



ANNUAL REPORT

2022-23



**HOTEL CORPORATION OF
INDIA LIMITED**

**HOTEL CORPORATION OF
INDIA LIMITED**

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CORPORATE INFORMATION

BOARD OF DIRECTORS (AS ON 31.03.2024)

Shri Asangba Chuba Ao Chairman
Shri Pranjol Chandra
Smt. Rubina Ali
Shri Brajesh Kumar Srivastava

Chief Executive Officer

Shri Deepak Khullar

Chief Financial Officer

Shri K.Gopal Krishna

Company Secretary

Ms.Sonam Gosain

Auditors

M/s Jain Jagawat Kamdar & Co.

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

Centaur Hotel
Indira Gandhi International Airport
New Delhi 110 037.

Registrar & Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park,
L.B.S. Marg Vikhroli (West),
Mumbai – 400083



CHAIRMAN'S MESSAGE



Dear Shareholders,

It gives me great pleasure to present to you the 52nd Annual Report of the Company for the Financial Year 2022-23. Through the years, the Company has enjoyed many highs and navigated through many lows.

Post the setback of the previous two years owing to Covid and notwithstanding the adverse geo-political situation, the financial year 2022-23 saw a bounce back in travel in India. The meticulously planned year-long G20 events across various cities that culminated with the G20 summit held in New Delhi in September 2023 gave a major fillip to the travel and hospitality sector in India. This is reflected in the 34 % growth in Occupancies across hotels in India and a 15.80% growth in Revpars.

Hotels witnessed strong demand from the Domestic Corporate, Leisure, and MICE markets. Hotels also benefited from the clarion call of our Hon'ble Prime Minister urging Indians to hold their destination weddings within India itself. Opening of new Convention Centers such as the Bharat Mandapam and the Yashobhoomi in Dwarka, Delhi has brought about a renewed thrust to the Convention industry and is bound to create new demand for large conventions in Delhi.

With an over 8% GDP growth forecast for India in fiscal 2024-25 and favourable factors such as rising societal aspirations, new tourist attractions, the growing stature of India as an attractive investment destination, increasing connectivity, strong macros, policy interventions, a digital explosion along with a focus on start-ups, defense, semi-conductor and other future growth industries, the Indian hospitality sector is poised for a robust & sustainable growth in the coming years.

Despite the sealing of the Centaur Lake View Hotel, Srinagar on June 14, 2022, the Company managed to record a strong performance for the financial year 2022-23 with a 55% growth in Revenues over the financial year 2021-22. EBITDA margins expanded by 42% as against the financial year 2021-22.

The additional catering to Spicejet flights ex-Delhi helped in the overall growth contributing to 9 % increase in the revenue from inflight catering and enhancement of EBITDA margins by 3.5% on account of the flight catering operations.

Your Company has made all-out efforts to expand its client base and bring in new business. On the cost side, we focused on our processes to prevent & minimize wastage and control the discretionary spending.



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We shall strive to continue with these objectives in the coming years as well and remain fairly optimistic about the future prospects of the company, especially given the wholehearted support of our Holding Company and our nodal Ministry.

During the financial year 2022-23, the overall revenue has increased to Rs.547.32 Million from Rs. 352.36 Million of the previous year. The team managed to substantially control the operating costs by saving of 29.81% against the previous year. This resulted in minimizing the Gross Operating Loss and keeping it down to Rs. 183.21 (In Millions) against Rs. 317.65 (In Millions) in the previous year.

The Company is committed to curtail its losses by implementing consistent and stringent measures for cutting the overall expenditure, thereby lowering its losses gradually.

CORPORATE GOVERNANCE

Hotel Corporation complied with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), wherever applicable during the year. The quarterly returns/annual returns on Corporate Governance were filed with the authorities concerned within the stipulated time.

I take this opportunity to thank my colleagues on the Board for their valuable guidance, the Shareholders, the Company's customers, and the Central and State Governments as well as AI Assets Holding Limited and its subsidiaries for their unstinted support. I would also like to place on record my appreciation to the employees at all levels for their hard work, dedication, and commitment during these challenging times.

Sincerely,

**Sd/-
Shri Asangba Chuba Ao
Chairman**

**DIRECTORS' REPORT**

The Directors have pleasure in presenting their 52nd Annual Report and the Audited Accounts for the year ended 31st March 2023.

REVIEW OF FINANCIAL PERFORMANCE:

(Rupees in Millions)

PARTICULARS	2022-23	2021-22	Variance %
Total Revenue	547.32	352.36	+55%
Total Operating Expenditure	730.53	670.01	+9%
Gross Operating (Loss)	(183.21)	(317.65)	-42%
Interest	481.80	501.30	-4%
Cash (Loss)	(665.01)	(818.95)	-19%
Depreciation	38.82	29.17	+33%
Net (Loss) Before OCI	(703.83)	(848.12)	-17%
Other Comprehensive Income (OCI)	18.21	5.61	+225%
Net (Loss) Carried to Balance Sheet	(685.62)	(842.51)	-19%

OTHER FINANCIAL INFORMATION**SHARE CAPITAL**

As on 31st March 2023, the Authorized Share Capital of the Company was Rs.150,00,00,000/- (Rupees One hundred fifty Crore) divided into 1,50,00,000 shares of Rs.100/- each.

As on 31st March 2023, 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 1,37,60,000 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 AI Assets Holding 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 2022-23

As in the previous years, the Company has not received any Annual Plan Outlay in the year 2022-23.

CHANGES IN THE SHARE CAPITAL, IF ANY

During the year there was no change in the Authorized and Paid-up Share Capital of the Company.



CHANGE IN NATURE OF BUSINESS

There is no change in the nature of the 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 EDUCATION 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.

HUMAN RESOURCE

Personnel

As on 31 March 2023, the Company had on its payroll a total of 213 (post absorption of CLVH employees by the UT of J&K as per the AMRD order dated July 17th, 2023) permanent employees as against 435 as on 31 March 2022. The Company believes that the challenges surrounding the business environment can be best mitigated by a workforce that is motivated, nimble, adaptive to change, innovative and fast in learning.

Industrial Relations

The industrial relations in the Company have traditionally been harmonious.

VIGILANCE

During the year under report, periodic surprise checks and inspections were carried out at all units of HCI. During the year, procedural advice was rendered from time to time in matters pertaining to tender/purchase procedures. Vigilance Awareness Week was observed from 31 October 2022 till 6 November 2022.

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 are 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. The number of permanent employees as on 31 March 2023 is as under:

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
357	78	19.61	21.84	6.72%	39	10.92

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Energy conservation continues to be given priority by the Company. Constant efforts are being made to reduce energy consumption.

The Company took up the matter with BSES and got the sanction load reduced from 5158 KVA to 1899 KVA for Delhi unit effective 01.04.2023. This resulted in cost saving of Rs. 3,50,000/- per month (approx.)

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

In December 2021, the J&K Government issued a Notice terminating the lease of the land on which the Centaur Lake View Hotel, Srinagar is located. The Company gave its response to the said termination notice. However, in January 2022, the J&K Government appointed an Estate Officer under the J&K Public Premises (Eviction of Unauthorized Occupants), 1988 and on June 14, 2022, UT of J&K sealed the Centaur Lake View Hotel, Srinagar and forcefully evicted HCI from the premises.

In July 2023, as per the resolution under AMRD, the Centaur Lake View Hotel at Srinagar (which was sealed by the UT of J&K in June 2022), was handed over to the UT of J&K and all the employees of the hotel were absorbed by the UT of J&K.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made applicable for a company having threshold Net Worth of ₹500 crores or Turnover of ₹ 1,000 crores or Net Profit of ₹5 crores or more during any of the three immediately preceding financial years. As the company has average net loss during immediately preceding three financial years, no CSR spent has been made during the FY 2022-23.

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 ensured compliance with the provisions of Right to Information Act for providing information to the citizens.

The Company has decentralized its structure to deal with the applications/appeals received under RTI Act and has 5 Assistant Public Information Officers (APIOs), 6 Public Information Officers (PIOs) and an Appellate Authority have been appointed for speedy disposal of applications/appeals.

During 2022-23, 22 Requests/Appeals were received out of which 20 Requests/ Appeals were disposed off during the year and balance 2 were disposed of in the subsequent year i.e. 2023-24.

SEXUAL HARASSMENT

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this.

Two (2) complaints were received in the year 2022 pertaining to sexual harassment. During the year 2023, both the complaints were disposed of and reports were submitted by the Complaints Committee and suitable action was taken by the Management.

INFORMATION ABOUT SUBSIDIARY/JV/ASSOCIATE COMPANY

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

MATERIAL CHANGES AND COMMITMENTS

The Estate officer appointed by the J&K Government issued a show cause notice on 05.04.2022. The Company responded on 15.04.2022 requesting for three weeks' time to give a detailed response. However, the Estate Officer issued an Eviction Order dated 25.04.2022 to vacate the Hotel premises within 45 days. This was challenged by way of an appeal before Appellate Authority (District Magistrate, Srinagar). The Company went through several rounds of litigation



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with respect to the dispute, including the Supreme Court, J&K High Court. On 14.06.2022, the Estate Officer entered the Company's hotel premises and sealed the premises after evicting all the employees. The Company filed an appeal against the Order of the Appellate Authority by filing a Writ Petition before the Hon'ble High Court of J&K on 15.07.2022. The High Court vide order 16.11.2022 disposed of the Writ Petition filed by the Company and referred the dispute to the AMRD mechanism. Consequently, a committee has been formed under the "Administrative Mechanism for Resolution of Disputes" by the Ministry of Civil Aviation.

In July 2023, as per the resolution under AMRD, the Centaur Lake View Hotel at Srinagar was handed over to the UT of J&K and all the permanent employees of the hotel were absorbed by the UT of J&K.

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 2022-23 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 are given below:

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
259	29 July 2022	4	3
260	13 September 2022	4	3
261	30 November 2022	4	3
262	10 February 2022	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 2023 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 the 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-A**.

AUDITORS

STATUTORY AUDITORS

M/s. Jain Jagawat Kamdar & Co., Chartered Accountants, Mumbai was appointed as the Statutory Auditors of the Company for the financial year 2022-23 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 A. Kaushal & Associate, Practicing Company Secretary, Delhi, to conduct a Secretarial Audit for the financial year 2022-23.

The Secretarial Audit Report for the financial year ended 31 March 2023 is enclosed at **Annexure II**

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

Independent Directors

- As per Section- 149(4) read with rule 4 of The Companies (Appointment and Qualification of Directors) rules, 2014 the Company has not appointed requisite number of Independent Director on the Board of the Company.*
- As per Section-177(2) of The Companies Act, the Company has not complied with the requirement of appointing Independent Director in the Audit Committee.*
- As per Section-178(1) of The Companies Act, the company has not constituted the Nomination and Remuneration Committee.*



(iv) As per Section-178(1) of The Companies Act, the Company has not complied with the requirement of appointing Independent Director in the Nomination and Remuneration Committee.

Management's Comments

It is a statement of fact.

There were no Independent Directors on the Board 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 for the period from 1st April, 2022 till 31st March, 2023. As per the clause (97) of the Articles of Association of the Company, appointment of Directors on the Board of the Company shall be done by the administrative ministry, i.e. the Ministry of Civil Aviation in consultation with AI Assets Holding Limited and the Company has no say in the matter. In view of the same, the Company could not comply the requirement with respect to the composition of the Audit Committee and Nomination and Remuneration Committee of the Board as per the provisions of the Companies Act, 2013 due to non-appointment of Independent Directors for the said period.

(v) That the Company has generally complied with Secretarial Standards issued by the Institute of Company Secretaries of India.

Management's Comments

Noted

(vi) That the Company has appointed its Company Secretary with effect from 06.12.2022 in the meeting of Board of Directors held on 10.02.2023.

(vii) That the Company has appointed its Nominee Directors Brajesh Kumar Srivastava with effect from 14.12.2022 vide circular resolutions passed on 26.12.2022.

(viii) That the Company has appointed its Nominee Directors Satyendra Kumar Mishra with effect from 01.03.2023 vide circular resolutions passed on 26.12.2022.

Management's Comments

It is a statement of fact.

As per the clause (97) of the Articles of Association of the Company, the Board of Directors shall be appointed by the administrative ministry, i.e. the Ministry of Civil Aviation in consultation with AI Assets Holding Limited. The Board can only take note of the directors as appointed by the Ministry of Civil Aviation.

INTERNAL AUDITOR

Adequate internal financial controls are in place for ensuring the orderly and efficient conduct of its business, including adherence to the 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, which is commensurate with the operations of the Company.

M/s L.B. Jha & Co., Chartered Accountants, have been appointed by the Board of Directors to review the business processes and controls to assess the adequacy of the internal control system, to ensure compliance with all applicable laws and regulations and, facilitate in optimum utilization of resources and protect the Company's assets for F.Y 2022-23.

LOANS, GUARANTEES AND INVESTMENTS

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

Exemption from the first and second proviso to sub-Section (1) of Section 188 with regard to obtaining approval of the Company in General Meeting, has been provided to a Government Company in respect of contracts or arrangements entered into by it with any other Government Company.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval.

Particulars of contracts or arrangements or transactions in Form AOC-2 are attached herewith as **Annexure-III**.

REPORTING OF FRAUDS BY AUDITORS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

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

(A) Conservation of Energy & Technology Absorption: Your Company has made all efforts wherever possible for conservation of non-renewable sources of energy and utilizing the alternative sources of energy.

**(B) Foreign Exchange Earnings and Outgo**

	(INR)
EARNINGS	NIL
OUTGO	NIL

RISK MANAGEMENT

The Company is in the process of formulating the Risk Management Policy with the following objectives:

- Provide an overview of the principles of Risk Management
- Explain the approach adopted by the Company for Risk Management
- Define the Organizational Structure for effective Risk Management
- Develop a “risk” culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions
- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company’s human, physical and financial assets.

ANNUAL RETURN

In compliance with Section 92(3) and Section 134(3)(a) of the Act, a copy of your Company’s Annual Return as on 31st March, 2023 will be hosted on the website of the Company at www.centaurhotels.com.

Details of Key Managerial Personnel of the Company:

Sr. No	Name	Designation	Date of appointment
1	Shri Deepak Khullar	Chief Executive Officer	5 November 2020
2	Smt. Thrity Cyrus Dalal	Chief Financial Officer	11 February 2015
3	Smt. Isha Jain	Company Secretary (w.e.f 01.10.2021- 22.08.2022)	1 October 2021
4	Miss. Sonam Gosain	Company Secretary	6 December 2022

DECLARATION OF INDEPENDENCE

HCI is a Subsidiary of AI Assets Holding 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 fifteen all of whom shall be appointed by AI Assets Holding Limited/ Administrative Ministry, who in turn can do so subject to the directions of the Government of India.



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In view of the above provisions of the Articles, the Ministry of Civil Aviation has been requested to nominate Independent Directors on the Board of HCI, however, appointments are awaited.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

The following changes have occurred in the constitution of Directors and KMP of the Company during the Financial Year 2022-23

Sr. No	Name	Designation	Date of appointment	Date of cessation
1	Shri Deepak Sajwan Deputy Secretary, MoCA	Nominee Director of AI Assets Holding Limited	11.02.2022	14.12.2022
2	Shri Brajesh Kumar Srivastava, Deputy Secretary MoCA	Nominee Director of AI Assets Holding Limited	14.12.2022	-
3	Shri Vikram Dev Dutt	Chairman and Nominee Director of AI Assets Holding Limited	27.01.2022	28.02.2023
4	Shri Satyendra Kumar Mishra, JS MoCA	Chairman and Nominee Director of AI Assets Holding Limited	01.03.2023	-

KEY MANAGERIAL PERSON (KMP)

Sr. No	Name	Designation	Date of appointment	Date of cessation
1	Smt. Isha Jain	Company Secretary	01.10.2021	22.08.2022
2	Miss Sonam Gosain	Company Secretary	06.12.2022	-

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

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

Even though vide the above notification exemption has been granted to Government Companies from the 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 AI Assets Holding Limited and its subsidiaries for the year 2022-23 towards Finance cost – interest Rs 45.26 Crores and sales revenue to the tune of Rs.3.43 Crores.



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

The “nil 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 2023 are enclosed to the report.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) under Section 118(10) of Companies Act, 2013, were complied with by your Company to the extent applicable.

DETAILS OF APPLICATION MADE OR PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE 2016

During the year under review, there were no applications made or proceedings pending in the name of the Company under the Insolvency and Bankruptcy Code, 2016.

DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANKS AND FINANCIAL INSTITUTIONS

During the year under review, there has been no one time settlement of Loans taken from Banks and Financial Institutions.

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 AI Assets Holding 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/-
Asangba Chuba Ao
CHAIRMAN**

**Date: 05.04.2024
Place: New Delhi**



MANAGEMENT DISCUSSION & ANALYSIS REPORT

ECONOMIC ENVIRONMENT:

The global economy entered the recovery phase in the financial year 2022-23 after undergoing two years of COVID 19 pandemic- inflicted period. Global tourism steadily improved during the year and most markets neared pre-pandemic levels. This remarkable turnaround was due to the relaxation and gradual lifting of restrictions of travel across countries and the sustained urge of the people to embark on their travel, business, education or vacation as they did before. India was no different and with several interventions of the Government, especially in building-up the roads infrastructure there was a very strong growth trajectory and the travel & tourism sector has emerged as a major growth engine for the Indian economy. Indians have started traveling once again in great numbers, airports are crowded, hotels are well booked and there is renewed optimism in the future growth potential.

GLOBAL ECONOMY: THE YEAR IN REVIEW:

The baseline forecast is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023. In a plausible alternative scenario with further financial sector stress, global growth declines to about 2.5 percent in 2023 with advanced economy growth falling below 1 percent. Global headline inflation in the baseline is set to fall from 8.7 percent in 2022 to 7.0 percent in 2023 on the back of lower commodity prices but underlying (core) inflation is likely to decline more slowly. Inflation's return to target is unlikely before 2025 in most cases.

(Source: IMF- World Economic Outlook – Apr 2023)

INDIAN ECONOMY: THE YEAR IN REVIEW:

The Economic Survey 2022-23 comes when global uncertainties are rife. Barely had the pandemic receded, the war in Ukraine broke out in February 2022. Prices of food, fuel and fertilizer rose sharply. As inflation rates accelerated, central banks of advanced countries scrambled to respond with monetary policy tightening. Many developing countries, particularly in the South Asian region, faced severe economic stress as the combination of weaker currencies, higher import prices, the rising cost of living and a stronger dollar, making debt servicing more expensive, proved too much to handle. In the second half of 2022, there was a respite for governments and households. Commodity prices peak.

For India, 2022 was special. It marked the 75th year of India's Independence. India became the world's fifth largest economy, measured in current dollars. The nominal GDP of India will be around US\$ 3.5 trillion. In real terms, the economy is expected to grow at 7 per cent for the year ending March 2023. This follows an 8.7 per cent growth in the previous financial year. The rise in consumer prices has slowed considerably. The annual rate of inflation is below 6 per cent. Wholesale prices are rising at a rate below 5 per cent. The export of goods and services in the first nine months of the financial year (April – December) is up 16 per cent compared to the same



period in 2021-22. Although the high oil price this year compared to last inflated India's import bill and caused the merchandise trade deficit to balloon, concerns over the current account deficit and its financing have ebbed as the year rolled on.

