HOTEL CORPORATION OF INDIA LIMITED

CONTENTS

Board of Directors (As on 30 September 2019)

Shri Ashwani Lohani	**Chairman**
Shri Vinod Shanker Hejmadi	
Shri Praveen Garg	
Shri Satyendra Kumar Mishra	

Chief Executive Officer

Shri Pankaj Kumar

Chief Financial Officer

Smt Thrity Cyrus Dalal

Company Secretary

Kum Shyamala P Kunder

Statutory Auditors

M/s Sara & Associates

Solicitors

M/s. M.V. Kini & Co.

Bankers

Axis Bank

J &K BANK

State Bank of India

Syndicate Bank

United Bank ofIndia

Registered Office

1st Floor, Transport Annexe Building
Air India Complex, Old Airport,
Santa Cruz (E) Mumbai-400029

CHAIRMAN'S MESSAGE

Dear Shareholders,

With pleasure I would like to present to you the 48th Annual Report of the Company for the year 2018-19.

PERFORMANCE OF THE COMPANY

The over-view of the performance of the Company for the year 2018-19 is as follows :

- During the year, the total revenue has increased to Rs.6728.30 lakhs as against Rs 5697.77 lakhs in the previous year, an increase of Rs.1030.53 lakhs (19%) over 2017-18. This is mainly on account of increase in the revenue of Centaur Delhi by Rs. 657.59 lakhs (54%), Centaur Srinagar by Rs 50.06 lakhs (6%), Chefair Delhi by Rs 322.62 lakhs (42%), Chefair Mumbai by Rs 109.65 lakhs (8%) and T3 by Rs 108.86 lakhs (18%).

- The total operating expenditure has reduced to Rs. 9113.99 lakhs as against Rs 9279.70 lakhs in the previous year.

- In view of the above, the Gross Operating Loss has reduced to Rs.2385.68 lakhs as against Rs. 3581.93 lakhs during the previous year.

- Interest of Rs.2968.76 lakhs (previous year Rs. 2122.10 lakhs) has been charged to the P&L account, mainly on account of reimbursement of finance costs to AI on borrowings for operational requirements Rs 2573.91 lakhs (previous year Rs 2046.14 lakhs) and interest on overdue statutory payments Rs. 377.98 lakhs.

- Depreciation for the year has increased to Rs. 1508.23 lakhs in the current year as against Rs.327.92 lakhs in the previous year mainly due to reassessment of the useful life of Delhi properties in view of proposed handing over of vacant land to AAI by 30.11.2019 for airport expansion instead of 31.3.2032 as per the Agreement.

- The Net loss before exceptional items & Other Comprehensive Income is Rs.6862.68 lakhs as against Rs. 6031.95 lakhs.

- Other Comprehensive Income is the Actuarial (Loss) on Gratuity and Post Retirement Benefit Plans – Rs 257.67 lakhs.

- In view of the above the Net Loss is Rs.7120.35 lakhs as against Rs. 5577.32 lakhs during the previous year.

Management made all efforts to settle on following long pending issues which has financial implications :

1. All pending overdue statutory payments of Delhi units was paid during the year totalling to Rs 9.33 Crore out of which the previous years' figures was adjusted for Rs 5.55 Crore. All statutory

returns were filed with the concerned Authorities.

2. Provision for wage revision for unionised employees was made totalling to Rs. 1.41Crore for the year and Rs 9.97 Crore for the previous period. Previous years' figures were adjusted accordingly.

3. The lease rentals payable to AAI / DIAL and MIAL was reconciled and an additional provision of Rs. 3.54 Crorewas made for the previous years and previous years' figures was adjusted accordingly.

HOTEL INDUSTRY SCENARIO

Introduction

The Indian tourism and hospitality industry has 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 2018, FEEs from tourism increased 4.70 per cent* year-on-year to US$ 28.59 billion. FEEs during January 2019 was US$ 2.55 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.

During 2018, foreign tourist arrivals (FTAs) in India stood at 10.56 million, achieving a growth rate of 5.20 per cent year-on-year. FTAs in January 2019 stood at 1.10 million, up 5.30 per cent compared to 1.05 million year-on-year.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

During the period April 2000-December 2018, the hotel and tourism sector attracted around US$ 12 billion of FDI, according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

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:

- Statue of SardarVallabhbhai Patel, also known as ‘State of Unity’, was inaugurated in October 2018. It is the highest standing statue in the world at a height of 182 metre. It is expected to boost the tourism sector in the country and put India on the world tourism map.
- The Government of India is working to achieve 1 per cent share in world’s international tourist arrivals by 2020 and 2 per cent share by 2025.
- Under Budget 2019-20, the government allotted Rs 1,160 crore (US$ 160.78 million) for development of tourist circuits under Swadesh Darshan.
- Under Budget 2019-20, the government allotted Rs 160.50 crore (US$ 22.25 million) for development of tourist circuits under SwadeshDarshan.

Achievements

Following are the achievements of the government during 2017-18:

- During 2018-19, a total of seven projects worth Rs 384.67 crore (US$ 54.81 million) were sanctioned under the Swadesh Darshan scheme.
- As of July 2018, 14 states had deployed tourist police. In November 2018, Nagaland also deployed a separate tourist police in the state.

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.

Note: *in US$ terms Exchange Rate Used: INR 1 = US$ 0.0139 as of Q3 FY19.

References: Media Reports, Ministry of Tourism, Press Releases, Department for Promotion of Industry and Internal Trade (DPIIT), Press Information Bureau (PIB), Union Budget 2018-19

CHALLANGES FACED BY THE COMPANY

- During the year efforts were made to augment the revenue in all the units of the Company viz., CHDA (including CFCD), CFCM and CLVH with the limited resources it had. Out of the fund received from the Government of India by way of equity infusion in previous years, some basic cosmetic changes were made in CHDA and CLVH to improve the standard of these units. Since due to lack of fund all these properties could not be upgraded to bring them at par with others in the Industry, the market share had been falling year by year, resulting lower revenue, which in turn left lower funds or no funds for renovation.
- Further, with the time for handing over the 45000 sq. mts land parcel leased from Airports Authority of India(AAI) for the Delhi units i.e. CHDA, CFCD back to them coming closer, i.e. by 30 November .2019, steps were beingtaken to ensure smooth handing over and also claim of

appropriate compensation from AAI. In this direction A Committee comprising Air India officials was constituted to negotiate with AAI and oversee the handing over process in terms of Lease Agreement executed with AAI and also to settle all issues related to HCI-Delhi employees, creditors and statutory requirements etc. A Consultant has also been appointed to assist in valuation of the property and decide on compensation. Several meeting were held with the Ministry Officials in the matter.

- 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 Crore 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 75873 room nights during the year 2018-19 as against 68615 room nights in the previous 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. Inspite, with concerted effort during the year under review, number of flights catered has increased from16363 in the year 2017-18 To 17476 in the year 2018-19.

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/
(Ashwani Lohani)
Chairman

DIRECTORS' REPORT

The Directors have pleasure in presenting their Forty Eighth Annual Report and the Audited Accounts for the year ended 31st March 2019.

REVIEW OF FINANCIAL PERFORMANCE :

(Rupees in Lakhs)

PARTICULARS	2018-19	2017-18	Variance
TOTAL REVENUE	6728.30	5697.77	1030.53
TOTAL OPERATING EXPENDITURE	9113.99	9279.70	-165.72
GROSS OPERATING (LOSS)	(2385.68)	(3581.93)	-1196.25
INTEREST	2968.76	2122.10	846.67
CASH (LOSS)	(5354.45)	(5704.03)	-349.58
DEPRECIATION	1508.23	327.92	1180.31
NET (LOSS) BEFORE EXCEPTIONAL ITEMS	(6862.68)	(6031.95)	830.73
OTHER COMPREHENSIVE INCOME	(257.67)	454.63	712.30
NET (LOSS) CARRIED TO BALANCE SHEET	(7120.35)	(5577.32)	1543.03

OTHER FINANCIAL INFORMATION

SHARE CAPITAL :

As on 31 March 2019, the Authorised Share Capital of the Company was Rs.150,00,00,000/- (Rupees One hundred fifty Crore) divided into 150,00,000 shares of Rs.100/- each.

As on 31 March 2019, the Paid-up Share Capital of the Company was Rs.137,60,00,000/- (Rupees One hundred and Thirty Seven Crore 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 Crore) 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 OUTLAY2018-19

The Government had not approved Annual Plan Outlay for 2018-19.

Changes in the Share Capital, If any

During the year there was no change in the paid up share capital of the Company.

CHANGE IN NATURE OF BUSINESS

During the year there was no change in the nature of business of the Company.

DIVIDEND

In terms of Section 123 of the Companies Act, 2013 the dividend could not be considered due to accumulated losses.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCTION ANDPROTECTION FUND

Since there was no unpaid/unclaimed Dividend for the past years, the provisions of Section 125 of the Companies Act, 2013 did not apply.

AMOUNTS TRANSFERRED TO RESERVES

In view of the accumulated losses, the Board of Directors have decided not to transfer any amount to reserves during the year.

FOREIGN TOURS

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

INDUSTRIAL RELATIONS

Personnel

As on 31 March 2019 the Company had on its payroll a total of 662 employees as against 740 as on 31 March 2018, 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

The approval for union category wage revision was received from the Ministry in July 2019, the Memorandum of Understanding signed with the unions in August 2019 and same has been implemented.

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 29 October 2018and 2November 2018.

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 2019.

Total No. of employees	Total No. of SC employ-ees	% of SC employees	Total No. of ST employ-ees	% of ST employ-ees	Total No. of OBC employ yees	% of OBC emplo yees
662	152	22.96%	49%	7.40%	61	9.21

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.

DEPOSITS

The Company has not accepted any deposits during the year.

SIGNIFICANT & MATERIAL ORDERS

During the year no significant and material orders were passed by the regulators or courts or Tribunals impacting the going concern status and Company's operations in future.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Provisions of Section 135 of Companies Act, 2013 relating to Corporate Social Responsibility is not applicable to the Company as the Company has not earned any profits during the year.

FOREIGN EXCHANGE EARNINGS & OUT GO

The Foreign Exchange earningsand 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 4Assistant Public Information Officers (APIOs), 5 Public Information Officers (PIOs) and an Appellate Authority have been appointed for speedy disposal of applications/appeals.

During 2018-19, 36Requests/Appeals were received out of which 29 Requests/ Appeals were disposed off, 1 request was rejected and 6 were carried forward.

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 2018-19 onecomplaint pertaining to sexual harassment was received and reports and findings submitted. Final action is to be taken by the Competent Authority.

INFORMATION ABOUT SUBSIDIARY/JV/ASSOCIATE COMPANY

The Company does not have any Subsidiary, Joint Venture or Associate Company.

MATERIAL CHANGES AND COMMITMENTS

In terms of the provisions of Section 134(3)(l), no major changes have occurred which have affected the financial position of the Company between 31 March 2019 and the date of Board's Report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

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 2018-19 as detailed below, and the provisions of the Companies Act, 2013 were adhered to while considering the time gap between two Meetings. However on one occasion, meeting was held beyond four months period due to non-availability of requisite quorum for the meeting :

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1	16 May 2018	5	4
2	26 September 2018	5	5
3	6 November 2018	5	4
4	29 January 2019	5	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 2019and 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 Accountantswere 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 U.C.Shukla& Company, Practicing Company Secretary, Mumbai, to conduct Secretarial Audit for the financial year 2018-19.

The Secretarial Audit Report for the financial year ended 31 March2019is enclosed at **Annexure II**

Management's Reply on the observations contained in the Secretarial Audit Report

(A) Independent Directors

1) Under the Companies Act, 2013 (the Act) and the rules made thereunder subject to the following observations:

   (a) Since the Company is not required to appoint Independent Directors, being a wholly owned subsidiary of a Public Limited Company (Air India Limited), the Audit Committee is constituted without Independent Directors. Thereby non-compliance of the provision of Section 177 (2) of the Act read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014, which inter alia requires an Independent Director as a member of the Audit Committee.

(b) The Company has not constituted Nomination & Remuneration Committee as required under Section 178 of the Act read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.

(c) As per Section 173(1) meeting of the Board of Directors should be held in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board. It is observed that the Company has held the Board Meetings on 16/05/2018 and 26/09/20188 resulting in a gap of more than 120 days.

2) Under the DPE Guidelines following observations :

(i) The Board of Directors of the Company is not constituted as per Clause 3.1 of the DPE Guidelines, namely there is no optimum combination of functional, nominee and independent directors; and number of nominee directors exceeds the prescribed limit of two.

(ii) The Company had no Independent Director as required under the Clause 3.1.1.4 of the DPE Guidelines during the period 1st April,2018 to 31st March,2019.

(iii) As per the Clause 3.3 of the DPE Guidelines, the Board is required to meet atleast once in every three months and atleast four such meetings are required to be held in a year. Further, time gap between any two meetings should not be more than three months. It is observed that the Company has not held the Board Meeting in three months and gap exceeded a period of three months between two Board Meetings held on 18/05/2018 and 12/09/2018.

(iv) Minimum information as prescribed in Annexure IV to the DPE Guidelines are generally placed before the Board as required under clause 3.3 of the guidelines except quarterly financial results and foreign exchange exposure and steps taken to limit the risk.

(v) Since the Company had no Independent Director, composition of the Audit Committee was not as per the Clause 4.1.1 and 4.1.2 of the DPE Guidelines during the audit period.

(vi) The Company has not constituted Remuneration Committee as required under Clause 5.1 of the DPE Guidelines.

Management's Comments

It is a statement of fact.

Hotel Corporation is an unlisted Public Limited Company and is a subsidiary of Air India Limited. Further, as per the provisions of Article 22 of its Articles of Association Air India Limited in consultation with the Government of India shall control the composition of the Board of Directors of the Company within the meaning of that expression as used in the Companies Act. However, there were no Independent Directors appointed on the Board of HCI and the matter was taken up with the Ministry of Civil Aviation through Air India Limited.

