HOTEL CORPORATION OF INDIA LIMITED

CONTENTS

		PAGE NO.
1.	Board of Directors	1
2.	Chairman’s Message	2
3.	Directors’ Report	7
4.	Management Discussion & Analysis Report	15
5.	Comments of the Comptroller & Auditor General of India	31
6.	Independent Auditors’ Report	32
7.	Balance Sheet as at 31 March 2020	56
8.	Statement of Profit & Loss for the year ended 31 March 2020	57
9	Statement of Change in Equity for the year ended 31 March 2020	58
10.	Cash Flow Statement for the year ended 31 March 2020	59
11.	Notes forming part of the Financial Statements for the year ended 31 March 2020	60

BOARD OF DIRECTORS (as on 30 December 2020)

Shri Rajiv Bansal Chairman
Smt Amrita Sharan
Shri Vimalendra Patwardhan
Shri Satyendra Kumar Mishra

Chief Executive Officer

Shri Deepak Khullar

Chief Financial Officer

Smt Thrity C Dalal

Company Secretary

Kum Shyamala P Kunder

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 of India

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 49th Annual Report of the Company for the year 2019-20.

PERFORMANCE OF THE COMPANY

The over-view of the performance of the Company for the year 2019-20 is as follows :

1. On 24 March 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days and further extended by 17 days i.e. upto31 May 2020 across the country to contain the spread of the COVID-19. Hence the revenue for the period 21 March 2020 to 31 March 2020 is impacted to the extent of approx. Rs 150 lakhs.
2. Effective 1 April 2019, the Company adopted IND AS 116 "Leases " and applied the standard to all lease contracts existing on 1 April 2019 by electing "Prospective approach with the cumulative effect" at the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease. On transition, the adoption of the new standard resulted in recognition of "Right-of-use assets" of Rs.3330.52 lakhs and a "Lease Liability" of Rs.3584.64 lakhs. Consequent to the application of this standard, lease cost for the year was lower by Rs.275.67 lakhs, and depreciation and interest is higher by Rs.276.94 lakhs and Rs254.12 lakhs respectively.
3. After protracted negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 8 August 2019 was entered into between the unions and the Company for implementing wage revision for the Unionised category of employees for a period of 10 years effective 18 August 2008. The wage revision was implemented in the financial year 2019-20. Estimated provision for arrears of Rs.963.60 lakhs has already been made in 2018-19. Further provision if required would be made once the arrears working is completed.
4. In view of the above the summary of the financial results is as under:
   - During the year, the Total Revenue had increased to Rs.6762.53 lakhs as against Rs 6728.30 lakhs in the previous year, an increase of Rs.34.23 lakhs over 2018-19.
   - The Total Operating Expenditure was reduced to Rs.8948.39 lakhs as against Rs.9113.99 lakhs in the previous year i.e a reduction of Rs.165.60 lakhs (2%)
   - In view of the above, the Gross Operating Loss was reduced to Rs.2185.86 lakhs as against Rs.2385.68 lakhs during the previous year (a reduction of Rs.199.83 lakhs i.e. 8%).
   - Interest of Rs.2873.66 lakhs (previous year Rs.2968.76 lakhs) was charged to the P&L account, mainly on account of reimbursement of finance costs to AI on borrowings for operational requirements Rs.2607.84 lakhs (previous year Rs.2573.91 lakhs) and interest on lease liability payments Rs.254.12 lakhs.
   - Depreciation and amortization for the year was reduced to Rs. 495.29 lakhs in the current year as against Rs.1508.23 lakhs in the previous year mainly due to:
     i) reassessment of the useful life of Delhi properties for lease of land from AAI upto 31 March 2031 as against 30 November 2019 last year (current year Rs.163.57 lakhs against previous year Rs.1188.00 lakhs)

ii) in view of amortization expenses due to applicability of IND AS 116 – Leases, Amortisation for Right to Use Assets Rs.276.94 lakhs.

- The Net loss before exceptional items & Other Comprehensive Income was reduced to Rs.5554.81 lakhs as against Rs.6862.68 lakhs (i.e by Rs.1307.87 lakhs - 19% reduction over previous year).
- Other Comprehensive Income was the Remeasurement (Loss) on Defined Benefit Obligation i.e. the Actuarial valuation (Loss) on Gratuity and Post Retirement Medical Benefit Plans – Rs.999.89 lakhs (as against Rs.257.67 lakhs in previous year) mainly on account of one time impact of union category wage revision implemented in August 2019.
- In view of the above, the Net Loss was Rs.6554.70 lakhs as against Rs.7120.35 lakhs during the previous year (reduction of Rs.565.65 lakhs -8% over previous year).

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. As of 2019, 4.2 crore jobs were created in the tourism sector in India, which was 8.1 per cent of the total employment in the country. The number is expected to rise by two per cent annum to 52.3 million jobs by 2028.

According to WTTC, India ranked third among 185 countries in terms of travel and tourism's total contribution to GDP in 2018. India ranked 34 in the Travel and Tourism Competitiveness Report 2019 published by the World Economic Forum.

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 income has supported the growth of domestic and outbound tourism.

During 2019, foreign tourist arrivals (FTAs) in India stood at 10.89 million, achieving a growth rate of 3.20 per cent y-o-y. During 2019, FEEs from tourism increased 4.8 per cent y-o-y to Rs 1,94,881 crore (US$ 29.96 billion). In 2019, arrivals through e-Tourist Visa increased by 23.6 per cent y-o-y to 2.9 million.

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

Investments

India was globally the third largest in terms of investment in travel and tourism with an inflow of US$ 45.7 billion in 2018, accounting for 5.9 per cent of the total investment in the country. Hotel and Tourism sector received cumulative FDI inflow of US$ 15.28 billion between April 2000 and March 2020.

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 boost the tourism and hospitality sector of India are as follows:*

- *Ministry of Tourism launched "DekhoApnaDesh" webinar series to provide information on many destinations and sheer depth and expanse on the culture and heritage of India.*
- *Ministry of Tourism launched Audio Guide facility App called Audio Odigos for 12 sites in India (including iconic sites).*
- *Prime Minister, Shri Narendra Modi urged people to visit 15 domestic tourist destinations in India by 2022.*
- *Statue of Sardar Vallabhbhai Patel, also known as 'Statue 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 it on the world tourism map.*
- *Government of India is working to achieve one per cent share in world's international tourist arrivals by 2020 and 2 per cent share by 2025.*
- *Under Budget 2020-21, the Government of India has allotted Rs 1,200 crore (US$ 171.70 million) for development of tourist circuits under Swadesh Darshan for eight Northeast states.*
- *Under Budget 2020-21, the Government of India has allotted Rs 207.55 crore (US$ 29.70 million) for development of tourist circuits under PRASHAD scheme.*
- *In 2019, Government reduced GST on hotel rooms with tariffs of Rs 1,001 (US$ 14.32) to Rs 7,500 (US$ 107.31) per night to 12 per cent and those above Rs 7,501 (US$ 107.32) to 18 per cent to increase India's competitiveness as a tourism destination.*
- *In September 2019, Japan joined a band of Asian countries, including Taiwan and Korea among others, to enter India's tourism market.*

Achievements

Following are the achievements of the Government during 2019-20:

- *During 2019-20, an additional fund Rs 1,854.67 crore (US$ 269.22 million) was sanctioned for new projects under the Swadesh Darshan scheme.*
- *Ministry of Tourism sanctioned 18 projects covering all the North Eastern States for Rs 1,456 crore (US$ 211.35 million) to develop and promote tourism in the region under Swadesh Darshan and PRASHAD schemes.*
- *Statue of Sardar Vallabhbhai Patel, also known as 'State of Unity', was inaugurated in October 2018 and the total revenue generated till November 2019 stood at Rs 82.51 crore (US$ 11.81 million).*

Road Ahead

India's travel and tourism industry has huge growth potential. The industry is also looking forward to the expansion of e-Visa scheme, which is expected to double the tourist inflow in 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*

Note: *Conversion rate used in April 2020, Rs 1 = US$ 0.013123*
References*: Media Reports, Ministry of Tourism, Press Releases, Department for Promotion of Industry and*

Internal Trade (DPIIT), Press Information Bureau (PIB), Union Budget 2020-21.

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.
- Over the 45000 sq. mts land parcel leased from Airports Authority of India (AAI) for the Delhi units i.e. CHDA, CFCD was required to be handed over to AAI by November 2019, as the land parcel was required for airport expansion by them. However, in December 2019 a communication was received from the Ministry intimating that "AAI/DIAL require the land for aeronautical purpose in Phase-4 development as per Master Plan submitted by DIAL in 2026 wherein the development is proposed during 2026-2034. In view of the same, Management decided to continue usage of the land on which Centaur Hotel Delhi Airport (CHDA) and Chefair Flight Catering Delhi (CFCD) as the same was not required to be handed over to the Airports Authority of India (AAI) till the expiry of existing lease period i.e. upto 31 March 2031.
- Accordingly, HCI would be exploring the possibilities of running both these Units under Operations & Maintenance (O&M) contract on "AS IS WHERE IS BASIS". The Unit would then be offered under O&M contract after taking necessary approval from the AAI to run the units on O&M contract and continue running the units till actual transaction takes place
- 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.
- With the outbreak of Covid-19 and declaring it as Pandemic and subsequent Lockdown announced nation-wide, the business at all the Units was affected adversely.
- All the above factors had 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,

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 from17476 in the year 2018-19

To 18318 in the year 2019-20.

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/-

(Rajiv Bansal)
Chairman

Date : 24 December 2020
Place : New Delhi

DIRECTORS' REPORT

The Directors have pleasure in presenting their Forty-ninth Annual Report and the Audited Accounts for the year ended 31 March 2020.

REVIEW OF FINANCIAL PERFORMANCE :

(Rupees in Lakhs)

PARTICULARS	2019-20	2018-19	Variance
TOTAL REVENUE	**6762.53**	**6728.30**	34.23
TOTAL OPERATING EXPENDITURE	**8948.39**	**9113.99**	-165.60
GROSS OPERATING (LOSS)	**(2185.86)**	**(2385.68)**	-199.83
INTEREST	**2873.66**	**2968.76**	-95.10
CASH (LOSS)	**(5059.52)**	**(5354.45)**	-294.93
DEPRECIATION	**495.29**	**1508.23**	-1012.94
NET (LOSS) BEFORE EXCEPTIONAL ITEMS	**(5554.81)**	**(6862.68)**	-1307.87
OTHER COMPREHENSIVE INCOME	**(999.89)**	**(257.67)**	742.22
NET (LOSS) CARRIED TO BALANCE SHEET	**(6554.70)**	**(7120.35)**	-565.65

OTHER FINANCIAL INFORMATION

SHARE CAPITAL :

As on 31 March 2020, 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 2020, 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 OUTLAY 2019-20

The Government had not approved Annual Plan Outlay for 2019-20.

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 AND PROTECTION 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 2020 the Company had on its payroll a total of 575 employees as against 662 as on 31 March 2019, 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

After protracted negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 8 August 2019 was entered into between the unions and the Company for implementing wage revision for the Unionised category of employees for a period of 10 years effective 18 August 2008. The wage revision was implemented during the year.

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 2019 and 2 November 2019.

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 2020.

Total No. of employees	Total Number of SC employees	% of SC employees	Total No. of ST employees	% of ST employees	Total No. of OBC employees	% of OBC employees
575	133	23.13%	43	7.48%	62	10.78%

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& OUTGO

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

COMPLIANCE WITH THE RTI ACT, 2005 :

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

Hotel Corporation of India Limited has decentralized its structure to deal with the applications/appeals received under RTI Act and has 4 Assistant Public Information Officers (APIOs), 5 Public Information Officers (PIOs) and an Appellate Authority have been appointed for speedy disposal of applications/appeals.

During 2019-20, **22** Requests/Appeals were received out of which 20 Requests/ Appeals were disposed off, and 2 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 2019-20 **one** complaint 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)(i), no major changes have occurred which have affected the financial position of the Company between 31 March 2020 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 2019-20 as detailed below, and the provisions of the Companies Act, 2013 were adhered to while considering the time gap between two Meetings. Details of Board meetings is given below :

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
246	26 April 2019	4	3
247	23 July 2019	4	3
248	18 November 2019	4	3
249	4 March 2020	4	3

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 2020 and of the profit or loss of the Company for that period.

- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of the knowledge and ability of the Directors.
- The Company being an unlisted Company, provisions of Section 134(3)(e) are not applicable.
- That the annual accounts have been prepared on a going concern basis.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE

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

AUDITORS :

M/s. Sara & Associates, Chartered Accountants were appointed as the sole auditors of the Company for the financial year 2019-20 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 UC Shukla & Company, Practicing Company Secretary, Mumbai, to conduct Secretarial Audit for the financial year 2019-20.

The Secretarial Audit Report for the financial year ended 31 March 2020 is enclosed at **Annexure II** .

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

A) Independent Directors

(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 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.*

(ii) <u>Under the DPE Guidelines following observations</u> :

(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,2019 to 31st March,2020.

(iii) *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.*

(iv) *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 a subsidiary of Air India Limited and an unlisted Public Limited Company. Further, as per the provisions of Article 97 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 2019-20, 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) Women Directors

(i) *The Company does not have one Woman Director as required under Section 149 of the Act from 1st April, 2019 to 31st March, 2020.*

It is a statement of fact.

Hotel Corporation is a subsidiary of Air India Limited and an unlisted Public Limited Company. Further, as per the provisions of Article 97 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.