Foreign exchange reserve levels are comfortable and external debt is low. India had a good monsoon and reservoir levels are higher than last year and the 10-year average. The fundamentals of the Indian economy are sound as it enters its Amrit Kaal, the 25-year journey towards its centenary as a modern, independent nation. Policies pursued carefully and consciously have ensured that the recovery is robust and sustainable.

(Source: Economic Survey 2022-23).

GLOBAL HOSPITALITY AND TOURISM INDUSTRY :

Tourist arrivals internationally for 2022 were 917 million, double that of 2021 but recovering to 63% of pre-pandemic levels of 2019, according to data from the United Nations World Tourism Organization (UNWTO) International tourism recovered 87% of pre-pandemic levels in the period January-September 2023 (-13% versus 2019) backed by continued pent-up demand in the third quarter of 2023.

An estimated 975 million tourists travelled internationally between January and September 2023, an increase of 38% over the same months of 2022, though 13% fewer than in 2019. International tourism receipts could reach USD 1.4 trillion in 2023, about 93% of the USD 1.5 trillion earned by destinations in 2019. These results reflect the strong recovery of demand in 2023.

International arrivals are expected to reach 1.3 billion overall in 2023, up 33% over 2022 and almost 90% of pre-pandemic levels, in line with UNWTO scenarios published in January. International tourism is expected to fully recover to pre-pandemic levels in 2024, with initial estimates pointing to 2% growth above 2019 levels. This central forecast by UNWTO remains subject to the pace of recovery in Asia and to the evolution of existing economic and geopolitical downside risks.

(Source: UNWTO, Barometer November 2023).

INDIAN HOSPITALITY AND TOURISM INDUSTRY:

FY 2022-23 continued to be a year of strong recovery in the Indian travel and tourism industry. Restrictions on flights were relaxed in most countries into and from India. Travel restrictions, documentation and certifications were also progressively relaxed for travel within India. Consequently, demand for accommodation grew significantly, mainly arising from domestic leisure travel, weddings, social events, conferences and resumption of business travel within the country. Foreign tourist arrivals were 6.19 million for the calendar year 2022 in comparison with 1.52 million in 2021.

OUTLOOK:

International tourism is expected to fully recover pre-pandemic levels in 2024, with initial estimates pointing to 2% growth above 2019 levels. This central forecast by UNWTO remains subject to

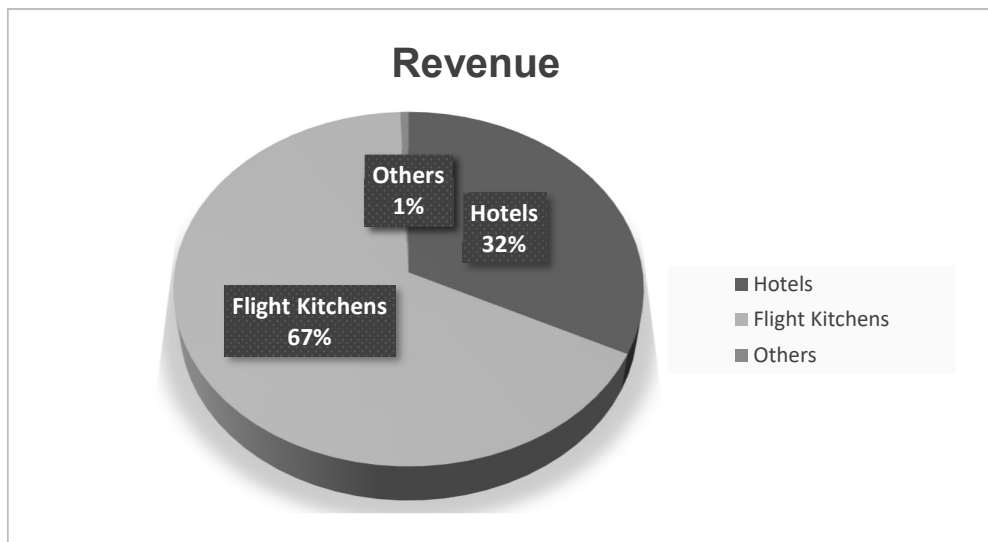


the pace of recovery in Asia and to the evolution of existing economic and geopolitical downside risks.

The positive outlook is reflected in the latest UNWTO Tourism Confidence Index survey, with 67% of tourism professionals indicating better or much better prospects for 2024 compared to 2023. Some 28% expect similar performance, while only 6% expect tourism performance in 2024 to be worse than last year.

In the year 2022-23 the organized hotel sector in India saw a 34% growth in occupancy. Indian Travelers have been discovering India in large numbers. Domestic tourism was key contributor to both Occupancy and ADR achieved during 2022-23. Business travel bounced back too & flight operations touched a peak. With India's Presidency of the G20, India is positioned like never before to showcase our nation's cultural heritage, our unique and differentiated travel offerings and our safe and tourist friendly destinations. Tourism will be one of the most important pillars of the nation's growth with its multiplier effect on economic prosperity and employment generation.

COMPANY'S OUTLOOK:



Segment wise reporting for the year 2022-23:

(Rs in millions)

Particulars	Hotels	Flight Kitchens	Others	Total
Revenue	174.30	369.62	3.40	547.32
Operating (Loss)	(104.62)	(46.95)	(31.64)	(183.21)
Net (Loss)	(141.39)	(59.17)	(485.06)	(685.62)

Your Company improved its performance in FY 2022-23. Revenues increased by 55% and operating loss reduced by 42% owing to increased room occupancy (57%) in the hotel segment and higher upliftment of meals in the flight catering segment. The Net Loss reduced by 19% over FY 2022-23. This performance is despite the sudden sealing of the Centaur Lake View Hotel, Srinagar by the UT of Jammu & Kashmir on 14.06.2022.



RISK MITIGATION STRATEGIES:

The Company has embarked upon a journey to reduce its dependencies on Air India Limited.

- It is augmenting its talent to enhance its operational standards.
- The Company is focusing on broad basing its clientele for the hotel by targeting businesses from Online Travel Agents, Corporates (FITs and Conferences), Weddings & Leisure. Similarly for its flight catering business, the Company has successfully garnered business from an additional airline.
- It is also making efforts to de-risk the business model by exploring other lines of business.

INTERNAL CONTROL SYSTEMS:

Your Company's Internal Auditors conduct an audit of the transactions of the Company periodically and ensure that recording and reporting is adequate and proper. The Internal Audit also verifies whether internal controls and checks & balances in the systems are adequate, proper and up to date. Corrective actions for any weaknesses in the system that may be disclosed by the Audits are taken. Management is exploring introduction of digitization and integration of key back-office processes and have initiated the process to roll-out the PMS package for Front office and Inventory management which would help to further enhance internal control mechanisms.

GOING CONCERN:

The Company is taking all necessary measures to explore opportunities to enhance our topline, reduce fixed costs and rationalize resources.

The Management believes that the catering revenues, weddings/ social market, and domestic corporate & leisure travel will be the mainstays of our business. The Company is also working towards enhancing the capacity utilization in the Chefair units by catering to the increased demand from airlines. The management is positive that with the help of the stakeholders and its Human resources, the Company would be able to turnaround.



CORPORATE GOVERNANCE

The company firmly believes in and has consistently practiced good Corporate Governance. The company's essential character is shaped by the values of transparency, professionalism, and accountability. The company is committed to attain

1. Company's Philosophy on Code of Corporate Governance the highest standard of Corporate Governance. The philosophy of the company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance all stakeholders' value within the framework of laws and regulations.

2. Board of Directors

Hotel Corporation of India Limited (HCI) is a Public Sector Undertaking, currently a subsidiary of AI Assets Holding Limited, under the Ministry of Civil Aviation. For the period 01.04.2021 to 11.01.2022, HCI was a subsidiary of Air India Limited (AI). However pursuant to the disinvestment of AI and the decision of AISAM, the investment of AI in HCI was transferred to AI Assets Holding Limited (AIAHL) on 11.01.2022 and accordingly Ministry of Civil Aviation (MoCA) reconstituted the Board of HCI by issuing OM dated 31.12.2021 followed by OM dated 11.01.2022, 27.01.2022, 11.02.2022, 14.12.2022 and 28.02.2023.

Its directors are appointed by the holding company / administrative ministry. As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than fifteen all of whom shall be appointed by the holding company / administrative ministry.

Accordingly, the composition of the Board of HCI as prescribed by MOCA vide its order dated 28.02.2023 is as follows:

Board of Directors as on 31 March 2023

Shri Satyendra Kumar Mishra Chairman & Managing Director AI Assets Holding Limited	-	Chairman and Nominee Director
Smt. Rubina Ali Jt. Secretary Ministry of Civil Aviation	-	Nominee Director
Shri Pranjol Chandra Director Ministry of Civil Aviation	-	Nominee Director
Shri Brajesh Kumar Srivastava Deputy Secretary Ministry of Civil Aviation	-	Nominee Director



HOTEL CORPORATION OF INDIA LIMITED

Shri Deepak Sajwan, Nominee Director ceased from the Board of HCI w.e.f. 14.12.2022 vide MoCA OM dated 14.12.2022 and Shri Vikram Dev Dutt, CMD, AI Assets Holding ceased from the Board of HCI w.e.f 28.02.2023 vide MoCA OM dated 28.02.2023.

Further, in pursuance of OM dated 28.02.2023, Shri. Satyendra Kumar Mishra was given the additional charge of CMD, AI Assets Holding w.e.f 01.03.2023 and therefore eventually remained as the nominee director on the Board of HCI.

Since the reconstitution of the Board by MoCA vide order dated 28.02.2023, did not mention the position of the Chairperson, therefore HCI Board vide its Circular Resolution bearing No 63 dated 10.03.2023 had nominated Shri. Satyendra Kumar Mishra, as the Chairperson on the Board of HCI and passed the requisite resolution till any further instruction from the MoCA/Holding Company.

The Board places on record its appreciation of the valuable services rendered by Shri Satyendra Kumar Mishra, JS, MoCA being CMD, AI Assets Holding Limited on the Board of the Company during their tenure.

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

3. Board Meetings

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

259	29 July 2022
260	13 September 2022
261	30 November 2022
262	10 February 2023

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the financial year 2022-23

Name of the Director	Academic Qualifications	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attended
Shri Vikram Dev Dutt, - Chairman (From 27 th January 2022 till 28 th February, 2023)	B.Tech. & PGDM, IAS (UT:93)	4	4	Yes



HOTEL CORPORATION OF INDIA LIMITED

Name of the Director	Academic Qualifications	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attended
Shri Satyendra Kumar Mishra Jt. Secretary, Ministry of Civil Aviation (From 01 st March 2023)	M.Tech (applied Geology) MA (in Public Policy)	4	1	Yes
Smt. Rubina Ali Joint Secretary, Ministry of Civil Aviation (From 11 th February 2022)	PGDM	4	4	Yes
Shri Pranjol Chandra, Director, Ministry of Civil Aviation (From 11 th January 2022)	B. E. Mechanical	4	4	Yes
Shri. Deepak Sajwan, Deputy Secretary, Ministry of Civil Aviation (From 11 th February 2022 till 14 th December 2022)	PGDM	4	-	No
Brajesh Kumar Srivastava Deputy Secretary, MoCA (From 14 th December 2022)	PGDM	4	1	Yes

Directorships and Memberships of Board Committees

Details of Directorships and memberships in the various committees as held by the Directors of the Company are as under:



HOTEL CORPORATION OF INDIA LIMITED

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 Vikram Dev Dutt, - Chairman (From 27 th January 2022 till 28 th February, 2023)	B.Tech. & PGDM, IAS (UT:93)	4	<p><u>CMD</u> AI Assets Holding Limited <u>Chairman and Nominee</u> <u>Director</u> AI Airport Services Limited,</p> <p>AI Engineering Services Limited,</p> <p>Alliance Air Aviation Limited,</p>	<p><u>AIAHL</u> <u>Member</u> Nomination and Remuneration Committee</p> <p><u>AIASL</u> <u>Chairman</u> Corporate Social Responsibility Committee <u>Member</u> Audit Committee</p> <p><u>AIESL</u> <u>Chairman</u> Corporate Social Responsibility Committee <u>Member</u> Audit Committee</p> <p><u>AAAL</u> <u>Chairman</u> HR Committee Flight Safety Committee <u>Member</u> Audit Committee</p>



HOTEL CORPORATION OF INDIA LIMITED

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 (From 01 st March 2023)	M.Tech (applied Geology) MA (in Public Policy)	4	<u>CMD</u> AI Assets Holding Limited <u>Chairman and Nominee Director</u> AI Airport Services Limited, AI Engineering Services Limited, Alliance Air Aviation Limited,	<u>AIAHL</u> <u>Chairman</u> Nomination and Remuneration Committee <u>AIASL</u> <u>Chairman</u> Corporate Social Responsibility Committee <u>Member</u> Audit Committee <u>AIESL</u> <u>Chairman</u> Corporate Social Responsibility Committee <u>Member</u> Audit Committee <u>AAAL</u> <u>Chairman</u> HR Committee Flight Safety Committee <u>Member</u> Audit Committee
Smt. Rubina Ali Joint Secretary, Ministry of Civil Aviation (From 11 th February 2022)	PGDM	4	<u>Director</u>	<u>HCI</u> <u>Member</u> Audit Committee



HOTEL CORPORATION OF INDIA LIMITED

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 Pranjol Chandra, Director, Ministry of Civil Aviation (From 11 th January 2022)	B. E. Mechanical	4	<u>Director</u> Alliance Air Aviation Limited,	<u>AAAL</u> <u>Member</u> Audit Committee HR Committee Flight Safety Committee <u>HCI</u> <u>Member</u> Audit Committee
Shri. Deepak Sajwan, Deputy Secretary, Ministry of Civil Aviation (From 11 th February 2022 till 14 th December 2022)	PGDM	-	<u>Director</u> Alliance Air Aviation Limited	<u>AAAL</u> <u>Member</u> Audit Committee HR Committee Flight Safety Committee <u>HCI</u> <u>Member</u> Audit Committee
Brajesh Kumar Srivastava Deputy Secretary, MoCA (From 14 th December 2022)			<u>Director</u> Alliance Air Aviation Limited	<u>AAAL</u> <u>Member</u> Audit Committee HR Committee Flight Safety Committee <u>HCI</u> <u>Member</u> Audit Committee

4. BOARD PROCEDURE

The meetings of the Board of Directors were generally held at 2nd Floor, Board Room, Air India Reservation Building, in New Delhi or at any other place at the convenience of the director via Video Conferencing (VC) or physically. 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 are



prepared by the officials of the concerned departments and approved by the CEO & 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 the inclusion of any matter on 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.

5. CODE OF CONDUCT

In terms of requirements of DPE guidelines on Corporate Governance for CPSEs, the Board has adopted Code of Conduct for the Directors and Senior Management. There is a system of affirming compliance with the Code by the Board Members and Senior Management Personnel of the Company. A declaration of compliance signed by the Chief Executive Officer of the Company is enclosed with the Report.

6. BOARD COMMITTEES

AUDIT COMMITTEE

As on 31 March 2023, the following were the Members of the Audit Committee:

Smt. Rubina Ali, Joint Secretary & Financial Advisor, MoCA	Chairperson
Shri. Pranjol Chandra, Director, MoCA	Member
Shri. Brajesh Kumar Srivastava, Deputy Director, MoCA	Member
Shri Satyendra Kumar Mishra, Chairman & Managing Director,	Invitee

AI Assets Holding Limited

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 meetings of the audit committee were 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;



HOTEL CORPORATION OF INDIA LIMITED

- 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.

Meetings of the Audit Committee

The Audit Committee met Three times during the year to review various issues including inter alia Financial Statements of the Company for the year before submission to the Board, as per details given below:

41 st Audit Committee Meeting	29 th July 2022
42 nd Audit Committee Meeting	13 th September 2022
43 rd Audit Committee Meeting	30 th November 2022

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	
51 st Annual General Meeting	30 th December 2022 at 1230 hrs	Hotel Centaur Premises, Indira Gandhi International Airport, New Delhi-110037
51 st Adjourned Annual General Meeting	15 th February 2023 at 1000 hrs	Hotel Centaur Premises, Indira Gandhi International Airport, New Delhi-110037
50 th Annual General Meeting	30 th September 2021 at 1130 hrs	1 st floor, Transport Annex Building, AirIndia Complex, Old Airport, Santa Cruz(E), Mumbai-400 029
Extra Ordinary General Meeting	13 th January 2022 at 1500 hrs	Hotel Centaur Premises, Indira Gandhi International Airport, New Delhi-110037



HOTEL CORPORATION OF INDIA LIMITED

No. of meeting	Date and time of the Meeting	
49 th Annual General Meeting	31 st December 2020 at 1230 hrs	1 st floor, Transport Annex Building, AirIndia Complex, Old Airport, Santa Cruz(E), Mumbai-400 029
Extra Ordinary General Meeting	28 th October 2020 at 1130 hrs	
Extra Ordinary General Meeting	10 th June 2020 at 1500 hrs	

7. DISCLOSURES AND STATUTORY COMPLIANCES

Adequate Disclosures pertaining to Director's interest, related party transactions, maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments and appointments have been made in a time bound manner with no pending matters.

8. CEO/CFO Declaration:

The Chief Executive Officer and Chief Financial Officer have certified in writing with respect to the truth and fairness of the Financial Statements, due compliances, and financial reporting which was placed before the Board & Audit Committee and forms part of this report

Sd/-
Asangba Chuba Ao
Chairman
Hotel Corporation of India Limited

Date: 05.04.2024
Place: New Delhi



HOTEL CORPORATION OF INDIA LIMITED

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 31st March 2023.

Sd/-

**Chief Executive Officer
Hotel Corporation of India Limited**

**Date: 05.04.2024
Place: New Delhi**



Declaration by Chief Executive Officer and Chief Financial Officer

To,
The Board of Directors,
Hotel Corporation of India Limited,

We, Deepak Khullar, Chief Executive Officer and K. Gopalkrishna, Chief Financial Officer of Hotel Corporation of India Limited (hereinafter “the Company”), do hereby certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements give a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company’s code of conduct.
3. We accept overall responsibility for the Company’s internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board of Directors.
The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.
4. We indicate to the Auditors and to the Audit Committee:
 - a) Significant changes in internal control over financial reporting during the year;
 - b) Significant changes in accounting policies during the year;
5. We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct during the year ended 31st March 2023.

For Hotel Corporation of India Limited

**Sd/-
Deepak Khullar
Chief Executive Officer
PAN:AAAPK1185C**

**Sd/-
K. Gopalkrishna
Chief Financial Officer
PAN: AEIPK8939C**

**Date: 20.12.2023
Place: New Delhi**

**Annexure B to Directors' Report for the year 2022-23**

Form No. AOC-2(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

There were no contracts or arrangements or transactions entered during the year ended March 31, 2023, which were not at arm's length basis.