Since no Independent Directors were appointed by the Government of India during 2018-19, provisions of Section 177(2) and Section 178 of the Companies Act, 2013 and Clause 4.1.1 and 4.1.2 of the DPE Guidelines could not be complied with.

(B) Board Meetings

(a) As per Section 173(1) meeting of the Board of Directors should be held in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board. It is observed that the Company has held the Board Meetings on 16/05/2018 and 26/09/2018 resulting in a gap of more than 120 days.

(b) As per the Clause 3.3 of the DPE Guidelines, the Board is required to meet atleast once in every three months and atleast four such meetings are required to be held in a year. Further, time gap between any two meetings should not be more than three months. It is observed that the Company has not held the Board Meeting in three months and gap exceeded a period of three months between two Board Meetings held on 18/05/2018 and 12/09/2018.

Management's Comments

It is a statement of Fact.

During FY 2018-19, 4 Board Meetings were held. However, as pointed out in the Audit Report, the period between 242nd and 243rd Board Meetings exceeded by 10 days, which was mainly due to non-availability of adequate quorum. Care is being taken to comply with the above provisions of Companies Act, 2013/DPE Guidelines.

(b) Quarterly Financial Results

(i) Minimum information as prescribed in Annexure IV to the DPE Guidelines are generally placed before the Board as required under clause 3.3 of the guidelines except quarterly financial results and foreign exchange exposure and steps taken to limit the risk.

Management's Comments

The Board is kept informed of the quarterly financial results in its Board meetings which is held quarterly, however no separate Agenda item is placed. Management will take necessary action to comply the same in future. With regard to foreign exchange exposure, Company does not deal with foreign exchange.

LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the provisions of Section 186 are not applicable to the Company.

Particulars of Contracts or Arrangements with Related Parties

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Risk Management

Since the revenue of HCI is tied up through its parent company Air India and the parent company is having adequate risk management policy in case of sales through Agents, credit cards, etc. by establishing a Capping monitoring policy, Bank Guarantee policy, Risk monitoring through Risk engine attached to web portal, HCI being its subsidiary is not prone to high business risk.

Therefore the Company does not have any Risk Management Policy yet as the element of risk threatening the Company's existence is very minimal.

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 i.e. Form MGT-9 is uploaded on the Company's website i.e. https://www.centaurhotels.com/MGT9-1819.pdf

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	KumShyamala P Kunder	Company Secretary	9 February 2015

DECLARATION OF INDEPENDENCE

HCI is a Subsidiary of Air India Limited. As per the provisions of Article 22 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fourteen all of whom shall be appointed by Air India Limited, who in turn can do so subject to the directions of the Government of India.

Air India has requested the Ministry of Civil Aviation to nominate Independent Directors on the Board of HCI and appointments are awaited.

Directors and Key Managerial Personnel (KMP)

The following changes have occurred in the constitution of Directors and KMP of the Company during the FY 2018-19.

Sr. No	Name	Designation	Date of appointment	Date of cessation	Mode of Cessation
1	Shri Pradeep Singh Kharola	CMD, AIL	12 .08. 2017	14.02 2019	Ceased to be Director
2	Shri Ashwani Lohani	CMD, AIL	14.02.2019	-	-
3	Shri Vinod Hejmadi	Director Nominee Director of AIL	07.12.2015	-	-

Sr. No	Name	Designation	Date of appointment	Date of cessation	Mode of Cessation
4	Ms. Gargi Kaul Addl.Secretary & Fin Advisor- MoCA	Director- Government Nominee	06.05.2015	24.01.2019	Ceased to be Director
5	Shri Arun Kumar Addl.Secretary & Fin Advisor-MoCA	Director- Government Nominee	18.03.2019	10.07.2019	Ceased to be Director
6	Shri Praveen Garg Addl.Secretary & Fin Advisor-MoCA	Director- Government Nominee	21.08.2019		
7	Shri Satyendra Kumar Mishra Jt.Secretary-MoCA	Director- Government Nominee	14.02.2017	-	-
8	Shri Pankaj Kumar	Managing Director	10.02.2015	30.04.2019	Ceased to be Director

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 approval of the Board has been taken for Related Party Transactions entered with Air India Limited for the year 2017-18 and also blanket approval was obtained for such transactions to be entered between 2018-19 to the tune of Rs.50Crores.

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 2019 are enclosed to the 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

Sd/-
(ASHWANI LOHANI)
CHAIRMAN

Date : 23 July 2019
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. 2450.97 lakhs as compared to Rs. 1793.37 lakhs in the previous year, an increase of Rs.657.59 lakhs (54%) over the previous year mainly on account of the revenue earned from the renovated rooms.
- The total expenditure is Rs.3084.72 lakhs, as against Rs. 3048.16 lakhs in the previous year.
- As a result, the Unit made an Operating Loss of Rs.633.76 lakhs as compared to Rs. 1254.79 lakhs in the previous year.
- After providing for all interest and re-estimated depreciation of Rs 1170.21 lakhs (previous year Rs 203.63 lakhs), the Unit made a Net Loss of Rs.2621.75 lakhs as compared to Rs. 2082.60 lakhs in the previous year.
- After considering extra-ordinary items and Other Comprehensive Income, the unit has incurred a Net Loss of Rs. 2732.61 lakhs as against Rs. 1899.43 lakhs in the previous year.

CENTAUR LAKE VIEW HOTEL, SRINAGAR:

- The Unit earned revenue of Rs.774.82 lakhs as compared to Rs. 709.95 lakhs in the previous year, i.e. increase of 8% over the previous year.
- The total expenditure is Rs.1494.73 lakhs as against Rs. 1457.44 lakhs in the previous year.
- As a result, the Unit made an Operating Loss of Rs. 719.91 lakhs as against Rs. 747.49 lakhs in the previous year.
- After providing for interest and depreciation, the Unit incurred a Net Loss of Rs.1417.22 lakhs as compared to Rs. 1145.70 lakhs in the previous year.
- After considering Other Comprehensive Income, the unit has incurred a Net Loss of Rs. 1468.67 lakhs as against Rs. 1049.77 lakhs in the previous year.

CHEFAIR FLIGHT CATERING, MUMBAI

- The Unit earned revenue of Rs.1562.82 lakhs as compared to Rs. 1453.07 lakhs in the previous year, i.e. an increase of 8% over the previous year.
- The total expenditure is Rs. 2389.22 lakhs as against Rs.2621.15 lakhs in the previous year i.e a reduction of 10% over previous year.
- As a result, the Unit made an Operating Loss of Rs. 826.50 lakhs as against Rs.1168.08 lakhs in the previous year.
- After providing for interest and depreciation, the Unit incurred a Net Loss of Rs. 1585.13 lakhs as compared to Rs.1773.27 lakhs. in the previous year.
- After considering Other Comprehensive Income, the unit has incurred a Net Loss of Rs. 1637.72

lakhs as against Rs.1674.50 lakhs in the previous year.

CHEFAIR FLIGHT CATERING, DELHI:

- The Unit earned revenue of Rs 880.33 lakhs as compared to Rs.557.71 lakhs in the previous year i.e an increase of 42%.
- The total expenditure is Rs.1528.41 lakhs as against Rs.1519.85 lakhs in the previous year.
- As a result, the Unit made an Operating Loss of Rs. 648.08 lakhs as against Rs.962.14 lakhs in the previous year.
- After providing for interest and re-estimated depreciation of Rs 280.47 lakhs (previous year Rs 66.66 lakhs), the Unit incurred a Net Loss of Rs. 1537.38 lakhs as against Rs.1578.59 lakhs in the previous year.
- After considering Other Comprehensive Income, the unit has incurred a Net Loss of Rs. 1572.48 lakhs as against Rs.1521.80 lakhs in the previous year

T3 LOUNGE, DELHI:

- The Unit, earned revenue of Rs.835.40 lakhs as compared to Rs.726.54 lakhs in the previous year.
- The total expenditure is Rs.378.26 lakhs as against Rs.440.12 lakhs in the previous year.
- As a result, the Unit made an Operating Profit of Rs. 457.01 lakhs as against Rs.286.42 lakhs in the previous year.
- After providing for depreciation, the Unit made Net Profit of Rs.314.49 lakhs as against Rs.284.99 lakhs in the previous year.

Going Concern

- Inspite of the negative Net Worth of the Company as at the balance sheet date, considering the continuous support of the Holding Company and the Government, the Company is and will continue to be able to meet its financial obligations as they fall due. Accordingly the Company has prepared its accounts on a "going concern" basis .Various initiatives have also been taken by the management for improving the operational performance of the company and increasing the revenues in view of the following:
- Due to the renovation of 80 guest rooms and other allied works at Centaur Delhi in view of the equity infusion of Rs 27 crores by Government of India, the revenue of the Company increased from Rs. 55.13 crores in 2017-18 to Rs 67.28 crores during the year 2018-19. This was due to increased business from Air India and its subsidiaries
- The Holding company and Government of India is continuously supporting to the Company by way of financial assistance in form of equity infusion and providing financial assistance as and when required and committed to provide in future also.
- As per note no. 45 above, the property of Delhi needs to be handed over to AAI by 31.12.2019 for which the Company is in the process of negotiating the terms of handing over wherein the Company may be given alternate land or compensation in lieu thereof . This will assist the Company in meeting its long term goals of increasing its business.

RISK MITIGATION STRATEGIES

The Company continuously monitors the risk perceptions and takes preventive action for mitigation of risks on various fronts.

INTERNAL CONTROL SYSTEMS

- The Company had appointed M/s MSP & Company as Internal auditors for the year 2018-19 to carry out various internal audit assignments such as Risk assessment & mitigation, Strengthening Internal control process, etc.

- For Tax compliance M/s D.J.Shukla& Co., have been appointed as Tax consultant for the year 2018-19.

Annexure - I

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 2018-19, four Board Meetings were held and the Board consisted of the following members:

1.	Shri Pradeep Singh Kharola Chairman & Managing Director-AIL (ceasedw.e.f. 14 February 2019)	- Part-time Chairman
	Shri Ashwani Lohani Chairman & Managing Director-AIL (appointedw.e.f. 14 February 2019)	- Part-time Chairman
2.	Ms.Gargi Kaul Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (ceasedw.e.f. 24 January 2019)	- Director
	Shri Arun Kumar Addl. Secretary& Financial Advisor Ministry of Civil Aviation (appointedw.e.f18 March 2019)	- 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 (ceasedw.e.f. 30 April 2019)	- Managing Director (presently designatedas CEO-HCI)

During the year, Shri Pradeep Singh Kharola ceased to be Chairman effective 14 February 2019 and ShriAshwaniLohani was appointed as the Chairman. Further, subsequent to the transfer to the Ministry of Defense, Ms.GargiKaul, ASFA,Ministry of Civil Aviation ceased to be on the Board w.e.f. 24 January 2019.

The Board places on record its appreciation of the valuable services rendered by ShriPradeep Singh Kharola as Chairman and Ms.GargiKaul as Director on the Board 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.

After the closure of financial year 2018-10, ShriPankaj Kumar, ED-Sales & Marketing, Air India Limited, who was holding additional charge as the Managing Director-HCI was superannuated from the services of Air India on 30 April 2019 and hence ceased to be on the Board as MD-HCI. Subsequently he was appointed as the Chief Executive Officer (CEO) of the Company effective 1 May 2019.

Board Procedure

The meetings of the Board of Directors are generally held at Air India's Headquarters in New Delhi. The meetings are scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The Board meets at least once a quarter to review the operating performance of the Company. The agenda for the meetings is prepared by the officials of the concerned departments and approved by the MD& the Chairman. The Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend inclusion of any matter in the agenda for discussion. Senior executives are invited to attend the Board meetings and provide clarification as and when required. Action Taken Reports are put up to the Board periodically. To enable better and more focused attention on the affairs of the Company, the Board delegates certain matters to Committees of the Board set up for the purpose.

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:

16 May 2018	-	242nd Meeting
26 September 2018	-	243rd Meeting
6 November 2018	-	244th Meeting
29 January 2019	-	245thMeeting

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the financial year 2018-19

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 (ceased w.e.f. 14 February 2019)	Phd and Masters in Development Management IAS Cadre, Karnataka	4	Chairman & MD-Air India Limited, Part-time Chairman Air India Charters Ltd., Air India Air Transport Services Ltd., Air India Engineering Services Ltd., Airline Allied Services Ltd., Hotel Corporation of India Ltd.,	In Air IndiaLtd., Chairman Finance Committee; HR Committee; Strategic Committee Permanent Invitee 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
ShriAshwaniLohani CMD-Air India Limited (appointed w.e.f. 14 February 2019)	Mechanical Engineer and Fellow of Chartered Institute of Logistic and Transport	NIL	Chairman & MD- Air India Limited, Part-time Chairman Air India Charters Ltd., Air India Air Transport Services Ltd., Air India Engineering Services Ltd., Airline Allied Services Ltd., Hotel Corporation of India Ltd., Director Air India SATS Airport Services Pvt Ltd., Air Mauritius Limited and Air Mauritius Holding Ltd.	In Air India Ltd. Chairman Finance Committee; HR Committee; Strategic Committee Permanent Invitee Audit Committee Member Corporate Social Responsibility and Sustainability Committee; Nomination &Remuneration Committee In Hotel Corp. of India Ltd., Member- Audit Committee In Air India Charters Ltd., Member- Audit Committee
Shri Pankaj Kumar (ceased as MD-HCI w.e.f. 30 April 2019 and designated as CEO-HCI (w.e.f.1 May 2019)	MBA	2	In Hotel Corp. of India Ltd. Managing Director	In Hotel Corp. of India Ltd. Member- Audit Committee
Shri Vinod Hejmadi Director (Finance)- Air India Limited	B.Com, FCA	4	Director Air India Limited, Air India Charters 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	In Air India Ltd., Member Finance Committee Special Invitee Audit Committee; Overseeing Committee Co-opted Member Strategic Committee In Hotel Corp. of India Ltd., Member- Audit Committee In Air India Charters Ltd., Member - 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. GargiKaul Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (ceased w.e.f. 24 January 2019)	M.Phil	3	Director Air India Ltd., Hotel Corporation of India Ltd., Air India Air Transport Services Ltd., Air India Engineering Services Ltd	In Air India Ltd., Member Audit Committee; Strategic Committee; Finance Committee In Hotel Corp. of India Ltd., Member - Audit Committee
ShriArun Kumar Addl.Secretary & Financial Advisor, Ministry of Civil Aviation (ceased w.e.f. 18 March 2019)	Graduate-Economics, Statistics & Mathematics And IAS Haryana 1989 Cadre	1	Director Air India Ltd., Hotel Corporation of India Ltd., Air India Air Transport Services Ltd., Air India Engineering Services Ltd	In Air India Ltd., Member Audit Committee; Strategic Committee; Finance Committee In Hotel Corp. of India Ltd., Member - Audit Committee
Shri Satyendra Kumar Mishra Jt. Secretary, Ministry of Civil Aviation	M.Tech (applied Geology) MA (in Public Policy)	4	Director Air India Ltd., Hotel Corporation of India Ltd., Air India Air Transport Services Ltd., Air India Engineering Services Ltd	In Air India Ltd., Member Audit Committee; HR Committee; Strategic Committee; Remuneration Committee In Hotel Corp. of India Ltd., Member - Audit Committee

BOARD COMMITTEES

Audit Committee:

During the year 2018-19, 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, one meeting of the audit committee was held.