Accordingly, as per the direction of the Ministry of Civil Aviation, Air India Board in its meeting held on 11 September 2020 appointed Smt. Amrita Sharan, Director (Personnel), Air India Limited as a Nominee Director on the Board of the Company *vice* Shri Vinod Hejmadi, in order to comply the provision of nomination of Women Director on the Board of the Company.

C) 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 and the same is reflected in the Directors' Report of the Company which is placed before the Board.

Regarding observations on the compliance management system viz.

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.

Management's Comments

On Point a) to e) above, efforts will be made by the Management to fulfil the above requirements.

On point f) the details of legal cases are reflected the Accounts of the Company under the head "Contingent Liability" including employee related cases, which cannot be quantified and the Accounts are placed before the Board for approval.

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 were 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 in form MGT 9 is uploaded on the website of the Company, i.e. https://www.centaurhotels.com/MGT9-1920.pdf.

Details of Key Managerial Personnel of the Company:

Sr. No	Name	Designation	Date of appointment
1	Shri Pankaj Kumar	Managing Director Till 30 April 2019 Appointed as CEO w.e.f. 1 May 2019 and resigned as CEO on 17 Jul 2020	9 February 2015
2	Shri Ajay Prakash	Chief Executive Officer	21 July 2020
3	Smt. Thrity C Dalal	Chief Financial Officer	9 February 2015
4	Kum Shyamala P Kunder	Company Secretary	9 February 2015

DECLARATION OF INDEPENDENCE

HCI is a Subsidiary of Air India Limited. As per the provisions of Article 97 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.

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 2018-19 and also blanket approval was obtained for such transactions to be entered between 2019-20 to the tune of Rs.50 Crores.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

The comments of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 March 2020 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 OF DIRECTORS

Sd/-
(RAJIV BANSAL)
CHAIRMAN

Date : 24 December 2020
Place : New Delhi.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ANALYSIS OF THE FINANCIAL/PHYSICAL PERFORMANCE :

UNIT WISE PERFORMANCE:

CENTAUR HOTEL DELHI AIRPORT

- The Unit earned Total Revenue of Rs. 1932.31 lakhs as compared to Rs.2450.96 lakhs in the previous year, a decrease of Rs.519 lakhs (21%) over the previous year mainly on account of the proposed closure of the hotel in November 2019 which was later cancelled as per the direction of the Ministry dated 20 December 2019. Accordingly the HCI would continue to use the land/ structure upto the expiry of its existing lease period i.e. on 31 March 2031 and vacate the land positively upon the expiry of lease period.
- The Total Expenditure was Rs.2886.99 lakhs, as against Rs.3084.72 lakhs in the previous year- a reduction of 6% over previous year.
- As a result, the Unit made an Operating Loss of Rs.954.68 lakhs as compared to Rs.633.76 lakhs in the previous year.
- After providing for all interest and depreciation of Rs.1170.65 lakhs (previous year Rs 1987.99 lakhs), the Unit made a Net Loss of Rs.2128.21 lakhs as compared to Rs.2621.75 lakhs in the previous year.
- After considering Other Comprehensive Income, the unit has incurred a Net Loss of Rs.2547.56 lakhs as against Rs.2732.61 lakhs in the previous year.

CENTAUR LAKE VIEW HOTEL, SRINAGAR:

- The Unit earned Total Revenue of Rs.805.58 lakhs as compared to Rs.774.82 lakhs in the previous year, i.e. increase of 4% over the previous year.
- The Total Expenditure was Rs.1687.98 lakhs as against Rs.1494.73 lakhs in the previous year.
- As a result, the Unit made an Operating Loss of Rs.882.40 lakhs as against Rs.719.91 lakhs in the previous year.
- After providing for interest and depreciation, the Unit incurred a Net Loss of Rs.1644.55 lakhs as compared to Rs.1417.22 lakhs in the previous year.
- After considering Other Comprehensive Income, the unit has incurred a Net Loss of Rs.1905.20 lakhs as against Rs.1468.677 lakhs in the previous year.

CHEFAIR FLIGHT CATERING, MUMBAI

- The Unit earned Total Revenue of Rs.1358.03 lakhs as compared to Rs.1562.72 lakhs in the previous year, i.e. a decrease of 13% over the previous year.
- The Total Expenditure was Rs.2331.55 lakhs as against Rs.2389.22 lakhs in the previous year.
- As a result, the Unit made an Operating Loss of Rs.973.52 lakhs as against Rs.826.50 lakhs in the previous year.
- After providing for interest and depreciation, the Unit incurred a Net Loss of Rs.1871.39 lakhs as compared to Rs.1585.13 lakhs. in the previous year.

- After considering Other Comprehensive Income, the unit has incurred a Net Loss of Rs.2041.70 lakhs as against Rs.1637.72 lakhs in the previous year.

CHEFAIR FLIGHT CATERING, DELHI:

- The Unit earned Total Revenue of Rs.986.28 lakhs as compared to Rs.880.33 lakhs in the previous year i.e an increase of 12%.
- The Total Expenditure was Rs.1428.50 lakhs as against Rs.1528.41 lakhs in the previous year.
- As a result, the Unit made an Operating Loss of Rs.442.22 lakhs as against Rs.648.08 lakhs in the previous year.
- After providing for interest and depreciation, the Unit incurred a Net Loss of Rs.974.86 lakhs as against Rs.1537.38 lakhs in the previous year.
- After considering Other Comprehensive Income, the unit incurred a Net Loss of Rs.1085.97 lakhs as against Rs.1572.48 lakhs in the previous year

T3 LOUNGE, DELHI:

- The Unit earned Total Revenue of Rs.808.91 lakhs as compared to Rs.835.40 lakhs in the previous year.
- The Total Expenditure was Rs.363.98 lakhs as against Rs.378.26 lakhs in the previous year.
- As a result, the Unit made an Operating Profit of Rs.444.94 lakhs as against Rs.457.01 lakhs in the previous year.
- After providing for depreciation, the Unit made Net Profit of Rs.443.29 lakhs as against Rs.314.49 lakhs in the previous year.

GOING CONCERN

The Company faces significant uncertainties due to COVID-19 which have impacted the operations of the Company adversely starting from the month of March 2020. Management has assessed the impact of existing and anticipated effects of COVID -19 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.2700 lakhs by Government of India, the revenue of the Company increased from Rs.5513 lakhs in 2017-18 to Rs.6576.93 lakhs during the year 2019-20. This was due to increased business from Air India and its subsidiaries.

ii) The Holding Company,Air India Limited (AIL) and Government of India is continuously supporting the Company by way of financial assistance in the form of equity infusion and providing financial assistance as and when required by HCI and are also committed to provide such assistance in future also.During earlier years, there was an Equity infusion of Rs.2700 lakhs by Government of India and conversion of loan to equity totaling to Rs.7000 lakhs by AIL. Out of the total Share Capital of the Company of Rs.13760 lakhs, the total share capital of AIL is Rs.11060 lakhs as on 31March 2020. Operational shortfall for staff salary payments is being funded by AIL through the Current Account. The Current Account also includes other debits / credits and interest being debited by AIL. This support will continue in the future when required by the Company.

iii) AIL has been continuously supporting the Company by giving business which contributes to the operational revenue of the Company - nearly 80% of the revenue earned by the Company is from AIL and this would continue in the future also.

iv) Presently the Company is in the process of calling for consultants to assist the Company to hand over Delhi properties on Management Contract upto 31 March 2031 i.e. upto the lease period of land leased from AAI. This would result in savings of fixed and variable costs at Delhi units and also the Company would earn management contract fees . Any surplus after paying off its liabilities would be transferred to Air India towards loan repayment.

v) Also in the process of disinvestment of AIL, HCI is one of the subsidiaries of AIL which would not be divested and would be transferred to the Special Purpose Vehicle, Air India Asset Holding Company (AIAHL), a 100% subsidiary of Government of India. Accordingly upon disinvestment of AIL, the Company would be administered by Air India Asset Holding Company (AIAHL).

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 2019-20 to carry out various internal audit assignments such as Risk assessment & mitigation, Strengthening Internal control process, etc.
- For Tax compliance M/s DJ Shukla & Co., have been appointed as Tax consultant for the year 2019-20 and 2020-21.

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 2019-20, four Board Meetings were held and the Board consisted of the following members:

1.	Shri Ashwani Lohani Chairman & Managing Director-AIL (ceased w.e.f. 14 February 2020)	- Part-time Chairman
	Shri Rajiv Bansal Chairman & Managing Director-AIL (appointed w.e.f. 14 February 2020)	- Part-time Chairman
2.	Shri Arun Kumar Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (ceased w.e.f. 10 July 2019)	- Director
	Shri Praveen Garg Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (appointed w.e.f. 21 August 2019 and ceased w.e.f. 18 February 2020)	- Director
	Shri Vimalendra Anand Patwardhan Joint Secretary & Financial Advisor Ministry of Civil Aviation (appointed w.e.f 20 March 2020)	- 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 (ceased as MD-HCI w.e.f. 30 April 2019 and redesignated as Chief Executive Officer (CEO) w.e.f.1 May 2019 and subsequently resigned as CEO-HCI on 17 July 2020)	- Managing Director

During the year, Shri Ashwani Lohani ceased to be Chairman effective 14 February 2020 and Shri Rajiv Bansal was appointed as the Chairman. Further, Shri Arun Kumar, ASFA, Ministry of Civil Aviation and Shri Praveen Garg, ASFA, Ministry of Civil Aviation ceased to be on the Board w.e.f. 10 July 2019 and 18 February 2020 respectively.

The Board places on record its appreciation of the valuable services rendered by Shri Ashwani Lohani as Chairman and Shri Praveen Garg as Director on the Board of the Company and Shri Pankaj Kumar as MD-

HCI and then as CEO-HCI till his resignation on 17 July 2020.

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 2019-20, Shri Pankaj Kumar, Chief Executive Officer-HCI had submitted his resignation on 17 July 2020, which was accepted. Subsequently, Shri Ajay Prakash, GM- Personnel, Air India Limited, was appointed as the Chief Executive Officer (CEO) of the Company, who took charge as CEO-HCI effective 20 July 2020.

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:

246th Board Meeting	26 April 2019
247th Board Meeting	23 July 2019
248th Board Meeting	18 November 2019
249th Board Meeting	4 March 2020

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the financial year 2019-20

Name of the Director	Academic Qualifications	Attendance in the Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Ashwani Lohani CMD-Air India Limited (ceased w.e.f. 14 February 2020)	Mechanical Engineer and Fellow of Chartered Institute of Logistic and Transport	3	<u>Chairman & MD-</u> Air India Limited, <u>Part-time Chairman</u> Air India Express Ltd., AI Airport Services Ltd., AI Engineering Services Ltd.,	**In Air IndiaLtd.,**

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
			Alliance Air Aviation Ltd., Hotel Corporation of India Ltd., Air India Assets Holding Ltd. Director Air India SATS Airport Services Pvt.Ltd., Air Mauritius Limited Air Mauritius Holding Ltd.	Permanent Invitee Audit Committee Member Nomination & Remuneration Committee **In AIASL** Chairman Corporate Social Responsibility Committee Member Audit Committee **In Hotel Corp. of India Ltd.,** Member- Audit Committee
Shri Rajiv Bansal CMD-Air India Limited (appointed w.e.f. 14 February 2020)	Civil Engineer from IIT Delhi, Diploma in Finance, ICFAI, Hyderabad Exe Masters in International Business, IIFT, Delhi	1	Chairman & MD- Air India Limited, Part-time Chairman Air India Express Ltd., Ai Airport Services Ltd., AI Engineering Services Ltd., Alliance Air Aviation Ltd., Hotel Corporation of India Ltd., Air India Assets Holding Ltd. Director Air India SATS Airport Services Pvt.Ltd., Air Mauritius Limited Air Mauritius Holding Ltd.	**In Air IndiaLtd.,** Permanent Invitee Audit Committee Member Nomination & Remuneration Committee **In AIASL** Chairman Corporate Social Responsibility Committee Member Audit Committee **In Hotel Corp. of India 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
Shri Pankaj Kumar (ceased as MD-HCI w.e.f. 30 April 2019 and designated as CEO-HCI w.e.f. 1 May 2019 and resigned w.e.f. 17 July 2020)	MBA	1	Chief Executive Officer	
Shri Ajay Prakash (Appointed as CEO-HCI w.e.f.20 July 2020)	MBA	NIL	Chief Executive Officer	
Shri Vinod Hejmadi Director (Finance)- Air India Limited	B.Com, FCA	4	Director Air India Limited, Air India Express Ltd., AI Airport Services Ltd., AI Engineering Services Ltd., Alliance Air Aviation Ltd., Hotel Corporation of India Ltd., AISATS Airport Services Pvt Ltd Air India Assets Holding Ltd.	In Air India Ltd., Member HR Committee Corporate Social Responsibility (CSR) & Sustainability Development Committee Share Allotment Committee Selection Committee Flight Safety Committee Special Invitee Audit Committee; In Hotel Corp. of India Ltd., Member Audit Committee In Air India Express Ltd., Chairmain CSR 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
				Member Audit-cum-Finance Committee HR cum Nomination & Remuneration Committee **In AIASL** Member Corporate Social Responsibility Committee Audit Committee In AIESL Member Audit Committee **In AAAL** Chairman HR Committee Member Audit Committee Flight Safety Committee AISATS Chairman CSR Committee
Government Directors				
Shri Arun Kumar Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (ceased w.e.f. 10 July 2019)	B.A. (Hons), IAS	1	Director Air India Ltd., Hotel Corporation of India Ltd., AI Airport Services Ltd., AI Engineering Services Ltd Pawan Hans Ltd. Airports Authority of India Indian Renewable Energy Development Ltd. Solar Energy Corporation of India Ltd.	**In Air India Ltd.,** Member Audit Committee; Share Allotment Committee **In Hotel Corp. of India Ltd.,** Chairman Audit Committee