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

All contracts /arrangements / transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2022-23 were on an arm's length basis, in the ordinary course of business which were duly approved in the 261st Board Meeting of the Company held on 30th November 2022. The details of contracts or arrangements or transactions at arm's length basis are as follows:

Name of Related Party & Nature of Relationship with Hotel Corporation of India Limited	Nature of Transaction	Duration of Transaction	Salient terms of transaction	Amount Rs. (In million)
AI Assets Holding Ltd (AIAHL) Holding	Finance Cost – Interest on Loans Revenue earned from Hotel Accommodation and Catering Services	1 st April 2022 -31 st March 2023	The related party transactions (RPTs) entered during the year was in the ordinary course of business and on arms length basis	452.66
AI Engineering Services Ltd (AIESL) <i>Fellow Subsidiary</i> (Subsidiary of AIAHL)	Revenue earned from Hotel Accommodation and Catering Services	1 st April 2022 -31 st March 2023		0.02
AI Airport Services Ltd (AIASL) <i>Fellow Subsidiary</i> (Subsidiary of AIAHL.)	Revenue earned from Hotel Accommodation and Catering Services	1 st April 2022 -31 st March 2023		18.49
Alliance Air Aviation Limited (AAAL) <i>Fellow Subsidiary</i> (Subsidiary of AIAHL.)	Revenue earned from Hotel Accommodation and Catering Services	1 st April 2022 -31 st March 2023		13.82
				1.98

For and on behalf of the Board

**Sd/-
Asangba Chuba Ao
Chairman**

**Date: 05.04.2024
Place: New Delhi**



SECRETARIAL AUDIT REPORT

For the financial year ended on 31st March, 2023

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

To,

**The Members,
HOTEL CORPORATION OF INDIA LIMITED,
Hotel Centaur Premises
Indira Gandhi International Airport
New Delhi -110037**

We 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**” (hereinafter called the “**Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **Hotel Corporation of India Limited** 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment.

The management of the Company, vide Management Representation Letter dated 30.01.2024, has confirmed that the Company is in compliance with the provisions of the following laws, which are applicable specifically to the Company:

- a) The Prevention of Food Adulteration Act, 1954;
- b) Food Safety and Standards Act, 2006;
- c) Hotel Insurance Policy;



We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India. During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above except to the extent:

1. As per Section- 149(4) read with rule 4 of The Companies (Appointment and Qualification of Directors) rules, 2014 the Company has not appointed requisite number of Independent Director on the Board of the Company.
2. As per Section-177(2) of The Companies Act, the Company has not complied with the requirement of appointing Independent Director in the Audit Committee.
3. As per Section-178(1) of The Companies Act, the company has not constituted the Nomination and Remuneration Committee.
4. As per Section-178(1) of The Companies Act, the Company has not complied with the requirement of appointing Independent Director in the Nomination and Remuneration Committee.
5. That the Company has generally complied with Secretarial Standards issued by the Institute of Company Secretaries of India.
6. That the Company has appointed its Company Secretary with effect from 06.12.2022 in the meeting of Board of Directors held on 10.02.2023.
7. That the Company has appointed its Nominee Directors Brajesh Kumar Srivastava with effect from 14.12.2022 vide circular resolutions passed on 26.12.2022.
8. That the Company has appointed its Nominee Directors Satyendra Kumar Mishra with effect from 01.03.2023 vide circular resolutions passed on 17.03.2023.

We further report that:

The Board of Directors of the Company is duly constituted with only Non-Executive Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except the Company has not appointed requisite number of Independent Director on the Board of the Company.

Adequate notice has been given to all directors/members, as the case may be, to schedule the Board Meetings including committee meetings during the financial year under review, agenda and detailed notes on agenda were sent properly before the scheduled meeting, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions are carried unanimously. The members of the Board have not expressed dissenting views on any of the agenda items during the financial year under review.



HOTEL CORPORATION OF INDIA LIMITED

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period, the Company has not carried out any specific events/actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules regulations, guidelines.

**FOR A. KAUSHAL AND ASSOCIATES
COMPANY SECRETARIES**

**Sd/-
CS AMIT KAUSHAL
FCS- 6230, CP No.- 6663
UDIN: F006230E003553721**

Place: New Delhi

Date: 07.03.2024

This report is to be read with our letter of even date which is annexed as **Annexure-I** and forms an integral part of this report.



HOTEL CORPORATION OF INDIA LIMITED

Annexure-I

To,
The Members,
HOTEL CORPORATION OF INDIA LIMITED,
Hotel Centaur Premises
Indira Gandhi International Airport
New Delhi -110037

Our report of even date is to be read along with this letter:

1. Management of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**FOR A. KAUSHAL AND ASSOCIATES
COMPANY SECRETARIES**

**Sd/-
CS AMIT KAUSHAL
FCS- 6230, CP No.- 6663
UDIN: F006230E003553721**

**Place: New Delhi
Date: 07.03.2024**



HOTEL CORPORATION OF INDIA LIMITED

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 2023

The preparation of financial statements of Hotel Corporation of India Limited for the year ended 31 March 2023 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 Audit Report dated **28 December 2023**.

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 2023 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.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

Sd/-
Sandip Roy
Director General of Commercial Audit,
Mumbai

Place: Mumbai.

Date:- 27 February 2024



INDEPENDENT AUDITOR'S REPORT

To

The Members of
HOTEL CORPORATION OF INDIA LIMITED

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the standalone financial statements of HOTEL CORPORATION OF INDIA LIMITED (the "Company"), which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except of the matter(s) described in Basis for Qualified Opinion section, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31 March 2023, and its *loss* and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to the matters described as below the effects of misstatements and possible effects of undetected misstatements on the financial statements due to inability to obtain sufficient and appropriate audit evidence which are material but, not pervasive either individually or in aggregate.

1. Disagreements between Jammu & Kashmir Government & Centaur Lake View Hotel (CLVH)

- The Centaur Lake View Hotel (CLVH) dispute involves the Hotel Corporation of India (HCI) and the Union Territory (UT) of Jammu & Kashmir concerning ownership, management, and liabilities related to the hotel property.
- The conflict arose from the termination of a management agreement between HCI and BD&P Hotels (Pvt.) Ltd., leading to legal proceedings and disputes between the parties involved. Various notices, appeals, and petitions were filed by HCI across different judicial levels, including District Magistrate, the Hon'ble High Court of J&K, and the Supreme Court.
- Government interventions, notably by the Civil Aviation Ministry, attempted to resolve the matter. It culminated in the referral of the dispute to the Administrative Mechanism for Resolution of Disputes (AMRD).



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- The AMRD resolution plan, dated July 17, 2023, resulted in the transfer of CLVH ownership to the UT of J&K,
 - o UT of J&K took over 145 employees of HCIL working at CLVH
 - o The UT of J&K agreed to assume liabilities as follows:

Sr. No.	Particulars	Amount in Crores
1.	Valuation of CLVH at Net Block as of 31.03.2022	6.07
2.	Employee liability for the Govt. of J&K from 01.03.2023 onwards	17.58*
3.	Salary payments for workers (March-June 2023)	3.08
	Total payable by UT of J&K (Agreed Liabilities)	26.73

*** The Company has not accounted the employee liability for the current financial period which is payable in foreseeable future.**

- UT of J&K would further examine the claims of HCI with regard to the revision of rates for CRPF/BSF - ₹19.69 crore on submission of further justification/ details.
- UT of J&K needs further justification/details/documentation for examining the claim of HCI for cost sharing of expenses as on 31.03.2022- ₹ 12.61 cr. On such provision by HCI, the UT of J&K will examine and settle the claims within 45 days.

(Refer note no. 32 of Standalone Financial Statements)

Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2023 as reported in the financial Statement obtained from the Books of Accounts made available by the Management without any supporting documents/details and hence the relevant financial year figures has only been reviewed and it subject to audit.

The Financial Statements consists of CLVH total assets of Rs. 580.07 million as at March 31, 2023 and total revenue of Rs. 35.68 million for the year end.

The financial information of this unit was produced by the management hence we are unable to ascertain the impact thereof in the standalone financial statements

Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2023 as reported in the financial Statement contains the value of Gratuity expense and Provision for Gratuity but does not include the Leave Encashment Expenses and Provision for Sick Leave Liability and Provision for Privilege Leave Liability.

2. Inventory:

Inventory records and Accounting records are not integrated. Further, there was no system of internal control on inventories on which we could rely for the purpose of our audit. There are no satisfactory audit procedures that we could adopt to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the existence, quantities and conditions of these inventories and to access their valuation.

Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect on the financial position of the company as at 31 March 2023 and the related disclosures in the financial statements.

Further the valuation of regular consumed inventory is derived as 50% cost of the closing inventory at year end, instead of any proper standard mechanism for arriving at closing valuation of inventory.



The category of “Inventories” comprises obsolete stock from CLVH, currently valued at cost, presenting a deviation from the prescribed guidelines of Ind AS-2 “Inventories.” According to the standard, such inventory should be valued at the lower of its Net Realisable Value or Cost. It is anticipated that the inventory value at CLVH might be lower than its recorded cost. This discrepancy in valuation methods necessitates immediate attention to ensure compliance with accounting standards. Reviewing and adjusting the valuation approach for obsolete inventory aligns with the principles of Ind AS-2, promoting accuracy and reliability in financial reporting practices.

(Refer note no. 06 & 48 of the Standalone Financial Statements)

3. MSMED Act compliances

The Company has classified MSME Vendors registered under Micro Small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of procurement; provision for interest, if any, on outstanding dues to MSME units could not be verified. We therefore are unable to determine the delay in making payment to such entities and liability of interest and compliance on such delayed payments in terms of provisions of MSMED Act.

(Refer note no. 18 & 45 of the Standalone Financial Statements).

4. Discrepancies in Accounting Records:

During our comprehensive analysis of the accounting records, a series of discrepancies, incompleteness, and ambiguities have been uncovered. These include instances of incorrect accounting entries, lacking of clarity within the accounting documentation, and the presence of entries assigned to incorrect accounting periods. The identified errors range from misallocated transactions to entries lacking comprehensive supporting information, resulting in a lack of transparency and accuracy in the financial records. The existence of entries attributed to different periods adds complexity and challenges to maintaining the chronological order and coherence of the financial statements. Addressing these discrepancies, ensuring completeness, and clarifying ambiguities are essential to uphold the accuracy and reliability of our financial reporting. Immediate attention and thorough rectification efforts are warranted to reconcile these discrepancies and enhance the integrity of our accounting records.

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

Our opinion is not modified in respect of this matter

Emphasis of Matter

We draw attention to:



1. Amount Receivables:

The Company has sent letters/e-mails for confirmation of balances, some responses are received by the management but are subject to reconciliations. However, the whole process of obtaining confirmations need to be further strengthened. Pending such confirmations, reconciliations and/ or assessment, the impact thereof on Standalone Financial Statements are not ascertainable and quantifiable. We are unable to obtain audit evidence for the amount recoverable and periodicity thereof. **(Refer note no.7 & 37 of Standalone Financial Statements)**

- It has come to our attention that there are potential additional amounts receivable pertaining to CLVH. These amounts, upon proper scrutiny and validation of claims by the concerned authorities, could bolster the current receivables. These potential receivables stem from Revision of Rates for CRPF/BSF and we believe that with careful assessment and verification, these sums could significantly augment overall receivable balance, Revenue as well as Tax impact, if any. We propose a detailed examination and validation process to ensure the accuracy and realization of these prospective receivables and its accounting treatment, ultimately enhancing financial position.
- Regular Customers are having debit balances beyond credit policy for which no check chart is prepared for adequate recovery steps, if, taken. After completion of outstanding of 3 years, provision is made treating them as Doubtful debts. However, the recovery process needs be strengthened. Even, the same are not shown as disputable until and unless there are legal proceedings. In absence in obtaining any audit evidence with regards to recoverability, periodicity or disputable or otherwise, we are unable to comment whether the same are disputable/recoverable or not.
- The Company has made provision for Bad & doubtful debts to the on account of legal notice/ cases pertaining to few parties apart from provision made in accordance with the usual policy of the Company.

2. Amount Payables:

- Company does not follow a proper system of obtaining confirmations and performing reconciliations and/ or assessment of correct balances in respect of amount payable to Trade Payables; Deposits received (SD/EMD); Government Departments and other parties. Accordingly amount payable to various parties are subject to confirmations, reconciliations and/or assessments. **(Refer note no. 18 & 37 of Standalone Financial Statements)**
- Pending such confirmations, reconciliations and/ or assessments, impact thereof on the Standalone Financial Statements is not ascertainable and quantifiable. In absence of obtaining audit evidence with regards party wise, age wise and reasons for holding the same beyond the period stated in the Company's policy, we are unable to comment on amount payable and periodicity thereof.
- Trade Payables have been bifurcated into two parts i.e., MSME and others and further subdivided as disputable or otherwise. Disputed trade payables taken only in cases where matter is under litigation. In case of delayed outstanding against MSME/ others, beyond the period of Credit policy of the Company have been considered as undisputable by



the management. Assessment for identifying disputable one is not available. In absence of any audit evidence with regards to assessment of disputable or otherwise, we are unable to comment thereon and impact thereof on standalone financial statements.

3. Unlinked receipts

- Unlinked receipts from debtors against billing by the Company, which could not be matched with the amount standing to the debit of the receivables is appearing as liabilities “Advance from Customers/Other Advances” in the standalone financial statements of the Company. To that extent, the Trade Receivables and Current Liabilities are overstated.

4. Loss/shortage of Property, Plant & Equipment

- Records for Property Plant Equipment (Fixed Assets) are not properly maintained and updated at various units. No physical verification of PPE has been conducted by the management during the current financial year (Management represents last inspection was conducted in FY 2019-20).
- Further, statements wherever, prepared for physical verification has no base and as such verification is not capable of reconciliations either with the Books of Accounts or Fixed Assets Records, wherever, maintained. Hence impact of loss/ shortage/ scrap of assets remains indeterminable. **(Refer note no.2A & 46 of Standalone Financial Statements)**

5. Lease Rentals/Turnover Levy payable to AAI/MIAL/DIAL

- Lease rentals and Turnover levy payable to Airport Authority of India (AAI)/Delhi International Airport Limited (DIAL)/ Mumbai International Airport Limited (MIAL) are provided in the books of accounts of the Company and duly reflected in the financial statement. Further in view of the dispute between the Company and AAI/DIAL/MIAL, interest on account of outstanding payable is not provided but disclosed under the head Contingent Liability and are not in conformity with the accounting principles generally accepted in India. **(Refer note no. 15, 17 & 31(ix) of Standalone Financial Statements).**

6. Provision of Wage Revision of Differential Liability

- The earlier wage agreement was expired on 31 December, 2006 and the union has submitted Charters of demands. The Company had 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 Unionized category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31.03.2023 is ₹146.36 million. The Management had announced an interim relief of ₹5,000/- per month per employee for officers effective from 1 January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to ₹67.69 million as on 31.03.2023. As and when wage revision is approved, this amount would



be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 08.08.2008 are in progress. The management is of the opinion that in case the wages provided is inadequate then the provision for differential liability will be made in the year it is finalized. **(Refer note no.12, 19, 20, 31 & 34)**

7. Legal expense/ interest etc. on contingent liabilities

- Amount indicated as contingent liabilities/ claims against the company reflects basic values. Legal expenses, interest and other costs are *not* considered being indeterminable as will be booked as and when incurred.

8. Non-Compliance of certain provisions of Companies Act

- 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.
- 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.
- The above non-compliance was also reported us in our previous audit report dated 16 January, 2023 for financial year 2021-2022.

9. Internal Control System

- 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.
- Laying down Standard Operating Procedures with regard to operational control and real-time accounting of all transactions to ensure that proper books of accounts are maintained. (Refer note no. 47 & 48)
- The above non-compliance was also reported us in our previous audit report dated 16 January, 2023 for financial year 2021-2022.

10. Fair value of the financial assets and financial liabilities

- 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 in the absence of other required information.

11. Going Concern

- The Company has incurred a net loss of ₹685.62 million during the year ended March 31, 2023 and, as of that date, the Company's current liabilities exceeds its total assets by ₹607.32 million and it has accumulated losses of ₹8200.23 million which has resulted in complete erosion of the net worth of the company. However, based on the assessment



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conducted by the Management and other factors mentioned in the aforementioned note, these financial statements have been prepared on a going concern basis and no adjustment has been made to the carrying value of the assets and liabilities of the Company as at the reporting date.

(Refer note no. 52)

Our opinion is not modified in respect of above matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matter. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sr. No.	Key Audit Matter	How our auditor address the Key Audit matter
1	Going Concern The company is in loss, net worth is fully eroded, going concern needs to be examined.	<p>As per the management projection and clarification, management are of the view that though the company is in a loss but continuous support Government of India will ensure the company runs its business as going concern. Also, the Company has signed Master Service Agreements with Air India which is valid up to 31.12.2024 and a new customer has been on-boarded i.e. Spicejet Limited with Catering Agreement up to 01.05.2025 which ensures that company will be able to run its business as going concern in near future.</p> <p>(Refer note no. 52(iii)).</p> <p>The Company is also tapping Online Travel Agents, Walk-in Customers, Event Booking, Corporates for increasing the business. The Company is also planning of introducing additional capex for operationally essential matters, obtaining ISO Certification in order to upgrade the present properties.</p> <p>Refurbishment of existing 30 Guest Rooms at Centaur Hotel Delhi are in process to increase the occupancy level.</p> <p>The Company does not have any loan from financial institutions and none of the creditors have applied for insolvency against the Company. Based upon the above facts and data, we have performed our audit procedure and make opinion accordingly.</p>



<p>Contingent Liabilities:</p> <p>There are various litigations pending before various forums against the Company and management's judgement is required for estimating the amount to be disclosed as contingent liability.</p> <p>We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias.</p> <p>Refer note no. 31 of the Standalone Financial Statements.</p>	<p>We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures:</p> <ul style="list-style-type: none"> - understood and tested the design and operating effectiveness of controls as established by the management for obtaining relevant information for pending litigation cases; - discussing with management any material developments and latest status of legal matters - read various correspondences and related documents pertaining to litigation cases produced by the management and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities; - examining management's judgements and assessments whether provisions are required; - considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote - reviewing the adequacy and completeness of disclosures <p>Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable</p>
<p>Uncertain Taxation Matters</p> <p>The Company has material uncertain tax matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p>	<p>We assessed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.</p> <p>We also considered legal precedence and other rulings, including in the Company's own case, in evaluating management's position on these uncertain tax positions.</p>
<p>Other Matter – Goods and Service Tax</p>	<p>In certain units, the Company has received advances from its customers, on which GST has not deposited as per provisions of Goods and Services Tax Act/Rules, the amount whereof is not ascertainable and quantifiable in absence of appropriate records.</p> <p>Further Company has availed GST Input (ITC) on the invoices of the Creditors/ Vendors but the same has not been surrendered back in case wherein payment has not been made within stipulated timelines under the GST. The amount whereof is not ascertainable and quantifiable in absence of appropriate records.</p> <p>In both the above cases, GST liability has not been provided which will impact on the results of Standalone Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of appropriate records.</p>



Our opinion is not modified with respect of above matter

Information other than the Standalone Financial Statements and Auditors' Report thereon

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our auditor's report thereon

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the Financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the Standalone 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 the operations or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

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

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

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matter We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the **Companies (Auditor's Report) Order, 2020** ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and on the basis of such checks of the books and records of the Company as we have considered appropriate and according to the information and explanation given to us, we give in the "**Annexure-A**" statement on the matters Specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. We are enclosing our report in terms of section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we Considered appropriate and according to the information and explanation given to us, in the "**Annexure-B**" on the directions/ sub directions issued by the Comptroller and Auditor General of India
3. (A) As required by section 143(3) of the Act, **and subject to matters described in Qualified opinion, Emphasis matters, Key Audit matters & Other matters sections stated above** we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account and with the returns received from the branches, not visited by us.
 - d) In our opinion, the aforesaid Standalone Financial Statements Comply with the Indian Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
 - e) Being a Government Company, pursuant to notifications NO. GSR 463 (E) dated 05th June 2015 Issued by the Ministry of corporate Affairs, Government of India, provisions



of sub section(2) of section 164 of the Act, are not applicable to the Company.