The terms of reference of this Committee are:

- To recommend for appointment, remuneration and terms of appointment of auditors of the company;

- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To review the Internal Audit program & ensure co-ordination between the Internal & External Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Company's Business ;
- To discuss with the Auditor before the audit commences the nature & scope of the audit ;
- To examine the financial statements and the auditors' report thereon;
- 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 ;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.
- 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:

16 May 2018	-	25th Meeting
26 September 2018	-	26th Meeting
6 November 2018	-	27th Meeting
29 January 2019	-	28th Meeting

Attendance at the Audit Committee Meetings

Name of the Member	No. of Meetings Attended
Shri Pradeep Singh Kharola	4
Shri AshwaniLohani	NIL
Smt. GargiKaul , Chairperson	3
Shri Satyendra Kumar Mishra	4
Shri VinodHejmadi	4
Shri Pankaj Kumar	2

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
47th Adjourned Annual General Meeting	22nd January 2019 at 1130 hrs	1stflr, Transport Annexe Building, AirIndia Complex, Old Airport, Santa Cruz(E), Mumbai-400 029
47th Annual General Meeting	27 December 2018 at 1230 hrs	
Extra Ordinary General Meeting	20 April 2018 at 1130 hrs	
46th Annual General Meeting	27 December 2017 At 1230 hrs	
45th Adjourned Annual General Meeting	15 May 2017 at 1230 hrs	1stflr, Transport Annexe Building, AirIndia 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	

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 2019.

Sd/-

(Ashwani Lohani)
Chairman
Hotel Corporation of India Limited

Place : Delhi
Date : 23 July 2019

Annexure - II

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

To,
The Members,
Hotel Corporation of India Limited

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: U55101MH-1971GOI015217] (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, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2019 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board process 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 made available to me and maintained by the Hotel Corporation of India Limited for the financial year ended on 31 March 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder subject to the following observations:

a) Since the Company is not required to appoint Independent Directors, being a wholly owned subsidiary of a Public Limited Company (Air India Limited), the Audit Committee is constituted without Independent Directors. Thereby non-compliance of the provision of Section 177 (2) of the Act read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014, which inter alia requires an Independent Director as a member of the Audit Committee.

b) The Company has not constituted Nomination & Remuneration Committee as required under Section 178 of the Act read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.

c) As per Section 173(1) meeting of the Board of Directors should be held in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board. It is observed that the Company has held the Board Meetings on 16/05/2018 and 26/09/20188 resulting in a gap of more than 120 days.

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowing **(Not Applicable** as confirmed by the Management, the Company does not have Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing);

(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);
b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2011 (Not applicable to the Company);
c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client (Not applicable to the Company);
d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company);
e) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company);
f) The Securities and Exchange Board of India (Issue and Listing of Debts Securities) Regulations, 2008 (Not applicable to the Company);
g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company); and
h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 (Not applicable to the Company).

(vi) Following are the Acts / Guidelines specifically applicable to the Company:

- The Prevention of Food Adulteration Act, 1954
- Food Safety and Standards Act, 2006
- The Water (Prevention and Control of Pollution) Act, 1974
- The Air (Prevention and Control of Pollution) Act, 1981
- The Legal Metrology Act,2009
- Hotel Insurance Policy

I further report that based on the information, explanation and representation made by the management, the Company is generally regular in compliance of the aforesaid laws and the compliance by the Company of such aviation laws being the subject of review by various statutory authorities and other designated professionals, I have not reviewed the same in this audit.

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

a) Secretarial Standards with regard to Meeting of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of the Company Secretaries of India.
b) Guideline on Corporate Governance for Central Public Sector Enterprises, 2010 as issued by the Ministry of Heavy Industries and Public Enterprises, Government of India.

I report the following observations based on the aforesaid Guidelines on Corporate Governance:

(i) The Board of Directors of the Company is not constituted as per Clause 3.1 of the DPE Guidelines, namely there is no optimum combination of functional, nominee and independent directors; and number of nominee directors exceeds the prescribed limit of two.
(ii) The Company had no Independent Director as required under the Clause 3.1.1.4 of the DPE Guidelines during the period 1st April,2018 to 31st March,2019.
(iii) As per the Clause 3.3 of the DPE Guidelines, the Board is required to meet atleast once in every three months and atleast four such meetings are required to be held in a year. Further, time gap between any two meetings should not be more than three months. It is observed that the Company has not held the Board Meeting in three months and gap exceeded a period of three months between two Board Meetings held on 18/05/2018 and 12/09/2018.
(iv) Minimum information as prescribed in Annexure IV to the DPE Guidelines are generally placed before the Board as required under clause 3.3 of the guidelines except quarterly financial results and foreign exchange exposure and steps taken to limit the risk.
(v) Since the Company had no Independent Director, composition of the Audit Committee was not as per the Clause 4.1.1 and 4.1.2 of the DPE Guidelines during the audit period.
(vi) The Company has not constituted Remuneration Committee as required under Clause 5.1 of the DPE Guidelines.

I report that during the year under review, as per the explanation and clarifications given to me and representation made by the management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above subject to the observations made thereunder.

I further report that –

- The Board of Directors of the Company is not duly constituted as stated hereinabove. The changes in the composition of the Board of Directors that took place during the year 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 proposal on agenda were sent in advance duly complying with the time limits specified and a system exits for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the chairman and representation by the management, the decisions of the Board were unanimous.

I further report that based on the information provided by the Company, explanation given and representation made by the management, in my opinion adequate systems and processes and control mechanism exists in the Company commensurate with the size and operation of the Company to monitor and ensure compliance with applicable general laws, rules, regulations and guidelines. However, compliance management system needs further strengthening by taking the following actions:

a) To designate a senior employee as Compliance Officer;
b) To establish and maintain effective co-ordination of functional units with compliance officer;
c) Present quarterly compliance report to the Board.
d) Maintain a compliance check list and establish mechanism to detect the non-compliance.
e) Maintain a register of complaints/show cause notices received from various authorities.
f) Place before the Board details of legal cases filed by and against the Company and its status.

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 has been subject to review by statutory financial audit and other designated professionals.

I further report that during the audit period, there was no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, guidelines, etc. referred to above,

Sd/-
(U.C. SHUKLA)
COMPANY SECRETARY
FCS: 2727/CP: 1654

Place : Mumbai
Date : 23 June 2019

Note: This report is to be read with my letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

ANNEXURE A

To,
The Members
Hotel Corporation of India Limited
1st floor, Transport Annex Building,
Air India Complex,
Santacruz (East),
Mumbai 400 029

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

1. Maintenance of secretarial record is the responsibility of the management of the Corporation. 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 the test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed, provide reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Corporation.
4. Wherever required, I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to future viability of the Corporation nor of the efficacy or effectiveness with which the management has conducted the affairs of the Corporation.

Sd/-

(U.C. SHUKLA)
COMPANY SECRETARY
FCS: 2727/CP: 1654

Place : Mumbai
Date : 23 June 2019

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 2019.

The preparation of financial statements of Hotel Corporation of India Limited for the year ended 31 March 2019 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 appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in 1 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 23 July 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Hotel-Corporation of India Limited for the yea r ended 31 March 2019 under section 143(6)(a) of the Act. 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 PROFITABILITY

Statement of Profit and Loss for the year ended 31 March 2019.

Income

Revenue from operations: Rs.597,493,183

1. The following items have not been accounted for in accordance with paragraph 27 and 28 of Ind AS I relating to Presentation of Financial Statement and paragraph 88 relating to recognition of all items of income and expense in a period in profit or loss unless an Ind AS requires or permits otherwise.

    a) The above does not include Rs.3,843,826 being differential revenue for the period 2018-19 booked by Chefair Flight Catering Mumbai during April and May 2019.

    b) The Centaur Hotel Delhi renewed (October 2018) the agreement with Indus Towers Limited for installation of two mobile towers on terrace w.e.f. May 2017. The Company however, accounted the arrears receivable amounting to Rs.39,60,166 for the period May 2017 to march 2019 in the accounts of 2019-20 instead of the current year (2018-19).

    The above has resulted in understatement of revenue from operations and overstatement of loss for the year by Rs. 78,03,992

Expenses

Employee benefits - Rs. 549,962,507

2. The above does not include Rs. 82,259,669 being arrears payable to union employees based on the wage revision approved (July 2019) by the Ministry of Civil aviation on the recommendation (November 2018) of the Company and booked as prior period expenses.

   This is not in line with paragraph 5 relating to Prior Period Errors and paragraph 37 relating to Accounting Policies, Changes in Accounting Estimates and Errors of Ind AS 8. As the Company made provision for salary arrears based on the new information or new developments during the year, the same was not a correction of an error or omission. This has resulted in understatement of the employee benefits and the loss for the year by Rs 82,259,669 and overstatement of opening balance of retained earnings (accumulated loss) by a like amount.

Finance Cost-Rs 296,876,277

3. The above does not include Rs. 55,501,448 being interest on luxury tax paid by the Centaur Hotel Delhi for the period 2010-11 to 2015-16 and booked as prior period expenses.

   The Company had not made any provision for interest on luxury tax payable based on previous years' policy of the Company to provide interest on service tax and luxury tax as and when assessments are completed (Note no 42 (ii) of previous year) As the same was not correction of an error or omission, accounting of interest on luxury tax paid as prior period expenses is not in compliance with paragraph 5 and paragraph 37 of Ind AS 8.This has resulted in understatement of the finance cost and the loss the year by Rs. 55,501,448.

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

Sd/-
Tanuja Mittal
Principal Director of Commercial Audit
& ex-officio Member Audit Board-II, Mumbai

Date : 23 September 2019
Place : Mumbai

MANAGEMENT REPLIES TO 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 MARCH 31, 2019.

COMMENTS	MANAGEMENT'S REPLY
A COMMENTS ON PROFITABILITY **Statement of Profit and Loss for the ended 31 March 2019**	
Income Revenue from operations: Rs.597,493,183 1. The following items have not been accounted for in accordance with paragraph 27 and 28 of Ind AS I relating to Presentation of Financial Statement and paragraph 88 relating to recognition of all items of income and expense in a period in profit or loss unless an Ind AS requires or permits otherwise. a.) The above does not include Rs.3,843,826 being differential revenue for the period 2018-19 booked by Chefair Flight Catering Mumbai during April and May 2019.	The actual revenue for the period April 2018 to December 2018 and the estimated revenue for the period January to March 19 was accounted in 2018-19. However since there were delays in communication of rates of menu items, there was a delay in generating the actual bills for the period January to March 2019. Subsequently when the actual bills were submitted / prepared in 2019-20, the differential amount of Rs 3,843,826/- were accounted in 2019-20. In the normal course, the income accounted through debit note needs to be accounted as and when debit note is raised. Since the income is accounted as per the best estimate available as on date, subsequent additional income needs to be accounted as and when the same is due.
b. The Centaur Hotel Delhi renewed (October 2018) the agreement with Indus Towers Limited for installation of two mobile towers on terrace w.e.f. May 2017. The Company however, accounted the arrears receivable amounting to Rs.39,60,166 for the period May 2017 to march 2019 in the	The final Agreement signed by the party was received by Centaur Delhi only in June 2019. During Audit Period, there was no written agreement in existence as a result of which the revenue could not be

accounts of 2019-20 instead of the current year (2018-19). The above has resulted in understatement of revenue from operations and overstatement of loss for the year by Rs.78,03,992.	accounted in 2018-19. Rental income is accounted based upon the binding Registered Rental Agreement. Hence the same was accounted and billed in 2019-20
Expenses 2. Employee benefits-Rs.549,962,507 The above does not include Rs. 82,259,669 being arrears payable to union employees based on the wage revision approved (July 2019) by the Ministry of Civil aviation on the recommendation (November 2018) of the Company and booked as prior period expenses. This is not in line with paragraph 5 relating to Prior Period Errors and paragraph 37 relating to Accounting Policies, Changes in Accounting Estimates and Errors of Ind AS & .As the Company made provision for salary arrears based on the new information or new developments during the year ,the same was not a correction of an error or omission. This has resulted in understatement of the employee benefits and the loss for the year by Rs 82,259,669 and overstatement of opening balance of retained earnings (accumulated loss) by a like amount.	The matter regarding non provision for wage revision for unionized category had been disclosed by the Company in its earlier accounts for 2017-18 under Notes to Financial Statements and was also commented upon by the Statutory Auditors in point no. 7 under “Emphasis of Matters”. This matter of implementation of wage revision for union category started in 2014. CGIT submitted its Award dated 29.11.2016 stating that unionized employees are entitled to wage revision effective 17.8.2008. After due negotiations with the unions, the final approval for its implementation was received from the Ministry only in July 2019. In spite of the ongoing process, no provision had been made in the books by the Company in earlier years. Once the approval was received, the amount of Rs. 82,259,669, being provision for the period prior to 31.3.2018, was considered as prior period by the Company. This has been disclosed in the Note no. 30 a) and 43 a) of the Accounts for 2018-19.
Finance cost-Rs 296,876,277 The above does not include Rs.55,501,448 being interest on luxury tax paid by the Centaur Hotel Delhi for the period 2010-11 to 2015-16 and booked as prior period expenses. The Company had not made any provision for interest on luxury tax payable based on previous years’ policy of the Company to provide interest on service tax and luxury tax as and when assessments are completed (Note no 42(ii) of previous year) As the same was not correction of an error or omission, accounting of interest on luxury tax paid as prior period expenses is not in compliance with paragraph 5 and paragraph 37 of Ind AS &.This has resulted in understatement of the finance cost and the loss the year by Rs.55,501,448.	During 2018-19 the Company has paid all overdue outstanding statutory dues along with interest thereon as per online challans generated at the time of making the payments. The assessments of the earlier years are yet to be completed. On making the payment of interest, since they pertained to the earlier years i.e. 2012-13 onwards, the Company has accounted them under Prior Period and adjusted under Retained Earnings. This has been disclosed in the Note no. 43 c) of the Accounts for 2018-19.