Name of the Director	Academic Qualifications	Attendance in the Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Praveen Garg Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (Appointed wef 21 August 2019 and ceased w.e.f. 18 February 2020)	Chartered Accountant, IAS	2	Director Air India Ltd., Hotel Corporation of India Ltd., AI Airport Services Ltd., AI Engineering Services Ltd	**In Air India Ltd.,** Member Audit Committee; Share Allotment Committee **In Hotel Corp. of India Ltd.,** Chairman Audit Committee
Shri Vimalendra Anand Patwardhan Joint Secretary & Financial Advisor, Ministry of Civil Aviation (appointed w.e.f. 20 March 2020)	B.Com IAS	NIL	Director Air India Ltd., Hotel Corporation of India Ltd., AI Airport Services Ltd., AI Engineering Services Ltd Air India Assets Holding Lt.d Pawan Hans Ltd. Indian Renewable Energy Development Ltd. Solar Energy Corporation of India Ltd. Airports Authority of India	In Air India Ltd., Chairman Share Allotment Committee Member Audit Committee; **In Hotel Corp. of India Ltd.,** Chairman Audit Committee **In AIASL** Chairman Audit Committee Member CSR Committee **In AIESL** Chairman Audit Committee

Name of the Director	Academic Qualifications	Attendance in the Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri 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., AI Airport Services Ltd., AI Engineering Services Ltd	**In Air India Ltd.,** Member HR Committee Nomination & Remuneration Committee Flight Safety Committee Audit Committee **In Hotel Corp. of India Ltd.,** Memeber Corporate Social Responsiblity Committee; Audit Committee **In AIESL** Member Audit Commitee

BOARD COMMITTEES

Audit Committee:

During the year 2019-20, the constitution of the Audit Committee was as follows:

1.	Addl/Jt. Secretary& Financial Advisor, MOCA	-	Chair Person
2.	Chairman & Managing Director-AIL	-	Member
3.	Joint Secretary , MOCA	-	Member
4.	Director Finance-Air India Ltd.,	-	Member
5.	Managing Director-HCI	-	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, four 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 FOUR times 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:

29^{th} Meeting	26 April 2019
30^{th} Meeting	23 July 2019
31^{st} Meeting	18 November 2019
32^{nd} Meeting	4 March 2020

Attendance at the Audit Committee Meetings

Name of the Member	No. of Meetings Attended
Shri Ashwani Lohani	3
Shri Praveen Garg, Chairman	2
Shri Satyendra Kumar Mishra	4
Shri Vinod Hejmadi	4
Shri Pankaj Kumar*	1
*Ceased to be MD w.e.f. 1.05.2019 and hence was not on the Board and Audit Committee	

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
Extra Ordinary General Meeting	10 June 2020 at 1500 hrs	1st flr, Transport Annexe Building, Air India Complex, Old Airport, Santa Cruz(E), Mumbai-400 029
48th Annual General Meeting	30th September 2019 at 1230 hrs	
47th Adjourned Annual General Meeting	22nd January 2019 at 1130 hrs	
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	

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 2020.

Sd/-
(Rajiv Bansal)
Chairman
Hotel Corporation of India Limited

Place : Delhi

Date : 24 November 2020

Annexure II

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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: U55101MH1971GOI015217]** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020 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 31st March, 2020 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 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) *The Company does not have one Woman Director as required under Section 149 of the Act from 1st April, 2019 to 31st March, 2020.*

(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 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,2019 to 31st March,2020.*

(iii) *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.*

(iv) *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.*

(v) *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
UDIN FCS: 2727/CP: 1654

Place : Mumbai

Date : 17 November 2020

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.

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 2020

The preparation of financial statements of **Hotel Corporation of India Limited** for the year ended 31 March 2020 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 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 Revised Audit Report dated 08.12.2020 which supersedes their earlier Audit Report dated 27.I 0.2020.

I, on 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 year ended 31 March 2020 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.

In view of the revisions made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

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

Tanuja Mittal
Principal Director of Commercial Audit,
Mumbai

Place : Mumbai
Date : 23 December 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Hotel Corporation of India Limited

REVISED Report on the Audit of the Financial Statements

Opinion

1. Being a government company, the office of the Comptroller and Auditor General of India has carried out supplementary audit of the Company pursuant to the provisions of section 143 (6) of the Companies Act, 2013. The office of the Comptroller and Auditor General of India has issued provisional comments on the Independent Auditors Report on the standalone financial statements considering which we here revise our original report dated 27th October 2020

2. We have audited the financial statements of The Hotel Corporation of India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), (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 (hereinafter referred to as Financial Statements).

3. 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 (other than certain information mentioned in Emphasis of Matters) required by the Companies Act, 2013 ("the Act"), in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March 2020, its loss (including other comprehensive income), the 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 Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI"s 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

The Company has incurred a net loss of Rs. 6554.70lakhs during the year ended March 31, 2020 and, as of that date, the Company's current liabilities excess its total assets by Rs. 34093.35 lakhs and it has accumulated losses of Rs. 57059.05 lakhs which has resulted in complete erosion of the net worth of the company. In spite of these events or conditions which may cast a significant doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the continued support of the Holding Company, Government of India and having regards to other facts mentioned in Note 53.

Our opinion is not modified in respect of this matter

Emphasis of Matter

We draw attention to

1. The Company 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. 37.
2. Other receivable under Other Financial Assets include Rs.47.96 lakhs due from AAI since 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. (Refer note no. 31).
3. Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs.1197.92 lakhs are very old. These balances are subject to reconciliation and confirmation. (Refer note no. 32 (a)).
4. 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 are very old. These balances are subject to reconciliation and confirmation. (Refer note no. 32 (b)).
5. The Company is showing capital work in progress for Hi-lift TATA Chassis of Rs. 24.36lakhs since 31st March, 2009. The above work is not completed from last 10 years, the company is of the view that there is no impairment of assets and the work will be completed earliest. (Refer note no. 34)
6. 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
7. 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. (Refer note no. 49 and 50)
8. 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 modified in respect of above matters.

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:

Key Audit Matters	Principal audit procedure performed
Going Concern The company is in loss, net worth is fully eroded, going concern needs to be examined	We have verified financial statement of Holding Company, the management projection and clarification suggest that though the company in a loss but continuous support of holding company as well as the Government will ensure the company runs its business as going concern. There is no bank loan; no creditors went for insolvency etc. suggests support from holding company will enable going concern on continuous basis. Based upon the above facts and data we have performed our audit procedure and make opinion accordingly
Fixed Assets/ Leased Assets The new Accounting Standard suggest capitalisation of lease asset and creating lease liability. Expenses need to be charged as depreciation and finance cost instead of rental expenses.	We have obtained the working of lease assets including amortisation schedule and ensured that the same is in line with Accounting Standards and accurately disclosed in the financial statements

Responsibility of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, (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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 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 Act, 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".
      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:20119509AAAANP8534

Place : Mumbai
Date : 08.12.2020

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 2020, we report that :

i) (a) The Company is maintaining records of fixed assets including quantitative details and location; however the same is not proper and in the process of updating the same and correcting physical verification deficiency with books of accounts.

(b) The Company is in the process of conducting physical verification of its Fixed Assets in a phased manner. *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. 46).*

(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:

Name of the Statute	Nature of Dues	Amt in dispute	Period to which the amount relates	Forum where dispute is pending
Luxury Tax	Tax	21.75	2000- 01	Addl. Commissioner Sales Tax Appeal
	Interest	08.78		
	Penalty	12.97		
Luxury Tax	Less: Paid	65,05	2000-01	Addl. Commissioner Sales Tax Appeal
	Total	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		
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, company being a Government Company, in terms of MCA notification G.S.R.463(E) dated 5th June 2015, the provisions of section 197 of Companies Act, 2013 relating to Managerial remuneration are not applicable to company 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:20119509AAAANP8534

Place : Mumbai
Date : 08.12.2020

ANNEXURE "B" CHANGED TO THE INDEPENDENT AUDITORS REPORT

As referred to in our Independent Auditors' Report to the members of the Company on the financial statement for the year ended 31st March 2020, 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 2020.

1.	Whether the Company has system in place to process all the accounting transaction through IT systems? If yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts alongwith the financial implications, if any, may be stated	According to the information, explanations and records provided to us, the Company has all accounting transaction is processed through IT system. Based on our audit procedures, on test basis, wherever the accounting transactions are based on working outside IT system, no instances of lack of integrity of accounts and not financial implications has been noted/reported.
2.	Whether there is any restructuring of an existing loan or cases of Waiver/Write off of debts/loans/interest etc., made by a lender to the Company due to the company's inability to repay the loan? If yes, the financial impact may be stated the amount involved.	During the year under review, there were no cases of restructuring of an existing loan waiver/ write off of debts/loans/interest and hence the said clause is not applicable
3	Whether fund received/receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its terms and conditions? List the case of deviation.	To the best of our information, checks applied by us during the course of our audit, we are of the opinion that there is no fund received during the year for any specific scheme 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:20119509AAAANP8534

Place : Mumbai
Date : 08.12.2020

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 2020 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, 2020.

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:20119509AAAANP8534

Place : Mumbai
Date : 08.12.2020

MANAGEMENT REPLIES TO THE REVISED INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT OF HOTEL CORPORATION OF INDIA LIMITED FOR THE FINANCIAL YEAR 2019-20

AUDITORS' REPORT FOR THE FINANCIAL YEAR 2019-20	MANAGEMENT COMMENTS
INDEPENDENT AUDITOR'S REPORT **To the Members of Hotel Corporation of India Limited** **REVISED Report on the Audit of the Financial Statements** **Opinion**	
1. Being a government company, the office of the Comptroller and Auditor General of India has carried out supplementary audit of the Company pursuant to the provisions of section 143 (6) of the Companies Act, 2013. The office of the Comptroller and Auditor General of India has issued provisional comments on the Independent Auditors Report on the standalone financial statements considering which we here revise our original report dated 27th October 2020.	This is a statement of fact
2. We have audited the financial statements of The Hotel Corporation of India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), (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 (hereinafter referred to as Financial Statements).	
3. 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 (other than certain information mentioned in Emphasis of Matters) required by the Companies Act, 2013 ("the Act"), in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March 2020, its loss (including other comprehensive income), the 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 Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code	

of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI"s 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	
The Company has incurred a net loss of Rs. 6554.70lakhs during the year ended March 31, 2020 and, as of that date, the Company's current liabilities excess its total assets by Rs. 34093.35 lakhs and it has accumulated losses of Rs. 57059.05 lakhs which has resulted in complete erosion of the net worth of the company. In spite of these events or conditions which may cast a significant doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the continued support of the Holding Company, Government of India and having regards to other facts mentioned in Note 53. Our opinion is not modified in respect of this matter.	The Company has already disclosed in note no. 53 that in the opinion of the Management, the Company continues to be a going concern.
Emphasis of Matter We draw attention to:	
1. The Company 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. 37.	In respect of Receivables/ Payables, the holding Company and its subsidiaries which form the major parties are completely reconciled. These companies in fact constitute a major portion of the total Receivables and Payables of the company .The confirmation process for the remaining parties is estimated to be completed by 31.3.2021
2. Other receivable under Other Financial Assets include Rs.47.96 lakhs due from AAI since 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. (Refer note no. 31).	The Company has to settle the dispute between Airports Authority of India(AAI) and the Company relating to lease rentals and turnover levy payable by it to AAI. As and when this matter is discussed, the matter regarding receivable from AAI would also be discussed.
3. Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs.1197.92 lakhs are very old. These balances are subject to reconciliation and confirmation. (Refer note no. 32 (a)).	The matter is being pursued with the SKICC and J&K government.

4. 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 are very old. These balances are subject to reconciliation and confirmation. (Refer note no. 32 (b)).	The matter is being pursued with the J&K government.
5. The Company is showing capital work in progress for Hi-lift TATA Chassis of Rs. 24.36lakhs since 31st March, 2009. The above work is not completed from last 10 years, the company is of the view that there is no impairment of assets and the work will be completed earliest. (Refer note no. 34)	In view of the financial crunch in earlier years, the hilift could not be completed. However the work of the Hilift is presently almost complete. In view of Covid 19 situation, the workshop was totally closed and non functional) from March to August 2020. The factory is now functioning and the hilift work has been almost completed except for the fitment of stabilizer which being a specialised job is pending as the person concerned is at present under treatment for covid 19. Taking into consideration the maximum time of treatment and the time required for fitting and testing the stabilizer, it is expected that the hilift delivery would be latest by November 2020
6. 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	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.
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.	HCI had 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.
7. 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.	External Internal Auditors are appointed to strengthen and enhance the scope of Internal audit in several areas of the company's business. With the assistance of these auditors the company intends to strengthen the scope and coverage of internal audit commensurate with the size and nature of the company's business.
b. Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained. (Refer note no. 49 and 50)	Efforts would be made to comply with the observations of auditors
8. 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 modified in respect of above matters.	This is a Statement of fact
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:	This is a statement of fact

<table>
<tr>
<td>
<table>
<tr><td>Key Audit Matters</td><td>Principal audit procedure performed</td></tr>
<tr><td>Going Concern

The company is in loss, net worth is fully eroded, going concern needs to be examined</td><td>We have verified financial statement of Holding Company, the management projection and clarification suggest that though the company in a loss but continuous support of holding company as well as the Government will ensure the company runs its business as going concern. There is no bank loan; no creditors went for insolvency etc. suggests support from holding company will enable going concern on continuous basis. Based upon the above facts and data we have performed our audit procedure and make opinion accordingly.</td></tr>
<tr><td>Fixed Assets/ Leased Assets

The new Accounting Standard suggest capitalisation of lease asset and creating lease liability. Expenses need to be charged as depreciation and finance cost instead of rental expenses.</td><td>We have obtained the working of lease assets including amortisation schedule and ensured that the same is in line with Accounting Standards and accurately disclosed in the financial statements.</td></tr>
</table>
</td>
<td></td>
</tr>
<tr>
<td>Responsibility of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, (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</td>
<td>This is a statement of fact</td>
</tr>
</table>

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.
Report on Other Legal and Regulatory Requirements 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable. 2. As per requirement of Section 143(5) of the Act, 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	This is a statement of fact

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. **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 2020, we report that :	This is a statement of fact
i(a) The Company is maintaining records of fixed assets including quantitative details and location; however the same is not proper and in the process of updating the same and correcting physical verification deficiency with books of accounts.	This process is being checked with the physical verification of the assets. It is expected to be completed in the current year.
(b) The Company is in the process of conducting physical verification of its Fixed Assets in a phased manner. 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	The company is in the process of reconciling the fixed assets physically verified with the Fixed Assets Register. No major discrepancies are expected.

