899,038			496,245,433
	Total	760,412,940	57,618,869	-	(50,081,993)	767,949,816	767,949,816	83,764,038	-	(83,531,094)	768,182,760

**Claims against the Company not acknowledged as debts**

- i) Disputed Sales Tax Liability for which the Company has preferred an appeal with Additional Commissioner of Sales Tax in relation with demand of Sales Tax
- ii) Claims of Luxury Tax authorities, for financial year 2000-01 and 2002-03 for which the Company has preferred an appeal with Additional Commissioner of Sales Tax against which Company has paid Rs.70.71 lakhs (previous year Rs. 52.27 lakhs) under protest.
- iii) Claim of excise duty for which the Company has preferred an appeal.
- iv) Claim of Service Tax for which the Company has preferred an appeal.
- v) Counter Claim of Rs. 2.36 crores by M/s Sahara Hospitality Ltd. (formerly known as M/s Batra Hospitality Pvt. Ltd.), the buyer of Centaur Hotel Mumbai Airport, towards Net Current Assets which was disputed by the Company, as the Net Current Assets and other obligations of the buyer were to be settled in terms of the Agreement to Sell dated 18.4.2002. In the prior years, the Hon'ble Arbitral Tribunal published their award under which the buyer had to finally pay an amount of Rs 1.88 crores and interest thereon along with legal costs of Rs 0.40 crores. The Company has recorded an amount of Rs 1.88 crores in the books of Accounts. The buyers preferred an appeal in the Hon'ble High Court of Bombay against the award. The Hon'ble High Court has set aside the Arbitration Award. This has been challenged by the Company before the Divisional Bench of the Hon'ble High Court of Bombay which has been admitted and is pending for hearing.
- vi) The Management Contract Agreement executed on 15.9.2010 with M/s B.D.&P Hotels (India) Pvt Limited and an interest free Security Deposit of Rs.10 crores and proportionate Minimum Guaranteed Amount of Rs 1.08 crores was deposited by the party. However, before the hotel could be handed over under Management Contract, instructions were received from the Ministry of Civil Aviation as per the Committee of Secretaries, Government of India, that the J&K State Government had indicated that since the land was leased to the Company by J&K Government, the Management Contract was not feasible. Hence, after approval of the Board of Directors, Management Contract Agreement was terminated effective 26.09.2011 and the Security deposit and Minimum Guaranteed amount were returned to the party. Thereafter, party filed a writ in the High Court of Bombay for invoking arbitration. The Hon'ble High Court granted the appeal of the party and sole arbitrator was appointed. The party challenged the termination of the Agreement and claimed Rs 341 crores plus 18% interest from the Company, The Arbitration Award was received on 14th August 2015 directing HCI to hand over the property to the party along with legal cost of Rs 54 lakhs, which has been challenged by the Company in the Hon'ble High Court of Bombay. The same has been admitted and pending for hearing.
- vii) The Company had entered into an Agreement with M/s. N S Associates for renovation of guest rooms together with connected shafts and corridors at Centaur Hotel, Delhi Airport. Certain disputes and differences arose with the said Party and the final bill was not settled. Accordingly, the party invoked arbitration clause claiming an amount of Rs 7.88 crores and interest thereon @ 15%. Hearings are in progress.
- viii) Subsequent to the sale of Centaur Hotel Juhu Beach in 2002, Govt. of Maharashtra claimed an amount of Rs 4.48 crores from M/s V. Hotels and from the Company for premium payable on the transfer of 1810 sq.mtr of land attached to the hotel property which was on lease from the State Govt. and is to be kept open to sky - to be used only as garden. The same was disputed by the Company before the Revenue Minister, Government of Maharashtra. The Order of the State Government dated 1.6.2014 has directed M/s V. Hotels to make payment of the said premium which has been challenged by them in the Bombay High Court.



- ix) Guarantees given to Customs Authorities
- x) Others
- xi) Awards that have gone against the Company for which appeals are preferred and pending disposal.
- xii) Interest on account of outstanding dues payable to AAI, MIAL and DIAL - refer note 32b) below
- xiii) Claims made by employees - indeterminate

B. Contingent Assets

There are no Contingent Assets of the Company which need to be recognised.

- 30.** Other Receivables under Other Financial Assets (Schedule 5) - Rs.71.49 lakhs (previous year Rs 59.40 lakhs) - includes Rs. 38.42 lakhs due from AAI for the period from 1986-87 to 2005-06 and Rs. 9.54 lakhs due from MIAL for the period from 2006-07 to 2009-10 .