INDEPENDENT AUDITOR'S REPORT

The Members of Hotel Corporation of India Limited

Report on the Audit of the Financial Statements

We have audited the financial statements of The Hotel Corporation of India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss, (statement of changes in equity) and statement of Cash Flow Statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statement 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, of the state of affairs of the company as at 31st March 2019, and loss, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

We concluded our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 51 in the financial statement, in which net worth of the company is eroded. The Company incurred a net loss of Rs.71,20,35,061/- during the year ended March 31, 2019 and, as of that date, the Company's current liabilities excess its total assets by Rs. 320,30,11,325/-. These events or conditions, along with other matters as set forth in Note 51 indicate that a material uncertainty exits that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report:

a) Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized.

b) Recognition of Deferred Tax Assets.

c) Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

How our audit addressed the key audit matter
Verification of lease terms and management report on physical verification of fixed assets, conservative view on recognition of deferred tax, analysis of legal disputes and other related documents to ensure appropriate disclosure of these items.

Responsibility of Management for Financial Statements
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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; 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.

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

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

Other Matters

1. During the year, the company has made provision / payment / settlement of old liabilities such as wage revision, **interest on** statutory dues payment etc. all these items are classified prior period and retained earnings on 31.03.2017 is restated. In the accounting policies and notes to financial statement it is disclosed that these item will be recognised as and when they are paid / settled. So the accounting treatment given is not as per accounting policy disclosed as above.
2. 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. 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. 29 and 34 (ii).
3. The Company has not provided Interest and penalty on unpaid/delay payment of Goods and Service Tax.
4. 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.

5. The Company has internal control system which need strengthening for followings:

   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. Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained.

6. 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 companies Act, 2013, 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 per requirement of Section 143(5) of the Companies Act, 2013, we are enclosing our report in Annexure B.
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 purpose 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 the Accounting Standards specified under Section 133 of the Act, read with provisions of Companies (Indian Accounting Standards) Rules 2015 as amended;
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".
g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note No. 27)
   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. 120927W)

Sd/-
(Manoj Agarwal)
Partner
Membership No. 119509
UDIN: 19199509AAAAGH4207

Place: Mumbai,
Date: 23rd July, 2019

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 2019, 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). *During the year some of the fixed assets has been physically verified but not reconciled with books of accounts, 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. 49).*

(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 time to time by Management and Internal Auditor. In our opinion, the frequency of verification by the management is reasonable and discrepancies which were noticed on physical verification which were material have been properly dealt with in the books of accounts.

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 information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.

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

HCI

(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 III
	Interest	0.29		
	Penalty	0.02		
	Less Paid	10.00		
	Total	09.24		
Luxury Tax	Tax	21.75	2000-01	Addl. Commissioner SalesTax Appeal
	Less Paid	08.78		
	Total	12.97		
Luxury Tax	Tax	65.05	2000-01	Addl. Commissioner SalesTax Appeal
	Interest	93.32		
	Penalty	0.08		
	Less: paid	25.31		
	Total	133.14		
Luxury Tax	Tax	19.84	2002-03	Commissioner of Sales Tax Appeal
	Interest	20.76		
	Penalty	1.00		
	Less Paid	30.32		
	Total	11.28		
Luxury Tax	Tax	06.97	2002-03	Commissioner of Sales Tax Appeal
	Penalty	0.14		
	Less Paid	6.30		
	Total	0.81		
Excise Duty	Tax	197.28	2005-06	Commissioner of Central – Appellate Tribunal, Mumbai
Service Tax	Tax	27.57	July 2012- March 2013	Commissioner of Central– Excise Appellate-II
Service Tax	Tax	51.08	2013-14	Commissioner of Central– Excise Appellate-II
Service Tax	Tax	60.70	2014-15	Commissioner of Central– Excise Appellate-II
Service Tax	Tax	78.30	2015-16	Commissioner of Central– Excise Appellate-II
Service Tax	Tax	78.60	2016-17	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. 120927W)

Sd/-
(Manoj Agarwal)
Partner
Membership No. 119509
UDIN: 19199509AAAAGH4207

Place: Mumbai,
Date: 23rd July, 2019

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 2019, 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, 2019.

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 in 3 locations and one of these leased land will be handed over to AAI by 31.12.2019. 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. 120927W)

Sd/-
(Manoj Agarwal)
Partner
Membership No. 119509
UDIN: 19199509AAAAGH4207

Place: Mumbai,
Date: 23rd July, 2019

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 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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, 2019.

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. 120927W)

Sd/-
(Manoj Agarwal)
Partner
Membership No. 119509
UDIN: 19199509AAAAGH4207

Place: Mumbai,
Date: 23rd July, 2019

MANAGEMENT REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENT OF HOTEL CORPORATION OF INDIA LIMITED FOR THE FINANCIAL YEAR 2018-19

STATUTORY AUDITOR'S REPORT	MANAGEMENT COMMENTS
We have audited the financial statements of The Hotel Corporation of India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss, (statement of changes in equity) and statement of Cash Flow Statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.	This is a statement of fact
In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statement 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, of the state of affairs of the company as at 31st March 2019, and loss, (changes in equity) and its cash flows for the year ended on that date.	This is a statement of fact
Basis for Opinion We concluded our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.	This is a statement of fact

Material Uncertainty Related to Going Concern We draw attention to Note 51 in the financial statement, in which net worth of the company is eroded. The Company incurred a net loss of Rs.71,20,35,061/- during the year ended March 31, 2019 and, as of that date, the Company's current liabilities excess its total assets by Rs. 320,30,11,325/-. These events or conditions, along with other matters as set forth in Note 51 indicate that a material uncertainty exits that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.	The Company has taken various initiatives as mentioned in Note 51 to improve the financial position of the Company: reduce space I) Due to the renovation of 80 guest rooms and other allied works at Centaur Delhi in view of the equity infusion of Rs 27 crores by Government of India, the revenue of the Company increased from Rs. 55.13 crores in 2017-18 to Rs 67.28 crores during the year 2018-19. This was due to increased business from Air India and its subsidiaries ii) The Holding company and Government of India is continuously supporting to the Company by way of financial assistance in form of equity infusion and providing financial assistance as and when required and committed to provide in future also. iii) As per note no. 46 above, the property of Delhi needs to be handed over to AAI by 31.12.2019 for which the Company is in the process of negotiating the terms of handing over wherein the Company may be given alternate land or compensation in lieu thereof. This will assist the Company in meeting its long term goals of increasing its business.The company is hopeful that it will be able to sustain its requirements from its own revenues in the near future. In view of the above, in the opinion of the management, there does not exist any material uncertainty that may cast significant doubt on the Company's ability to continue as a Going Concern.

Key Audit Matters Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report: a) Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized. b) Recognition of Deferred Tax Assets. c) Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.	This is a statement of fact
How our audit addressed the key audit matter Verification of lease terms and management report on physical verification of fixed assets, conservative view on recognition of deferred tax, analysis of legal disputes and other related documents to ensure appropriate disclosure of these items.	This is a statement of fact
Responsibility of Management for Financial Statements The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies;	This is a statement of fact

making judgments and estimates that are reasonable and prudent; 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. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.	
Auditor's Responsibilities for the Audit of the Financial Statements Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.	This is a statement of fact

Other Matters 1. During the year, the company has made provision / payment / settlement of old liabilities such as wage revision, interest on statutory dues payment etc. all these items are classified prior period and retained earnings on 31.03.2017 is restated. In the accounting policies and notes to financial statement it is disclosed that these item will be recognised as and when they are paid / settled. So the accounting treatment given is not as per accounting policy disclosed as above.	I) In the previous year 2017-18 it was indicated in the Notes to Accounts note no. 33 that no provision has been made in the books of accounts with regard to wage revision arrears. In the current year 2018-19 as mentioned in Note 29, provision for wage revision of unionized category of employees for the period 18.8.2008 to 31.3.2017 has been made and classified under Retained Earnings ii) In the previous year 2017-18 it was indicated in the Notes to Accounts note no. 42 to 44 that no provision has been made for interest / penalty / damages for overdue statutory dues and that would be accounted in the year dues are settled. During the year 2018-19, as mentioned in Note 43, the interest on overdue payments against statutory dues which pertain to payments made for years prior to 2017-18 have been classified under Retained Earnings. The details thereof have been reflected in Note 42 of Notes to Accounts
2. 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. 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. 29 and 34 (ii).	Out of the **Trade Receivables** of Rs 32.77 crores, Rs 30.23 crore pertain to AI and its subsidiaries. For the balance Rs 2.54 crores confirmations have been asked for. As regards **Trade Payables** totaling to Rs 5.18 crores, confirmations have been sent to the suppliers and the same are being followed up. **Loans and Advances** totaling to Rs 27.06 crores include employees related advances of interim relief, medical loans granted, etc. totaling to Rs 6.95 crores, receivable from J&K Government for Centaur Srinagar construction and common sharing expenses Rs 15.42 crores, advances paid to statutory bodies for disputed dues Rs 0.77 crores, for which confirmations are not necessary. As regards **Other Financial Liabilities** totaling to Rs 81.83 crores , the same includes Rs 58.61 crores being lease rentals payable to AAI which has been reconciled , Rs 16.80 crores of employees dues (including arrears provision and interim relief).

3. The Company has not provided Interest and penalty on unpaid/delay payment of Goods and Service Tax.	The remaining balances are being confirmed. The GST is being paid on time on a monthly basis. The unpaid / delayed payment is in respect of yearend entries in the books which is being paid. Interest / penalty would be calculated and paid at the time of making the differential payments of GST.
4. 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.	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 Government of India to nominate at least two Independent Directors on its Board and the reply is awaited. 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. 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.
5. The Company has internal control system which need strengthening for following: 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. Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained.	Efforts would be made to comply with the observations of auditors
6. Fair value of the financial assets and financial liabilities is arrived based upon	

best information a 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 companies Act, 2013, we give in the A**nnexure A**, a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable. 2. As per requirement of section 143(5) of the companies act 2013 we are enclosing our report in Annexure B. 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 purpose 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 the Accounting Standards specified under Section 133 of the Act, read with provision of companies (Indian Accounting standards) Rule 2015 as amended; 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	This is a statement of fact This is a statement of fact

Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C". g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us: i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. 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.	
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 2019, we report that :	
i. (a) *The Company is in the process of updating its Fixed Asset Records maintained with reference to full particulars, quantitative details and location thereof.*	Efforts are being made to complete the updation in the next year
(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). *During the year some of the fixed assets has been physically verified but not reconciled with books of accounts, 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. 49).*	Efforts are being made to reconcile the physical verification with the books and is expected to be completed in the next year
(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.	This is a statement of fact

ii. As explained to us, inventories have been physically verified time to time by Management and Internal Auditor. In our opinion, the frequency of verification by the management is reasonable and discrepancies which were noticed on physical verification which were material have been properly dealt with in the books of accounts	This is a statement of fact
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.	This is a statement of fact
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.	This is a statement of fact
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.	This is a statement of fact
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.	This is a statement of fact
(a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees" State Insurance, Income Tax, Goods and Service Tax, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.	This is a statement of fact
(b) Statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:	This is a statement of fact

(amt in lakhs)

Name of the Statute	Nature of Dues	Amt 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 III
Luxury Tax	Tax Less Paid **Total**	21.75 08.78 **12.97**	2000 – 01	Addl. Commissioner Sales Tax Appeal
Luxury Tax	Tax Interest Penalty Less: paid Total	65.05 93.32 0.08 25.31 133.14	2000 – 01	Addl. Commissioner Sales Tax Appeal
Luxury Tax	Tax Interest Penalty Less Paid **Total**	19.84 20.76 1.00 30.32 **11.28**	2002 - 03	Commissioner Sales Tax Appeal
Luxury Tax	Tax Penalty Less Paid **Total**	06.97 0.14 6.30 **0.81**	2002 - 03	Commissioner Sales Tax Appeal
Luxury Tax	Tax	197.28	2005 - 06	Commissioner of Central – Appellate Tribunal , Mumbai

The sestatutory dues are disputed and are pending before the concerned Authorities and have been adequately disclosed under Contingent Liabilities – Note no. 27 of Notes forming part of the Financial Statements

Luxury Tax	Tax	27.57	July 2012 March 2013	Commissioner of Central–Excise Appellate-II	
Luxury Tax	Tax	51.08	2013-14	Commissioner of Central–Excise Appellate-II	
Luxury Tax	Tax	60.70	2014-15	Commissioner of Central–Excise Appellate-II	
Luxury Tax	Tax	78.30	2015-16	Commissioner of Central–Excise Appellate-II	
Luxury Tax	Tax	78.60	2016-17	Commissioner of Central–Excise Appellate-II	

vii. 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
viii. 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
ix. 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

x. 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
xi. 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
xii. *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.*	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 Government of India to nominate at least two Independent Directors on its Board and the reply is awaited. 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. 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.
(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.	Related Party Disclosure has been made in Note no. 37 of the Notes forming part of the Financial Statements.