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. 46).	
(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.	The matter is being pursued with the Cooperative society
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 within 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
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.	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:	

Amount in Lakh

Name of the Statute	Nature of Dues	Amt in dispute	Period to which the amount relates	Forum where dispute is pending
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 of Sales Tax Appeal
Luxury Tax	Tax Penalty Less Paid Total	06.97 0.14 6.30 0.81	2002-03	Commissioner of Sales Tax Appeal
Service Tax	Tax	27.57	July 2012- March 2013	Commossioner of Central Excise Appellate II
Service Tax	Tax	51.08	2013-14	Commossioner of Central Excise Appellate II
Service Tax	Tax	60.70	2014-15	Commossioner of Central Excise Appellate II
Service Tax	Tax	78.30	2015-16	Commossioner of Central Excise Appellate II
Service Tax	Tax	78.60	2016-17	Commossioner of Central Excise Appellate II

This is a statement of fact

viii Based on our audit procedures and the information and explanations provided to us, the Company did not have any borrowings from financial institution, bank, government and debenture holders. Hence, clause 3(viii) of the Order is not applicable.

This is a statement of fact

ix. According to the information and explanations given to us, the Company has not raised any moneys by way of Initial Public Offer or Further Public Offer (including debt instrument) and term loans. Hence, clause 3(ix) of the Order is not applicable.

This is a statement of fact

x. To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the year and, nor have we been informed of such case by the management.

This is a statement of fact

xi. According to the information and explanations given to us and based on our audit procedures, company being a Government Company, in terms of MCA notification G.S.R.463(E) dated 5th June 2015, the provisions of section 197 of Companies Act,

This is a statement of fact

2013 relating to Managerial remuneration are not applicable to company hence clause 3 (xi) of the Order is not applicable.	
xii. According to the information and explanation given to us, the Company is not a Nidhi Company and hence clause 3(xii) of the Order is not appoicable xiii. According to the information and explanations obtained by us:	This is a statement of fact
(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.	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.
(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.	Presently there is no Independent Director on the Board of HCI and the matter has been taken up with AIL. First Proviso to Section 188 states that no contract or arrangement shall be entered into except with the prior approval of the Company in a general meeting. Although, vide Notification dated 5 June 2015 issued by the Ministry of Corporate Affairs, 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 Audit Committee / Board is required to be obtained for the same and the same is complied with.
xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.	This is a statement of fact
xv. According to the information and explanations obtained by us, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence clause 3(xv) of the Order is not applicable.	This is a statement of fact

<table>
<tr>
<td>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.</td>
<td>This is a statement of fact</td>
</tr>
<tr>
<td>
Format of Annexure “B” changed to the Independent Auditors Report

As referred to in our Independent Auditors’ Report to the members of the Company on the financial statement for the year ended 31st March 2020, 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 2020.

<table>
<tr>
<td>1</td>
<td>Whether the Company has system in place to process all the accounting transaction through IT systems? If yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts alongwith the financial implications, if any, may be stated</td>
<td>According to the information, explanations and records provided to us, the Company has all accounting transaction is processed through IT system.

Based on our audit procedures, on test basis, wherever the accounting transactions are based on working outside IT system, no instances of lack of integrity of accounts and not financial implications has been noted/reported.</td>
</tr>
<tr>
<td>2</td>
<td>Whether there is any restructuring of an existing loan or cases of Waiver/ Write off of debts/loans/ interest etc., made by a lender to the Company due to the company’s inability to repay the loan? If yes, the financial impact may be stated the amount involved.</td>
<td>During the year under review, there were no cases of restructuring of an existing loan waiver/write off of debts/ loans/interest and hence the said clause is not applicable.</td>
</tr>
<tr>
<td>3</td>
<td>Whether fund received/ receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its terms and conditions? List the case of deviation.</td>
<td>To the best of our information, checks applied by us during the course of our audit, we are of the opinion that there is no fund received during the year for any specific scheme and hence the said clause is not applicable.</td>
</tr>
</table>
</td>
<td>

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

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 2020 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" 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 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.	This is a statement of fact

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	This is a statement of fact
(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, 2020. 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.	

BALANCE SHEET AS AT 31st MARCH, 2020

(Rs. In lakhs)

		Particulars	Note	Year ending 31st March 2020		Year ending 31st March 2019	
		ASSETS :					
1		**Non-current Assets**					
	(i)	Property, Plant & Equipment	3A	**2,064.10**		2,279.70	
	(ii)	Intangible Assets	3B	**-**		-	
	(iii)	Capital Work-in-Progress	3C	**24.37**		24.37	
	(iv)	Right to Use an Asset	4	**3,053.58**		-	
	(v)	Financial assets:					
		a) Trade Receivables					
		b) Loans	5	**99.31**		98.00	
		c) Other Financial Assets	6	**-**		-	
	(vi)	Income Tax Assets (Net)	7	**-**		-	
	(vii)	Other Non-Current Assets	8	**77.42**	**5,318.78**	77.42	2,479.49
2		**Current Assets**					
	(i)	Inventories	9	**141.94**		201.37	
	(ii)	Financial assets:					
		a) Trade Receivables	10	**4,517.56**		3,277.03	
		b) Cash and Cash equivalents	11	**628.21**		1,155.89	
		c) Bank balances other than (b) above	12	**635.62**		600.68	
		d) Loans	5	**-**		-	
		e) Other Financial Assets	6	**2,015.30**		1,952.27	
	(iii)	Income Tax Assets (Net)	7	**1,379.16**		1,801.58	
	(iv)	Other Current Assets	8	**883.20**	**10,200.99**	753.85	9,742.67
		Total Assets			**15,519.76**		12,222.16
		EQUITY AND LIABILITIES :					
1		**Equity**					
		a) Equity Share Capital	13	**13,760.00**		13,760.00	
		b) Other Equity	14	**(57,059.05)**	**(43,299.05)**	(50,504.35)	(36,744.35)
2		**Liabilities :**					
	(i)	**Non-current Liabilities**					
		a) Finacial Liabilities					
		i) Borrowings	15	**-**		-	
		ii) Long Term Lease Liability	16	**3,584.64**		-	
		iii) Other Financial Liabilities	17	**-**		-	
		b) Provisions	18	**5,621.05**		4,714.24	
		c) Other Non-current Liabilities	19	**-**	**9,205.69**	-	4,714.24
	(ii)	**Current Liabilities**					
		a) Finacial Liabilities					
		i) Borrowings	15	**37,964.36**		32,990.51	
		ii) Short Term Lease Liability	16	**-**		-	
		ii) Trade Payables					
		a) MSME	20	**66.14**		81.95	
		b) Other Trade Payables	20	**429.99**		436.40	
		iii) Other Financial Liabilities	17	**8,391.49**		8,183.10	
		b) Provisions	18	**981.61**		907.29	
		c) Other Current Liabilities	19	**1,779.53**	**49,613.12**	1,653.02	44,252.27
		Total Equity & Liabilities			**15,519.76**		12,222.16

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 : 27-10-2020

For and on behalf of the Board of Directors

Sd/-
(Rajiv Bansal)
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 : 21-10-2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH MARCH 2020

(Rs. In lakhs)

Particulars	Notes	31-Mar-20 (Rs.)	31-Mar-19 (Rs.)
Continuing operations			
INCOME			
Revenue from operations	21	**5,956.64**	5,974.93
Revenue from operations		**5,956.64**	5,974.93
Other income	22	**805.89**	753.37
		805.89	753.37
Total revenue		**6,762.53**	6,728.30
EXPENSES			
Cost of raw material consumed	23	**1,382.10**	1,363.14
Employee Benefits	24	**5,731.76**	5,499.63
Finance Cost	25	**2,873.66**	2,968.76
Depreciation / Amortisation Expenses	3 & 4	**495.29**	1,508.23
Other Expenses	26	**1,834.53**	2,251.22
Total Expenses		**12,317.34**	13,590.98
Loss before Tax		**(5,554.81)**	(6,862.68)
Tax Expense			
Current Tax		**-**	-
Deferred Tax		**-**	-
Add (Less)- Short (Excess) Provision of Earlier Years		**-**	-
Profit/(Loss) for the year		**(5,554.81)**	(6,862.68)
Other Comprehensive Income			
a. Items that will not be classified to Profit & Loss			
i.Remeasurement Gain / (Loss) on Defined Benefit Obligation	27	**(999.89)**	(257.67)
Total Comprehensive Income for the year		**(6,554.70)**	(7,120.35)
Earning per Equity Share			
Basic		**(47.64)**	(51.75)
Diluted		**(47.64)**	(51.75)
Significant accounting policies	2		

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 : 27-10-2020

For and on behalf of the Board of Directors

Sd/-
(Rajiv Bansal)
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 : 21-10-2020

STATEMENT OF CHANGES IN EQUITY

(A) Equity Share Capital

(Rs. in Lakhs)

	No. of shares	
As at 1st April, 2017	13,760,000	13,760.00
Change in equity share capital during the year		-
As at 1st April, 2018	13,760,000	13,760.00
Change in equity share capital during the year		-
As at 31st March, 2019	13,760,000	13,760.00
Change in equity share capital during the year		-
As at 31st March, 2020	13,760,000	13,760.00

(B) Other Equity

(Rs. in Lakhs)

Particulars	General Reserve	General Reserve Amalgamation	Retained Earnings	Total
Balance as at 1 April 2018	-	-	(43,384.00)	(43,384.00)
Profit for the year	-	-	(6,862.68)	(6,862.68)
Other Comprehensive Income (net of tax)	-	-	(257.67)	(257.67)
Balance as at 31 March 2019	**-**	**-**	**(50,504.35)**	**(50,504.35)**

(Rs. in Lakhs)

Particulars	General Reserve	General Reserve Amalgamation	Retained Earnings	Total
Balance as at 1 April 2019	-	-	(50,504.35)	(50,504.35)
Profit for the year	-	-	(5,554.81)	(5,554.81)
Other Comprehensive Income (net of tax)	-	-	(999.89)	(999.89)
Balance as at 31st March, 2020	**-**	**-**	**(57,059.05)**	**(57,059.05)**

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 : 27-10-2020

For and on behalf of the Board of Directors

Sd/-
(Rajiv Bansal)
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 : 21-10-2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020 (Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the Year	**(5,554.81)**	(6,862.68)
Adjustment for		
Depreciation (Net)	**495.29**	1,508.23
Finance Cost	**2,873.66**	2,968.76
Loss/(Profit) on Sale of Fixed Assets	**-**	-
Exceptional Items (Excess Depreciation Written Back)	**-**	-
Prior Period Items	**-**	-
Provision for Doubtful Debts	**-**	-
Interest Income	**(433.33)**	(90.45)
Operating loss before working capital changes	**(2,619.19)**	(2,476.14)
Movement in working capital:		
(Increase)/Decrease in Trade and Other Receivables	**(1,469.17)**	420.44
(Increase)/Decrease in Inventories	**59.43**	40.73
Increase/(Decrease) in Trade and Other Payables	**5,267.77**	6,036.48
Cash generated from operations	**1,238.84**	4,021.51
Less : Taxes paid / (Refunded)	**422.43**	268.57
Net cash generated/(used in) from operating activities - (A)	**1,661.28**	3,752.95
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Additions)/ Sale of Fixed Assets / CWIP	**(2.75)**	(41.22)
Additions (Right to Use an Asset)	**(3,330.52)**	-
Sale of Fixed Assets	**-**	-
Interest Received	**433.33**	90.45
Net cash generated/(used in) from investing activities - (B)	**(2,899.94)**	49.23
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares	**-**	-
Interest Paid	**(2,873.66)**	(2,968.76)
Increase/(Decrease) in Short Term Lease Liability	**-**	-
Increase/(Decrease) in Long Term Lease Liability	**3,584.64**	-
Net cash from financing activities - (C)	**710.98**	(2,968.76)
Net increase/ (decrease) in cash or cash equivalents - (A+B+C)	**(527.68)**	833.42
Cash and bank balance as at beginning of the year	**1,155.90**	322.48
Cash and bank balance at the end of the year	**628.21**	1,155.90
Earmarked balances with banks	**1.23**	0.78
Cash and cash equivalents as at the end of the year	**626.98**	1,155.12
	628.21	1,155.90

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 : 27-10-2020

For and on behalf of the Board of Directors

Sd/-
(Rajiv Bansal)
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 : 21-10-2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rupees in lakhs except otherwise stated)

NOTE 1: CORPORATE INFORMATION

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.