- f) Matters of Qualifications have been stated above under qualified opinion.
- g) 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**”.
- (B). As per Notification no. GSR 463(E) dated June 05, 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Company. With respect to 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 as at 31st March, 2023 on its financial position in Standalone Financial Statements – **Refer note no - 31** of the standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
 - (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
 - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.



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- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditor's) Rules, 2014 contain any material mis-statement.
- v. No dividend has been declared or paid during the year by the company hence compliance of section 123 of the Companies Act, 2013 are ***not applicable***.

For Jain Jagawat Kamdar & Co.
Chartered Accountants
FRN:122530W

CA AGNEL RODRIGUES
Partner
M.No.156128
UDIN:23156128BGUQGH6497

Date: 28.12.2023
Place: Mumbai



Annexure A to the Independent Auditor's Report on Standalone Financial Statements of Hotel Corporation of India Limited for the year ended 31st March 2023

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

i. Property, Plant & Equipment:

- (a) (A) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company does not have any intangible assets, hence reporting under clause i(a)(A) is *not applicable* under CARO 2020.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified on rotational basis in every two year but the same was not conducted during FY 2022-2023. In our opinion, this periodicity of physical verification is not reasonable having regard to the size of the Company and the nature of its assets. ***Major discrepancies were noticed on such verification such as assets were not identifiable in terms of location, quantity, tagging, date of purchase etc.***
- (c) According to the information, explanations and records provided to us, the title deeds of all immovable properties are held in the name of the Company. In case of ***four (4) residential flats in Sher-e-Punjab Society, Andheri (E), Mumbai*** the deed conveying / transferring the land and the said Building to society is not yet executed. (Refer note 2A)
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment during the year.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. Verification from the Inventories

- (a) The inventory, comprising of raw materials, Stores and Operating Supplies has been physically verified by the management only at year end. In our opinion, the frequency of such verification is not reasonable, and procedures and coverage as followed by management were not appropriate.

Further as per prevailing practice of the Company, Consumption of stocks, stores, crockery, cutlery etc. is being worked out by adding opening balances to purchases and deducting therefrom Closing Stock based on Physical Verification and hence shortage, misuse, theft, wastage/pilferage etc. is not identified and shown as consumption. Closing Stock of inventory are valued at 50% of the Cost of physical inventory held.



- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. Therefore, reporting under paragraph 3(ii) (b) of the Order are not applicable.

iii. Investments, Guarantees, Loans and Advances

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made investments, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below. The Company has not provided any guarantee or security, to companies, limited liability partnership or any other parties during the year.

- (a) During the year the Company has not provided loans advances in the nature of loans stood guarantee or provided security to companies, firms, Limited Liability Partnerships(LLP) or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company
- (b) During the year the Company has not made any investments in companies, firms, Limited Liability Partnerships or any other parties which are prejudicial to the Company's interest. The Company has not provided guarantees provided security and granted loans and advances to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company
- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships(LLP) or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) (d) (e) and (f) of the Order is not applicable to the Company.

iv. Compliances of Section 185/ 186 of Companies Act, 2013:

According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is *not applicable*.

v. Acceptance of Public Deposits:

As per the information and explanation provided to us, the Company has not accepted any deposits from public and outstanding during the year. Hence the Directives issued by Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and Rules made thereunder are not attracted to the Company. Accordingly, Clause 3 (v) of the order is *not applicable*.

vi. Maintenance of Cost Records:

As per the information and explanation given to us, maintenance of Cost records has not been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013. Accordingly, the provisions of Clause 3(VI) of the Order are *not applicable* to the Company.



vii. Statutory dues

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Employees' State Insurance, Income Tax, Labour cess, Professional tax, Property tax, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities except Provident Fund As explained to us, the Company did not have any dues on account of wealth tax and Custom duty.

- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Employees' State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31st March 2023 except provident Fund for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are some Statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:

Nature of Statute	Nature of Dues	Amount in Dispute (₹ in Mns)	Period to which the amount relates	Forum where dispute is pending
Luxury Tax	Tax	2.18	2000-2001	Additional Commissioner Sales Tax (Appeals)
	Less: Paid	(0.88)		
	Total	1.3		
Luxury Tax	Tax	6.51	2000-2001	Additional Commissioner Sales Tax (Appeals)
	Interest	9.33		
	Penalty	0.01		
	Less: Paid	(2.53)		
	Total	13.31		
Luxury Tax	Tax	1.98	2002-2003	Commissioner of Sales Tax (Appeals)
	Interest	2.08		
	Penalty	0.1		
	Less: Paid	(3.03)		
	Total	1.13		
Luxury Tax	Tax	0.7	2002-2003	Commissioner of Sales Tax (Appeals)
	Penalty	0.01		
	Less: Paid	(0.63)		
	Total	0.08		
Service Tax	Tax	2.76	July 2012 to March 2013	Commissioner of Central Excise Appellate-II



HOTEL CORPORATION OF INDIA LIMITED

Nature of Statute	Nature of Dues	Amount in Dispute (₹ in Mns)	Period to which the amount relates	Forum where dispute is pending
Service Tax	Tax	5.11	2013-2014	Commissioner of Central Excise Appellate-II
Service Tax	Tax	6.07	2014-2015	Commissioner of Central Excise Appellate-II
Service Tax	Tax	7.83	2015-2016	Commissioner of Central Excise Appellate-II
Service Tax	Tax	7.86	2016-2017	Commissioner of Central Excise Appellate-II
Service Tax	Tax	0.68	2017-2018 (Up to June 2017)	Commissioner of Central Excise Appellate-II
Service Tax	Tax	7.84	2010-2011 to 2013-2014	Commissioner of Central Excise Appellate-II
Service Tax	Tax	3.92	2014-2015	Commissioner of Central Excise Appellate-II
Service Tax	Tax	5.52	2015-2016	Commissioner of Central Excise Appellate-II
Service Tax	Tax	10.43	2016-2017 & 2017-2018	Commissioner of Central Excise Appellate-II
Provident Fund	Demand	22.29	2012-2013 to 2015-2016	Provident Fund Tribunal - Delhi
	Interest	5.98		
	Less: Paid	(5.98)		
	Total	22.29		

viii. Transactions not recorded in Book:

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is *not applicable* to the Company.

ix. Borrowings from Banks/ Financial Institutions:

According to the information given to us and based on our examination of Books and records of the Company, the Company has availed an amount of Rs2.32 Crore (Bank OD against FD) from financial institutions or banks Further according to the information and explanations given to us the company has complied with the provisions of clause 3(ix) (a),(b),(c),(d),(e),&(f) of the order.

x. Public Offer/ Preferential allotment/ Private Placement:

(a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is *not applicable*.



- (b) As per the information and explanation given to us, and based on our examination of records, Company has not made any preferential allotment or private placement of shares under Section 42 and 62 of the Companies Act, 2013. Accordingly, Clause 3(x)(b) of the order is *not applicable* to the Company.

xi. Fraud by the Company/ on the Company:

- (a) According to information and explanation given to us, and as represented by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, and considering the principles of materiality outlined in Standards on Auditing no case of frauds by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As Auditor, we did not receive any whistle blower complaints during the year 2021-22. Therefore, the provisions of Clause 3 (xi) c of the order is *not applicable*.

xii. Provisions applicable to Nidhi Company

According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of Clause 3(xii)(a)(b)(c) of the Order, for Nidhi Company, are *not applicable* to the Company.

xiii. Compliances of sections 177/188 of CO's Act

As per the information and explanation given to us, 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.

The Company has 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. Internal Audit

- (a) As per the information and explanation given to us, the Company has internal audit system commensurate with the size and nature of its business.
- (b) ***Reports of Internal Auditors for the period under audit were considered by us but the closure/compliance of some observations were still pending by the management. During the Audit under review there has been a Change in Internal Auditor.***



xv. Non cash transactions with directors

As per the information and explanation given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with them and hence provisions of Section 192 of the Companies Act are *not applicable*.

xvi. Applicability of section 45-1A of RBI

As per the information and explanation given to us-

- (a) Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, Clause 3 (XVI) (a) of the order is *not applicable*.
- (b) Company has not conducted any Non- Banking Financial or Housing Finance activities. Accordingly, Clause 3 (XVI) (b) of the order is *not applicable*.
- (c) Company is not a Core Investment Company (CIC) as defined in the Regulations made by Reserve Bank of India. Accordingly, Clause (3) (XVI) (c) of the order is *not applicable*.
- (d) Group has no CIC as part of Group. Accordingly, clause 3 (XVI)(d) of the order is *not applicable*.

xvii. Cash Losses:

The Company has incurred Cash losses to the tune of ₹644.60 million in the Financial Year 2022-23, there were cash losses of ₹813.34 million in the immediately preceding Financial year 2021-22.

xviii. Resignation of Statutory Auditors:

During the year there was no change in Statutory Auditors of the company. The re-appointment for FY 2022-2023 has been done as per CAG letter No./CA. V/COY/CENTRAL GOVERNMENT, HOTELC (1) /549 dated 31-08-2022.

xix. Capability of meeting the liabilities:

According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, *we draw attention that the Company has incurred a net losses, Company's current liabilities exceeds its total assets and it has accumulated losses which has resulted in complete erosion of the net worth of the company. These factors indicate the existence of a material uncertainty.* We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



xx. CSR compliances:

According to the information and explanation given to us, the sub section (5) of section of 135 of the Companies Act, 2013 is not applicable at the standalone level, therefore, reporting under Clause 3(xx) (a) & (b) of the order is *not applicable*.

xxi. Qualifications or adverse remarks in consolidated financial statements

The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For Jain Jagawat Kamdar & Co.
Chartered Accountants
FRN:122530W

CA AGNEL RODRIGUES
Partner
M.No.156128
UDIN:23156128BGUQGH6497

Date: 28.12.2023
Place: Mumbai



“ANNEXURE B” TO THE INDEPENDENT AUDITORS’ REPORT

Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the member of Hotel Corporation of India on the Standalone Financial Statements for the year ended 31st March 2023

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, 2023.

S. No.	Directions u/s 143(5) of the Companies Act, 2013	Comments
1.	Whether the Company have system in place to process all the accounting transactions through IT system? If Yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	As per the information and explanation given to us, the Company has system in place to process all the accounting transactions through IT system. However, the company maintains & updates inventory and invoices manually (MS Office-Excel), which has no direct integration with accounting software. Inventory and revenue from operations is manually updated in “Tally ERP” software. There is material impact on the integrity of the accounts or financial implication on the processing of these accounting transactions outside IT systems.
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interests 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. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for Statutory Auditor of lender company).	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 the funds received/receivables for specific schemes from central/ state agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation.	The Company has not received funds from any central / state agencies during the period under audit.

For Jain Jagawat Kamdar & Co.
Chartered Accountants
FRN:122530W

CA AGNEL RODRIGUES
Partner
M.No.156128
UDIN:23156128BGUQGH6497

Date: 28.12.2023
Place: Mumbai



“ANNEXURE-C” to the Independent Auditors’ report on the Standalone Financial Statements of Hotel Corporation of India for the period ended 31 March 2023.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Hotel Corporation of India (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone 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 with reference to the Standalone Financial Statements based on the internal controls 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 Companies Act, 2013 (hereinafter referred to as “the Act”).

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedure to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Because of the matter described in Disclaimer of opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls systems over financial reporting of the Company.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A Company’s internal financial control with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to the Standalone Financial Statements includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;



- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provided 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

Qualified Opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on the 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 such internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2023.

Material Weaknesses

Accordance to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31st March, 2023 with regards to :-

Non-compliance of MSMED Act; Non-valuation of exclusive paintings and accounting thereof, No Maker-Checker practice followed for accounting entries; Tendering process not properly implemented & followed; No Role based access restriction in Tally ERP; Non-confirmation/ reconciliation/ assessment of Debit/ Credit balances; Books of Accounts of past financial year are not freeze/locked; Unlinked receipts, Non-maintenance of proper records of inventory and valuation thereof; Automated Attendance not implemented at all the units; Non reconciliation of TDS; Non maintenance of proper records of PPE at certain units and non-reconciliation between physical reports and Books of Account; Non-recruitment of employees and rotation of duties; No direct integration of inventory software (eg. champagne) and revenue billing (Portal) Software with that of the accounting software "Tally ERP".

A material weakness is a deficiency or a combination of deficiencies, in internal financial control over financial reporting, which confirms a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on timely basis.

We have considered the qualification and material weaknesses reported above in determining the nature, timing and extent of audit tests applied in our audit of the Standalone Financial Statements



HOTEL CORPORATION OF INDIA LIMITED

of the Company, and the disclaimer material weaknesses does not affect our opinion on the Standalone Financial Statements of the Company.

For Jain Jagawat Kamdar & Co.
Chartered Accountants
FRN:122530W

CA AGNEL RODRIGUES
Partner
M.No.156128
UDIN:23156128BGUQGH6497

Date: 28.12.2023
Place: Mumbai



MANAGEMENT REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENT OF HOTEL CORPORATION OF INDIA LIMITED FOR THE FINANCIAL YEAR 2022-23

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS															
<p>Qualification</p> <p>1. Disagreements between Jammu & Kashmir Government & Centaur Lake View Hotel (CLVH)</p> <ul style="list-style-type: none"> • The Centaur Lake View Hotel (CLVH) dispute involves the Hotel Corporation of India (HCI) and the Union Territory (UT) of Jammu & Kashmir concerning ownership, management, and liabilities related to the hotel property. • The conflict arose from the termination of a management agreement between HCI and BD&P Hotels (Pvt.) Ltd., leading to legal proceedings and disputes between the parties involved. Various notices, appeals, and petitions were filed by HCI across different judicial levels, including District Magistrate, the Hon'ble High Court of J&K, and the Supreme Court. • Government interventions, notably by the Civil Aviation Ministry, attempted to resolve the matter. It culminated in the referral of the dispute to the Administrative Mechanism for Resolution of Disputes (AMRD). • The AMRD resolution plan, dated July 17, 2023, resulted in the transfer of CLVH ownership to the UT of J&K, <ul style="list-style-type: none"> o UT of J&K took over 145 employees of HCIL working at CLVH o The UT of J&K agreed to assume liabilities as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th align="center">Sr. No.</th> <th align="center">Particulars</th> <th align="center">Amount in Crores</th> </tr> </thead> <tbody> <tr> <td align="center">1.</td> <td>Valuation of CLVH at Net Block as of 31.03.2022</td> <td align="center">6.07</td> </tr> <tr> <td align="center">2.</td> <td>Employee liability for the Govt. of J&K from 01.03.2023 onwards</td> <td align="center">17.58*</td> </tr> <tr> <td align="center">3.</td> <td>Salary payments for workers (March-June 2023)</td> <td align="center">3.08</td> </tr> <tr> <td></td> <td>Total payable by UT of J&K (Agreed Liabilities)</td> <td align="center">26.73</td> </tr> </tbody> </table>	Sr. No.	Particulars	Amount in Crores	1.	Valuation of CLVH at Net Block as of 31.03.2022	6.07	2.	Employee liability for the Govt. of J&K from 01.03.2023 onwards	17.58*	3.	Salary payments for workers (March-June 2023)	3.08		Total payable by UT of J&K (Agreed Liabilities)	26.73	<p>As per the AMRD resolution plan communicated on July 17, 2023, the CLVH hotel stands transferred to the UT of J&K.</p> <p>UT of J&K also absorbed over 145 employees of HCIL working at CLVH.</p> <p>The amount receivable from the J&K Government of Rs 6.07 Crores towards the net block has been duly accounted for.</p> <p>Employee liability for the J&K Govt (Rs. 17.58 Cr.) is in fact not the liability of HCI. We have asked for the funds from the Govt. of UT of J&K for the liability of J&K Government from 01.03.2023 onwards. It may be noted this is an amount receivable from the UT of J&K.</p> <p>Accordingly; the liability has not been made in the books of accounts.</p>
Sr. No.	Particulars	Amount in Crores														
1.	Valuation of CLVH at Net Block as of 31.03.2022	6.07														
2.	Employee liability for the Govt. of J&K from 01.03.2023 onwards	17.58*														
3.	Salary payments for workers (March-June 2023)	3.08														
	Total payable by UT of J&K (Agreed Liabilities)	26.73														
<p>* The Company has not accounted the employee liability for the current financial period which is payable in foreseeable future.</p>																