<table>
<tr><td>xiii. 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.</td><td>This is a statement of fact</td></tr>
<tr><td>xiv. 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.</td><td>This is a statement of fact</td></tr>
<tr><td>xv. 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.</td><td>This is a statement of fact</td></tr>
<tr><td>

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 2019, we report that :

Based on the information and explanations obtaind by us, we furnish our comments on the Directions issued by the comptroller and Auditor Control of India relating to the accounts of the company for the year ended 31st March 2019

<table>
<tr><td>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?</td><td>According to the information, explanations and records provided to us, the Company has lease deeds for leasehold land in 3 locations and one of these leased land will be handed over to AAI by 31.12.2019. Further, the Company does not own any freehold land.</td></tr>
<tr><td>2. Whether there are any cases of Waiver/Write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved.</td><td>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.</td></tr>
</table>

</td><td>This is a statement of fact</td></tr>
</table>

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.

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 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.	This is a statement of fact
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.	This is a statement of fact
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	This is a statement of fact

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.	This is a statement of fact
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	This is a statement of fact

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.	This is a statement of fact
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, 2019. 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.	This is a statement of fact

BALANCE SHEET AS AT 31 MARCH 2019

		Particulars	Note	Year ending 31st March 2019		Year ending 31st March 2018	
		ASSETS :		(Rs.)	(Rs.)	(Rs.)	(Rs.)
1		**Non-current Assets**					
	(i)	Property, Plant & Equipment	3	227,970,208		375,809,490	
	(ii)	Capital Work-in-Progress		2,436,374		1,298,194	
	(iii)	Intangible Assets					
	(iv)	Financial assets:					
		a) Trade Receivables					
		b) Loans	4	9,799,993		9,645,971	
		c) Other Financial Assets	5	-		-	
	(v)	Income Tax Assets (Net)	6	-		153,301,189	
	(vi)	Other Non-Financial Assets	7	7,742,333	247,948,908	8,742,334	548,797,178
2		**Current Assets**					
	(i)	Inventories	8	20,136,959		24,210,103	
	(ii)	Financial assets:					
		a) Trade Receivables	9	327,703,161		381,673,235	
		b) Cash and Cash equivalents	10	115,588,756		32,248,036	
		c) Bank balances other than (b) above	11	60,067,799		79,231,321	
		d) Loans	4	-		-	
		e) Other Financial Assets	5	195,227,271		188,611,269	
	(iii)	Income Tax Assets (Net)	6	180,157,779			
	(iv)	Other Current Assets	7	75,385,564	974,267,289	50,064,843	756,038,806
		Total Assets			1,222,216,197		1,304,835,984
		EQUITY AND LIABILITIES :					
1		Equity					
		a) Equity Share Capital	12	1,376,000,000		1,376,000,000	
		b) Other Equity	13	5,050,435,139)	(3,674,435,139)	(4,338,400,078)	(2,962,400,078)
2		Liabilities :					
	(i)	Non-current Liabilities					
		a) Finacial Liabilities					
		i) Borrowings	14	-		-	
		ii) Trade Payables					
		a) MSME	18	-		-	
		b) Other Trade Payables	18	-		-	
		iii) Other Financial Liabilities	15	-		-	
		b) Provisions	16	471,423,814		470,252,669	
		c) Other Non-current Liabilities	17	-	471,423,814	-	470,252,669
	(ii)	**Current Liabilities**					
		a) Finacial Liabilities					
		i) Borrowings	14	3,299,050,744		2,578,240,198	
		ii) Trade Payables					
		a) MSME	18	8,195,133		6,358,790	
		b) Other Trade Payables	18	43,640,113		59,423,141	
		iii) Other Financial Liabilities	15	818,309,907		823,465,392	
		b) Provisions	16	90,729,158		79,620,518	
		c) Other Current Liabilities	17	165,302,469	4,425,227,523	249,875,354	3,796,983,393
		Total Equity & Liabilities			1,222,216,197		1,304,835,984

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For S A R A & ASSOCIATES
Chartered Accountants
Firm Registration No. 0120927W

Sd/-
(Manoj Agarwal)
Partner
Membership No: 119509

Place : Mumbai
Date : 23 July 2019

For and on behalf of the Board

Sd/-
(Ashwani Lohani)
Chairman
DIN 01023747

Sd/-
(Satyendra Kumar Mishra)
Director
DIN 07728790

Sd/-
(Thrity C Dalal)
Chief Financial Officer
FCA 034616

Sd/-
(Shyamala P Kunder)
Company Secretary
ACS 8203

Place : New Delhi
Date : 23 July 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in Rs.)

Particulars	Notes	31 March 2019 (Rs.)	31 March 2018 (Rs.)
Continuing operations			
INCOME			
Revenue from operations	19	597,493,183	550,733,010
Revenue from operations		597,493,183	550,733,010
Other income	20	75,337,070	19,045,863
		75,337,070	19,045,863
Total revenue		672,830,252	569,778,872
EXPENSES			
Cost of raw material consumed	21	136,313,639	140,553,172
Employee Benefits	22	549,962,507	567,419,990
Finance Cost	23	296,876,277	212,209,650
Depreciation /Amortisation Expenses	3	150,823,312	32,792,485
Other Expenses	24	225,122,479	220,004,877
Total Expenses		1,359,098,215	1,172,980,175
Loss before Exceptional Items		(686,267,963)	(603,201,303)
Exceptional Items (Net)		-	-
			-
Loss during the year		(686,267,963)	(603,201,303)
Other Comprehensive Income			
Remeasurement of Defined Benefit Obligation	25	(25,767,098)	45,463,079
Tota Comprehensive Income for the year		(712,035,061)	(557,738,224)
Earning per Equity Share			
Basic		(51.75)	(40.53)
Diluted		(51.75)	(40.53)
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S A R A & ASSOCIATES
Chartered Accountants
Firm Registration No. 0120927W

Sd/-
(Manoj Agarwal)
Partner
Membership No: 119509

Place : Mumbai
Date : 23 July 2019

For and on behalf of the Board

Sd/-
(Ashwani Lohani)
Chairman
DIN 01023747

Sd/-
(Satyendra Kumar Mishra)
Director
DIN 07728790

Sd/-
(Thrity C Dalal)
Chief Financial Officer
FCA 034616

Sd/-
(Shyamala P Kunder)
Company Secretary
ACS 8203

Place : New Delhi
Date : 23 July 2019

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

(Amount in Rs.)

A. Equity Share Capital	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	**13,760,000**	**1,376,000,000**	13,760,000	1,376,000,000
Changes in equity share capital during the year				
Add:	-	-	-	-
Less:				
Balance at the end of reporting period	**13,760,000**	**1,376,000,000**	13,760,000	1,376,000,000

B. Other Equity	Retained Earnings	Total
Balance as at 01.04.2017	**(3,593,441,915)**	**(3,593,441,915)**
Add/Less: Prior Period Adjustment		-
WAGE REVISION	(82,259,669)	(82,259,669)
LEASE RENTALS	(29,588,336)	(29,588,336)
INTEREST ON STATUTORY DUES	(55,501,448)	(55,501,448)
REVERSAL OF ARBITRATION AWARD	(18,848,920)	(18,848,920)
OTHERS	(1,021,566)	(1,021,566)
	(187,219,939)	**(187,219,939)**
Restated Balance as at 01.04.2017	**(3,780,661,854)**	**(3,780,661,854)**
Transfer to/ from Total Comprehensive Income		
Transfer to/ from Total Comprehensive Income	(557,738,224)	(557,738,224)
Restated Balance as at 31.03.2018	**(4,338,400,078)**	**(4,338,400,077)**
Balance as at 31.03.2018	**(4,338,400,078)**	**(4,338,400,077)**
Add/Less: Prior Period Adjustment	**-**	-
Restated Balance as at 31.03.2018	**(4,338,400,078)**	**(4,338,400,078)**
Transfer to/ from Total Comprehensive Income	(712,035,061)	(712,035,061)
Balance as at 31.03.2019	**(5,050,435,139)**	**(5,050,435,139)**

As per our report of even date

For S A R A & ASSOCIATES
Chartered Accountants
Firm Registration No. 0120927W

Sd/-
(Manoj Agarwal)
Partner
Membership No: 119509

Place : Mumbai
Date : 23 July 2019

For and on behalf of the Board

Sd/-
(Ashwani Lohani)
Chairman
DIN 01023747

Sd/-
(Satyendra Kumar Mishra)
Director
DIN 07728790

Sd/-
(Thrity C Dalal)
Chief Financial Officer
FCA 034616

Sd/-
(Shyamala P Kunder)
Company Secretary
ACS 8203

Place : New Delhi
Date : 23 July 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(Amount in Rs.)

Particulars	31-Mar-19	31-Mar-18
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss After Tax	**(712,035,061)**	(557,738,224)
Adjustment for		
Depreciation (Net)	**150,823,312**	32,792,485
Finance Cost	**296,876,277**	212,209,650
Loss/(Profit) on Sale of Fixed Assets	**-**	(47,530)
Provision for Doubtful Debts		-
Interest Income	**(9,045,344)**	(14,096,154)
Operating loss before working capital changes	**(273,380,816)**	(326,879,773)
Movement in working capital:		
(Increase)/Decrease in Trade and Other Receivables	**42,042,851**	(37,686,454)
(Increase)/Decrease in Inventories	**4,073,144**	(1,664,117)
Increase/(Decrease) in Trade and Other Payables	**629,415,276**	668,358,458
Cash generated from operations	**402,150,455**	302,128,115
Less : Taxes paid	**26,856,591**	9,601,498
Net cash generated/(used in) from operating activities - (A)	**375,293,864**	292,526,617
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Additions)/ Sale of Fixed Assets / CWIP	**(4,122,210)**	(110,204,824)
Sale of Fixed Assets	**-**	12,466
Interest Received	**9,045,344**	14,096,154
Net cash generated/(used in) from investing activities - (B)	**4,923,134**	(96,096,205)
		-
C. CASH FLOW FROM FINANCING ACTIVITIES		-
Issue of Equity Shares	**-**	
Interest Paid	**(296,876,277)**	(212,209,650)
Net cash from financing activities - (C)	**(296,876,277)**	(212,209,650)
		-
Net increase/ (decrease) in cash or cash equivalents - (A+B+C)	**83,340,721**	(15,779,238)
Cash and bank balance as at beginning of the year	**32,248,036**	48,027,273
Cash and bank balance at the end of the year	**115,588,757**	32,248,036
Earmarked balances with banks	**77,580**	269,494
Cash and cash equivalents as at the end of the year	**115,511,176**	31,978,542
	115,588,756	32,248,036

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 S A R A & ASSOCIATES
Chartered Accountants
Firm Registration No. 0120927W

Sd/-
(Manoj Agarwal)
Partner
Membership No: 119509

Place : Mumbai
Date : 23 July 2019

For and on behalf of the Board

Sd/-
(Ashwani Lohani)
Chairman
DIN 01023747

Sd/-
(Satyendra Kumar Mishra)
Director
DIN 07728790

Sd/-
(Thrity C Dalal)
Chief Financial Officer
FCA 034616

Sd/-
(Shyamala P Kunder)
Company Secretary
ACS 8203

Place : New Delhi
Date : 23 July 2019

Notes to the IND AS Financial Statements for the year ended 31 March 2019
(Rupees except otherwise stated)

1. Company Information / Overview:

I. Background :

Hotel Corporation of India Limited, (a Government of India Company) is a company incorporated in India, registered under the provisions of Companies Act.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). The registered office of the Company is situated at Transport Annexe Building, Old Airport, Air India Complex, Kalina, Santacruz East, Mumbai 400029

2. Basis of preparation of Financial Statements:

(i) Statement of Compliance:

The Financial Statements of the company for the year ended 31st March 2019 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, notifying the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Rules, 2016,Companies (Indian Accounting Standards) Rules, 2017, and comply in all material aspects with the relevant provisions of the Companies Act 2013 (the Act) and Companies (Amendment) Act 2017.

(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.

(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 and 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.

Significant areas of estimation and judgments (as stated in the respective Accounting Policies) that have the most significant effect on the Financial statements are as follows:

a) Impairment of Assets.

b) Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized.

c) Basis of classification of Non-Current Assets held for sale.

d) Recognition of Deferred Tax Assets.

e) Recognition and measurement of defined benefit obligations.

f) Judgment required to ascertain lease classification.

g) Measurement of Fair Values and Expected Credit Loss (ECL).

h) Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

(iv) Functional Currency:

The financial statements are presented in Indian Rupees (INR) which is Company's presentation and functional currency.

(v) 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 Companies 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 and assets.

3. Significant Accounting Policies:

I. Property, Plant and Equipment: (PPE)(IND AS 16)

a. Property, plant and equipment are carrying at deemed cost from the date of transition and thereafter added to all cost of acquisitions/constructions 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.

d. Physical Verification of Assets
Physical Verification of Assets 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. Depreciation / Amortization:

a) 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. Depreciation method, useful lifes and residual values are reviewed by the Management at each year end.

b) Cost incurred on major renovation/refurbishment, modernization/conversion are depreciated over the useful life and / or period of lease as the case may be.

c) 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.

d) 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.

e) Heavy curtains are written off in the year of issue.

III. NON- CURRENT ASSETS HELD FOR SALE (IND AS 105)

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition than through continuing use. The net book value of such assets, are transferred from the block of fixed assets to “Assets held for Sale” at lower of the carrying value or Fair Value less cost to sell. No depreciation is provided, once the assets is transferred to Assets Held for Sale.

IV. INTANGIBLE ASSETS (IND AS – 38)

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 five years over the estimated useful life of the concerned intangible assets, which is reviewed by the Management every year

V. LEASES (IND AS - 17)

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.

Operating Lease:

a) Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased assets are classified as Operating Lease.

b) Lease payments in respect of assets taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessors expected inflationary cost increases. Any changes in the lease terms are accounted prospectively over the remaining term of lease.