NOTE 2: BASIS OF PREPARATION, CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

The financial statements have been prepared on the following basis:

i. Basis of Preparation and Compliance with IND AS

For all period upto and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP) and complied with the accounting standard (previous GAAP) as notified under section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014 as amended to the extent applicable, and the presentation requirements of the Companies Act, 2013.

In accordance with the notification, dated February 16, 2015, issued by the Ministry of Corporate Affairs, the company has adopted Indian Accounting Standards (Ind AS) notified under section 133 read with Rule 4A of the Companies (Indian Accounting Standards) Rules 2015, as amended, and the relevant provisions of the Companies Act, 2013 (collectively, “Ind ASs”) with effect from April 1, 2017 the Company is required to prepare its financial statements in accordance with Ind AS for the year ended March 31, 2018. These financial statements as and for the year ended March 31, 2018 (the “Ind AS Financial Statements”) were the first financial statements the Company has prepared in accordance with Ind AS and financial statements for the year ended March 31st 2020 is also prepared on the same basis.

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. 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.

v. Estimation uncertainty relating to the global health pandemic on COVID-19:

On March 11, 2020, the World Health Organisation declared COVID-19 outbreak as a pandemic. Responding to the potentially serious threat that this pandemic has to public health, the Indian Government has taken a series of measures to contain the outbreak, which included imposing multiple 'lock-downs' across the country, from March 22, 2020, and extended up to July 31, 2020. The lockdowns and restrictions imposed on various activities due to COVID – 19 pandemic have posed challenges to the business of the Company. Lockdown guidelines issued by Central/State governments mandated closure of hotel operations and cessation of air traffic and other forms of public transport. This has resulted in low occupancies / shutdowns of our hotels AT Delhi and Srinagar and flight kitchens at Mumbai and Delhi. The Delhi hotel was shut down temporarily during the lockdown phase as the Company was not part of Government denominated essential services. With the lifting of the partial lockdown restrictions, the Company has re-opened the hotels in the non-containment zones, after establishing thorough and well-rehearsed safety protocols. The Company expects the hotels to become fully operational after the lockdown is lifted completely and the confidence of travelers is restored. The Company expects the demand for its services to pick up albeit at a slower pace once lockdown is lifted. The Company has assessed the potential impact of COVID-19 on its capital and financial resources, profitability, liquidity position, and demand for its services.

Various steps have been initiated by the Company. The Company does not foresee any disruption in raw material supplies. The Company has also assessed the potential impact of COVID-19 on the carrying value of property, plant & equipment, right-of-use assets, intangible assets, trade receivables, inventories, and other current assets appearing in the financial statements of the Company. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions because of this pandemic, the Company as at the date of approval of these Financial statements has used internal and external sources of information and based on current estimates, expects to recover the carrying amounts of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

vi. Significant Accounting Policies:

A. <u>Inventories(IND AS – 2)</u>

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.

Inventories are valued at lower of cost and Net Realisable Value (NRV)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.

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.

B. <u>Cash Flow Statement (IND AS–7)</u>

Cash flows are reported using indirect method as set out in Ind AS-7 “Statement of Cash Flows” whereby profit/(loss) before tax is adjusted for the effect of transactions of non cash nature and any deferrals or accruals of past or future cash receipt to payments. The Cash flow from operating, investing and financing activities of the company is segregated based on available information.

C. <u>Taxation (IND AS - 12)</u>

Current Income 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.

Deferred Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. 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.

D. <u>Property, Plant and Equipment: (PPE) (IND AS - 16)</u>

i. <u>Property, Plant and Equipment</u>

Property, plant and equipment are carrying at deemed cost from the date of transition.

The initial cost of property, plant and equipment comprises its purchase price, including non refundable duties and taxes, attributable borrowing cost and any other directly attributable costs of brining an asset to working condition and location for its intended use. It also includes the present value of expected cost for decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charges to the statement of profit and loss in the period in which the costs are incurred. Major overhaul expenditure is capitalized if the recognition criteria are met.

Gains and losses on disposal of an item of property, plant and equipment are determined by deducting the proceeds of disposal from the carrying amount of property, plant and equipment and are recognized net within other income/other expenditure in statement of profit and loss.

The residual value, useful lives and method of depreciation of property, plant and equipments are reviewed at each financial year end and adjusted prospectively, if appropriate.

Further 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. Capital work in progress

Assets in the course of construction are capitalized in capital work in progress account. At the point when the asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment.

iii. Depreciation / Amortization:

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

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 life and residual values are reviewed by the Management at each year end.

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

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.

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.

Heavy curtains are written off in the year of issue.

E. 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 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. Re -measurements 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.

F. <u>Foreign Currency Transactions (IND AS - 21)</u>

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

Foreign Currency Monetary Items:

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.

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.

G. 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.

H. 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.

I. Impairment of Assets (IND AS – 36)

Assets that are subject to amortisation are reviewed for impairment periodically including whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

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.

J. Provisions, Contingent Liabilities/Capital Commitments & Contingent Assets (IND AS - 37)

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.

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.

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.

K. 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.

L. Intangible Assets (IND AS – 38)

Intangible assets acquired are measured on initial recognition at cost; following initial recognition intangible assets are carried at cost less any accumulated amortization and accumulated impairment loss. The useful lives of intangible assets is assessed for five years. Specialized systems software acquired outright and license fee paid for such patented software are capitalized.

The costs relating to annual license fees, development, updation, implementation and maintenance of computer software are charged to revenue account.

Gains or losses arising from the retirement or disposal proceeds and the carrying amount of the assets recognized as income or expenses in the Statement of profit and loss when the asset is derecognized.

M. Financial Instruments (IND AS – 109)

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 counterparty 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

N. <u>Fair Value Measurement (IND AS - 113)</u>

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.

O. Revenue Recognition (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.

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. Theses 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

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

i. **Interest**

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

ii. **Dividend**

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

P. Leases (IND AS - 116)

A contract is, or contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and non-lease components based on their relative prices and applies the lease accounting model only to lease components.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs incurred, lease payments made at or before the commencement date, and less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are also adjusted for any re-measurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option and any lease modification. Payments which are 'in-substance fixed' are charged against the lease liability.

Lease liability and Right Of Use Assets have been separately presented in the Balance Sheet and lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from operating activities; and

- payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities

Transition to IND As 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, prospectively with the effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the prospective effect of initially applying this standard has been recognised as on April 1, 2019.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

Q. 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.

R. 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.

S. Recent Accounting Pronouncements

a. New and amended standards adopted by the Company:

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2019:

- Ind AS 116 - Leases
- 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));
- 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 or Settlement);

The Company has changed its accounting policies as a result of adopting Ind AS 116. The company elected to adopt the new standard prospectively with effect from April 1, 2019. This is disclosed in Note 39.

The other amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

b. New Standards or other amendments issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

NOTE 3A & 3B : PROPERTY PLANT AND EQUIPMENT

(Rs. In lakhs)

	Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			As at April 01, 2019	Additions	Deductions / Adjustments	As at 31-Mar-20	As at April 01, 2019	For the year	Deductions / Adjustments	Total Upto 31-Mar-20	As at 31-Mar-20	As at 31-Mar-19
A		**TANGIBLE ASSETS :**										
	1	LAND (LEASEHOLD)	16.75	-	-	16.75	0.83	0.27	-	1.10	15.65	15.92
	2	BUILDING & OWNERSHIP FLATS	3,248.69	-	-	3,248.69	1,510.90	120.38	-	1,631.28	1,617.41	1,737.79
	3	PLANT & MACHINERY	551.74	2.38	-	554.12	266.12	45.35	-	311.47	242.65	285.62
	4	FURNITURE & FIXTURES	38.86	0.27	-	39.13	25.60	1.86	-	27.46	11.67	13.26
	5	OFFICE EQUIP, ELECTL INSTALLATIONS ETC.	332.71	0.10	-	332.81	208.53	34.24	-	242.77	90.04	124.18
	6	VEHICLES	141.20	-	-	141.20	40.18	15.42	-	55.60	85.60	101.02
	7	OBJECT D`ART.	0.00	-	-	0.00	-	-	-	-	0.00	0.00
	8	COMPUTERS	7.20	-	-	7.20	5.29	0.83	-	6.12	1.08	1.91
	TOTAL FOR TANGIBLE ASSETS		**4,337.15**	**2.75**	**-**	**4,339.90**	**2,057.45**	**218.35**	**-**	**2,275.80**	**2,064.10**	2,279.70
B	**INTANGIBLE ASSETS :**		-	-	-	-	-	-	-	-	-	-
	TOTAL FOR INTANGIBLE ASSETS		-	-	-	-	-	-	-	-	-	-
	TOTAL ASSETS		**4,337.15**	**2.75**	**-**	**4,339.90**	**2,057.45**	**218.35**	**-**	**2,275.80**	**2,064.10**	2,279.70
		Previous Year	4,307.31	29.84	-	4,337.15	549.21	1,508.23	-	2,057.45	2,279.70	3,758.09
C	**NOTE 3C: CAPITAL WORK IN PROGRESS**											
	Capital Work-in-Progress										**24.37**	24.37
		GRAND TOTAL	**4,337.15**	**2.75**	**-**	**4,339.90**	**2,057.45**	**218.35**	**-**	**2,275.80**	**2,088.47**	

NOTE 4 - RIGHT TO USE AN ASSET

(Rs. In lakhs)

Particulars	**Leasehold Land**	**Total**
Cost		
Balance as at April 1st, 2018	-	-
- Other Acquisitions	-	-
Balance as at March 31st, 2019	-	-
- Other Acquisitions	3330.52	3330.52
Balance as at March 31st, 2020	3,330.52	3,330.52
Amortisation and Impairment		
Balance as at April 1st, 2018	-	-
- Amortisation charge for the year	-	-
Balance as at March 31st, 2019	-	-
- Amortisation charge for the year	276.94	276.94
Transaction Impact of IND 116	0.00	0.00
Balance as at March 31st, 2020	276.94	276.94
Carrying Value		
At March 31, 2019	-	-
At March 31, 2020	**3,053.58**	3,053.58

NOTE 5 - LOANS

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Deposits with Public Bodies and with Miscellaneous Parties	**99.31**	98.00		
TOTAL	**99.31**	**98.00**	**-**	**-**

NOTE 6 - OTHER FINANCIAL ASSETS

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Advances Recoverable from Parties				
Unsecured Considered Good			**1,750.27**	1,675.91
Unsecured Considered Doubtful				
Less : Allowance for Doubtful Advances				
Advances Recoverable from Employees				
Unsecured Advances Considered Good			**47.13**	24.20
Unsecured Considered Doubtful				
Less : Allowance for Doubtful Advances				
Deposit-Others (having maturity of more than 12 months)			**47.88**	75.53
Less : Allowance for Doubtful Deposits				
Interest Accrued on Fixed Deposits			**45.05**	79.89
Other Non-Trade Receivables				
Unsecured Considered Good			**124.97**	96.74
Unsecured Considered Doubtful				
Less : Allowance for Doubtful Receivables				
TOTAL	-	-	**2,015.30**	1,952.27

NOTE 7 - INCOME TAX ASSETS

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Advance Payment of Income Tax and TDS			**1,379.16**	1,801.58
TOTAL	-	-	**1,379.16**	1,801.58

NOTE 8 - OTHER NON FINANCIAL ASSETS (Considered Good)

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Capital Advance	**-**	-		
Advances other than Capital Advances			**18.35**	43.85
Prepaid Expenses			**28.70**	20.17
Balance with Govt. Authorities	**77.42**	77.42		
Due from Holding Company				
Other advances			**836.15**	689.83
Control Accounts				
Total	**77.42**	77.42	**883.20**	753.85

NOTE 9 - INVENTORIES

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Raw Material/ Food and Beverages	**25.29**	28.50
Stores	**76.19**	119.43
Operating Supplies	**40.46**	53.44
TOTAL	**141.94**	201.37

NOTE 10 - TRADE RECEIVABLES

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Secured - Considered Good	**-**	-
Unsecured - Considered Good	**4,517.56**	3,277.03
Unsecured - Considered Doubtful	**88.24**	88.24
Trade Receivables having significant increase in credit risk	**-**	-
Trade Receivables - Credit Impaired	**-**	-
	4,605.80	3,365.27
Less : Allowance for Doubtful Debts	**(88.24)**	(88.24)
TOTAL	**4,517.56**	3,277.03

NOTE 11 - CASH AND CASH EQUIVALENTS

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Balances with Banks:		
in Current Accounts	**416.47**	848.80
in Deposit Accounts (Maturity less than 3 months)	**210.51**	306.32
Cheques on Hand / in Transit	**0.09**	0.61
Cash on Hand (As Certified)	**1.14**	0.16
TOTAL	**628.21**	1,155.89

NOTE 12 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Other Bank Balances		
Margin money deposits	**4.42**	4.42
Deposits - Others (More than 3 months but Less than 12 Months)	**631.20**	596.26
TOTAL	**635.62**	600.68

NOTE 13 - SHARE CAPITAL

(Rs. In lakhs)

	31-Mar-20	31-Mar-19
Authorised Share Capital		
150,00,000 (P.Y. - 150,00,000) Equity Shares of Rs 100/- each	**15,000.00**	15,000.00
	15,000.00	15,000.00
Issued, subscribed and fully paid-up shares		
1,37,60,000 (P.Y. - 137,60,000) Equity Shares of Rs 100/- each	**13,760.00**	13,760.00

13.a. Reconciliation of the shares outstanding at the beginning and at the end of the year

(Rs. In lakhs)

Equity Shares	31-Mar-20		31-Mar-19	
	Nos	Amount	Nos	Amount
At the beginning of the Year	**13,760,000**	**13,760.00**	13,760,000	13,760.00
Issued during the Year	-	-	-	-
As at the end of the Year	**13,760,000**	**13,760.00**	13,760,000	13,760.00

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.