The Company is of the view that the above sum is good for recovery and hence no provision is required in respect thereof.

- 31.** The matters relating to cost of construction of Centaur Lake View Hotel Srinagar and the cost sharing arrangement between the hotel and Sher e Kashmir Convention Centre (SKICC) between the Company and Government of Jammu & Kashmir (J&K) had been agreed by both the parties in a joint meeting held on 15 October 2004 and all the matters of divergent views were settled.

- a) Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs . 1050.81 lakhs - (previous year Rs 982 lakhs).
- b) The amount payable to J & K government on account of joint construction is Rs. 450.02 lakhs and amount receivable on account of joint construction is Rs. 417.76 lakhs.

These balances are subject to reconciliation and confirmation. Adjustment, if any will be accounted in the year in which finality is reached.

- 32. Lease Rentals and Turnover Levy payable to Airports Authority of India (AAI), Delhi International Airport Limited (DIAL) and Mumbai International Airport Limited (MIAL) for lease of Delhi and Mumbai properties:**

- a) During the year, provision has been made for lease rentals and Turnover Levy payable to AAI, DIAL and MIAL as under:
 - i) AAI - Lease rentals and Turnover Levy for the period upto 2.5.2006 - Rs 20,27,66,494/- shown under Retained Earnings
 - ii) DIAL - Lease rentals and Turnover Levy for the year 2017-18 - Rs. 236,18,405/- , lease rentals short provided for 2016-17 Rs 77,85,788/- adjusted in 2016-17 and lease rentals short provided for earlier years Rs. 531,34,988/- under Retained Earnings
 - iii) MIAL - Lease rentals and Turnover Levy for the year 2017-18 - Rs. 71,56,316/- , lease rentals short provided for 2016-17 Rs. 10,90,524/- adjusted in 2016-17 and lease rentals short provided for earlier years Rs. 105,68,419/- under Retained Earnings.



b) **No provision has been made for Interest upto 31st March 2018 on amounts due to the following as per books and has been shown under Contingent Liabilities under 29 A (xii) above:**

- i. AAI - Rs 19,90,66,904/- (Previous Year- Rs 18,54,42,579/-)
- ii. DIAL - Rs 22,27,73,175/- (previous year - Rs 18,67,57,384/-)
- iii. MIAL - Rs 746,92,154/- (previous year Rs 631,46,433/-)

33. The wage agreements with workmen expired on 31.12.2006. The Unions have since submitted their Charters of Demands for the 5 year period ended 31.12.2011. Besides, the wage revision for the 5 year period 1.1.2012 onwards is also pending. Similarly, the wage revision relating to the Officers Cadre which was due on 01.01.2007 for a period of 10 years is still pending.

In view of the Department of Public Enterprises (DPE) guidelines applicable to Public Sector Undertakings (PSUs) no wage revision can be granted to the employees of loss making PSUs. Hence, since the Company has been incurring losses since financial year 2003-04, no provision has been made towards wage revision.

However the Management announced an interim relief of Rs 3,000/- per month per employee for unionized category and Rs 5,000/- per month per employee for officers effective 1.1.2017 which has been accounted for upto 31st March 2018.

34. Chefair Delhi acquired one Hi - lift TATA Chassis at a cost of Rs 10,14,395/- during the financial year 2007-08. Based on operational considerations it was transferred to Chefair Mumbai on 21st March, 2009 for customisation to meet local requirements. The Company is in the process of getting the balance work done from the contractor. Rs 12,98,194/- is reflected as Capital Work –in –Progress as on 31st March, 2018.

Further, the Company has made "capital advances" for customisation to a contractor from time to time aggregating to Rs 10,00,000/- as on 31st March 2018.

35. **Renovation of HotelS :**

- a) **Renovation of Delhi Hotel :** During the year, the renovation of 80 rooms and related works at Centaur Hotel Delhi Airport was completed at a cost of Rs 10.44 crores by Airports Authority of India (AAI) and hence capitalised. Depreciation has been calculated and accounted accordingly.
- b) The Company received a sum of Rs 5 crores during 2015-16 against issue of equity shares from the Government of India for renovation of hotels. In April 2017, the Company appointed a Consultant to undertake the upgradation and refurbishing of 75 guest rooms and other allied works for Centaur Srinagar. However, the same is not actively pursued in view of the situation in the Valley and uncertainty regarding handing over of the Srinagar hotel property to the J&K Government.