VI. 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. Inventories are valued at lower of cost and Net Realisable Value (NRV)
c. Expendables & Consumables are charged off at the time of initial issue, except those meant for repairs of repairable items which are expensed off when the work order is closed on completion of repair work.
d. 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.

VII IMPAIREMENT 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.

VIII REVENUE RECOGINITION (IND AS –115)

Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e on transfer of control of the goods or service to the customer. Revenue from sales of goods of rendering of services is net of Indirect taxes, returns and discounts.
Effective April 1, 2018 the Company has applied IndAs 115 which replaces Ind As 18 revenue recognition Refer Note. VIIof Significant Accounting Polices -Revenue Recognition in the Annual Report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18.

I) Income from operations

a) Rooms, Food and Beverage & Banquets: Revenue is recognized at the transaction price that is allocated to the performance obligation. Revenue includes room revenue, food and beverage sale and banquet services which is recognized once the rooms are occupied, food and beverages are sold and banquet services have been provided as per the contract with the customer. Credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

b) Space and shop rentals: Rentals basically consists of rental revenue earned from letting of spaces for retails and office at the properties. These contacts for rentals are generally of short terms in nature. Revenue is recognized in the period in which services are being rendered.

c) Other allied services : In relation to laundry income, communication income, health, club income and other allied services, the revenue has been recognized by reference to the time of service rendered. Gain or loss arising out of sale/scrap of PPE over the net depreciated value is taken to Statement of Profit & Loss as Non-Operating Revenue or Expenses.

d) Other Items:

i) Scrap Sales, reimbursement to employees towards medical, leave pay, claims of interest from suppliers, other staff claims etc., are recognized on cash basis.

ii) Liability / claims for amounts payable towards dues are recognized to the extent of claims / invoices received

ii) Contract balance (effective from April 1, 2018)

a) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

b) Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration form the customer. If a customer pays consideration before the Company transfers goods or services to the customers, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs under the contract

iii) Interest

Interest income is accrued on a time proportion basis using the effective interest rate method.

iv) Dividend

Dividend income is recognized when the Company's right to receive the amount is established.

IX MANUFACTURER'S CREDIT(CASH & NON CASH INCENTIVES)

Manufacturer's credit entitlements are accounted for on accrual basis and credited to 'Incidental Revenues' by contra debit to 'Advances'; when the credit entitlement are used, the 'advances' are adjusted against the liability created for either acquiring an asset or incurring an expenditure.

X 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.

XI FOREIGN CURRENCY TRANSACTIONS:(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.

a) Foreign Currency Monetary Items:

i) Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates). Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.

ii) Foreign currency monetary items are translated using the exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI). Gains/ (losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.

iii) In respect of long term foreign currency monetary items originating before 1st April, 2016, 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.

b) 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.

XII. EMPLOYEE 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. The Company has created separate Trusts to administer Provident Fund contributions to which contributions are made regularly. ESI dues are regularly deposited with government authorities.

b) Defined Benefit Plans which are not funded, consist of Gratuity, and Post Retirement Medical Benefits and other benefits. The liability for these benefits except for (i) below is actuarially determined under the Projected Unit Credit Method at the yearend as per Indian Laws.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Remeasurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in "Other Equity" in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognized immediately in Statement of Profit and Loss as past service cost.

c) **Other Long-Term Employee Benefits** in the form of Leave Encashment are accounted as other long-term employee benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Re-measurements are recognized in Statement of Profit and Loss in the period in which they arise.

d) **Short Term Benefits :**

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

XIII. TAXES ON INCOME (IND AS 12)

(I) Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

(ii) 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 deductable temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. 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 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

XIV Provisions, Contingent Liabilities / Capital Commitments & Contingent Assets (IND AS -37):

a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation (legal or constructive)as a result of past events and it is probable that there will be an outflow of resources. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The expense relating to a provision is presented in the statement of profit and loss.

b) Contingent liabilities are disclosed by way of a note 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.

c) Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent asset is disclosed, when an inflow of economic benefits is probable.

XV 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.

XVI EARNINGS PER SHARE(IND AS - 33)

The Company presents basic and diluted earnings/ (loss) per share (EPS) data for its equity shares. Basic earnings per equity share are 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.

XVII FAIR VALUE MEASUREMENT (IND AS - 113)

The Company measures financial instruments and specific investments (other than subsidiary, joint venture and associates), 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.

XVIII 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 attributable to the acquisition of the financial asset.

(iii) Subsequent measurement

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

a) **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.

b) **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.

c) **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 are subsequently fair valued through profit or loss.

(iv) De-recognition

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

(v) 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.

(vi) 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.

a) 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.

b) 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.

(iv) De-recognition

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

(v) 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 sell on a net basis, to realize the assets and sell the liabilities simultaneously

XIX Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) beforetax 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.

XX Recent accounting pronouncements:

Standards issued but not yet effective (Ind AS 116- Leases):

On March 30,2019. The Ministry of Corporate Affairs (MCA) notified IndAs 116, 'Leases' as part of the Companies (Indian Accounting Standards (Ind AS) Amendment Rules, 2019. Ind As 116 replaces existing standard on leases i.e.IndAs 17, Leases with effect from accounting periods beginning on or after, April 1,2019.

It eliminates the classification of leases as either finance leases or operating leases for a lessee as required Ind As 17. Ind As 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Requirements with regard to lessor accounting are substantially similar to accounting requirements contained in IndAs 17. Accordingly a lessor will continue to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company's operating leases mainly relate to Land which are on long term lease ranging from 30 to 99 years.

The Company is in the process of evaluating the impact on its current operating leases. Any consequent reclassification will be dealt with in 2019-20

Other Amendments on the exiting standard but not effective

A number of other accounting standards have been modified on miscellaneous issues with effect from April 1 2019. Such changes include clarification/ guidance on:

a) Income tax consequences in case of dividends (Ind As 12- Income Taxes (amendments relating to income tax consequences of dividend))

b) Accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities (Ind As 12- Income Taxes (amendments relating to uncertainty over income tax treatments))

c) Accounting treatment for specific borrowings post capitalization of corresponding qualifying asset (Ind As 23- Borrowing Costs)

d) Accounting for prepayment features with negative compensation in case of debt instruments (Ind As 109- Prepayment Features with Negative Compensation);

e) Accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long term employee benefit plans (Ind As 19- Plan Amendment, Curtailment of Settlement);

The above amendments will come into force from April 1 2019. The Company does not expect the effect of this on the financial statements to be material based on preliminary evaluation.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 3 : PROPERTY PLANT AND EQUIPMENT

(Amount in Rupees)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 01, 2018	**Additions**	**Deductions /** Adjustments	**As at 31-Mar-19**	**As at** April 01, 2018	**For** the year	**Deductions/** Adjustments	**Total Upto 31-Mar-19**	**As at 31-Mar-19**	**As at** 31-Mar-18
	TANGIBLE ASSETS :										
1	LAND (LEASEHOLD)	1,675,348			**1,675,348**	55,000	27,500		**82,500**	**1,592,848**	1,620,348
2	BUILDING & OWNERSHIP FLATS	324,868,604			**324,868,604**	26,779,637	124,310,274		**151,089,911**	**173,778,693**	298,088,967
3	PLANT & MACHINERY	55,150,311	23,220		**55,173,531**	15,292,718	11,319,384		**26,612,102**	**28,561,429**	39,857,593
4	FURNITURE & FIXTURES	3,886,584			**3,886,585**	1,590,147	970,042		**2,560,189**	**1,326,396**	2,296,437
5	OFFICE EQUIP, ELECTL INSTALLATIONS ETC.	33,271,009			**33,271,009**	8,654,147	12,198,620		**20,852,767**	**12,418,242**	24,616,862
6	VEHICLES	11,159,028	2,960,809		**14,119,837**	2,123,014	1,895,201		**4,018,215**	**10,101,622**	9,036,014
7	OBJECT D`ART.	8			**8**	-	-		**-**	**8**	8
8	COMPUTERS	719,813			**719,813**	426,552	102,292		**528,844**	**190,969**	293,260
	TOTAL FOR TANGIBLE ASSETS	430,730,705	2,984,029	-	**433,714,734**	54,921,215	150,823,312	-	**205,744,528**	**227,970,208**	375,809,489
	INTANGIBLE ASSETS :	-	-	-	**-**	-	-	-	**-**	**-**	-
	TOTAL FOR INTANGIBLE ASSETS	-	-	-	**-**	-	-	-	**-**	**-**	-
	TOTAL ASSETS	430,730,705	2,984,029	-	**433,714,734**	54,921,215	150,823,312	-	**205,744,528**	**227,970,208**	375,809,489
	Previous Year	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**	
	Capital Work-in-Progress									**2,436,374**	1,298,194
	GRAND TOTAL	**430,730,705**	**2,984,029**	**-**	**433,714,734**	**54,921,215**	**150,823,312**	**-**	**205,744,528**	**230,406,582**	

NOTE 4. LOANS

(Amount in Rupees)

Particulars	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Deposits with Public Bodies and with Miscellaneous Parties	9,799,993	9,645,971		
Total	9,799,993	9,645,971	-	-

NOTE 5. OTHER FINANCIAL ASSETS

(Amount in Rupees)

Particulars	Non-current		Current	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Advances Recoverable from Parties				
Unsecured Considered Good			**167,591,119**	160,315,930
Unsecured Considered Doubtful				
Less : Allowance for Doubtful Advances				
Advances Recoverable from Employees				
Unsecured Advances Considered Good			**2,419,849**	1,923,260
Unsecured Considered Doubtful				
Less : Allowance for Doubtful Advances				
Deposit-Others (having maturity of more than 12 months)			**7,553,420**	15,633,710
Less : Allowance for Doubtful Deposits				
Interest Accrued on Fixed Deposits			**7,989,033**	3,588,486
Other Non-Trade Receivables				
Unsecured Considered Good			**9,673,849**	7,149,883
Unsecured Considered Doubtful				
Less : Allowance for Doubtful Receivables				
Total	**-**	**-**	**195,227,271**	**188,611,269**

NOTE 6. INCOME TAX ASSETS

(Amount in Rupees)

Particulars	**31 Mar 2019**	**31 Mar 2018**	**31 Mar 2019**	**31 Mar 2018**
Advance Payment of Income Tax and TDS	-	153,301,189	180,157,779	-
TOTAL	**-**	**153,301,189**	**180,157,779**	**-**

NOTE 7. OTHER NON FINANCIAL ASSETS (Considered Good)

(Amount in Rupees)

Particulars	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Capital Advance	**-**	1,000,000		
Advances other than Capital Advances			**4,386,111**	3,213,755
Prepaid Expenses			**2,016,579**	1,962,846
Balance with Govt. Authorities	**7,742,333**	7,742,334		3,492,159
Due from Holding Company			**-**	-
Other advances			**68,982,875**	41,396,082
Total	**7,742,333**	**8,742,334**	**75,385,564**	**50,064,843**

NOTE 8. INVENTORIES

(Amount in Rupees)

Particulars	31 Mar 2019	31 Mar 2018
Raw Material/ Food and Beverages	**2,850,515**	3,587,801
Stores	**11,942,844**	12,865,577
Operating Supplies	**5,343,600**	7,756,725
TOTAL	**20,136,959**	**24,210,103**

NOTE 9. TRADE RECEIVABLES

(Amount in Rupees)

Particulars	31 Mar 2019	31 Mar2018
Secured - Considered Good	**-**	-
Unsecured - Considered Good	**327,703,161**	381,673,235
Unsecured - Considered Doubtful	**8,823,705**	8,823,705
Trade Receivables having significant increase in credit risk		
Trade Receivables - Credit Impaired		
	336,526,866	390,496,940
Less : Allowance for Doubtful Debts	**(8,823,705)**	(8,823,705)
TOTAL	**327,703,161**	**381,673,235**

NOTE 10. CASH AND CASH EQUIVALENTS

(Amount in Rupees)

Particulars	31 Mar 2019	31 Mar 2018
Balances with Banks:		
in Current Accounts	**84,879,232**	31,978,542
in Deposit Accounts (Maturity less than 3 months)	**30,631,944**	-
Cheques on Hand / in Transit	**61,353**	266,437
Cash on Hand (As Certified)	**16,227**	3,057
TOTAL	**115,588,756**	**32,248,036**

NOTE 11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Amount in Rupees)

Particulars	31 Mar 2019	31 Mar 2018
Other Bank Balances		
Margin money deposits	**441,700**	441,700
Deposits - Others (More than 3 months but Less than 12 Months)	**59,626,099**	78,789,621
TOTAL	**60,067,799**	**79,231,321**

NOTE 12. SHARE CAPITAL

(Amount in Rupees)

	31 Mar 2019	31 Mar 2018
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
	1,500,000,000	1,500,000,000
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
	1,376,000,000	1,376,000,000
12.a. Reconciliation of the shares outstanding at the beginning and at the end of the year		
Equity Shares	**31 Mar 2018**	
	Nos	Amount
At the beginning of the Year	**13,760,000**	1,376,000,000
Issued during the Year	**-**	-
As at the end of the Year	**13,760,000**	1,376,000,000
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	**31 Mar 2019**	**31 Mar 2018**
President of India	**2,700,000**	2,700,000
Air India Limited (Holding Company) and its nominees	**11,060,000**	11,060,000
12.c. Details of shareholders holding more than 5% shares in the company		
Particulars	**31 Mar 2018**	
	Nos	%
President of India	**2,700,000**	19.62%
Air India Limited (Holding Company) and its nominees	**11,060,000**	80.38%
TOTAL	**13,760,000**	100.00%

NOTE 13. OTHER EQUITY

(Amount in Rupees)

Particulars	31 Mar 2019	31 Mar 2018
Retained Earnings		
Balance as per last financial statements	**(4,338,400,078)**	(3,593,441,915)
Loss for the year	**(712,035,061)**	(557,738,224)
Add/Less: Prior Period Adjustments		(187,219,939)
Balance as at the end of the year	**(5,050,435,139)**	**(4,338,400,078)**

NOTE 14. BORROWINGS

(Amount in Rupees)