13.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-20	31-Mar-19
President of India	**2,700,000.00**	2,700,000.00
Air India Limited (Holding Company) and its nominees	**11,060,000.00**	11,060,000.00

13.c. Details of shareholders holding more than 5% shares in the company

Particulars	31-Mar-20		31-Mar-19	
	Nos	%	Nos	%
President of India	**2,700,000**	**19.62%**	2,700,000	19.62%
Air India Limited (Holding Company) and its nominees	**11,060,000**	**80.38%**	11,060,000	80.38%
TOTAL	**13,760,000**	**100.00%**	13,760,000	100.00%

NOTE 14 - OTHER EQUITY

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
a) Retained Earnings		
Balance as per last financial statements	**(50,246.68)**	(43,384.00)
Loss for the year	**(5,554.81)**	(6,862.68)
Add/Less: Prior Period Adjustments	**-**	-
Closing Balance	**(55,801.49)**	(50,246.68)
b) Other Comprehensive Income		
Balance as per last financial statements	**(257.67)**	-
Add/Less: Remeasurement of Defined Benefit Obligation	**(999.89)**	(257.67)
Closing Balance	**(1,257.56)**	(257.67)
Balance as at the end of the year	**(57,059.05)**	(50,504.35)

NOTE 15 - BORROWINGS

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Amount due to Holding Company			**37,964.36**	32,990.51
TOTAL	-	-	**37,964.36**	32,990.51

NOTE 16 - LEASE LIABILITY

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Lease Liability	3,584.64	-	-	-
TOTAL	3,584.64	-	-	-

NOTE 17 - OTHER FINANCIALS LIABILITIES

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Interest Accrued & due				
Lease Rent Payable			**6,008.63**	5,861.14
Retention Money			**2.00**	2.00
Earnest Money			**57.76**	68.08
Security Deposits			**13.49**	20.54
Shop & Other Deposits			**319.49**	319.49
Payable to Employees			**1,704.23**	1,679.57
Other Accounts Payable			**285.89**	232.28
TOTAL	-	-	**8,391.49**	8,183.10

NOTE 18 - PROVISIONS

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Gratuity	**2,576.56**	2,076.83	**646.48**	579.17
Leave Encashment	**989.12**	760.99	**262.82**	254.33
Provison for Post Retirement Medical	**1,951.17**	1,786.37	**72.31**	73.79
Post Retirement Benefit Scheme Contribution	**104.20**	90.05	**-**	-
TOTAL	**5,621.05**	4,714.24	**981.61**	907.29

NOTE 19 - OTHER LIABILITIES

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Statutory Dues			**446.30**	456.77
Credit balance in Sundry Debtors / Advances			**16.73**	15.49
Outstanding Libilities			**20.22**	36.82
Provision towards Interim Relief			**843.61**	696.92
Others			**452.67**	447.02
TOTAL	-	-	**1,779.53**	1,653.02

NOTE 20 - TRADE PAYABLES

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Total outstanding dues of Micro Enterprises and Small Enterprises	**66.14**	81.95
Total outstanding dues of other than Micro Enterprises and Small Enterprises	**429.99**	436.40
TOTAL	**496.13**	518.35

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-20	31-Mar-19
a) The principal amount remaining unpaid to any supplier at the end of the year	66.14	81.95
b) Interest due remaining unpaid at the end of the year	-	-

NOTE 21 - REVENUE FROM OPERATIONS

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Revenue from Hotels and Flight Kitchen		
Rooms - Guest Accommodation	**1,968.60**	2,139.67
Food, Cigars and Cigarettes	**2,913.09**	2,799.15
Other Services	**730.73**	783.91
License fees for Shops and Offices	**344.22**	252.18
Beverages (Wine and Liquor)	**-**	0.02
TOTAL	**5,956.64**	5,974.93

NOTE 22 - OTHER INCOME

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Interest Income	**433.33**	90.45
Profit on sale of asset	**-**	-
Excess provision written back	**11.96**	427.37
Sundry balances written back (Net)	**2.27**	216.34
Others	**358.33**	19.21
TOTAL	**805.89**	753.37

NOTE 23 - COST OF RAW MATERIALS CONSUMED

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Food Consumed (Including Cigars and Cigarettes)		
Opening stock	**28.51**	35.88
Add: Purchases	**1,224.69**	1,229.55
Less: Closing stock	**(25.29)**	(28.51)
	1,227.89	1,236.92
Beverages (Wine and Liquor)		
Opening Stock	**-**	-
Add: Purchases	**0.09**	-
Less: Closing stock	**-**	-
	0.09	-
Consumption of Stores and Supplies		
Opening Stock	**119.43**	128.66
Add: Purchases	**110.88**	116.99
Less: Closing Stock	**(76.19)**	(119.43)
	154.12	126.22
Cost of Raw material consumed	**1,382.10**	1,363.14

NOTE 24 - EMPLOYEE BENEFITS

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Salaries, Wages , Bonus	**4,312.57**	4,365.91
Gratuity	**267.43**	284.97
Leave Encashment	**481.08**	176.01
Post Retirement Medical Benefit	**159.90**	141.56
Contribution to Provident Fund and Other Fund	**402.31**	386.97
Staff Welfare Expenses	**108.47**	144.21
TOTAL	**5,731.76**	5,499.63

NOTE 25 - FINANCE COST

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Interest on borrowings from Holding Company	**2,607.84**	2,573.91
Interest on Statutory Dues	**9.63**	377.98
Interest on Lease Liability	**254.12**	-
Interest - Others	**2.07**	16.87
TOTAL	**2,873.66**	2,968.76

NOTE 26 - OTHER EXPENSES

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Power & Fuel	**976.09**	1,087.24
Lease Rent	**199.01**	485.90
Security Charges	**145.81**	137.72
Repairs & Maintenance:		
Building	**33.40**	50.30
Plant and Machinery	**40.05**	45.05
Others	**62.18**	76.29
Miscellaneous Expenses	**43.90**	39.82
Travelling & Conveyance:		
Travelling	**5.36**	9.47
Conveyance	**5.82**	5.69
Hire charges	**0.22**	0.14
Vehicle Expenses	**19.30**	17.68
Soft Furnishing	**39.12**	51.37
Rates and Taxes	**32.48**	33.15
Printing and Stationery	**23.83**	20.68
Legal and Professional Charges	**146.89**	137.02
Communication costs	**14.85**	12.86
Insurance	**19.07**	19.99

Particulars	31-Mar-20	31-Mar-19
Advertisement and Publicity	**0.95**	0.84
Commission	**1.11**	0.56
Payment to Auditor (Refer note below)	**2.25**	2.43
Guest Transportation	**22.84**	17.02
TOTAL	**1,834.53**	2,251.22

Note : Payment to Auditor	31-Mar-20	31-Mar-19
For Audit Fees	**2.25**	2.25
For Reimbursement of expenses	**-**	0.18
	2.25	2.43

NOTE 27 - OTHER COMPREHENSIVE INCOME

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Gratuity	**917.89**	103.67
PRMS	**82.00**	154.00
TOTAL	**999.89**	257.67

Notes forming part of the financial statements for the year ended 31 March 2020 (Rupees in lakhs except if otherwise stated)

28 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 402.31 lakhs (Previous Year Rs.386.97 lakhs)

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

Sr. No.	Particulars	Gratuity	
		As at 31.03.20	**As at 31.03.19**
a)	Type of Benefit	**Gratuity**	Gratuity
	Country	**India**	India
	Reporting Currency	**INR**	INR
	Reporting Standard	**Indian Accounting Standard 19 (Ind AS 19)**	Indian Accounting Standard 19 (Ind AS 19)
	Funding Status	**Unfunded**	Unfunded
	Starting Period	**1-Apr-19**	1-Apr-18
	Date of Reporting	**31-Mar-20**	31-Mar-19
	Period of Reporting	**12 Months**	12 Months
b)	**Assumptions (Previous Period)**		
	Expected Return on Plan Assets	**N.A.**	N.A.
	Rate of Discounting	**7.22%**	7.65%
	Rate of Salary Increase	**5.00%**	5.00%
	Rate of Employee Turnover	**2.00%**	2.00%
	Mortality Rate During Employment	**Indian Assured Lives Mortality (2006-08) Ult**	Indian Assured Lives Mortality (2006-08) Ult
	Mortality Rate After Employment		
c)	**Assumptions (Current Period)**		
	Expected Return on Plan Assets		
	Rate of Discounting	**6.43%**	7.22%
	Rate of Salary Increase	**5.00%**	5.00%
	Rate of Employee Turnover	**2.00%**	2.00%
	Mortality Rate During Employment	**Indian Assured Lives Mortality (2006-08) Ult**	Indian Assured Lives Mortality (2006-08) Ult

	Mortality Rate After Employment		
d)	**Table Showing Change in the Present Value of Projected Benefit Obligation**		
	Present Value of Benefit Obligation at the Beginning of the Period	**2,656.00**	2,767.04
	Interest Cost	**191.76**	211.68
	Current Service Cost	**75.66**	80.07
	Past Service Cost	**-**	-
	Liability Transferred In/ Acquisitions	**-**	-
	(Liability Transferred Out/ Divestments)	**-**	-
	(Gains)/ Losses on Curtailment	**-**	-
	(Liabilities Extinguished on Settlement)	**-**	-
	(Benefit Paid Directly by the Employer)	**(618.27)**	(499.68)
	(Benefit Paid From the Fund)	**-**	-
	The Effect Of Changes in Foreign Exchange Rates	**-**	-
	Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	**-**	-
	Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	**89.70**	39.09
	Actuarial (Gains)/Losses on Obligations - Due to Experience	**828.19**	57.80
	Present Value of Benefit Obligation at the End of the Period	**3,223.04**	2,656.00
e)	**Table Showing Change in the Fair Value of Plan Assets**		
	Fair Value of Plan Assets at the Beginning of the Period	**-**	-
	Interest Income	**-**	-
	Contributions by the Employer	**-**	-
	Expected Contributions by the Employees	**-**	-
	Assets Transferred In/Acquisitions	**-**	-
	(Assets Transferred Out/ Divestments)	**-**	-
	(Benefit Paid from the Fund)	**-**	-
	(Assets Distributed on Settlements)	**-**	-
	(Expenses and Tax for managing the Benefit Obligations- paid from the fund)	**-**	-
	Effects of Asset Ceiling	**-**	-
	The Effect of Changes In Foreign Exchange Rates	**-**	-

	Return on Plan Assets, Excluding Interest Income	**-**	-
	Fair Value of Plan Assets at the End of the Period	**-**	-
f)	**Amount Recognized in the Balance Sheet**		
	(Present Value of Benefit Obligation at the end of the Period)	**(3,223.04)**	(2,656.00)
	Fair Value of Plan Assets at the end of the Period	**-**	-
	Funded Status (Surplus/ (Deficit))	**(3,223.04)**	(2,656.00)
	Net (Liability)/Asset Recognized in the Balance Sheet	**(3,223.04)**	(2,656.00)
g)	**Net Interest Cost for Current Period**		
	Present Value of Benefit Obligation at the Beginning of the Period	**2,656.00**	2,767.04
	(Fair Value of Plan Assets at the Beginning of the Period)	**-**	-
	Net Liability/(Asset) at the Beginning	**2,656.00**	2,767.04
	Interest Cost	**191.76**	211.68
	(Interest Income)	**-**	-
	Net Interest Cost for Current Period	**191.76**	211.68
h)	**Expenses Recognized in the Statement of Profit or Loss for Current Period**		
	Current Service Cost	**75.66**	80.07
	Net Interest Cost	**191.76**	211.68
	Past Service Cost	**-**	-
	(Expected Contributions by the Employees)	**-**	-
	(Gains)/Losses on Curtailments And Settlements	**-**	-
	Net Effect of Changes in Foreign Exchange Rates	**-**	-
	Expenses Recognized	**267.43**	291.75
i)	**Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period**		
	Actuarial (Gains)/Losses on Obligation For the Period	**917.89**	96.89
	Return on Plan Assets, Excluding Interest Income	**-**	-
	Change in Asset Ceiling	**-**	-

	Net (Income)/Expense For the Period Recognized in OCI	**917.89**	96.89
j)	**Balance Sheet Reconciliation**		
	Opening Net Liability	**2,656.00**	2,767.04
	Expenses Recognized in Statement of Profit or Loss	**267.43**	291.75
	Expenses Recognized in OCI	**917.89**	96.89
	Net Liability/(Asset) Transfer In	**-**	-
	Net (Liability)/Asset Transfer Out	**-**	-
	(Benefit Paid Directly by the Employer)	**(618.27)**	(499.68)
	(Employer's Contribution)	**-**	-
	Net Liability/(Asset) Recognized in the Balance Sheet	**3,223.04**	2,656.00
k)	**Other Details**		
	No of Active Members	**613**	696
	Per Month Salary For Active Members	**211.14**	177.52
	Weighted Average Duration of the Projected Benefit Obligation	**5**	5
	Average Expected Future Service	**6**	6
	Projected Benefit Obligation	**3,223.04**	2,656.00
	Prescribed Contribution For Next Year (12 Months)	**-**	-
l)	**Net Interest Cost for Next Year**		
	Present Value of Benefit Obligation at the End of the Period	**3,223.04**	2,656.00
	(Fair Value of Plan Assets at the End of the Period)	**-**	-
	Net Liability/(Asset) at the End of the Period	**3,223.04**	2,656.00
	Interest Cost	**207.24**	191.76
	(Interest Income)	**-**	-
	Net Interest Cost for Next Year	**207.24**	191.76
m)	**Expenses Recognized in the Statement of Profit or Loss for Next Year**		
	Current Service Cost	**95.13**	75.66
	Net Interest Cost	**207.24**	191.76
	(Expected Contributions by the Employees)	**-**	-
	Expenses Recognized	**302.37**	267.43
n)	**Maturity Analysis of the Benefit Payments: From the Fund**		