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>➤ UT of J&K would further examine the claims of HCI with regard to the revision of rates for CRPF/BSF - ₹19.69 crore on submission of further justification/ details.</p> <p>➤ UT of J&K needs further justification/details/documentation for examining the claim of HCI for cost sharing of expenses as on 31.03.2022- ₹ 12.61 cr. On such provision by HCI, the UT of J&K will examine and settle the claims within 45 days.</p> <p>(Refer note no. 32 of Standalone Financial Statements)</p> <p><i>Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2023 as reported in the financial Statement obtained from the Books of Accounts made available by the Management without any supporting documents/details and hence the relevant financial year figures has only been reviewed and it subject to audit.</i></p> <p><i>The Financial Statements consists of CLVH total assets of Rs. 580.07 million as at March 31, 2023 and total revenue of Rs. 35.68 million for the year end.</i></p> <p><i>The financial information of this unit was produced by the management hence we are unable to ascertain the impact thereof in the standalone financial statements</i></p> <p><i>Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2023 as reported in the financial Statement contains the value of Gratuity expense and Provision for Gratuity but does not include the Leave Encashment Expenses and Provision for Sick Leave Liability and Provision for Privilege Leave Liability.</i></p> <p>(Refer foot no. 32 of Standalone Financial Statements).</p>	<p>HCI has already clarified and submitted the details for cost sharing expenses along with justification as required under AMRD to the UT of J&K</p> <p>Post seizure of the CLVH on 14.06.2022 by the Govt. of the UT of J&K, all documents /records /details have been shifted to New Delhi. All the records are available at Centaur Hotel New Delhi.</p> <p>In respect of the Provision for PL / Sick leave and leave encashment of CLVH, it is to submit that the Leave records have been transferred to the respective 3 companies of UT of J&K where the employees have been absorbed, accordingly the provision has not been made at HCI end.</p>
<p>2. Inventory:</p> <p>Inventory records and Accounting records are not integrated. Further, there was no system of internal control on inventories on which we could rely for the purpose of our audit. There are no satisfactory audit procedures that we could adopt to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the existence, quantities and conditions of these inventories and to access their valuation.</p>	<p>The Company has initiated steps to integrate the inventory in Tally. For the purpose, a tender has been floated for the procurement of PMS software which has built in integrated Inventory Management system. The same will be implemented for the year 2023-24.</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect on the financial position of the company as at 31 March 2023 and the related disclosures in the financial statements.</p> <p>Further the valuation of regular consumed inventory is derived as 50% cost of the closing inventory at year end, instead of any proper standard mechanism for arriving at closing valuation of inventory.</p> <p>The category of “Inventories” comprises obsolete stock from CLVH, currently valued at cost, presenting a deviation from the prescribed guidelines of Ind AS-2 “Inventories.” According to the standard, such inventory should be valued at the lower of its Net Realisable Value or Cost. It is anticipated that the inventory value at CLVH might be lower than its recorded cost. This discrepancy in valuation methods necessitates immediate attention to ensure compliance with accounting standards. Reviewing and adjusting the valuation approach for obsolete inventory aligns with the principles of Ind AS-2, promoting accuracy and reliability in financial reporting practices.</p> <p><i>(Refer note no. 06 & 48 of the Standalone Financial Statements)</i></p>	<p>As per the AMRD order, the valuation of CLVH has been made as per the Net Block as on 31.03.2022 for Rs. 6.07 crores. No separate amount has been provided towards the Inventory. The same would be reviewed in the year 2023-24 and necessary accounting entries will be made with the approval of the management.</p>
<p>3. MSMED Act compliances</p> <p>The Company has classified MSME Vendors registered under Micro Small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of procurement; provision for interest, if any, on outstanding dues to MSME units could not be verified. We therefore are unable to determine the delay in making payment to such entities and liability of interest and compliance on such delayed payments in terms of provisions of MSMED Act.</p> <p><i>(Refer note no. 18 & 45 of the Standalone Financial Statements).</i></p>	<p>The MSME units are registered with the Company based on information provided by the parties during the tendering process. Efforts are generally made to pay the outstanding of the MSMEs in the stipulated time, subject to availability of funds.</p>
<p>4. Discrepancies in Accounting Records:</p> <p>During our comprehensive analysis of the accounting records, a series of discrepancies, incompleteness, and ambiguities have been uncovered. These include instances of incorrect accounting entries, lacking of clarity within the accounting documentation, and the presence of entries assigned to incorrect accounting periods.</p>	<p>Discrepancies in accounting records, misallocations, incorrect accounting entries have since been rectified during closing of accounts.</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>The identified errors range from misallocated transactions to entries lacking comprehensive supporting information, resulting in a lack of transparency and accuracy in the financial records. The existence of entries attributed to different periods adds complexity and challenges to maintaining the chronological order and coherence of the financial statements. Addressing these discrepancies, ensuring completeness, and clarifying ambiguities are essential to uphold the accuracy and reliability of our financial reporting. Immediate attention and thorough rectification efforts are warranted to reconcile these discrepancies and enhance the integrity of our accounting records.</p>	
<p>Emphasis of Matter</p> <p>1. Amount Receivables:</p> <p>The Company has sent letters/e-mails for confirmation of balances , some responses are received by the management but are subject to reconciliations. However, the whole process of obtaining confirmations need to be further strengthened. Pending such confirmations, reconciliations and/ or assessment, the impact thereof on Standalone Financial Statements are not ascertainable and quantifiable. We are unable to obtain audit evidence for the amount recoverable and periodicity thereof. (Refer note no.7 & 37 of Standalone Financial Statements)</p> <ul style="list-style-type: none">• It has come to our attention that there are potential additional amounts receivable pertaining to CLVH. These amounts, upon proper scrutiny and validation of claims by the concerned authorities, could bolster the current receivables. These potential receivables stem from Revision of Rates for CRPF/BSF and we believe that with careful assessment and verification, these sums could significantly augment overall receivable balance, Revenue as well as Tax impact, if any. We propose a detailed examination and validation process to ensure the accuracy and realization of these prospective receivables and its accounting treatment, ultimately enhancing financial position.• Regular Customers are having debit balances beyond credit policy for which no check chart is prepared for adequate recovery steps, if, taken. After completion of outstanding of 3 years, provision is made treating them as Doubtful debts.	<p>The Company has sent emails/letters for confirmation of balances; responses have been received from some of the parties. The Company is in the process of reconciliation of the balances of the parties. The difference, if any, will be adjusted in the accounts as and when reconciliation is completed.</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>However, the recovery process needs be strengthened. Even, the same are not shown as disputable until and unless there are legal proceedings. In absence in obtaining any audit evidence with regards to recoverability, periodicity or disputable or otherwise, we are unable to comment whether the same are disputable/ recoverable or not.</p> <ul style="list-style-type: none">The Company has made provision for Bad & doubtful debts to the on account of legal notice/ cases pertaining to few parties apart from provision made in accordance with the usual policy of the Company. <p>2. Amount Payables:</p> <ul style="list-style-type: none">Company does not follow a proper system of obtaining confirmations and performing reconciliations and/ or assessment of correct balances in respect of amount payable to Trade Payables; Deposits received (SD/EMD); Government Departments and other parties. Accordingly amount payable to various parties are subject to confirmations, reconciliations and/ or assessments. (Refer note no. 18 & 37 of Standalone Financial Statements)Pending such confirmations, reconciliations and/ or assessments, impact thereof on the Standalone Financial Statements is not ascertainable and quantifiable. In absence of obtaining audit evidence with regards party wise, age wise and reasons for holding the same beyond the period stated in the Company's policy, we are unable to comment on amount payable and periodicity thereof.Trade Payables have been bifurcated into two parts i.e., MSME and others and further sub- divided as disputable or otherwise. Disputed trade payables taken only in cases where matter is under litigation. In case of delayed outstanding against MSME/ others, beyond the period of Credit policy of the Company have been considered as undisputable by the management. <p>Assessment for identifying disputable one is not available. In absence of any audit evidence with regards to assessment of disputable or otherwise, we are unable to comment thereon and impact thereof on standalone financial statements.</p>	<p>The Company has sent emails/letters for confirmation of balances; responses have been received from some of the parties. The Company is in the process of reconciliation of the balances of the parties. The difference, if any, will be adjusted in the accounts as and when reconciliation is completed.</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>3. Unlinked receipts</p> <ul style="list-style-type: none">Unlinked receipts from debtors against billing by the Company, which could not be matched with the amount standing to the debit of the receivables is appearing as liabilities “Advance from Customers/ Other Advances” in the standalone financial statements of the Company. To that extent, the Trade Receivables and Current Liabilities are overstated. <p>4. Loss/shortage of Property, Plant & Equipment</p> <ul style="list-style-type: none">Records for Property Plant Equipment (Fixed Assets) are not properly maintained and updated at various units. No physical verification of PPE has been conducted by the management during the current financial year (Management represents last inspection was conducted in FY 2019-20).Further, statements wherever, prepared for physical verification has no base and as such verification is not capable of reconciliations either with the Books of Accounts or Fixed Assets Records, wherever, maintained. Hence impact of loss/ shortage/ scrap of assets remains indeterminable. <p>(Refer note no.2A & 46 of Standalone Financial Statements)</p> <p>5. Lease Rentals/Turnover Levy payable to AAI/ MIAL/DIAL</p> <ul style="list-style-type: none">Lease rentals and Turnover levy payable to Airport Authority of India (AAI)/Delhi International Airport Limited (DIAL)/ Mumbai International Airport Limited (MIAL) are provided in the books of accounts of the Company and duly reflected in the financial statement. Further in view of the dispute between the Company and AAI/DIAL/MIAL, interest on account of outstanding payable is not provided but disclosed under the head Contingent Liability <i>and are not in conformity with the accounting principles generally accepted in India. (Refer note no. 15, 17 & 31(ix) of Standalone Financial Statements).</i>	<p>Some of the amounts received from the OTA s stand to the credit of the agencies owing to the cancellations, early check outs etc. The OTA s accounts are under reconciliation and necessary adjustments will be made as and when reconciliation is completed.</p> <p>Physical verification of the PPE will be undertaken in the FY 2023-24</p> <p>In view of the disputes raised with AAI, interest is being disclosed under Contingent Liability as per the decision of the Board of Directors.</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>6. Provision of Wage Revision of Differential Liability</p> <ul style="list-style-type: none">The earlier wage agreement was expired on 31 December, 2006 and the union has submitted Charters of demands. The Company had 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 Unionized category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31.03.2023 is ₹146.36 million. The Management had announced an interim relief of ₹5,000/- per month per employee for officers effective from 1 January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to ₹67.69 million as on 31.03.2023. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 08.08.2008 are in progress. The management is of the opinion that in case the wages provided is inadequate then the provision for differential liability will be made in the year it is finalized. (Refer note no.12, 19, 20, 31 & 34)	<p>Statement of fact</p>
<p>7. Legal expense/ interest etc. on contingent liabilities</p> <ul style="list-style-type: none">Amount indicated as contingent liabilities/ claims against the company reflects basic values. Legal expenses, interest and other costs are <i>not</i> considered being indeterminable as will be booked as and when incurred.	<p>Legal Expenses, interest and other cost will be booked as and when such costs are ascertained.</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>8. Non-Compliance of certain provisions of Companies Act</p> <ul style="list-style-type: none">• 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.• 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.• The above non-compliance was also reported us in our previous audit report dated 16 January, 2023 for financial year 2021-2022.	<p>Independent Directors have not been appointed.</p>
<p>9. Internal Control System</p> <ul style="list-style-type: none">• 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.• Laying down Standard Operating Procedures with regard to operational control and real-time accounting of all transactions to ensure that proper books of accounts are maintained. (Refer note no. 47 & 48)• The above non-compliance was also reported us in our previous audit report dated 16 January, 2023 for financial year 2021-2022.	<p>Noted</p>
<p>10. Fair value of the financial assets and financial liabilities</p> <ul style="list-style-type: none">• Fair value of the financial assets and financial liabilities is arrived based upon best information available or provided by the management. <p>We have relied upon the management information for fair valuation in the absence of other required information.</p>	<p>Statement of Fact</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>11. Going Concern</p> <ul style="list-style-type: none">The Company has incurred a net loss of ₹685.62 million during the year ended March 31, 2023 and, as of that date, the Company's current liabilities exceeds its total assets by ₹607.32 million and it has accumulated losses of ₹8200.23 million which has resulted in complete erosion of the net worth of the company. However, based on the assessment conducted by the Management and other factors mentioned in the aforementioned note, these financial statements have been prepared on a going concern basis and no adjustment has been made to the carrying value of the assets and liabilities of the Company as at the reporting date. <p>(Refer note no. 52)</p>	<p>The Company is confident that the performance would improve in the FY 2023-24.</p>
<p>Other Matter – Goods and Service Tax</p> <p>In certain units, the Company has received advances from its customers, on which GST has not deposited as per provisions of Goods and Services Tax Act/ Rules, the amount whereof is not ascertainable and quantifiable in absence of appropriate records.</p> <p>Further Company has availed GST Input (ITC) on the invoices of the Creditors/ Vendors but the same has not been surrendered back in case wherein payment has not been made within stipulated timelines under the GST. The amount whereof is not ascertainable and quantifiable in absence of appropriate records.</p> <ul style="list-style-type: none">In both the above cases, GST liability has not been provided which will impact on the results of Standalone Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of appropriate records.	<p>These advances pertain to booking of Banquet Functions at the Hotels which is not significant. However this will be taken care while filing the GST return for the year 2022-23.</p>
<p>(i) Property, Plant & Equipment:</p> <p>(a) (A) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.</p> <p>(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified on rotational basis in every two year but the same was not conducted during FY 2022-2023.</p>	<p>The physical verification of the PPE would be completed during the year 2023-2024 and the information /details shall be updated accordingly.</p> <p>The physical verification of the PPE would be completed during the year 2023-2024.</p>



AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>In our opinion, this periodicity of physical verification is not reasonable having regard to the size of the Company and the nature of its assets. Major discrepancies were noticed on such verification such as assets were not identifiable in terms of location, quantity, tagging, date of purchase etc.</p> <p>(c) According to the information, explanations and records provided to us, the title deeds of all immovable properties are held in the name of the Company. In case of four (4) residential flats in Sher –e- Punjab Society, Andheri (E), Mumbai the deed conveying / transferring the land and the said Building to society is not yet executed. (Refer note 2A)</p>	<p>The Company is in the process of making the documentation for the execution of title deeds for the said four flats.</p>
<p>(ii) Verification from the Inventories</p> <p>(a) The inventory, comprising of raw materials, Stores and Operating Supplies has been physically verified by the management only at year end. In our opinion, the frequency of such verification is not reasonable, and procedures and coverage as followed by management were not appropriate.</p> <p>Further as per prevailing practice of crockery of the Company, Consumption of stocks, stores, cutlery etc. is being worked out by adding opening balances to purchases and deducting therefrom Closing Stock based on Physical Verification and hence shortage, misuse, theft, wastage/pilferage etc. is not identified and shown as consumption. Closing Stock of inventory are valued at 50% of the Cost of physical inventory held</p>	<p>The valuation of Inventory of HCI is in line with the practice in the Hospitality Industry and more specifically in Hotel Industry. The major inventory pertains to consumables and hence the closing stock based on Physical Verification as at the yearend are valued at 50% of the cost, as it is not possible to ascertain the net realizable value. Further as all these items are procured for consumption only. This has been the consistent policy of the company which is continued over the years.</p>
<p>(vii) Statutory dues</p> <p>(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Employees' State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31st March 2023 except provident Fund for a period of more than six months from the date they became payable.</p>	<p>The Provident fund amount could not be deposited due to Cash Flow issues. The company has requested for support on funding from the Government. The Provident fund dues shall be cleared once the funding support is received.</p>



HOTEL CORPORATION OF INDIA LIMITED

AUDIT OBSERVATIONS					MANAGEMENT COMMENTS
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are some Statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:					The company has preferred appeals against the said demands/notices at respective forums and pursuing the matter.
Nature of Statute	Nature of Dues	Amount in Dispute (in Mns)	Period to which the amount relates	Forum where dispute is pending	
Luxury Tax	Tax	2.18	2000-2001	Additional Commissioner Sales Tax (Appeal)	
	Less: Paid	0.88			
	Total	1.3			
Luxury Tax	Tax	6.51	2000-2001	Additional Commissioner Sales Tax (Appeals)	
	Interest	9.33			
		0.01			
	Less: Paid	2.53			
	Total	13.31			
Luxury Tax	Tax	1.98	2002-2003	Commissioner of Sales Tax (Appeals)	
	Interest	2.08			
	Penal	0.1			
	Less: Paid	3.03			
	Total	1.13			
Luxury Tax	Tax	0.7	2002-2003	Commissioner of Sales Tax (Appeals)	
	Penal	0.01			
	Less: Paid	0.63			
	Total	0.08			
Service Tax	Tax	2.76	July 2012 to March 2013	Commissioner of Central Excise Appellate-II	
Service Tax	Tax	5.11	2013-2014	Commissioner of Central Excise Appellate-II	
Service Tax	Tax	6.07	2014-2015	Commissioner of Central Excise Appellate-II	
Service Tax	Tax	7.83	2015-2016	Commissioner of Central Excise Appellate-II	
Service Tax	Tax	7.86	2016-2017	Commissioner of Central Excise Appellate-II	
Service Tax	Tax	0.68	2017-2018 (Up to June 201)	Commissioner of Central Excise Appellate-II	
Service Tax	Tax	7.84	2010-2011 to 2013-2014	Commissioner of Central Excise Appellate-II	



AUDIT OBSERVATIONS					MANAGEMENT COMMENTS
Nature of Statute	Nature of Dues	Amount in Dispute (in Mns)	Period to which the amount relates	Forum where dispute is pending	
Service Tax	Tax	3.92	2014-2015	Commissioner of Central Excise Appellate-II	
Service Tax	Tax	5.52	2015-2016	Commissioner of Central Excise Appellate-II	
Service Tax	Tax	10.43	2016-2017 & 2017-2018	Commissioner of Central Excise Appellate-II	
Provident Fund	Demand	22.29	2012-2013 to 2015-2016	Provident Fund Tribunal Delhi	
	Interest	5.98			
	Less: Paid	5.98			
	Total	22.29			
<p>xiii Compliances of sections 177/188 of CO's Act</p> <p>As per the information and explanation given to us, 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.</p> <p>The Company has 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.</p>					<p>Independent Directors have not been appointed.</p> <p>Statement of fact.</p>
<p>xiv (b) Reports of Internal Auditors for the period under audit were considered by us but the closure/compliance of some observations were still pending by the management. During the Audit under review there has been a Change in Internal Auditor.</p>					<p>The Internal auditors for the year 2023-24 have been appointment through tendering. Accounting related matter has been closed and the process related observations of the Internal Audit are under implementation / compliance.</p>



Annexure C

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Material Weaknesses

Accordance to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31st March, 2023 with regards to :-

Non-compliance of MSMED Act; Non-valuation of exclusive paintings and accounting thereof, No Maker-Checker practice followed for accounting entries; Tendering process not properly implemented & followed; No Role based access restriction in Tally ERP; Non-confirmation/ reconciliation/ assessment of Debit/ Credit balances; Books of Accounts of past financial year are not freeze/ locked; Unlinked receipts, Non-maintenance of proper records of inventory and valuation thereof; Automated Attendance not implemented at all the units; Non reconciliation of TDS; Non maintenance of proper records of PPE at certain units and non-reconciliation between physical reports and Books of Account; Non-recruitment of employees and rotation of duties; No direct integration of inventory software (eg. champagne) and revenue billing (Portal) Software with that of the accounting software "Tally ERP".

A material weakness is a deficiency or a combination of deficiencies, in internal financial control over financial reporting, which confirms a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on timely basis.

We have considered the qualification and material weaknesses reported above in determining the nature, timing and extent of audit tests applied in our audit of the Standalone Financial Statements of the Company, and the disclaimer material weaknesses does not affect our opinion on the Standalone Financial Statements of the Company.

The weaknesses pointed out in the audit of ICFR are being looked into. The roles in Finance and Accounts department are being suitably examined and positioned on FTC basis. As regards the concept of maker/checker in Tally, all physical vouchers prepared by the Accounts personnel do have a maker / checker concept.

The Company has initiated steps to integrate the inventory in Tally, for the purpose, a tender has been floated for the procurement of PMS soft ware which has built in integrated Inventory Management system. The same will be implemented for the year 2023-24. Procurement through GeM portal has also been initiated during the year 2023-24.



HOTEL CORPORATION OF INDIA LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2023

₹ in Millions

Particulars	Note No.	As at 31st March 2023	As at 31st March 2022
ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	2A	129.55	188.79
(b) Intangible assets	2B	-	-
(c) Capital Work in Progress	2C	1.65	8.80
(d) Right to Use an Asset	3	202.20	226.79
(e) Financial Assets			
(i) Other Non current financial assets	4	2.30	3.26
(e) Other Non Current assets	5	15.92	17.37
Total Non Current Assets		351.62	445.00
(2) Current Assets			
(a) Inventory	6	11.65	11.42
(b) Financial Assets			
(i) Trade receivables	7	110.41	79.67
(ii) Cash and cash equivalents	8	8.39	52.47
(iii) Bank Balances other than cash and cash Equivalents	9	37.54	79.79
(iv) Other current financial assets	10	94.80	28.39
(c) Current tax assets (net)	11	48.99	52.40
(d) Other Current Assets	12	113.50	106.07
Total Current Assets		425.28	410.22
TOTAL ASSETS		776.90	855.22
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	1,376.00	1,376.00
(b) Other equity		-8,200.23	-7,514.61
Total Equity		-6,824.23	-6,138.61
Liabilities			
1. Non Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	14	5,482.32	5,029.59
(ii) Long term lease liability	15	360.12	336.47
(b) Provisions	16	374.47	494.08
Other non-current liabilities			
Total Non Current Liabilities		6,216.91	5,860.14
2. Current liabilities			
(a) Financial liabilities			
(i) Short term lease liability	17	611.15	591.59
(ii) Trade payables			
Total outstanding dues of Micro Enterprises and Small Enterprises	18	35.98	10.36
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		41.07	24.29
(iii) Other current financial liabilities	19	301.05	245.31
(b) Other current liabilities	20	253.86	154.99
(c) Provisions	21	141.11	107.16
Total Current Liabilities		1,384.22	1,133.69
TOTAL EQUITY AND LIABILITIES		776.90	855.22
Significant accounting policies	1		

The accompanying notes 1 to 54 form an integral part of this financials

As per our report of even date

For JAIN JAGAWAT KAMDAR & Co.