Particulars	Non-current		Current	
	31 Mar 2019	31 Mar 2018	31-Mar 2019	31 Mar 2018
Amount due to Holding Company			**3,299,050,744**	2,578,240,198
TOTAL	-	-	**3,299,050,744**	**2,578,240,198**

NOTE 15. OTHER FINANCIALS LIABILITIES

(Amount in Rupees)

Particulars	Non-current		Current	
	31 Mar 2019	31 Mar 2018	31-Mar 2019	31 Mar 2018
Interest Accrued & due			-	-
Lease Rent Payable			**586,113,479**	601,414,589
Retention Money			**200,231**	200,231
Earnest Money			**6,808,462**	6,376,996
Security Deposits			**2,054,196**	2,218,336
Shop & Other Deposits			**31,949,441**	32,215,708
Payable to Employees			**167,956,586**	147,714,104
Other Accounts Payable			**23,227,511**	33,325,428
TOTAL	-	-	**818,309,907**	823,465,392

NOTE 16. PROVISIONS

(Amount in Rupees)

Particulars	Non-current		Current	
	31 Mar 2019	31 Mar 2018	31-Mar 2019	31 Mar 2018
Gratuity	**207,682,640**	219,979,011	**57,917,193**	56,724,926
Leave Encashment	**76,099,235**	79,409,976	**25,433,157**	22,895,592
Provison for Post Retirement Medical	**178,636,939**	163,100,670	**7,378,808**	-
Post Retirement Benefit Scheme Contribution	**9,005,000**	7,763,012		-
TOTAL	**471,423,814**	**470,252,669**	**90,729,158**	**79,620,518**

NOTE 17. OTHER LIABILITIES

(Amount in Rupees)

Particulars	Non-current		Current	
	31 Mar 2019	31 Mar 2018	31-Mar 2019	31 Mar 2018
Statutory Dues		-	**45,677,173**	156,960,230
Credit balance in Sundry Debtors/Adv			**1,549,441**	3,030,009
Outstanding Liabilities			**3,682,185**	2,942,200
Provision towards Interim Relief			**69,691,983**	40,058,541
Control Accounts				
Others	-		**44,701,687**	46,884,374
TOTAL	**-**	**-**	**165,302,469**	**249,875,354**

NOTE 18. TRADE PAYABLES

(Amount in Rupees)

Particulars	31 Mar 2019	31 Mar 2018
Total outstanding dues of Micro Enterprises and Small Enterprises	**8,195,133**	6,358,790
Total outstanding dues of other than Micro Enterprises and Small Enterprises	**43,640,113**	59,423,141
TOTAL	**51,835,246**	**65,781,931**
DUES TO MICRO AND SMALL ENTERPRISES		
The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:		
	31 Mar 2019	**31 Mar 2018**
a) The principal amount remaining unpaid to any supplier at the end of the year	**8,195,133**	6,358,790
b) Interest due remaining unpaid at the end of the year	**-**	-

NOTE 19. REVENUE FROM OPERATIONS

(Amount in Rupees)

Particulars	31 Mar 2019	31 Mar 2018
Revenue from Hotels and Flight Kitchen		
Rooms - Guest Accommodation	**213,966,965**	185,595,054
Food, Cigars and Cigarettes	**279,914,687**	270,514,675
Other Services	**78,390,739**	68,043,950
License fees for Shops and Offices	**25,217,507**	26,559,079
Beverages (Wine and Liquor)	**3,285**	20,252
TOTAL	**597,493,183**	**550,733,010**

NOTE 20. OTHER INCOME

(Amount in Rupees)

Particulars	31 Mar 2019	31 Mar 2018
Interest Income	**9,045,344**	14,096,154
Profit on sale of asset	**-**	47,530
Excess provision written back	**42,737,229**	691,951
Sundry balances written back (Net)	**21,633,554**	6,159
Others	**1,920,942**	4,204,069
TOTAL	**75,337,070**	**19,045,863**

NOTE 21. COST OF RAW MATERIALS CONSUMED

(Amount in Rupees)

Particulars	31 Mar 2019	31 Mar 2018
Food Consumed (Including Cigars and Cigarettes)		
Opening stock	**3,587,801**	3,842,959
Add: Purchases	**131,968,085**	1,27,845,706
Less: Closing stock	**(11,864,615)**	(3,587,801)
	123,691,272	128,278,974
Beverages (Wine and Liquor)		
Opening Stock	**-**	436,846
Add: Purchases	**-**	246,491
Less: Closing stock	**-**	-
	-	683,336
Consumption of Stores and Supplies		
Opening Stock	**12,865,577**	11,791,754
Add: Purchases	**15,404,977**	15,366,062
Less: Closing Stock	**(15,648,186)**	(15,566,956)
	12,622,367	11,590,861
Cost of Raw material consumed	**136,313,639**	140,553,172

NOTE 22. EMPLOYEE BENEFITS

(Amount in Rupees)

Particulars	31 Mar 2019	31 Mar 2018
Salaries, Wages , Bonus	**436,590,471**	458,942,965
Gratuity	**28,496,781**	29,521,107
Leave Encashment	**17,600,629**	9,467,948
Post Retirement Medical Benefit	**14,156,032**	16,496,779
Contribution to Provident Fund and Other Fund	**38,697,098**	40,083,692
Staff Welfare Expenses	**14,421,497**	12,907,499
TOTAL	**549,962,507**	**567,419,990**

NOTE 23. FINANCE COST

(Amount in Rupees)

Particulars	31 Mar 2019	31 Mar 2018
Interest on borrowings from Holding Company	**257,391,399**	204,614,361
Interest on Statutory Dues	**37,797,611**	96,567
Interest - Others	**1,687,267**	7,498,722
TOTAL	**296,876,277**	212,209,650

NOTE 24. OTHER EXPENSES

(Amount in Rupees)

Particulars	31 Mar 2019	31 Mar 2018
Power & Fuel	**108,724,301**	92,078,272
Lease Rent	**48,589,564**	42,446,743
Security Charges	**13,772,313**	19,769,887
Repairs & Maintenance:		
Building	**5,030,335**	5,389,578
Plant and Machinery	**4,505,446**	4,903,545
Others	**7,628,778**	14,688,933
Miscellaneous Expenses	**3,982,100**	4,778,216
Travelling & Conveyance:		
Travelling	**946,593**	789,717
Conveyance	**569,452**	494,214
Hire charges	**14,000**	37,915
Vehicle Expenses	**1,768,075**	8,092,647
Soft Furnishing	**5,136,960**	3,966,244
Rates and Taxes	**3,315,114**	3,247,604
Printing and Stationery	**2,068,188**	1,921,678
Legal and Professional Charges	**13,702,075**	12,902,469
Communication costs	**1,285,661**	1,306,705
Insurance	**1,999,191**	1,626,143
Advertisement and Publicity	**83,874**	204,558
Commission	**55,998**	105,892
Payment to Auditor (Refer note below)	**242,696**	286,735
Guest Transportation	**1,701,766**	967,183
TOTAL	**225,122,479**	220,004,877

Note : Payment to Auditor	31 Mar 2019	31 Mar 2018
For Audit Fees	**225,000**	225,000
For Reimbursement of expenses	**17,696**	61,735
	242,696	286,735

Notes forming part of the financial statements for the year ended 31 March 2019 (Rupees except if otherwise stated)

NOTE 25 : 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 3.87 crores (Previous Year Rs.4 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 31.03.19	As at 31.03.18
(a)	**Table for Change in Benefit Obligation:**		
	Liability at the beginning of the year	**276,703,937**	296,742,619
	Interest Cost	**21,167,851**	20,208,172
	Current service cost	**8,007,301**	8,549,510
	Past Service Cost (Vested Benefit)	**-**	763,425
	Benefit paid	**(50,646,354)**	(52,496,711)
	Actuarial (gain)/loss on obligations- Due to change in Financial Assumptions	**3,908,602**	(8,420,942)
	Actuarial (gain)/loss on obligations - Due to Experience	**6,458,496**	11,357,864
	Liability at the end of the year	**265,599,833**	276,703,937
(b)	**Table for Fair Value of Plan Assets:**		
	Value of Plan Assets at beginning of the year	**-**	-
	Expected return on Plan Assets	**-**	-
	Contributions	**-**	-
	Benefit paid	**-**	-

	Particulars	Gratuity	
		As at 31.03.19	As at 31.03.18
	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	**(265,599,833)**	(276,703,937)
	Fair value of Plan Assets at the end of the year		-
	Funded Status (Surplus/ (Deficit)	**(265,599,833)**	(276,703,937)
	Amount Recognized in the Balance Sheet	**(265,599,833)**	**(276,703,937)**
(d)	**Expenses recognised in the Other Comprehensive Income (OCI) for current period:**		
	Actuarial (Gains)/Losses on Obligation for theperiod	**10,367,098**	2,936,922
	Return on Plan Assets, excluding Interest Income	**-**	-
	Change in Asset Ceiling	**-**	-
	Net (Income)/Expense for the period recognised in OCI	**10,367,098**	2,936,922
(e)	**Expense recognized in the P & L Account:**		
	Current service cost	**8,007,301**	8,549,510
	Interest cost	**20,489,480**	20,208,172
	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	**28,496,781**	29,521,107
(f)	**Balance Sheet Reconciliation:**		
	Opening Net Liability	**276,703,937**	296,742,619
	Expance recognize in the statement of P&L account	**29,175,152**	29,521,107
	Expance recognize in other comprehensive income (OCI for currnent period)	**10,367,098**	2,936,922
	(Benefit Paid directly by the Employer)	**(50,646,354)**	(52,496,711)
	Net Liability/(Asset) Recognized in the Balance Sheet	**265,599,833**	**276,703,937**

	Particulars	Post Retirement Medical Benefits	
		As at 31.03.19	As at 31.03.18
(a)	**Table for Change in Present Value of Projected Benefit Obligation:**		
	Liability at the beginning of the year	**170,863,683**	203,400,000
	Interest Cost	**13,300,000**	15,200,000
	Current service cost	**2,000,000**	
	Past Service Cost (Vested Benefit)		2,700,000
	Benefit paid	**(6,542,937)**	(1,996,000)
	Actuarial (gain)/loss on obligations - due to change in Financial Assumptions	**(700,000)**	(6,340,317)
	Actuarial (gain)/loss on obligations - due to Experience	**16,100,000**	(42,100,000)
	Present Value of Benefit Obligation at the end of the year	**195,020,746**	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	**(195,020,747)**	(170,863,683)
	Fair value of Plan Assets at the end of the year		-
	Funded status (Surplus / (Deficit))	**(195,020,747)**	(170,863,683)
	Amount Recognized in the Balance Sheet	**(195,020,747)**	(170,863,683)
(d)	**Expense recognized in the Profit & Loss Account for Current Period:**		
	Current service cost	**2,000,000**	2,700,000
	Interest cost	**12,156,032**	15,200,000
	Expected return on Plan Assets	**-**	-
	Past Service Cost (Vested Benefit)	**-**	-
	Expense recognized in the P & L Account	**14,156,032**	17,900,000
(e)	**Amount Recognized in Other Comprehensive Income(OCI) for Current Period**		
	Remeasurements:		
	Actuarial (Gain) / Losses	**15,400,000**	(48,400,000)

	Particulars	Post Retirement Medical Benefits	
		As at 31.03.19	As at 31.03.18
	Expense Recognized in Other Comprehensive Income	**15,400,000**	(48,400,000)
(f)	**Balance Sheet Reconciliation:**		
	Opening Net Liability	**170,863,682**	203,359,682
	Expance recognize in the P&L account for the current period	**14,156,032**	17,900,000
	Expance recognize in other comprehensive income	**15,400,000**	(48,400,000)
	Benefit Paid	**(6,542,935)**	(1,996,000)
	Net Liability/(Asset) Recognized in the Balance Sheet	**193,876,779**	170,863,682
(g)	**Actuarial Assumptions for the year:**		
	Discount Rate	**7.79%**	7.76%
	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 2019 and 31 March 2018 is given below:

Sensitivity Analysis	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
	Gratuity	**Gratuity**
Projected Benefit Obligation on Current Assumptions	**265,599,833**	**276,703,937**
Delta Effect of +1 % change in rate of Discounting	**(8,897,952)**	**(9,338,078)**
Delta Effect of -1 % change in rate of Discounting	**9,605,510**	**10,089,012**
Delta Effect of +1 % change in rate of Salary Increase	**9,720,424**	**10,252,390**
Delta Effect of -1 % change in rate of Salary Increase	**(9,162,971)**	**(9,653,118)**
Delta Effect of +1 % change in rate of Employee Turnover	**909,549**	**1,176,723**
Delta Effect of -1 % change in rate of Employee Turnover	**(961,200)**	**(1,245,440)**

Sensitivity Analysis	For the year ended 31 March 2019	For the year ended 31 March 2018
	Post Retirement Medical Benefits	**Post Retirement Medical Benefits**
Projected Benefit Obligation on Current Assumptions	**195,000,000**	(17,900,000)
Delta effect of +1 % change in rate of Discounting	**(20,100,000)**	21,800,000
Delta effect of -1 % change in rate of Discounting	**24,500,000**	22,400,000
Delta effect of +1 % change in Medical Cost Inflation	**25,200,000**	(18,700,000)
Delta effect of -1 % change in Medical Cost Inflation	**(20,900,000)**	-
Maturity Analysis of the Benefit Payment: From the Employer		
Projected benefits payable in the future years from the date of reporting		
1st Following year	**6,200,000**	5,000,000
2nd Following year	**7,700,000**	6,200,000
3rd Following year	**9,000,000**	7,400,000
4th Following year	**10,300,000**	8,500,000
5th Following year	**12,000,000**	10,000,000
Year 6 to 10	**62,800,000**	52,700,000

NOTE 26 : 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.