36. **Commitments:**

i) **Capital Commitments**

Estimated amount of contracts remaining to be executed on Capital Account are given hereunder:



Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
hilift	283799	283799	405125
Total	283799	283799	405125

ii) Operating Lease

Minimum lease payments payable under Operating lease agreement are as under:

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 201
i) Not later than one year	91016	91016	91016
ii) Later than 1 year and not later than 5 years	364064	364064	364064
iii) Later than 5 years	5288902	5379918	5470934
Total	5743982	5834998	5926014

37. Confirmations of Balances

- i) The Company has reconciled the balances in respect of Trade Receivables, Trade Payables, Loans and Advances, Deposits in respect of the Holding Company as on 31st March 2018.
- ii) The Company has not sought confirmation of balances in respect of other Trade Receivables, Trade Payables, Loans and Advances, Deposits and Other Liabilities as on 31st March, 2018. Accordingly, such accounts reflect the balances as per their respective ledger accounts and are subject to confirmation, and adjustments, if any on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts cannot be ascertained. The difference, if any, will be adjusted in the accounts as and when reconciliation is completed.
- iii) During 2002-03, the Company accounted for Rs 2.98 crores as receivable from M/s Sahara Hospitality Ltd on account of Net Current Assets transferred to the respective buyers of Centaur Hotel Mumbai Airport. The buyers M/s Sahara Hospitality Ltd. disputed the same. Based on the Arbitration award the amount receivable from M/s Sahara Hospitality Ltd. is Rs 1.88 crores plus legal costs Rs 0.40 crores. The accounts have been suitably adjusted to the extent of award amount of Rs 1.88 crores in the earlier year. Against the said Award, the buyers preferred an appeal in the High Court of Bombay. In July 2015 the Company has received order from High Court which is in favour of the buyer, which has been challenged by the Company before the Division Bench of the Hon'ble High Court of Bombay. In the opinion of the Management, the amount receivable from M/s Sahara Hospitality Ltd Rs 1.88 crores are considered good for recovery and the shortfall, if any, will be adjusted in the year in which finality is reached based on the award of the High Court of Bombay. (Refer note no. 29 (a) (v) above relating to Counter Claim of Rs 2.36 crores by M/s Sahara Hospitality Limited) (Amount involved Rs 1.88 crores (previous year Rs. 1.88 crores)).

The Company is of the view that the above sum is good for recovery and hence no provision is required in respect thereof.

**38. Earnings Per Share:**

Particulars	As at 31.03.2018	As at 31.3.2017
Profit/(Loss) After Tax & Extra-Ordinary Items	(552,886,098)	(617,697,658)
<u>Less:</u> Extra-Ordinary Items	-	(38,213,899)
Profit/(Loss) After Tax & Before Extra-Ordinary Items	(552,886,098)	(655,911,557)
Weighted Average No. of Equity Shares	13,760,000	12,266,849
EPS		
a) Basic	(40.18)	(53.47)
b) Diluted	(40.18)	(53.47)

39. Remuneration to Auditors:

The details of the audit fees and expenses of the Auditors:-

Particulars	2017-18	2016-17
Audit fees- For the year	43,190	42,825
Audit Fees -For Earlier Year		
For Service Tax	225,000	#REF!
Out of Pocket Expenses of previous auditors	-	34,875
Total	268,190	#REF!

40. Segment information is provided in **Annexure "I"** as per Ind AS 108 "Operating Segments" under Rule 7 of the Companies (Accounting) Rules, 2014.

41. Related Party Transactions:

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (IND AS-24) during the year 2016-17 and 2017-18 are given below:

Related Party Relationships**i) Holding Company**

Air India Limited

ii) Person having significant influence

President of India (through his representative)

A Key Management Personnel & Relatives :**Key Managerial**

Pankaj Kumar - Managing Director

T.C. Dalal - Chief Financial Officer

Shyamala Kunder - Company Secretary

**Transactions with Key Managerial Personnel :**

- (i) There are no transactions with key managerial personnel or their relatives.
(ii) Key Managerial Remunerations.