Chartered Accountants

Firm Registration No. 122530W

Sd/-

CA Agnel Rodrigues

Partner

Membership No: 156128

Place : Mumbai

Date : 28.12.2023

**For and on behalf of the Board of Directors
of HOTEL CORPORATION OF INDIA LIMITED**

Sd/-

Satyendra Kumar Mishra

Chairman

DIN : 07728790

Sd/-

Deepak Khullar

Chief Executive Officer

Sd/-

Sonam Gosain

Company Secretary

Place : New Delhi

Date : 20.12.2023

Sd/-

Rubina Ali

Nominee Director

DIN : 08453990

Sd/-

K. Gopal Krishna

Chief Financial Officer



HOTEL CORPORATION OF INDIA LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

(Rs. In Millions)

Particulars	Notes	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Continuing operations			
INCOME			
Revenue from operations	22	537.35	262.77
Other income	23	9.97	89.59
Total income		547.32	352.36
EXPENSES			
Cost of raw material consumed	24	131.96	60.92
Employee Benefits	25	418.17	447.76
Finance Cost	26	481.80	501.30
Depreciation / Amortisation Expenses	2A & 3	38.82	29.17
Other Expenses	27	180.40	161.32
Total Expenses		1,251.15	1,200.47
Loss before Tax		(703.83)	(848.12)
Tax Expense			
Current Tax			
Deferred Tax			
Add (Less)- Short (Excess) Provision of Earlier Years			
Profit/(Loss) for the year		(703.83)	(848.12)
Other Comprehensive Income			
a. Items that will not be classified to Profit & Loss			
(i) Re-measurement of the defined benefit plans	28	18.21	5.61
Total Comprehensive Income for the year		(685.62)	(842.51)
Earning per Equity Share			
Basic		(51.15)	(61.64)
Diluted		(51.15)	(61.64)
Significant accounting policies	1		

The accompanying notes 1 to 54 form an integral part of this financials

As per our report of even date

For JAIN JAGAWAT KAMDAR & Co.

Chartered Accountants

Firm Registration No. 122530W

Sd/-

CA Agnel Rodrigues

Partner

Membership No: 156128

For and on behalf of the Board of Directors
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Nominee Director

DIN : 08453990

Sd/-

Deepak Khullar

Chief Executive Officer

Sd/-

K. Gopal Krishna

Chief Financial Officer

Sd/-

Sonam Gosain

Company Secretary

Place : Mumbai

Date : 28.12.2023

Place : New Delhi

Date : 20.12.2023



HOTEL CORPORATION OF INDIA LIMITED

Notes to the Financial Statements for the period ended 31st March 2023
STATEMENT OF CHANGES IN EQUITY

(A) Equity Share Capital

(Rs. In Millions)

	No. of shares	
Balance as on 1st April, 2021	1,37,60,000	13,760.00
Changes in equity share capital during the year	-	-
Balance as on 31st March, 2022	1,37,60,000	13,760.00
Changes in equity share capital during the year	-	-
Balance as on 31st March, 2023	1,37,60,000	13,760.00

(B) Other Equity

(Rs. In Millions)

Particulars	Reserve and Surplus				Share Application Money Pending allotment	Total
	Capital Reserve	Securities Premium	Retained Earnings	Contingency Reserve Fund		
Balance as at 1st April 2019			(5,050.44)			(5,050.44)
Profit / (Loss) for the year			(555.48)			(555.48)
Other Comprehensive Income for the year (Net of Tax)			(99.99)			(99.99)
Addition of Share Application money pending allotment						-
Transfer from Contingency Reserve						-
Shares issued at Security Premium						-
Reduction during the year						-
Balance as at 31st March 2020	-	-	(5,705.90)	-	-	(5,705.90)
Profit / (Loss) for the year			(973.72)			(973.72)
Other Comprehensive Income for the year (Net of Tax)			7.53			7.53
Addition of Share Application money pending allotment						-
Transfer from Contingency Reserve						-
Shares issued at Security Premium						-
Reduction during the year						-
Balance as at 1st April 2021	-	-	(6,672.10)	-	-	(6,672.10)
Profit / (Loss) for the year			(848.12)			(848.12)
Other Comprehensive Income for the year (Net of Tax)			5.61			5.61
Addition of Share Application money pending allotment						-
Transfer from Contingency Reserve						-
Shares issued at Security Premium						-
Reduction during the year						-
Balance as at 31st March 2022	-	-	(7,514.61)	-	-	(7,514.61)
Profit / (Loss) for the year			(703.83)			(703.83)
Other Comprehensive Income for the year (Net of Tax)			18.21			18.21
Addition of Share Application money pending allotment						-
Transfer from Contingency Reserve						-
Shares issued at Security Premium						-
Reduction during the year						-
Balance as at 31st March 2023	-	-	(8,200.23)	-	-	(8,200.23)

As per our report of even date

For JAIN JAGAWAT KAMDAR & Co.

Chartered Accountants

Firm Registration No. 122530W

Sd/-

CA Agnel Rodrigues

Partner

Membership No: 156128

For and on behalf of the Board of Directors
of HOTEL CORPORATION OF INDIA LIMITED

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Satyendra Kumar Mishra

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Nominee Director

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Chief Executive Officer

Sd/-

K. Gopal Krishna

Chief Financial Officer

Sd/-

Sonam Gosain

Company Secretary

Place : Mumbai

Date : 28.12.2023

Place : New Delhi

Date : 20.12.2023



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2023

(Rs. In Millions)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
A. Cash flows from operating activities		
Net profit before tax	(703.83)	(848.12)
Adjustments:		
Depreciation and amortisation	38.82	29.17
Adjustments in Other Equity and Other Comprehensive Income	18.21	5.61
Interest received on fixed deposits	(3.15)	(12.24)
Finance cost	481.80	501.30
(Profit)/Loss on sale of Property, Plant & Equipment	-	(0.01)
Operating cash flow before working capital changes	(168.15)	(324.30)
Decrease / (Increase) in Inventory	(0.23)	0.47
Decrease / (Increase) in Trade Receivables	(30.74)	258.49
Decrease / (Increase) in Other Bank Balances	42.25	0.50
(Increase) in Other Financial Assets	(66.41)	(6.62)
(Increase)/Decrease in Other Current Assets	(7.43)	(11.91)
(Increase)/Decrease in Other Non-Current Financial Assets	0.96	3.91
(Increase)/Decrease in Other Non-Current Assets	1.45	0.37
(Decrease)Increase in Trade Payables	42.41	(17.03)
Increase/(Decrease) in Other Financial Liabilities (Current)	55.74	(3.03)
Increase/(Decrease) in Other Current Liabilities	98.87	11.20
(Decrease)Increase in Short-Term Provisions	33.95	5.73
(Decrease)Increase in Long-Term Provisions	(119.61)	(40.73)
Increase/(Decrease) in Other Financial Liabilities (Non Current)		
Increase/(Decrease) in Other Non Current Liabilities		
Cash generated from operations	(116.96)	(122.95)
Income taxes paid	3.42	40.81
Net cash flow generated from operating activities [A]	-113.54	-82.14
B. Cash flows from investing activities		
Increase in Property, Plant and Equipment	(17.85)	(7.09)
(Increase)/Decrease in Capital Work In Progress	7.15	(8.80)
(Increase)/Decrease in Right to Use an Asset	1.66	53.37
Proceeds from sale of property, plant and equipment	61.21	
Interest received on fixed deposits	3.15	12.24
Net cash (used) in investing activities [B]	55.32	49.72
C. Cash flows from financing activities		
(Decrease)/Increase in Borrowings	452.73	636.70
Interest Paid	(481.80)	(501.30)
Increase/(Decrease) in Short Term Lease Liability	19.56	(54.72)
Increase/(Decrease) in Long Term Lease Liability	23.65	(32.82)
Net cash flow generated from financing activities [C]	14.15	47.87
Net increase in cash and cash equivalents (A+B+C)	-44.07	15.44
Cash and cash equivalents at the beginning of the year (Refer note below)	52.47	37.02
Cash and cash equivalents at end of the year (Refer note below)	8.39	52.47
Sub notes:		
1 The Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 ('IND AS-7') on cash flow statement.		



HOTEL CORPORATION OF INDIA LIMITED

(Rs. In Millions)

Particulars	31st March 2023	31st March 2022
2 Components of cash and bank balances:		
Balance with bank		
a) Other Balance	7.26	31.78
Cash in Hand	0.08	0.09
Bank deposits held as margin money against bank guarantee and other Commitments, maturity less than 3 months		
Bank deposits with original maturity less than 3 months	1.05	20.60
Total	8.39	52.47

Note: Previous year's figures have been regrouped/rearranged wherever necessary.

As per our report of even date

For JAIN JAGAWAT KAMDAR & Co.

Chartered Accountants

Firm Registration No. 122530W

Sd/-

CA Agnel Rodrigues

Partner

Membership No: 156128

**For and on behalf of the Board of Directors
of HOTEL CORPORATION OF INDIA LIMITED**

Sd/-

Satyendra Kumar Mishra

Chairman

DIN : 07728790

Sd/-

Rubina Ali

Nominee Director

DIN : 08453990

Sd/-

Deepak Khullar

Chief Executive Officer

Sd/-

K. Gopal Krishna

Chief Financial Officer

Sd/-

Sonam Gosain

Company Secretary

Place : Mumbai

Date : 28.12.2023

Place : New Delhi

Date : 20.12.2023



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(Rupees in Millions 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 "AI Assets Holding Limited" (AIAHL) w.e.f. 11.01.2022. The registered office of the Company is situated at Centaur Hotel, IGI Airport, New Delhi 110037.

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 2023 is also prepared on the same basis.

ii. Basis of measurement:

These financial statements have been prepared on a historical cost basis, except for:

- i. certain financial assets, liabilities and contingent considerations that are measured at fair value;
- ii. assets held for sale- measured at fair value less cost to sell; and
- iii. defined benefit plans – plan assets, measured at fair value.

The assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule – III to the Companies Act, 2013 and Ind AS 1– "Presentation of Financial Statements".

iii. Critical accounting estimates /judgments:

The preparation of the financial statements in conformity with Ind-AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The actual result may differ from such estimates. Estimates and changes are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period.

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:

The outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company’s operation and revenue during the year were also impacted due to COVID-19. Though the situation improved during the current year still our hotels are facing low occupancies at Delhi and flight kitchens at Mumbai and Delhi. Various steps have been initiated by the Company such renovations of existing rooms, tapping corporate customers & others ways.

vi. Significant Accounting Policies:

A. Inventories (IND AS – 2)

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.

The valuation of Inventory of regular consumed inventory is derived as 50% cost lower of the closing inventory at year end.

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. Cash Flow Statement (IND AS–7)

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. Income Taxation (IND AS - 12)

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the Statement of Profit and Loss, except when



they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity, respectively.

Current Tax

Current tax expenses are accounted for in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred Tax

Deferred tax is recognized using the balance sheet method, providing for 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 it 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. Property, Plant and Equipment: (PPE) (IND AS - 16)

i. Property, Plant and Equipment

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 bringing 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.



HOTEL CORPORATION OF INDIA LIMITED

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. PF and 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 year end 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** : Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be incurred when the liabilities are settled. The liabilities are presented as Short Term employee benefit obligations in the balance sheet.

F. Foreign Currency Transactions(IND AS - 21)

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

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.

Other borrowing costs are expensed in the year in which they are incurred

H. Earnings Per Share (IND AS - 33)

Basic earnings per share: Basic earnings per share is calculated by dividing the net profit or loss for the year post tax attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

Diluted earnings per share: Diluted earnings per share is calculated by dividing the net profit or loss for the year post tax attributable to equity shareholders by the weighted average number of equity shares outstanding including equity shares which would have been issued on the conversion of all dilutive potential equity shares unless they are considered anti-dilutive in nature.



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 arise 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 and Discontinued Operations (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. Assets classified as held for sales are presented separately in the balance sheets. 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 (if any). The useful lives of intangible assets is assessed for three years.

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. Fair Value Measurement (IND AS - 113)

The Company measures financial instruments and specific investments (other than subsidiary, joint venture and associates), at fair value at each balance sheet date.

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

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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 or 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 service 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 from 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 of 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 INDAs 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. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors assesses the financial performance and position of the group and makes strategic decisions and have identified business segment as its primary segment.

**T. Cash Flow Statement**

Cash Flow Statement, as per Ind AS 7, is prepared using the indirect method, whereby profit/loss for the period is adjusted for the effects of transactions of a noncash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

Additional Regulatory Information pursuant to Amendment in Schedule III to the Companies Act, 2013

- The Company hold immovable properties with clear title deed. Accordingly, disclosure pertaining to the title deeds of immovable properties that are not held in the name of the Company as at the balance sheet date is not applicable.
- The Company does not hold any Investment Property. Accordingly, reporting on fair valuation of Investment Property is not applicable.
- The Company has not revalued any of its Property Plant & Equipment during the Year.
- The Company does not hold any Intangible Assets. Accordingly, reporting on revaluation of Intangible Assets is not applicable
- The Company has not advanced loans or advances in the nature of loans to promoters, directors, KMPs and the related parties.
- The Company does hold Capital-work-in-progress as on 31st March. Accordingly, reporting on Capital Work-in-progress ageing and completion schedule is stated below.

**Capital Work in Progress ageing schedule for the year ended as on March 31, 2023
(As derived manually billwise and partywise by the management)**

Capital Work in Progress as on March 31, 2023	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress		1.65	-	-	1.65
Projects temporarily suspended					-
Total		1.65	-	-	1.65

**Capital Work in Progress ageing schedule for the year ended as on March 31, 2022
(As derived manually bill wise and partywise by the management)**

Capital Work in Progress as on March 31, 2022	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	8.80	-	-	-	8.80
Projects temporarily suspended					-
Total	8.80	0	0	0	8.80

- The Company does not hold any Intangibles assets under development. Accordingly, reporting on Intangibles assets under development ageing and completion schedule is not applicable.
- The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- The Company does not have any borrowings from banks or financial institutions on the basis of security of current assets
- The Company is not declared wilful defaulter by and bank or financials institution or lender during the year.



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- k) The Company has not undertaken any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- l) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- m) The Company does not have any investment in subsidiaries. Accordingly, Compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 is not applicable.
- n) Reporting under Compliance with approved Scheme(s) of Arrangements is not applicable to the Company.
- o) The Company has not advanced or loaned or invested funds to any other person(s) or Company(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- p) The Company has not received any fund from any person(s) or Company(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- q) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- r) Reporting on Corporate Social Responsibility (CSR) is not applicable to the Company.
- s) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.



NOTE 2A & 2B : PROPERTY PLANT AND EQUIPMENT

(Rs. In Millions)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 01, 2022	Additions	Deductions / Adjustments	As at March 31, 2023	As at April 01, 2022	For the year	Deductions / Adjustments	Total Upto March 31, 2023	As at 31-Mar-23	As at 31-Mar-22
TANGIBLE ASSETS : (NOTE 2A)											
1	LAND (LEASEHOLD)	1.68	-	1.68	-	0.17	-	0.17	-	-	1.51
2	BUILDING & OWNERSHIP FLATS	326.52	1.23	61.94	265.80	181.83	6.75	12.56	176.02	89.78	144.69
3	PLANT & MACHINERY	59.04	5.58	18.91	45.71	38.05	2.30	9.61	30.73	14.97	20.99
4	FURNITURE & FIXTURES	4.06	0.45	0.57	3.94	3.04	0.25	0.24	3.04	0.90	1.02
5	OFFICE EQUIP, ELECTL INSTALLATIONS ETC.	33.96	0.91	0.63	34.24	26.46	2.25	0.29	28.43	5.81	7.49
6	VEHICLES	17.34	7.87	0.30	24.91	4.54	4.02	0.08	8.48	16.43	12.80
7	OBJECT D'ART.	0.00	-	0.00	0.00	-	-	-	-	0.00	0.00
8	COMPUTERS	0.97	1.80	0.50	2.28	0.70	0.31	0.39	0.62	1.66	0.28
TOTAL FOR TANGIBLE ASSETS		443.57	17.85	84.53	376.88	254.78	15.89	23.34	247.33	129.55	188.79
INTANGIBLE ASSETS : (NOTE 2B)		-	-	-	-	-	-	-	-	-	-
TOTAL FOR INTANGIBLE ASSETS		-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS		443.57	17.85	84.53	376.88	254.78	15.89	23.34	247.33	129.55	188.79
Previous Year		433.99	7.08	(4.52)	436.56	227.58	16.46	(4.33)	239.70	196.85	206.41

* Object D Art comprises old assests, having been fully depreciatedthese assets are shown at a residual value of Re 1.each.

** Title Documents in respect of 4 flats in Sheer-e-Punjab Society Andheri Mumbai costing Rs. 0.89 million, purchased during the year 1981-82 have not been executed in favour of the corporation.

The expenses on execution of titled deeds shall be accounted in the year of execution as these expenses cannot be ascertained.