NOTE 27 : 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 2018	Additions during the year 2018-19	Utilisation during the year 2018-19	Reversals during the year 2018-19	Closing Balance as on 31st March 2019
i)	Sales Tax / VAT	1,924,000	-	-		**1,924,000**
ii)	Luxury Tax	22,891,000	-	-	-	**22,891,000**
iii)	Excise Duty	19,728,246	-	-	-	**19,728,246**
iv)	Service Tax	22,865,000	7,860,000	-	1,100,000	**29,625,000**
v)	Counter claim of Sahara Hospitality Ltd	23,567,000	-	-	-	**23,567,000**
vi)	Arbitration Award for B D & P Hotels challenged in Court	5,400,000	-	-	-	**5,400,000**
vii)	Arbitration proceedings against N S Associates	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**
ix)	Guarantees given to Customs Department for the flight kitchen operations	300,000	-	-	-	**300,000**
x)	Others	50,621,000	-	-	-	**50,621,000**
xi)	Awards that have gone against the Company and preferred an appeal	1,062,000	-	-	-	**1,062,000**
xii)	Interest on dues payable to AAI, MIAL and DIAL	496,245,433	359,134,322	-	-	**855,379,755**
	Total	**768,182,760**	**366,994,322**	**-**	**1,100,000**	**1,134,077,081**

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 for 2000-01.

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 had recorded an amount of Rs 1.88 crores in the books of Accounts which has been reversed during the year 2018-19. 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 was challenged by the Company in the Hon'ble High Court of Bombay . Vide order dated 08.01.2019 passed by the single judge the arbitration petition has been dismissed. The Company has challenged the said order before the Division Bench of Hon'ble High Court of Bombay in March 2019

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

xiii) Claims made by employees - indeterminate

B. Contingent Assets

The Hon'ble Arbitral Tribunal published their award under which M/s Sahara Hospitality Ltd. (formerly known as M/s Batra Hospitality Pvt. Ltd.), the buyer of Centaur Hotel Mumbai Airport had to pay an amount of Rs 1.88 crores and interest thereon along with legal costs of Rs 0.40 crores . 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 which 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 . (refer 27 A v) above)

28. Other Receivables under Other Financial Assets (Schedule 5) - Rs.97.20 lakhs (previous year Rs 71.49 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."

29. 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 .1123.56 lakhs - (previous year Rs 982.01 lakhs).

b) The amount payable to J & K government on account of joint construction is Rs. 451.85 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.

30 Wage Revision:

a) 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.

As per the Department of Public Enterprises (DPE) guidelines applicable to Public Sector Undertakings (PSUs) no wage revision could be granted to the employees of loss making PSUs. However as per award of CGIT, Chandigarh the reference is answered in favour of the workmen holding that they are entitled to wage revision effective 17.8.2008. This was challenged by the Company in the High Court of Delhi wherein no interim relief/ stay was granted and directed to implement the award. Hence negotiations were held with the unions by the Management for a 10 year period effective 17.8.2008 and the final approval has been received from the Ministry in July 2019. The revision would be implemented in the financial year 2019-20.

In view of the above negotiations, provision for wage revison (over and above the adhoc being paid to workmen) for the year has been made in the books of accounts for Rs 1.41 crores and reflected in Profit & Loss account under Staff Cost. The arrears of wage revision for the period 17.8.2008 to 31.3.2017 totalling to Rs 822.60 lakhs has been reflected under Statement of Changes in Equity and for 2017-18 amounting to Rs 174.67 lakhs has been adjusted under Staff Cost.

b) 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.

The Management had announced an adhoc of Rs 5,000/- per month per employee for officers effective 1.1.2017 which has been accounted for upto 31st March 2019. In view of the proposed union category wage revision, it was also proposed to increase the adhoc amount to officers prospectively effective 1.7.2018. A provision of Rs 11.64 lakhs has been made in the books under “Staff Cost” for 2018-19.

31. 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 24,36,374/- is reflected as Capital Work –in –Progress as on 31st March, 2019.

32. Renovation of Hotels :

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.

33. Commitments:

i) Capital Commitments

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

Particulars	**As at 31st March 2019**	As at 31st March 2018
Hilift	**283799**	283799
Total	**283799**	283799

ii) Operating Lease

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

No.	Particulars	As at 31.03.2019	As at 31.03.2018
i)	Not later than one year	**91016**	91016
ii)	Later than 1 year and not later than 5 years	**364064**	364064
iii)	Later than 5 years	**5197886**	5288902
	Total	**5652966**	5743982

34. 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 2019

i) The Company is in the process of obtaining confirmation of balances in respect of other Trade Receivables, Trade Payables, Loans and Advances, Deposits and Other Liabilities as on 31st March, 2019. Accordingly, such accounts reflect the balances as per their respective ledger accounts and are subject to adjustments, if any on reconciliation of accounts. The difference, if any, will be adjusted in the accounts as and when reconciliation is completed.

35. Earnings Per Share:

Particulars	As at 31.03.2019	As at 31.03.2018
Profit/(Loss) After Tax & Extra-Ordinary Items	**(712,035,061)**	(557,738,224)
Less: Extra-Ordinary Items	**-**	-
Profit/(Loss) After Tax & Before Extra-Ordinary Items	**(712,035,061)**	(557,738,224)
Weighted Average No. of Equity Shares	**13,760,000**	13,760,000
EPS		
a) Basic	**(51.75)**	(40.53)
a) Diluted	**(51.75)**	(40.53)

36. Remuneration to Auditors:

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

Particulars	2018-19	2017-18
Audit fees- For the year	**225,000**	225,000
Audit Fees -For Earlier Year	**-**	-
For Service Tax	**-**	-
Out of Pocket Expenses of previous auditors	**17,696**	61,735
Total	**242,696**	286,735

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

38 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 2017-18 and 2018-19 are given below:

Related Perty 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 Personnel & Relatives
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 Remuneration

S. No	Particulars	As at 31.3.2019	As at 31.3.2018
1	T.C.Dalal - Chief Financial Officer	**780,000**	660,000

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) :

S. No.	Name of the Entities and Nature of transactions	2018-19	2017-18
1	**Air India Limited**		
	Sales during the year	**437,690,653**	**446,474,253**
	Finance Cost for the year	**257,391,399**	**204,614,361**
	SAP Maintenance cost for the year	**342,597**	**8,331,450**
	Loan received during the year	**480,000,000**	**477,000,000**
	Closing Balance 31.3.2019		
	Trade Receivable from Air India	**245,087,830**	**297,602,753**

S. No.	Name of the Entities and Nature of transactions	2018-19	2017-18
	Due to Air India	**(3,299,050,744)**	**(2,578,240,198)**
	Other Receivables	**2,234,665**	**948,931**
	Other Payables	**(365,754)**	**(300,000)**
2	**Air India Subsidiaries**		
	Sales during the year		
	Air India Air Transport Services Limited	**931,622**	**-**
	Air India Engineering Services Limited	**38,129,635**	**35,857,933**
	Air India Express Limited	**854,870**	**527,851**
	Airlines Allied Services Limited	**2,675,155**	**-**
	Trade Receivables on 31.3.2019		
	Air India Air Transport Services Limited	**945,760**	**-**
	Air India Engineering Services Limited	**53,272,771**	**42,324,497**
	Air India Express Limited	**1,317,212**	**635,634**
	Airlines Allied Services Limited	**1,625,229**	**-**

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

39. Luxury Tax, Service Tax and ESIC overdue for more than 6 months as on 31 March 2019 as per books of accounts is NIL (Previous year Rs.440.18 lakhs).

40. The Company is in the process of

I Streamlining the inventory reporting system in terms of generation of reports towards movement of item-wise store records and configuring of the store 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 ;

II 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.

41. The Company is in the process of :

1 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 ;

2 Reviewing the frequency of varification of cash, cheque, draft etc., in hand through internal audit/officers other than cashiers.

3 Laying down a standard operating procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained.

42. In the opinion of the Company, the .Current Asset 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.

43. Restatement of balance of "Other Equity" as at 1.4.2017 under "Statement of Changes in Equity"is on account of the following:

Sr No.	Particulars	(Rs)	Reasons
a)	provision for Wage revision	82,259,669	Refer note no. 29 a) above
b)	Lease Rentals	29,588,336	Lease rental differential payable to Airports Authority of India (AAI), Delhi International Airport Ltd (DIAL) and Mumbai International Airport Ltd (MIAL) for Chefair Flight Catering Mumbai for earlier periods not accounted earlier and reconciled during 2018-19
c)	Interest on Statutory dues	55,501,448	Overdue Statutory dues of Luxury Tax, VAT and Service Tax for the Delhi units for the period prior to 31.3.2017 were paid / settled during the year on which interest totalling to Rs 5.55 crores was also paid.
d)	Reversal of Arbitration Award	18,848,920	Refer note no. 27A v) above
e)	Others	1,021,566	
		187,219,939	

(i) Luxury Tax liability of Centaur Delhi as on 31st March 2019 is NIL (previous year Rs.166.89 lakhs). The Company is in the process of defreezing the bank accounts frozen by the Luxury Tax authorities in 2012-13.

(ii) All Returns in respect of Luxury Tax and Service Tax for Delhi units pending for previous years have been filed and Interest and penalty thereon accounted during the year. Wherever pertaining to prior years, the same has been accounted under Statement of Changes in Equity.

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

45. There are no overdue statutary payments for more than 6 months as on 31 March 2019 as per books of accounts (Previous year - Rs 440.18 Lakhs)

46. As per the Agreement between Airports Authority of India (AAI) and the Company the lease period for the land on which Centaur Hotel Delhi and Chefair Delhi is located, is valid till 31.3.2031 . However AAI had served notice dated 8 November 2016 for early termination of lease of land as the land is required by them for airport expansion. With the intervention of Ministry of Civil Aviation, an extension up to 31 December 2019 for vacating the said leasehold land has been granted. Thus the Company is required to give vacant possession of land by 30.11.2019 and surrender the said leasehold land to AAI by 31 December 2019. In this regard, negotiations for compensation to be claimed from AAI are being carried out in consultation with the Ministry.

47. The Micro, Small and Medium Enterprises Development Act

The Micro, Small and Medium Enterprises suppliers defined under “The Micro Small and Medium Enterprises Development Act 2006” have bee identified during th year. The payments to such undertakings covered under Micro Small and Medium Enterprises are being made within the prescribed credit period agreed upon with the supplier and hence no interest is payable on delayed payments.

48. The Company has conducted physical verification of each group of fixed assets in 2018-19. The extent of discrepancies if any, are being ascertained . The resultant impact of the same on the accounts will be dealt with in the year in which finality is reached.

49. There is no impairment of assets as envisaged under Indian Accounting Standards (Ind AS 36) ‘Impairment of Assets’.

50. Depreciation:

a) In the absence of actual installation date of some of the Fixed Assets prior to 1st Aril, 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 and consequently, the provision for depreciation is suitably calculated to comply with Schedule II, Part C of the Companies Act, 2013 .

b) In view of note no. 46 above, the depreciation for the Delhi units has been reworked based on the useful life of the assets upto 30.11.2019 and Rs 14.52 crores for the Delhi units has been charged to the Profit & Loss Account .

51. Going Concern:

Inspite of the negative Net Worth of the Company as at the balance sheet date, considering the continuous support of the Holding Company and the Government, the Company is and will continue to be able to meet its financial obligations as they fall due. Accordingly the Company has prepared its accounts on a “going concern” basis .Various initiatives have also been taken by the management for improving the operational performance of the company and increasing the revenues in view of the following:

i) Due to the renovation of 80 guest rooms and other allied works at Centaur Delhi in view of the equity infusion of Rs 27 crores by Government of India, the revenue of the Company increased from Rs. 55.13 crores in 2017-18 to Rs 67.28 crores during the year 2018-19. This was due to increased business from Air India and its subsidiaries

ii) The Holding company and Government of India is continuously supporting to the Company by way of financial assistance in form of equity infusion and providing financial assistance as and when required and committed to provide in future also.

iii) As per note no. 45 above, the property of Delhi needs to be handed over to AAI by 31.12.2019 for which the Company is in the process of negotiating the terms of handing over wherein the Company may be given alternate land or compensation in lieu thereof . This will assist the Company in meeting its long term goals of increasing its business.

52. Previous Years figures have been re-cast/re-arranged in line with IND-AS requirements wherever required.

53. The financial statements were authorised for issue by the Board of Directors on 23rd July 2019

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S A R A & ASSOCIATES
Chartered Accountants
Firm Registration No. 0120927W

Sd/-
(Manoj Agarwal)
Partner
Membership No: 119509

Place : Mumbai
Date : 23 July 2019

For and on behalf of the Board

Sd/-
(Ashwani Lohani)
Chairman
DIN 01023747

Sd/-
(Satyendra Kumar Mishra)
Director
DIN 07728790

Sd/-
(Thrity C Dalal)
Chief Financial Officer
FCA 034616

Sd/-
(Shyamala P Kunder)
Company Secretary
ACS 8203

Place : New Delhi
Date : 23 July 2019

Annexure I

Segmentwise Reporting for the year 2018-19

A. PRIMARY BUSINESS SEGMENT :

(Amount in Rs)

Particulars	Hotels	Flight Kitchens	Others	Total
1. SEGMENT REVENUE	**321,816,207**	**342,003,774**	**7,836,309**	**671,656,289**
	250,332,189	287,651,114	13,288,136	551,271,439
2. SEGMENT RESULT LOSS				
Loss after Interest, Exceptional and Extraordinary Items	460,799,758	338,518,756	-27,185,229	772,133,285
	(285,166,077)	(279,221,571)	11,501,550	(552,886,098)
3. SEGMENT ASSETS	**623,185,654**	**326,706,163**	**264,548,709**	**1,214,440,526**
	717,025,609	304,019,912	283,732,626	1,304,778,147
4. SEGMENT LIABILITIES	**924,330,546**	**660,472,372**	**3,269,007,778**	**4,853,810,695**
	875,262,568	613,113,107	2,586,730,485	4,075,106,160
5. CAPITAL EMPLOYED	**(301,144,892)**	**(333,766,209)**	**(3,004,459,068)**	**(3,639,370,168)**
	(158,236,959)	(309,093,195)	(2,302,997,857)	(2,770,328,011)
6. TOTAL CAPITAL EXPENDITURE	**23,220**	**2,960,809**	**-**	**2,984,029**
	108,386,258	1,750,535	67,533	110,204,326
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.