(Rupees)		
Particulars	As at 31.3.2018	As at 31.3.2017
1 T.C.Dalal - Chief Financial Officer	660,000	796,540

- B** In terms of Ind AS 24, following are the disclosure requirements related to transactions with certain Government Related entities i.e. Significantly controlled and influenced entities by Government of India (not included in the list above) :

(Rupees)			
S. No.	Name of the Entities and Nature of transactions	2017-18	2016-17
1.	Air India Limited		
	Sales during the year	455,068,754	429,298,757
	Finance Cost for the year	204,614,361	121,377,549
	SAP Maintenance cost for the year	8,331,450	14,037,231
	Loan received during the year	477,000,000	446,000,000
	<u>Closing Balance 31.3.2018:</u>		
	Trade Receivable from Air India	297,602,753.34	317,487,849
	Due to Air India	(2,578,240,198)	(1,891,488,727)
	Other Receivables	948,931	22,884,934
	Other Payables	(300,000)	(300,000)
2.	Air India Subsidiaries		
	<u>Sales during the year</u>		
	Air India Engineering Services Limited	35,857,933	
	Air India Charters Limited	527,851	
	<u>Trade Receivables on 31.3.2018</u>		
	Air India Engineering Services Limited	42,324,497	
	Air India Charters Limited	635,634	

Note: The Related Parties have been identified by the Company and relied upon by the auditors.

- 42. (i)** Luxury Tax liability of Centaur Delhi as on 31st March 2018 after appropriation by the authorities is Rs 166.89 lakhs (previous year Rs.213.20 lakhs). During 2012-13, the Luxury Tax authority had frozen eight bank accounts due to non payment of Luxury Tax which continued to be frozen as on 31st March 2018. The authorities continued to appropriate all the deposits from these bank accounts aggregating to Rs. 615 lakhs (previous year Rs 527 lakhs)



upto 31st March, 2018 (Including Rs. 88 lakhs for the year (previous year Rs 83.09 lakhs)) towards dues on account of Luxury Tax.

- (ii) Returns in respect of Luxury Tax and Service Tax for Delhi units for some years have not been filed. Interest and penalty thereon would be accounted in the year of completion of assessments.

43. At Centaur Delhi, compliance in respect of Tax Deduction at Source (contractors and professionals) and Works Contract Tax has been done at the time of payment. Consequently, interest and penalty, if any, will be accounted for as and when the liability arises.

44. Luxury Tax, Service Tax and ESIC overdue for more than 6 months as on 31st March 2018 as per books of accounts is Rs 440.18 lakhs . Interest /penalty/ damages payable, if any, on these overdues will be accounted for in the year in which the assessments are completed and liability is ascertained.

45. **The Micro, Small and Medium Enterprises Development Act**

The names of the Micro, Small and Medium Enterprises suppliers defined under "The Micro Small and Medium Enterprises Development Act 2006" are being identified and compiled, as the necessary evidence is not in the ready possession of the Company.

46. The Company proposes to conduct physical verification of each fixed asset once in two years i.e. for the block period 2017-18 to 2018-19. However, during the year all the Fixed Assets have not been physically verified . Hence the extent of discrepancies if any, cannot be ascertained . The resultant impact of the same on the accounts will be dealt with in the year in which finality is reached.

47. The Company has not conducted an assessment as to whether there is any indication that an asset may be impaired as envisaged under Indian Accounting Standards (Ind AS 36) 'Impairment of Assets'. If the assessment, as and when conducted, indicates any such existence, impairment loss will be recognised in the year in which finality is reached.

48. **Depreciation:**

The opening balance of Fixed Assets as on 1st April, 2016 is subject to:

- a) Physical verification of Fixed Assets to be conducted (Refer note No.46)
- b) Impairment of Fixed Assets (Refer Note No.47)
- c) In the absence of actual installation date of some of the Fixed Assets prior to 1st April, 2014 the Company has assumed 1st April of the financial year as the date of installation for such Fixed Assets during the relevant financial years.

The Company has ascertained the impact on the charge for depreciation for the year based on the opening balance of Fixed Assets as per notes (a), (b) and (c) and consequently, the provision for depreciation is suitably calculated to comply with Schedule II, Part C of the Companies Act, 2013 .

49. **The company is in the process of :**

- a) streamlining the inventory reporting system in terms of generation of reports towards movement of item-wise store records and configuring of the stores ledger during the year. At the year end consumption as per the stores records is reconciled with the financial records and adjustments are duly accounted for.



- b) instituting a maker checker process in order that a system of checks and balances is in place to prevent revenue leakage through Purchase and misuse and to ensure proper control over the Procurement and Consumption Cycles.

50. The Company is in the process of :

- a) strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company
- b) Reviewing the frequency of verification of cash, cheques, drafts etc., in hand through internal audit/officers other than cashiers.
- c) Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained.