	Projected Benefits Payable in Future Years From the Date of Reporting		
	1st Following Year	**-**	-
	2nd Following Year	**-**	-
	3rd Following Year	**-**	-
	4th Following Year	**-**	-
	5th Following Year	**-**	-
	Sum of Years 6 To 10	**-**	-
	Sum of Years 11 and above	**-**	-
o)	**Maturity Analysis of the Benefit Payments: From the Employer**		
	Projected Benefits Payable in Future Years From the Date of Reporting		
	1st Following Year	**646.48**	579.17
	2nd Following Year	**290.38**	255.67
	3rd Following Year	**606.80**	424.90
	4th Following Year	**440.88**	458.49
	5th Following Year	**420.44**	311.80
	Sum of Years 6 To 10	**1,165.80**	991.15
	Sum of Years 11 and above	**643.47**	545.56
p)	**Sensitivity Analysis**		
	Projected Benefit Obligation on Current Assumptions	**3,223.04**	2,656.00
	Delta Effect of +1% Change in Rate of Discounting	**(112.65)**	(88.98)
	Delta Effect of -1% Change in Rate of Discounting	**121.71**	96.06
	Delta Effect of +1% Change in Rate of Salary Increase	**122.22**	97.20
	Delta Effect of -1% Change in Rate of Salary Increase	**(115.18)**	(91.63)
	Delta Effect of +1% Change in Rate of Employee Turnover	**7.23**	9.10
	Delta Effect of -1% Change in Rate of Employee Turnover	**(7.64)**	(9.61)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

II Post Retirement Medical Benefits

Sr. No.	Particulars	Post Retirement Medical Benefits	
		As at 31.03.20	As at 31.03.19
a)	**Type of Benefit**	**Medical**	Medical
	Country	**India**	India
	Reporting Currency	**INR**	INR
	Reporting Standard	**Indian Accounting Standard 19 (Ind AS 19)**	Indian Accounting Standard 19 (Ind AS 19)
	Funding Status	**Unfunded**	Unfunded
	Starting Period	**1-Apr-19**	1-Apr-18
	Date of Reporting	**31-Mar-20**	31-Mar-19
	Period of Reporting	**12 Months**	12 Months
b)	**Assumptions (Previous Period)**		
	Expected Return on Plan Assets	**N.A.**	N.A.
	Rate of Discounting	**7.79%**	7.76%
	Medical Cost Inflation	**4.00%**	4.00%
	Rate of Employee Turnover	**2.00%**	2.00%
	Mortality Rate During Employment	**Indian Assured Lives Mortality(2006-08)**	Indian Assured Lives Mortality(2006-08)
	Mortality Rate After Employment	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
c)	**Assumptions (Current Period)**		
	Expected Return on Plan Assets	**N.A.**	N.A.
	Rate of Discounting	**6.83%**	7.79%
	Medical Cost Inflation	**4.00%**	4.00%
	Rate of Employee Turnover	**2.00%**	2.00%
	Mortality Rate During Employment	**Indian Assured Lives Mortality(2006-08)**	Indian Assured Lives Mortality(2006-08)
	Mortality Rate After Employment	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
d)	**Table Showing Change in the Present Value of Projected Benefit Obligation**		
	Present Value of Benefit Obligation at the Beginning of the Period	**1,950.20**	1,708.64
	Interest Cost	**152.00**	133.00
	Current Service Cost	**22.00**	20.00
	Past Service Cost	**-**	-
	Liability Transferred In/ Acquisitions		
	(Liability Transferred Out/ Divestments)		

	(Gains)/ Losses on Curtailment		
	(Liabilities Extinguished on Settlement)	-	
	(Benefit Paid Directly by the Employer)	**(78.37)**	(65.44)
	(Benefit Paid From the Fund)		
	The Effect Of Changes in Foreign Exchange Rates		
	Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions		
	Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	**222.00**	(7.00)
	Actuarial (Gains)/Losses on Obligations - Due to Experience	**(140.00)**	161.00
	Present Value of Benefit Obligation at the End of the Period	**2,127.83**	1,950.20
e)	**Table Showing Change in the Fair Value of Plan Assets**		
	Fair Value of Plan Assets at the Beginning of the Period	**-**	-
	Interest Income	**-**	-
	Contributions by the Employer	**-**	-
	Expected Contributions by the Employees	**-**	-
	Assets Transferred In/Acquisitions	**-**	-
	(Assets Transferred Out/ Divestments)	**-**	-
	(Benefit Paid from the Fund)	**-**	-
	(Assets Distributed on Settlements)	**-**	-
	Effects of Asset Ceiling	**-**	-
	The Effect of Changes In Foreign Exchange Rates	**-**	-
	Return on Plan Assets, Excluding Interest Income	**-**	-
	Fair Value of Plan Assets at the End of the Period	**-**	-
f)	**Amount Recognized in the Balance Sheet**		
	(Present Value of Benefit Obligation at the end of the Period)	**(2,128.83)**	(1,950.20)
	Fair Value of Plan Assets at the end of the Period	**-**	-
	Funded Status (Surplus/ (Deficit))	**(2,128.83)**	(1,950.20)
	Net (Liability)/Asset Recognized in the Balance Sheet	**(2,128.83)**	(1,950.20)

g)	**Net Interest Cost for Current Period**		
	Present Value of Benefit Obligation at the Beginning of the Period	**1,950.20**	1,708.64
	(Fair Value of Plan Assets at the Beginning of the Period)	**-**	-
	Net Liability/(Asset) at the Beginning	**1,950.20**	1,708.64
	Interest Cost	**152.00**	133.00
	(Interest Income)	**-**	-
	Net Interest Cost for Current Period	**152.00**	133.00
h)	**Expenses Recognized in the Statement of Profit or Loss for Current Period**		
	Current Service Cost	**22.00**	20.00
	Net Interest Cost	**152.00**	133.00
	Past Service Cost	**-**	-
	(Expected Contributions by the Employees)	**-**	-
	(Gains)/Losses on Curtailments And Settlements	**-**	-
	Net Effect of Changes in Foreign Exchange Rates	**-**	-
	Expenses Recognized	**174.00**	153.00
i)	**Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period**		
	Actuarial (Gains)/Losses on Obligation For the Period	**82.00**	154.00
	Return on Plan Assets, Excluding Interest Income	**-**	
	Change in Asset Ceiling	**-**	
	Net (Income)/Expense For the Period Recognized in OCI	**82.00**	154.00
j)	**Balance Sheet Reconciliation**		
	Opening Net Liability	**1,950.20**	1,708.64
	Expenses Recognized in Statement of Profit or Loss	**174.00**	153.00
	Expenses Recognized in OCI	**82.00**	154.00
	Net Liability/(Asset) Transfer In	**-**	-
	Net (Liability)/Asset Transfer Out	**-**	-
	(Benefit Paid Directly by the Employer)	**(78.37)**	(65.80)
	(Employer's Contribution)	**-**	
	Net Liability/(Asset) Recognized in the Balance Sheet	**2,127.83**	1,950.20

k)	**Category of Assets**		
	Government of India Assets	**-**	-
	State Government Securities	**-**	-
	Special Deposits Scheme	**-**	-
	Debt Instruments	**-**	-
	Corporate Bonds	**-**	-
	Cash And Cash Equivalents	**-**	-
	Insurance fund	**-**	-
	Asset-Backed Securities	**-**	-
	Structured Debt	**-**	-
	Other	**-**	-
	Total	**-**	-
l)	**Other Details**		
	No of Active Members	**577**	696
	Per Month Salary For Active Members	**2.07**	1.78
	Weighted Average Duration of the Projected Benefit Obligation	**30**	30
	Average Future Term	**30**	30
	Projected Benefit Obligation (PBO)	**2,127.83**	1,950.20
	Prescribed Contribution For Next Year (12 Months)	**-**	
m)	**Net Interest Cost for Next Year**		
	Present Value of Benefit Obligation at the End of the Period	**2,127.83**	1,950.20
	(Fair Value of Plan Assets at the End of the Period)	**-**	
	Net Liability/(Asset) at the End of the Period	**2,127.83**	1,950.20
	Interest Cost	**145.00**	152.00
	(Interest Income)	**-**	-
	Net Interest Cost for Next Year	**145.00**	152.00
n)	**Expenses Recognized in the Statement of Profit or Loss for Next Year**		
	Current Service Cost	**20.00**	22.00
	Net Interest Cost	**145.00**	152.00
	(Expected Contributions by the Employees)	**-**	-
	Expenses Recognized	**165.00**	174.00
o)	**Maturity Analysis of the Benefit Payments: From the Fund**		
	Projected Benefits Payable in Future Years From the Date of Reporting		

	1st Following Year	**-**	-
	2nd Following Year	**-**	-
	3rd Following Year	**-**	-
	4th Following Year	**-**	-
	5th Following Year	**-**	-
	Sum of Years 6 To 10	**-**	-
	Sum of Years 11 and above	**-**	-
p)	**Maturity Analysis of the Benefit Payments: From the Employer**		
	Projected Benefits Payable in Future Years From the Date of Reporting		
	1st Following Year	**72.00**	62.00
	2nd Following Year	**84.00**	77.00
	3rd Following Year	**99.00**	90.00
	4th Following Year	**113.00**	103.00
	5th Following Year	**126.00**	120.00
	Sum of Years 6 To 10	**631.00**	628.00
q)	**Sensitivity Analysis**		
	Projected Benefit Obligation on Current Assumptions	**2,127.83**	1,950.20
	Delta Effect of +1% Change in Rate of Discounting	**(226.00)**	(201.00)
	Delta Effect of -1% Change in Rate of Discounting	**277.00**	245.00
	Delta Effect of +1% Change in Medical Cost Inflation	**282.00**	252.00
	Delta Effect of -1% Change in Medical Cost Inflation	**(234.00)**	(209.00)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet

29. 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.

30. 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 2019	Additions during the year 2019-20	Utilisation during the year 2019-20	Reversals during the year 2019-20	Closing Balance as on 31st March 2020
i)	Sales Tax / VAT	19.24	-	-	(19.24)	**-**
ii)	Luxury Tax	228.91	-	-	-	**228.91**
iii)	Excise Duty	197.28	-	-	(197.28)	**-**
iv)	Service Tax	296.25		-		**296.25**
v)	Counter claim of Sahara Hospitality Ltd	235.67	-	-	-	**235.67**
vi)	Arbitration Award for B D & P Hotels challenged in Court	54.00	-	-	-	**54.00**
vii)	Arbitration proceedings against N S Associates	787.79	-	-	-	**787.79**
viii)	Premium payable on fore shore land of erstwhile Centaur Hotel Juhu Beach to Government of Maharashtra	448.00	-	-	-	**448.00**
ix)	Guarantees given to Customs Department for the flight kitchen operations	3.00	-	-	-	**3.00**
x)	Others	506.21	-	-	-	**506.21**
xi)	Awards that have gone against the Company and preferred an appeal	10.62	-	-	-	**10.62**
xii)	Interest on dues payable to AAI	8,553.80	909.52	-	(2,617.61)	**6,845.70**
	Total	**11,340.77**	**909.52**	**-**	**(2,834.14)**	**9,416.15**

Claims against the Company not acknowledged as debts

i) Disputed Sales Tax Liability for which the Company had preferred an appeal with Additional Commissioner of Sales Tax in relation with demand of Sales Tax for 2000-01 has been completed during the year and a refund order received

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. 70.71 lakhs) under protest.

iii) Claim of excise duty for which the Company had preferred an appeal has been dismissed in favour of the Company during the year

iv) Claim of Service Tax for which the Company has preferred an appeal

v) Counter Claim of Rs. 236 lakhs 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 pay Rs 188 lakhs and interest thereon along with legal costs of Rs 40 lakhs. 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 September 2010 with M/s B.D.&P Hotels (India) Pvt Limited for running the Centaur Hotel Lake View, Srinagar (CLVH) under Management Contract. However, before handing over the unit, a communication was received from the Ministry forwarding the decision taken in the meeting of the Committee of Secretaries, GoI stating that J&K Govt had indicated that since the land was leased to the Company by J&K Government, the Management Contract was not feasible and the decision of offering the unit under Management Contract may be reviewed. Accordingly, with the approval of the Board the said Management Contract was terminated on 26 September 2011 and the interest free Security Deposit of Rs.1000 lakhs and proportionate Minimum Guaranteed Amount of Rs 108 lakhs deposited by the party was returned to the Bidder, M/s BD & P Hotel (India) Pvt. Ltd.

M/s B.D.&P Hotels (India) Pvt Limited had 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 34100 lakhs 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 8 January 2019 passed by the single judge the arbitration petition has been dismissed.

Subsequently, the Company has challenged the said order before the Division Bench of Hon'ble High Court of Bombay in March 2019, which came up for hearing on 2 January 2020 and again on 3 March 2020. The options available to the Company are being explored with the guidance of the Senior Counsel in the matter.