NOTE 2C: CAPITAL WORK IN PROGRESS

Capital Work-in-Progress	8.80		7.15	1.65
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**Capital Work in Progress ageing schedule for the year ended as on March 31, 2023
(As derived manually billwise and partywise by the management)**

Capital Work in Progress as on March 31, 2023	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress		1.65			1.65
Projects temporarily suspended					-
Total		1.65	-	-	1.65

**Capital Work in Progress ageing schedule for the year ended as on March 31, 2022
(As derived manually billwise and partywise by the management)**

Capital Work in Progress as on March 31, 2022	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	8.80				8.80
Projects temporarily suspended					-
Total	8.80	-	-	-	8.80



NOTE 3 - RIGHT TO USE AN ASSET

₹ in Millions

Particulars	Leasehold Land	Total
Balance as at April 01st, 2021	349.28	349.28
- Other Acquisitions	-53.37	-53.37
Transition Impact of IND 116	0.00	0.00
Balance as at March 31st, 2022	295.92	295.92
- Other Acquisitions	-1.66	-1.66
Transition Impact of IND 116	0.00	0.00
Balance as at March 31st, 2023	294.26	294.26
Amortisation and Impairment		
Balance as at April 01st, 2021	55.33	55.33
- Amortisation charge for the year	13.80	13.80
Transition Impact of IND 116		
Balance as at March 31st, 2022	69.13	69.13
- Amortisation charge for the year	22.93	22.93
Transition Impact of IND 116		
Balance as at March 31st, 2023	92.06	92.06
Carrying Value		
At March 31, 2021	293.96	293.96
At March 31, 2022	226.79	226.79
At March 31, 2023	202.20	202.20

NOTE 4 - NON CURRENT ASSETS - FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

Particulars	As at	As at
	31st March 2023	31st March 2022
	₹ in Millions	₹ in Millions
Bank deposits with more than 12 months of original maturity	2.30	3.26
Total	2.30	3.26

NOTE 5 - OTHER NON CURRENT ASSETS

Particulars	As at	As at
	31st March 2023	31st March 2022
	₹ in Millions	₹ in Millions
Unsecured considered good		
Balance with Govt. Authorities	6.74	7.74
Prepaid Expenses		
Advance to employees		
Sub-total (A)	6.74	7.74
Other loans and Deposits		
Deposits with Public Bodies and with Miscellaneous Parties	7.74	8.24
Security Deposit	1.44	1.39
Unsecured (considered doubtful)		
Security deposit		
	9.18	9.63
Less:- Allowance for bad and doubtful assets		
Sub-total (B)	9.18	9.63
Total (A+B)	15.92	17.37



The movement in allowance for bad and doubtful assets is as follows:

Balance as at beginning of the year		
Allowance for bad and doubtful assets during the year		
Written off during the year		
Balance as at the end of the year		

NOTE 6 - INVENTORY

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Stock of Raw Material/ Food and Beverages	2.66	1.69
Stock of Stores Inventory	6.95	6.35
Stock of Operating Supplies	2.04	3.38
Total	11.65	11.42

NOTE 7 - TRADE RECEIVABLES

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Unsecured, considered good	38.42	7.68
Unsecured, considered doubtful	79.99	79.99
	118.41	87.67
Less: Allowance for Expected Credit Loss	8.00	8.00
Total	110.41	79.67

The movement in allowance for expected credit loss is as follows:

Balance as at beginning of the year	79.99	88.24
Add: Provision made during the year		
Less: Amount collected/reversal of provision		8.25
Balance as at the end of the year	79.99	79.99

Trade Receivables ageing schedule for the year ended as on March 31, 2023 (As derived manually billwise and partywise by the management)

Particulars	₹ in Millions						Total
	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables- considered good		38.29	32.74	24.26	15.55	7.57	118.41
Undisputed Trade Receivables- which have significant increase in credit risk							
Undisputed Trade Receivables- credit impaired							
Disputed Trade Receivables- considered good							
Disputed Trade Receivables- which have significant increase in credit risk							
Disputed Trade Receivables- credit impaired							
Total	-	38.29	32.74	24.26	15.55	7.57	118.41
Less: Allowance for expected credit loss							
Total Trade Receivables	-	38.29	32.74	24.26	15.55	7.57	118.41



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Trade Receivables ageing schedule for the year ended as on March 31, 2022. (As derived manually billwise and partywise by the management)

₹ in Millions

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables- considered good		10.43	17.45	13.58	46.21	-	87.67
Undisputed Trade Receivables- which have significant increase in credit risk							
Undisputed Trade Receivables- credit impaired							
Disputed Trade Receivables- considered good							
Disputed Trade Receivables- which have significant increase in credit risk							
Disputed Trade Receivables- credit impaired							
Total	-	10.43	17.45	13.58	46.21	-	87.67
Less: Allowance for expected credit loss							
Total Trade Receivables	-	10.43	17.45	13.58	46.21	-	87.67

NOTE 8 - CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Balance with Banks in Current Accounts	7.26	31.78
Cash in Hand	0.08	0.09
Bank deposits with original maturity less than 3 months	1.05	20.60
Total	8.39	52.47

NOTE 9 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Margin money deposits	0.44	0.44
Bank deposits with original maturity greater than 3 months but less than 12 months	37.10	79.35
Total	37.54	79.79

NOTE 10 - OTHER CURRENT FINANCIAL ASSETS

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Advances Recoverable from Parties		
Unsecured Considered Good	13.41	13.41
Unsecured Considered Doubtful	245.90	177.24
Interest accrued but not due	0.14	0.78
Other receivable	6.23	7.04
Advance Recoverable from staff	2.74	3.53
	268.42	202.01
Less : Allowance for Doubtful Advances/ Receivables	173.62	173.62
Total	94.80	28.39

**NOTE 11 - CURRENT TAX ASSETS (NET)**

Particulars	As at	As at
	31st March 2023	31st March 2022
	₹ in Millions	₹ in Millions
Balance with Government Authorities		
Advance Payment of Income Tax and TDS	48.99	52.40
Total	48.99	52.40

NOTE 12 - OTHER CURRENT ASSETS

Particulars	As at	As at
	31st March 2023	31st March 2022
	₹ in Millions	₹ in Millions
Advance Against Interim Relief	70.15	65.64
Advance Against Wage Revision (Union)	34.48	34.48
Prepaid Expenses	2.88	3.65
Advances to suppliers	4.43	1.20
Other Advances	1.56	1.10
Total	113.50	106.07

NOTE 13- EQUITY SHARE CAPITAL

Particulars	As at	As at
	31st March 2023	31st March 2022
	₹ in Millions	₹ in Millions
Authorised Share Capital		
150,00,000 (P.Y. - 150,00,000) Equity Shares of Rs 100/- each	1,500	1,500
	1,500.00	1,500.00
Issued, subscribed and fully paid-up shares		
1,37,60,000 (P.Y. - 137,60,000) Equity Shares of Rs 100/- each	1,376	1,376
	1,376.00	1,376.00

a. Movement in Equity Share Capital

During the year, the Company has neither issued nor bought back any shares.

b. Terms and rights attached to equity shares:

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-23	31-Mar-22
President of India	27,00,000.00	27,00,000.00
AI Assets Holding Limited (Holding Company) and its nominees	1,10,60,000.00	1,10,60,000.00



13.C. DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY

Particulars	31-Mar-23		31-Mar-22	
	Nos	%	Nos	%
President of India	27,00,000	19.62%	27,00,000	19.62%
AI Assets Holding Limited (Holding Company) and its nominees	1,10,60,000	80.38%	1,10,60,000	80.38%
Total	1,37,60,000	100%	1,37,60,000	100%

NOTE 14 - BORROWINGS

Particulars	As at	As at
	31st March 2023	31st March 2022
	₹ in Millions	₹ in Millions
AI Assets Holding Limited (Holding Company)	5,482.32	5,029.59
Total	5,482.32	5,029.59

NOTE 15 - LONG TERM LEASE LIABILITIES

Particulars	As at	As at
	31st March 2023	31st March 2022
	₹ in Millions	₹ in Millions
Long Term Lease Liability	360.12	336.47
Total	360.12	336.47

NOTE 16 - LONG TERM PROVISIONS

Particulars	As at	As at
	31st March 2023	31st March 2022
	₹ in Millions	₹ in Millions
Provision for employee benefits		
Provision for Leave Encashment	48.24	92.28
Provision for Gratuity	138.28	202.44
Provision for PRMS	177.52	186.64
Provision for Sick Leave Encashment	10.43	
Post Retirement Benefit Scheme Contribution	0.00	12.72
Total	374.47	494.08

NOTE 17 - SHORT TERM LEASE LIABILITY

Particulars	As at	As at
	31st March 2023	31st March 2022
	₹ in Millions	₹ in Millions
Short Term Lease Liability	29.75	27.79
Lease Rent Payable	581.40	563.80
Total	611.15	591.59

NOTE 18 - TRADE PAYABLES

Particulars	As at	As at
	31st March 2023	31st March 2022
	₹ in Millions	₹ in Millions
Dues of micro and small enterprises	35.98	10.36
Other trade payables	41.07	24.29
Total	77.05	34.64



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Note:

- (i) The amount due to Micro and Small Enterprises as defined in the “The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have been identified on the basis of information collected by the Management.
- (ii) The disclosures relating to Micro and Small Enterprises are as under:

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	35.98	10.36
(b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	-
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the year	-	-
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Trade payables ageing schedule for the year ended as on March 31, 2023 (As derived manually billwise and partywise by the management)

(Rs. In Millions)

Particulars	Outstanding for following periods from due date of payment				
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) MSME	-	26.51	9.18	0.21	0.08
(ii) Others	-	13.58	11.13	7.18	9.18
(iii) Disputed dues- MSME					
(iv) Disputed dues- Others					
Total trade payables	-	40.09	20.31	7.39	9.26

Trade payables ageing schedule for the year ended as on March 31, 2022 (As derived manually billwise and partywise by the management)

Particulars	Outstanding for following periods from due date of payment				
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) MSME	-	10.36			
(ii) Others	-	21.66	2.03	0.08	0.52
(iii) Disputed dues- MSME					
(iv) Disputed dues- Others					
Total trade payables	-	32.02	2.03	0.08	0.52



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NOTE 19 - OTHERS CURRENT FINANCIAL LIABILITIES

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Payable to employees	45.58	34.92
Other payable	80.26	34.52
Earnest Money Deposit	4.63	4.03
Security Deposit from vendors	1.43	1.74
Provision for Wage Revision Arrears	146.36	146.36
Shop & Other Deposits	22.79	23.73
Total	301.05	245.31

NOTE 20 - CURRENT - OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Statutory liabilities	121.48	35.71
Outstanding Liabilities	3.56	3.73
Provision towards Interim Relief	67.69	66.81
Other Advances	6.83	2.33
Others	54.30	46.41
Total	253.86	154.99

NOTE 21 - SHORT TERM PROVISIONS

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Provision for employee benefits		
Leave - Short Term	14.66	24.29
Gratuity - Short Term	106.55	75.13
Provision for PRMS	15.87	7.75
Sick Leave - Short Term	4.03	
Total	141.11	107.16

NOTE 22 - REVENUE FROM OPERATION

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Revenue from Hotels and Flight Kitchen		
Rooms - Guest Accommodation	130.40	120.58
Food, Cigars and Cigarettes	321.40	93.11
Other Services	79.98	45.02
License fees for Shops and Offices	5.57	4.05
Total	537.35	262.77

**NOTE 23 - OTHER INCOME**

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Interest Income	3.15	12.24
Profit on sale of asset	-	0.01
Excess provision written back	2.17	74.73
Sundry balances written back (Net)	(0.02)	0.70
Others	4.67	1.91
Total	9.97	89.59

NOTE 24 - COST OF RAW MATERIAL CONSUMED

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Food Consumed (Including Cigars and Cigarettes)		
Opening stock	1.69	2.70
Add: Purchases	124.43	56.56
Less: Closing stock	(2.66)	(1.69)
	123.46	57.57
Beverages Consumed		
Opening Stock	-	-
Add: Purchases	-	-
Less: Closing stock	-	-
	-	-
Consumption of Stores and Supplies		
Opening Stock	6.73	6.73
Add: Purchases	8.72	2.98
Less: Closing Stock	(6.95)	(6.35)
	8.50	3.35
Cost of Raw material consumed	131.96	60.92

NOTE 25 - EMPLOYEE BENEFITS

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Salaries, Wages, Bonus	345.80	341.68
Gratuity	25.36	26.19
Leave Encashment	(19.53)	17.25
Post Retirement Medical Benefit	16.87	16.19
Contribution to Provident Fund and Other Fund	36.34	36.01
Staff Welfare Expenses	13.33	10.45
Total	418.17	447.76



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NOTE 26 - FINANCE COST

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Interest on borrowings from Holding Company	452.66	482.75
Interest on Statutory Dues	0.60	0.06
Interest on Lease Liability	27.64	17.84
Interest - Others	0.90	0.65
Total	481.80	501.30

NOTE 27 - OTHER EXPENSES

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Power & Fuel	78.62	83.59
Lease Rent	16.86	15.30
Security Charges	10.77	13.58
Repairs & Maintenance:		
Building	4.69	3.64
Plant and Machinery	3.82	4.94
Others	9.75	7.26
Miscellaneous Expenses	7.78	4.68
Travelling & Conveyance:		
Travelling	1.46	0.36
Conveyance	0.44	0.31
Hire charges	0.11	-
Vehicle Expenses	6.65	1.95
Soft Furnishing	2.99	1.71
Rates and Taxes	9.03	8.24
Printing and Stationery	2.46	1.33
Legal and Professional Charges	13.74	9.42
Communication costs	1.35	0.93
Insurance	3.88	2.91
Advertisement and Publicity	0.38	0.56
Commission	4.77	0.08
Payment to Auditor (Refer note below)	0.29	0.31
Guest Transportation	0.33	0.23
Provision for Doubtful Advances	0.23	-
TOTAL	180.40	161.32

Note : Payment to Auditor	For the year ended 31-03-2023	For the year ended 31-03-2022
For Audit Fees	0.27	0.27
For Reimbursement of expenses	0.02	0.05
	0.29	0.31

NOTE 28 - OTHER COMPREHENSIVE INCOME

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Gratuity	0.43	(16.65)
PRMS	17.78	22.26
	18.21	5.61



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Notes forming part of the financial statements for the year ended 31 March 2023

(Rupees in millions except if otherwise stated)

29 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 36.34 million (Previous Year Rs.36.01 million)

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/termination upto a maximum of 300 days.

D. Privilege for Sick Leave Encashment: Privilege for Sick Leave Encashment is payable to all eligible employees at the time of retirement/termination upto a maximum of 120 days.

E. 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

F. Disclosure as per Ind AS – 19

Sr No.	Particulars	Gratuity	
		As at 31.03.23	As at 31.03.22
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	01-Apr-22	01-Apr-21
	Date of Reporting	31-Mar-23	31-Mar-22
	Period of Reporting	12 Months	12 Months
	Ref ID	816489	641332
	b)	<u>Assumptions (Previous Period)</u>	
Expected Return on Plan Assets		N.A.	N.A.
Rate of Discounting		7.29%	6.41%
Rate of Salary Increase		5.00%	5.00%
Rate of Employee Turnover		4.00%	4.00%
Mortality Rate During Employment		Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate



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c) Assumptions (Current Period)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.29%	6.41%
Rate of Salary Increase	5.00%	5.00%
Rate of Employee Turnover	4.00%	4.00%
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2012-14) Ultimate
d) Table Showing Change in the Present Value of Projected Benefit Obligation		
Present Value of Benefit Obligation at the Beginning of the Period	277.56	294.57
Interest Cost	17.79	17.85
Current Service Cost	7.57	8.34
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)	(57.67)	(59.85)
(Benefit Paid From the Fund)	-	-
The Effect of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	(0.03)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(42.27)	(29.10)
Actuarial (Gains)/Losses on Obligations - Due to Experience	38.02	19.68
Present Value of Benefit Obligation at the End of the Period	244.83	277.56
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	-	-



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f) <u>Amount Recognized in the Balance Sheet</u>		
(Present Value of Benefit Obligation at the end of the Period)	(244.83)	(277.56)
Fair Value of Plan Assets at the end of the Period	-	-
Funded Status (Surplus/ (Deficit))	(244.83)	(277.56)
Net (Liability)/Asset Recognized in the Balance Sheet	(244.83)	(277.56)
g) <u>Net Interest Cost for Current Period</u>		
Present Value of Benefit Obligation at the Beginning of the Period	277.56	294.57
(Fair Value of Plan Assets at the Beginning of the Period)	-	-
Net Liability/(Asset) at the Beginning	277.56	294.57
Interest Cost	17.79	17.85
(Interest Income)	-	-
Net Interest Cost for Current Period	17.79	17.85
h) <u>Expenses Recognized in the Statement of Profit or Loss for Current Period</u>		
Current Service Cost	7.57	8.34
Net Interest Cost	17.79	17.85
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	25.36	26.19
i) <u>Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period</u>		
Actuarial (Gains)/Losses on Obligation For the Period	(0.43)	16.65
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Period Recognized in OCI	(0.43)	16.65
j) <u>Balance Sheet Reconciliation</u>		
Opening Net Liability	277.56	294.57
Expenses Recognized in Statement of Profit or Loss	25.36	26.19
Expenses Recognized in OCI	(0.43)	16.65
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	(57.67)	(59.85)
(Employer's Contribution)	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	244.83	277.56



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k) <u>Category of Assets</u>		
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) <u>Other Details</u>		
No of Active Members	386	460
Per Month Salary For Active Members(000)	16.07	17.97
Weighted Average Duration of the Projected Benefit Obligation	3.00	4.00
Average Expected Future Service	3.00	5.00
Projected Benefit Obligation	244.83	277.56
Expected Contribution in the next year	-	-
m) <u>Net Interest Cost for Next Year</u>		
Present Value of Benefit Obligation at the End of the Period (Fair Value of Plan Assets at the End of the Period)	244.83	277.56
Net Liability/(Asset) at the End of the Period	-	-
Interest Cost	244.83	277.56
(Interest Income)	17.85	17.79
Net Interest Cost for Next Year	-	-
	17.85	17.79
n) <u>Expenses Recognized in the Statement of Profit or Loss for Next Year</u>		
Current Service Cost	4.89	7.57
Net Interest Cost	17.85	17.79
(Expected Contributions by the Employees)	-	-
Expenses Recognized	22.74	25.36
o) <u>Maturity Analysis of the Benefit Payments:</u>		
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	106.55	75.13
2nd Following Year	39.44	28.33
3rd Following Year	32.16	49.10
4th Following Year	16.42	37.75
5th Following Year	20.94	22.72
Sum of Years 6 To 10	64.87	100.82
Sum of Years 11 and above	7.88	32.67



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p) <u>Sensitivity Analysis</u>		
Projected Benefit Obligation on Current Assumptions	244.83	277.56
Delta Effect of +1% Change in Rate of Discounting	(4.54)	(8.16)
Delta Effect of -1% Change in Rate of Discounting	4.82	8.76
Delta Effect of +1% Change in Rate of Salary Increase	4.88	8.80
Delta Effect of -1% Change in Rate of Salary Increase	(4.68)	(8.35)
Delta Effect of +1% Change in Rate of Employee Turnover	0.38	0.48
Delta Effect of -1% Change in Rate of Employee Turnover	0.40	(0.50)

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 31.03.23	As at 31.03.22
a) <u>Type of Benefit</u>		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		01-Apr-22	01-Apr-21
Date of Reporting		31-Mar-23	31-Mar-22
Period of Reporting		12 Months	12 Months
Reference ID		825585	0
b) <u>Assumptions (Previous Period)</u>			
Expected Return on Plan Assets		N.A.	N.A.
Rate of Discounting		7.40%	6.83%
Medical cost inflation		4.00%	4.00%
Rate of Employee Turnover		2.00%	2.00%
Mortality Rate During Employment		Indian Assured Lives Mortality (2012-14)Urban	Indian Assured Lives Mortality (2006-08) Ultimate
Mortality Rate After Employment		Indian Assured Lives Mortality (2012-14)Urban	Indian Assured Lives Mortality (2006-08) Ultimate



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c) Assumptions (Current Period)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.53%	7.40%
Medical cost inflation	4.00%	4.00%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14) Urban	Indian Assured Lives Mortality (2012-14) Urban
Mortality Rate After Employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Individual AMT (2012-2015)
d) Table Showing Change in the Present Value of Projected Benefit Obligation		
Present Value of Benefit Obligation at the Beginning of the Period	207.11	221.31
Interest Cost	15.32	15.29
Current Service Cost	1.55	2.02
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)	(12.81)	(9.26)
(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	(2.72)	(20.13)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(15.05)	(2.13)
Present Value of Benefit Obligation at the End of the Period	193.40	207.11
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	-	-