51. In the opinion of the Company, the Current Assets and Loans and Advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

52. Airports Authority of India (AAI) had served a 12 month notice dated 8 November 2016 for early termination of lease of land (where Centaur Hotel Delhi and Chefair Delhi is located) at IGI airport, Delhi effective November 2017 as the land is required by them for airside development works. However based on the intervention of Ministry of Civil Aviation, an extension up to 31 March 2019 for vacating the said leasehold land has been granted. Thus, in view of the above, the Company will have to vacate the building in which Centaur Hotel and Chefair Delhi is situated so as to surrender the said leasehold land to AAI by 31 March 2019. As per the Agreement between AAI and the Company the lease period is valid till 31.3.2031 and there is a significant unexpired portion of lease still left. However, the revised and reduced useful life of the building and all assets has not been considered. As of date the compensation issues between the Company and AAI has not yet been determined. The vacation/handing over the premises would entail a lot of issues including employee retrenchment, compensation/ relocation to an alternate premises, etc. These issues would be discussed with AAI in consultation with Ministry of Civil Aviation. A Committee consisting of senior officials of Air India Limited has been formed to negotiate the issues with AAI.

Consequently, no provision has been made for additional depreciation based on revised useful life of assets for such an eventuality at this stage. The same would be considered in the year in which finality is reached.

53. Going Concern:

The company has been facing severe liquidity crunch due to various factors like operational losses and its financial and operating performance has been affected in recent years due to a number of external and internal factors. However, the Company has prepared its accounts on a "going concern" basis in view of the following:

Various initiatives have been taken by the management for improving the operational performance of the company and increasing the revenues leading to improved financial performance/Net Worth such as:

- a. Equity infusion of Rs 27 crores upto 31 st March 2018 by Government of India.



- b. The renovation of 80 guest rooms and other allied works at Centaur Delhi was completed in the quarter ended June 2017 which augmented the revenue during the year.
- c. The Company has appointed a consultant for upgradation and refurbishment of 75 guest rooms and allied works at Centaur Srinagar
- d. The holding company Air India Limited converted Rs 70 crores of advance to the Company into Share Capital in 2016-17.
- e. The Company had reduced the retirement age for its employees from 60 to 58.

The accompanying notes are an integral part of the financial statements
As per our report of even date

For and on behalf of
SARA & ASSOCIATES
Chartered Accountants
FRN : 0120927W

Sd/-
Manoj Agarwal
Partner
M.No. 119509

Place : Mumbai
Date : 6 November 2018

For and on behalf of the Board

Sd/-
Pradeep Singh Kharola
Chairman
DIN : 05347746

Sd/-
Thrity C. Dalal
Chief Financial Officer

Place : New Delhi
Date : 6 November 2018

Sd/-
Gargi Kaul
Director
DIN : 07173427

Sd/-
Shyamala P Kunder
Company Secretary



Hotel Corporation of India Ltd.

Segmentwise Reporting for the year 2017-18

A. PRIMARY BUSINESS SEGMENT :

Particulars	Hotels	Flight Kitchens	Others	Total
1. SEGMENT REVENUE	250,332,189	287,651,114	13,288,136	551,271,439
	203,148,409	311,897,632	10,553,930	525,599,971
2. SEGMENT RESULT LOSS				
Loss after Interest, Exceptional and Extraordinary Items	285,166,077	279,221,571	-11,501,550	552,886,098
	(361,981,978)	(266,269,611)	10,553,930	(617,697,660)
3. SEGMENT ASSETS	717,025,609	304,019,912	283,732,626	1,304,778,147
	(380,894,953)	(512,195,757)	(319,574,635)	(1,212,665,346)
4. SEGMENT LIABILITIES	875,262,568	613,113,107	2,586,730,484	4,075,106,160
	(890,591,600)	(630,284,347)	(1,909,231,315)	(3,430,107,262)
5. CAPITAL EMPLOYED	(158,236,959)	(309,093,195)	(2,302,997,858)	(2,770,328,011)
	(509,696,647)	(118,088,590)	(1,589,656,680)	(2,217,441,917)
6. TOTAL CAPITAL EXPENDITURE	108,386,258	1,750,536	67,533	110,204,326
	(3,985,081)	(13,101,534)	(4,600)	(17,091,215)
Figures in brackets relate to previous year.				

B. GEOGRAPHICAL SEGMENT :

The Company provides services within India and hence, does not have any operations in economic environments with different risks and returns. Hence, it is considered that the Company is operating in a single geographical segment.