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 788 lakhs and interest thereon @ 15%. Arbitration award was published by the Learned Arbitral Tribunal on 19.10.2019 by holding that theCompany has to pay Rs. 88.43 lakhs along with litigation costs of Rs.5.00 lakhs to the party. The Company has filed a petition under section 34 of the Arbitration and Conciliation Act, 1996 for partly setting aside the impugned award which has been admitted. Hearing in the matter is pending

viii) Subsequent to the sale of Centaur Hotel Juhu Beach in 2002, Govt. of Maharashtra claimed an amount of Rs 448 lakhs 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 Airports Authority of India

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 188 lakhs and interest thereon along with legal costs of Rs 40 lakhs. 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 30 A v) above)

31. Other Receivables under Other Financial Assets (Note 6) - Rs.124.97 lakhs (previous year Rs 96.74 lakhs) - includes Rs. 38.42 lakhs due from AAI for the period from 1986-87 to 2005-06 and Rs. 9.54 lakhs 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.

32. 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 .1197.92 lakhs - (previous year Rs 1123.56 lakhs)- (Note 6)

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. (Note 19)

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

33. Wage Revision:

a) The earlier wage agreements with workmen had expired on 31.12.2006. The Unions submitted their Charters of Demands

After protracted negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionised category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20.

In view of the above , total estimated provision for wage revision was made in the books of accounts in 2018-19 totalling to Rs 963.60 lakhs . The calculations for arrears payable to employees effective 08.08.2008 are in progress. Hence any differential provision would be made in the year it is finalised.

b) The wage revision relating to the Officers Cadre which was due on 01.01.2007 for a period of 10 years which is still pending. However, in view of the financial position of the Company the wage revision has been deferred.

The Management had announced an adhoc of Rs 5,000/- per month per employee for officers effective 1.1.2017 which continues and has been accounted for upto 31st March 2020.

34. Chefair Delhi acquired one Hi - lift TATA Chassis at a cost of Rs 10.14 lakhs 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 lakhs is reflected as Capital Work –in –Progress as on 31st March, 2020.

35. Renovation of Hotels :

The Company received a sum of Rs 500 lakhs during 2015-16 against issue of equity shares from the Government of India for renovation of hotels. In April 2017, the Company appointed a Consultant to undertake the upgradation and refurbishing of 75 guest rooms and other allied works for Centaur Srinagar. However, the same is not actively pursued in view of the situation in the Valley and uncertainty regarding handing over of the Srinagar hotel property to the J&K Government.

36. Commitments:

Capital Commitments

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

Particulars	As at 31st March 2020	As at 31st March 2019
hilift	**4.54**	2.84
Total	**4.54**	2.84

37. Confirmations of Balances

i) The Company has reconciled the balances in respect of Trade Receivables, Trade Payables, Loans and Advances, Deposits in respect of the Holding Company and its subsidiaries as on 31st March 2020

ii) 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, 2020. 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.

38. LEASES- IND AS 116

Effective April 1,2019, the Company adopted Ind As 116 “Leases “ and applied the standard to all lease contracts existing on April 1, 2019 by electing ‘prospective approach with the cumulative effect at the date of initial application. Consequently, the Company recorded the lease liabilty at the present value of the lease payments discounted at the incremental borrowing rate and the right -of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease. Comparatives as at the year ended March 31,2019 have not been retrospectively adjusted and there fore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31,2019.

On transition, the adoption of the new standard resulted in recognition of 'Right-of-use assets' of Rs 3330.52 lakhs and a "lease liability" of Rs.3584.64 lakhs. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payment. Consequent to the application of this standard, lease cost for the year was lower by Rs. 275.67 lakhs, depreciation and interest is higher by Rs. 531.06 lakhs to Right-of-Use assets

The following is the summary of practical expendients elected on initial application:

Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

Applied the exemption not to recogise right -of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1,2019 is 7.63%.

The Company has taken land on lease which are long term in nature with varying terms, escalation clauses and renewal rights . On renewal, the terms of the leases would be renegotiated.

a) Total lease liabilities are analysed as under:

Particulars	**31.3.2020**	
Current	**-**	
Non-current	**3,584.64**	
Total	**3,584.64**	

39. Earnings Per Share:

Particulars	**As at 31.03.2020**	As at 31.03.2019
Profit/(Loss) After Tax & Extra-Ordinary Items	**(6554.70)**	(7,120.35)
Less: Extra-Ordinary Items	**-**	-
Profit/(Loss) After Tax & Before Extra-Ordinary Items	**(6554.70))**	(7,120.35)
Weighted Average No. of Equity Shares	**137.60**	137.60
EPS		
a) Basic	**(47.64)**	(51.75)
b) Diluted	**(47.64)**	(51.75)

40. Remuneration to Auditors:

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

Particulars	**2019-20**	2018-19
Audit fees- For the year	**2.25**	2.25
Out of Pocket Expenses of previous auditors	**-**	0.18
Total	**2.25**	2.43

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

42. 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 2018-19 and 2019-20 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 :

Pankaj Kumar - Chief Executive Officer

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 31.3.2020	as at 31.3.2019
1	Pankaj Kumar - Chief Executive Officer	**9.74**	-
2	T.C.Dalal - Chief Financial Officer	**9.00**	7.80

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	2019-20	2018-19
1	**AIR INDIA LIMITED**		
	Sales during the year	**5,125.48**	4,376.91
	Finance Cost for the year	**(2,607.84)**	(2,573.91)
	SAP Maintenance cost for the year	**-**	(3.43)
	Travelling Expenses	**(0.53)**	-
	Miscellaneous expenses	**(3.11)**	
	Loan received during the year	**(2,775.00)**	(4,800.00)
	Closing Balance 31.3.2020		
	Trade Receivable from Air India	**3,609.22**	2,450.88
	Due to Air India	**(37,964.36)**	(32,990.51)
	Other Receivables	**28.17**	22.35
	Other Payables	**(11.12)**	(3.66)
2	**AIR INDIA SUBSIDIARIES**		
	Sales during the year		
	AI Airport Services Limited (AASL) (formerly AIATSL)	**11.27**	9.32
	AI Engineering Services Limited (AIESL)	**181.97**	381.30

S. No.	Name of the Entities and Nature of transactions	2019-20	2018-19
	Air India Express Limited (AIXL)	**39.77**	8.55
	Alliance Air Aviation Limited (AAAL)(formerly known as Airlines Allied Services Ltd. (AASL))	**53.08**	26.75
	<u>Trade Receivables on 31.3.2020</u>		
	AI Airport Services Limited (AASL) (formerly AIATSL)	**10.34**	9.46
	AI Engineering Services Limited (AIESL)	**361.94**	532.73
	Air India Express Limited (AIXL)	**23.62**	13.17
	Alliance Air Aviation Limited (AAAL)(formerly known as Airlines Allied Services Ltd. (AASL))	**42.59**	16.25

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

43. Luxury Tax liability of Centaur Delhi as on 31st March 2020 is NIL (previous year NIL). The Company is in the process of defreezing the bank accounts frozen by the Luxury Tax authorities in 2012-13.

44. 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 was 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 were carried out in consultation with the Ministry.

Accordingly, a meeting was convened on 4.011.2019 by Secretary Civil Aviation to discuss the matter regarding compensation on termination of Lease agreement to HCI. In the said meeting AAI clarified that as per the proposed Master Plan 2016 for Indira Gandhi International Airport, Delhi the project at the HCI hotel site is to be developed under the Master Plan phase commencing from 2026 and it was also confirmed that the HCI property is not infringing the proposed runway but the land would be required for parking of aircraft.

Secretary, Civil Aviation stated that AAI needed to take an economic call on the issue taking into consideration the economics of allowing HCI to continue operations for the balance lease period. In view of the above, it was decided in the meeting that in case AAI decides that the land is not required by AAI for aeronautical purpose then full permission may be given to HCI for commercial utilisation including O&M contract for the remaining period of the lease. The said decision was communicated to HCI vide Ministry's letter 20.12.2019 allowing HCI to use the land/structure upto the expiry of the existing lease period i.e. on 31.03.2031 and to vacate the land positively upon the expiry of lease period. It was also conveyed that since HCI has defaulted in payment of AAI dues from 2002 onwards as per the terms of agreement, an Arbitrator may be appointed as per the provisions of existing agreement.

45. 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.

46. The Company has conducted physical verification of each group of fixed assets in 2019-20. 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.

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

48. Depreciation:

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 .

As per Note No.44 above, the useful life of Centaur Delhi has been reworked upto 31.3.2031 instead of 31.12.2019. Accordingly, depreciation has been reworked prospectively during the year. The depreciation for the building of Centaur Delhi charged to Statement of Profit and Loss is Rs.89.70 lakhs against Rs.1213.40 lakhs during 2018-19

49. The company is in the process of :

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

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

50. The Company is in the process of :

a) strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company

b) Reviewing the frequency of verification of cash,cheques, drafts etc., in hand through internal audit/officers other than cashiers.

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

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

52. Impact of COVID 19

The SARS–CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organisation. Numerous government and companies, including the Company, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days and further extended by 17 days i.e. upto May 31, 2020 across the country to contain the spread of the virus.

The Company faces significant uncertainties due to COVID-19 which have impacted the operations adversely starting from the month of March 2020 onwards.During the quarter ended March 31, 2020, such impact was limited only to the later part of March 2020. However, with the continuance of such lockdown during the first quarter of the financial year 2021, all segments of the Company’s operations remained adversely impacted.

The Company continues to closely monitor the situation and take appropriate action, as necessary to scale up operations, in due compliance with the applicable regulations. As per the Company's current assessment no significant impact on carrying amounts of property, plant and equipment, right of use-assets, trade receivables and other financial assets is expected and it continues to monitor changes in future economic conditions. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

Also refer note 2 (v) Estimation uncertainty due to COVID-19. Based on aforesaid assessment, management believes that as per estimates made conservatively, the group will continue as a going concern and will be able to discharge its liabilities and realise the carrying amount of its assets as on March 31, 2020.

53. Going Concern:

The Company faces significant uncertainties due to COVID-19 which have impacted the operations of the Company adversely starting from the month of March 2020. Management has assessed the impact of existing and anticipated effects of COVID -19

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 2700 lakhs by Government of India, the revenue of the Company increased from Rs. 5513 lakhs in 2017-18 to Rs 6762.53 lakhs during the year 2019-20. This was due to increased business from Air India and its subsidiaries

ii) The Holding Company,Air India Limited (AIL)and Government of India is continuously supporting the Company by way of financial assistance in the form of equity infusion and providing financial assistance as and when required by HCI and are also committed to provide such assistance in future also.During earlier years, there has been Equity infusion of Rs 2700 lakhs by Government of India and conversion of loan to equity totaling to Rs 7000 lakhs by AIL. Out of the total Share Capital of the Company of Rs 13760 lakhs, the total share capital of AIL is Rs 11060 lakhs as on 31.3.2020. Operational shortfall for staff salary payments is being funded by AIL through the Current Account. The Current Account also includes other debits / credits and interest being debited by AIL. This support will continue in the future when required by the Company.

iii) AIL has been continuously supporting the Company by giving business which contributes to the operational revenue of the Company - nearly 80% of the revenue earned by the Company is from AIL and this would continue in the future also.

iv) Presently the Company is in the process of calling for consultants to assist the Company to hand over Delhi properties on Management Contract upto 31.3.2031 i.e. upto the lease period of land leased from AAI. This would result in savings of fixed and variable costs at Delhi units and also the Company would earn management contract fees . Any surplus after paying off its liabilities would be transferred to Air India towards loan repayment.

v) Also in the process of disinvestment of AIL, HCI is one of the subsidiaries of AIL which would not be divested and would be transferred to the Special Purpose Vehicle, Air India Asset Holding Company, a 100% subsidiary of Government of India. Accordingly upon disinvenstment of AIL, the Company would be administered by Air India Asset Holding Company.

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

55. The financial statements were authorised for issue by the Board of Directors on 21 October, 2020.

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 : 27-10-2020

For and on behalf of the Board of Directors

Sd/-
(Rajiv Bansal)
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 : 21-10-2020

ANNEXURE I

Segmentwise Reporting for the year 2019-20

A. PRIMARY BUSINESS SEGMENT :

(Rs. In lakhs)

Particulars	Hotels	Flight Kitchens	Others	Total
1. SEGMENT REVENUE	**2,737.89**	**3,442.20**	**582.44**	**6,762.53**
	(3,225.78)	(3,424.16)	(78.36)	(6,728.30)
2. SEGMENT RESULT LOSS				
Loss after Interest, Exceptional and Extraordinary Items	**(4,452.76)**	**(2,684.38)**	**582.44**	**(6,554.70)**
	(4,201.29)	(2,997.43)	78.36	(7,120.35)
3. SEGMENT ASSETS	**7,952.02**	**5,273.56**	**2,294.19**	**15,519.77**
	(6,231.86)	(3,267.06)	(2,645.49)	(12,144.41)
4. SEGMENT LIABILITIES	**11,718.86**	**9,057.18**	**36,279.78**	**57,055.82**
	(9,243.31)	(6,604.72)	(32,690.08)	(48,538.11)
5. CAPITAL EMPLOYED	**(3,766.84)**	**(3,783.62)**	**(33,985.59)**	**(41,536.05)**
	(3,011.45)	(3,337.66)	(30,044.59)	(36,393.70)
6. TOTAL CAPITAL EXPENDITURE	**0.23**	**2.52**	**-**	**2.75**
	(0.23)	(29.61)	-	(29.84)

Figures in brackets relate to previous year. 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.