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f)	<u>Amount Recognized in the Balance Sheet</u>		
	(Present Value of Benefit Obligation at the end of the Period)	193.40	207.11
	Fair Value of Plan Assets at the end of the Period	-	-
	Funded Status (Surplus/ (Deficit))	193.40	207.11
	Net (Liability)/Asset Recognized in the Balance Sheet	193.40	207.11
g)	<u>Net Interest Cost for Current Period</u>		
	Present Value of Benefit Obligation at the Beginning of the Period	207.11	221.31
	(Fair Value of Plan Assets at the Beginning of the Period)	-	-
	Net Liability/(Asset) at the Beginning	207.11	221.31
	Interest Cost	15.32	15.29
	(Interest Income)	-	-
	Net Interest Cost for Current Period	15.32	15.29
h)	<u>Expenses Recognized in the Statement of Profit or Loss for Current Period</u>		
	Current Service Cost	1.55	2.02
	Net Interest Cost	15.32	15.29
	Past Service Cost	-	-
	(Expected Contributions by the Employees)	-	-
	(Gains)/Losses on Curtailments And Settlements	-	-
	Net Effect of Changes in Foreign Exchange Rates	-	-
	Expenses Recognized	16.87	17.32
i)	<u>Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period</u>		
	Actuarial (Gains)/Losses on Obligation For the Period	(17.77)	(22.26)
	Return on Plan Assets, Excluding Interest Income	-	-
	Change in Asset Ceiling	-	-
	Net (Income)/Expense for the Period Recognized in OCI	(17.77)	(22.26)
j)	<u>Balance Sheet Reconciliation</u>		
	Opening Net Liability	207.11	221.31
	Expenses Recognized in Statement of Profit or Loss	16.87	17.32
	Expenses Recognized in OCI	(17.77)	(22.26)
	Net Liability/(Asset) Transfer In	-	-
	Net (Liability)/Asset Transfer Out	-	-
	(Benefit Paid Directly by the Employer)	(12.81)	(9.26)
	(Employer's Contribution)	-	-
	Net Liability/(Asset) Recognized in the Balance Sheet	193.40	207.11
k)	<u>Category of Assets</u>		
	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	-	-



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i) <u>Other Details</u>		
No of Active Members	362	460
Average Future Term	14.87	17.97
Projected Benefit Obligation (PBO) Total	30	30
Projected Benefit Obligation (PBO) Due but not paid	30	30
Expected Contribution in the Next Year	193.39	207.11
m) <u>Net Interest Cost for Next Year</u>		
Present Value of Benefit Obligation at the End of the Period	193.39	207.11
(Fair Value of Plan Assets at the End of the Period)	-	-
Net Liability/(Asset) at the End of the Period	193.39	207.11
Interest Cost	14.56	15.33
(Interest Income)		
Net Interest Cost for Next Year	14.56	15.33
n) <u>Expenses Recognized in the Statement of Profit or Loss for Next Year</u>		
Current Service Cost	1.31	15.46
Net Interest Cost	14.56	15.33
(Expected Contributions by the Employees)	-	-
Expenses Recognized	15.87	30.79
o) <u>Maturity Analysis of the Benefit Payments:</u>		
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	8.80	7.75
2nd Following Year	10.03	8.88
3rd Following Year	11.15	10.15
4th Following Year	12.08	11.31
5th Following Year	13.23	12.30
Sum of Years 6 To 10	82.84	78.94
Sum of Years 11 and above	-	-
q) <u>Sensitivity Analysis</u>		
Defined Benefit Obligation on Current Assumptions	193.40	207.11
Delta Effect of +1% Change in Rate of Discounting	(18.86)	(20.54)
Delta Effect of -1% Change in Rate of Discounting	22.85	25.60
Delta Effect of +1% Change in Rate of Salary Increase	-	-
Delta Effect of -1% Change in Rate of Salary Increase	-	-
Delta Effect of +1% Change in Rate of Employee Turnover	-	-
Delta Effect of -1% Change in Rate of Employee Turnover	-	-

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.

**30 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.

31 Contingent Liabilities and Contingent Assets:**A Contingent Liabilities**

In compliance with Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under:

No.	Description	Opening Balance as on 1st April 2022	Additions during the year 2022-23	Utilisation during the year 2022-23	Reversals during the year 2022-23	Closing Balance as on 31st March 2023
i)	Luxury Tax	22.89	-	-	-	22.89
ii)	Service Tax	58.00	-	-	-	58.00
iii)	Counter claim of Sahara Hospitality Ltd	23.57	-	-	-	23.57
iv)	Arbitration Award for B D & P Hotels challenged in Court	5.40	-	-	-	5.40
v)	Arbitration proceedings against N S Associates	6.96	-	-	-	6.96
vi)	Premium payable on fore shore land of erstwhile Centaur Hotel Juhu Beach to Government of Maharashtra	44.80	-	-	-	44.80
vii)	Landscaping of Centaur Hotel Srinagar claimed by Shere kashmir Convention Centre, J&K Govt. disputed by HCI	50.62	-	-	-	50.62
viii)	Awards that have gone against the Company and preferred an appeal	1.06	-	-	-	1.06
ix)	Interest on dues payable to AAI/DIAL/MIAL	693.65	245.63	-	-	939.28
x)	Claims of employees	-	-	-	-	-
Total		906.95	245.63	-	-	1,152.58

Claims against the Company not acknowledged as debts

- i) 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.7.07 million (previous year Rs. 7.07 million) under protest.
- ii) Claims of Service Tax amounting to Rs. 58 million for which the Company has preferred appeals
- iii) Counter Claim of Rs. 23.57 million 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 18.8 million and interest thereon along with legal costs of Rs 0.40 million.



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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.

- iv) 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, Govt 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.100 million and proportionate Minimum Guaranteed Amount of Rs 10.8 million 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 3410 million 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 5.4 million, 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 and is still pending for hearing. The options available to the Company are being explored with the guidance of the Senior Counsel in the matter.

- v) 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(CHDA). 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 78.78 million and interest thereon @ 15%. The Arbitration Award was published by the Learned Arbitral Tribunal on 19.10.2019 by holding that the Company has to pay only Rs. 8.84 million along with litigation costs of Rs.0.5 million to the party. The Company 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 . Against the amount payable as per the award totalling to Rs 9.343 million, an amount of Rs 2.388 million (including Rs 0.03 million as Earnest Money Deposit) is reflected as payable in the books of accounts. Hence the balance amount of Rs 6.96 million is reflected under Contingent Liability.
- vi) Subsequent to the sale of Centaur Hotel Juhu Beach in 2002, Govt. of Maharashtra claimed an amount of Rs 44.8 million from M/s V. Hotels Limited 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 quoting the Agreement to Sell. The Order of the State Government dated 1.6.2014 has directed M/s V. Hotels to make payment of the said premium. M/s V. Hotels Limited has challenged the order in the Bombay High Court, wherein the Company has been made a party.
- vii) Pertains to the Company's share of the cost of landscaping of Centaur Hotel Srinagar claimed by Shere Kashmir Convention Centre/ J&K Govt., disputed by the Company
- viii) Awards that have gone against the Company for which appeals are preferred



- ix) Lease rentals and Turnover levy amounting to Rs. 581.40 million (previous year Rs. 563.80 million) are payable to Airports Authority of India (AAI)/DIAL/MIAL and the same are provided in the books of accounts as per the working of the Company, subject to confirmation. In view of disputes with AAI/DIAL/MIAL, interest on account of outstanding dues payable to AAI/DIAL/MIAL amounting to Rs. 939.28 million (previous year 693.65 million) is reflected as Contingent Liability.
- x) Claims made by employees - various claims on account of reinstatement, promotions, permanency, wage revision, etc by existing and retired employees of the Company are under litigation and the claims will depend on the outcome of the cases. Hence amount is 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 erstwhile Centaur Hotel Mumbai Airport had to pay an amount of Rs. 18.8 million and interest thereon along with legal costs of Rs. 0.40 million to the Company. However, the buyers preferred an appeal in the Hon'ble High Court of Bombay against the award. The Hon'ble High Court 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 iii) above)

- 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. Consequent upon the agreement, the following amounts were receivable / payable:
- a) Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs. 135.42 million - (previous year Rs. 127.04 million)- (Note 10)
 - b) Amount receivable from J & K government on account of joint construction of the hotel and SKICC in 1982- Rs. 29.78 million and interest subsidy Rs. 12.00 million, totalling to Rs. 41.78 million (Note 10)
 - c) Amount payable to J & K government on account of joint construction of the hotel and SKICC in 1982 is Rs. 39.68 million (Note No. 20)

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

However, as a matter of abundant caution, the Company has not made any Provision for Doubtful Advances on the above matter during the current financial year

33 Subsequent events post Balance Sheet date:

J&K Govt. vide its Order dated 03.05.2021 constituted a committee to negotiate with HCI to finalize all matters relating to the disposal of the Hotel. Despite a reminder sent on September 6, 2021 by the then Secretary, MoCA to initiate discussions with the HCI management, J&K Govt. instead sent a Termination Notice dt 27.12.2021 alleging that HCI had sublet the premises & given this violation, the lease stands determined and asked for the Hotel to be handed over to the J&K Govt. within 15 days. HCI submitted a detailed representation dt 24.01.2022 & requested for a meeting to resolve this J&K Govt. appointed an Estate Officer who issued a notice dated 05.04.2022 under J&K Public Premises Act asking HCI to Show Cause as to why HCI should not be evicted. This was responded within the deadline. A Caveat was also filed by them on 09.04.2022. Estate Officer then sent an Eviction Notice on 25.04.2022 giving HCI 45 days to vacate. HCI filed an Appeal with the DM on 04.05.2022. Post receiving an approval from MoCA on 06.05.2022, HCI filed a Writ against the Termination Notice in the J&K HC which was dismissed dt. 02.06.2022. HCI filed a SLP in SC & despite the orders of the SC on 08.06.2022, J&K Govt sent forces on 14.06.2022 to seal the property & forcefully took possession of the hotel. The matter was again contested in J&K HC. HCI, J&K Govt., Workers Union & BD&P Hotels have completed the Arguments & the judgement is reserved. Subsequently the dispute was settled by the resolution of AMRD, as per the AMRD resolution communicated by MoCA vide letter refer F. AV17046/43/2021/AI dated 17.07.2023. The Centaur Lake View Hotel, Srinagar, handed over to UT of J&K stand transferred to the UT of J&K, The UT of J&K has already taken over 145 employees of HCIL working at Centaur Lake View Hotel Srinagar, UT of J&K has agreed the following claims which may be paid to HCIL within one month:



- (i) Valuation of CLVH Srinagar at Net Block as on 31.03.2022 Rs. 6.07 Crore
- (ii) Employees liability for Govt. of J&K w.e.f. 01.03.2023 onwards Rs. 17.58 Crore
- (iii) Salary of workers (Rs. 2.79 Crore) and officers (Rs. 0.29 Crore) for the months of March, April, May and June 2023.

UT of J&K need to further examine the followign claims and on such examination the claims will be settled within a period of forty five days :

- (i) Revision of rates for CRPF/BSF Rs.19.69 Crore.

UT of J&K needs further justification/details/documentation for examining following claims.on such provision of justification/detailing/documentation & upon examination by UT of J&K the claims will be settled within a period of 45 days:

- (i) Cost sharing expenses as per books as on 31.03.2022.

Accordingly the consideration towards the Net block of the CLVH unit as on 31.03.2022 of Rs. 61.19 Million has been shown as amount receivable from the Government of UT of J&K.

34 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 arrears of wage revision for the unionised category of employees as on 31.3.2023 is Rs 146.36 million (Refer note no. 19) against which an advance of Rs 34.48 million is shown in the books of accounts (Refer note no.12). 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 is pending. In view of the financial position of the Company the wage revision for the officers has been deferred.

The Management had announced an interim relief of Rs 5,000/- per month per employee for officers effective 1.1.2017 which continues to be paid and has been expensed out in the Statement of Profit and Loss Account. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employeewise details have been maintained separately in the books of accounts as Advance against Interim relief Rs.70.15 million and Provision against Interim Relief amounting to Rs 67.69 million (Refer note no.12 and 20).

35 Renovation of Hotels :

The Company received a sum of Rs 50 Mns 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. The same is not actively pursued in view of the situation in the Valley and 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 2023	As at 31st March 2022
	-	-
Total	-	-

**37 Confirmations of Balances**

- i) The Company has reconciled the balances in respect of Trade Receivables, Trade Payables, in respect of the Holding Company and its subsidiaries as on 31st March 2023.
- ii) The Company is also in the process of obtaining confirmation of balances in respect of Trade payables, other Trade Receivables, Loans and Advances, Deposits and Other Liabilities as on 31st March, 2023. 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

The Company has taken land on lease which are generally long term in nature with varying terms, escalation clauses and renewal rights expiring from thirty to ninety nine years. On renewal, the terms of the leases are renegotiable.

a) Total lease liabilities are analysed as under:

Particulars	31.3.2023	31.3.2022
Current	29.75	27.79
Non-current	360.12	336.47
Total	389.87	364.26

b) Exposure to Future Cash Flows:

The Company has not made lease payments & Turnover Leavy to AAI/DIAL/MIAL (Refer Note no.17) even the interest accrued on the principal amount has been considered as contingent (Refer Note no. 30 Aix), hence undiscounted cash flow of lease liabilities & Turnover Leavy cannot be ascertained. There is no as such payment profile and therefore maturity analysis cannot be prepared.

39 Earnings Per Share:

Particulars	As at 31.03.2023	As at 31.03.2022
Profit/(Loss) After Tax & Extra-Ordinary Items	(703.83)	(848.12)
Less: Extra-Ordinary Items	-	-
Profit/(Loss) After Tax & Before Extra-Ordinary Items	(703.83)	(848.12)
Weighted Average No. of Equity Shares	13.76	13.76
EPS		
a) Basic	(51.15)	(61.64)
b) Diluted	(51.15)	(61.64)

40 Remuneration to Auditors:

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

Particulars	2021-22	2021-22
Audit fees- For the year	0.27	0.27
Out of Pocket Expenses of previous auditors	0.02	0.04
Total	0.29	0.31

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 2021-22 and 2022-23 are given below:



HOTEL CORPORATION OF INDIA LIMITED

Related Party Relationships

i) Holding Company

Air India Limited upto 11.01.2022
AI Assets Holding Ltd w.e.f. 11.01.2022

ii) Group/Associates Companies

- AI Airport Services Limited (AIASL) (formerly AIATSL)
- AI Engineering Services Limited (AIESL)
- Alliance Air Aviation Limited (AAAL) (formerly known as Airlines Allied Services Ltd. (AASL))

iii) Person having significant influence

President of India (through his representative)

A Key Management Personnel & Relatives :

Key Managerial Personnel & Relatives

Deepak Khullar - Chief Executive Officer
T.C. Dalal - Chief Financial Officer
Shyamala P. Kunder - Company Secretary (01.04.2021 to 30.09.2021)
Isha Jain - Company Secretary (upto 22.08.2022)
Sonam Gosain- Company Secretary (wef 06.12.2022)

Transactions with Key Managerial Personnel:

- There are no business transactions with key managerial personnel or their relatives
- Key Managerial Remuneration

(Rs in million)

S. no	Particulars	as at 31.3.2023	as at 31.3.2022
1	Deepak Khullar - Chief Executive Officer	2.40	2.40
2	T.C. Dalal - Chief Financial Officer	0.90	0.90
3	Shyamala Kunder- Company Secretary (01.04.2021 to 30.09.2021)		0.37
4	Isha Jain- Company Secretary (upto 22.08.2022)	0.63	0.75
5	Sonam Gosain- Company Secretary (w.e.f. 06.12.2022)	0.42	0.75
		4.35	5.17

- 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) :

(Rs in million)

S. No.	Name of the Entities and Nature of transactions	2022-23	2021-22
1	<u>AIR INDIA LIMITED (upto 11.01.2022)</u>		
	Sales during the year	-	113.66
	Finance Cost for the year	-	(385.45)
	SOD Ticket	-	(0.01)
	Miscellaneous expenses (security training)		
	Miscellaneous expenses (medical)		
	SAP maintenance expenses		
	Loan received during the year		
	<u>Closing Balance 31.3.2022</u>		
	Trade Receivable from Air India		50.70



HOTEL CORPORATION OF INDIA LIMITED

	<u>AI Assets Holding Limited</u>		
	Loan payable	(5,482.32)	(5,029.59)
	Finance Cost for the year	(452.66)	(482.75)
	Sales	0.02	
2	<u>AIAHL SUBSIDIARIES</u>		
	i) <u>Sales during the year</u>		
	AI Airport Services Limited (AIASL) (formerly AIATSL)	13.82	2.19
	AI Engineering Services Limited (AIESL)	18.49	13.45
	Alliance Air Aviation Limited (AAAL) (formerly known as Airlines Allied Services Ltd. (AASL))	1.98	0.43
		-	-
	ii) <u>Trade Receivables as on 31.3.2023</u>		
	AI Assets Holding Ltd.	0.01	
	AI Airport Services Limited (AIASL) (formerly AIATSL)	5.28	2.61
	AI Engineering Services Limited (AIESL)	3.88	7.20
	Alliance Air Aviation Limited (AAAL) (formerly known as Airlines Allied Services Ltd. (AASL))	0.52	0.52

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 2023 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, hence confirmations of bank accounts amounting to Rs 0.61 million is on the date of freezing.
- 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 31.3.2032. 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 04.11.2019 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 31.03.2032 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 to sort out the dispute, which is pending. In the meanwhile, DIAL filed a Writ in the Delhi High Court challenging the Ministry's letter dated 20.12.2019. A single judge bench vide order dated 20.10.2022 under WP (C) 134/2021 quashed the MoCA letter dated 20.12.2019 and gave the judgement in favour of DIAL. HCI has appealed against the order of the single judge bench to the Divisional Bench at the Delhi High Court vide LPV No 619/2022, the matter is under final hearings and the next hearing is scheduled on 14.12.2023.



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 been identified. The payments to such undertakings covered under Micro Small and Medium Enterprises are generally being made within the prescribed credit period agreed upon with the supplier and hence no interest is calculated on delayed payments.

46 The Company had conducted physical verification of each group of fixed assets in 2019-20. All the assets so verified have been mapped with the Fixed Assets Register during the year 2021-22 and 2022-23. No major discrepancies have been observed.

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

48 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.

49 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.

50 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.

51 Impact of COVID 19

The outbreak of corona virus (COVID-19) pandemic globally and in India in the year 2020-21 caused significant disturbance and slowdown of economic activity. The Company’s operation and revenue revived during the current year.

52 Going Concern:

The Company faces significant uncertainties which has impacted the operations of the Company adversely. Management believes that as per estimates made conservatively, the Company 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, 2023.

In spite of the negative Net Worth of the Company as at the balance sheet date, considering the continuous support Government of India will ensure the company runs its business as going concern. Also, the Company has signed Master Service Agreements with Air India which is valid upto 31.12.2024 and a new customer has been on boarded i.e. M/s Spicejet Limited with Catering Agreement up to 01.05.2025, which ensures that company will be able to run its business as going concern in near future. 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:



HOTEL CORPORATION OF INDIA LIMITED

The Company is also tapping Online Travel Agents, Walk-in Customers, Event Booking, Corporates for increasing the business. The Company is also planning of introducing additional capex for operationally essential matters, The company has obtained the ISO Certification and is in process to upgrade the present facilities.

Refurbishment of additional 30 Guest Rooms at Centaur Hotel Delhi Airport to increase the occupancy level.

- 53** Previous year figures have been regrouped/ reclassified to conform presentation as per Ind AS as required by Schedule III of the Act.
- 54** The financial statements were authorised for issue by the Board of Directors on 20.12.2023

The accompanying notes are an integral part of the Financial Statements
As per our report of even date

As per our report of even date
For JAIN JAGAWAT KAMDAR & Co.
Chartered Accountants
Firm Registration No. 122530W

CA Agnel Rodrigues
Partner
Membership No: 156128

Place : Mumbai
Date : 28.12.2023

For and on behalf of the Board of Directors
of HOTEL CORPORATION OF INDIA LIMITED

Sd/-
Satyendra Kumar Mishra
Chairman
DIN : 07728790

Sd/-
Deepak Khullar
Chief Executive Officer

Sd/-
Sonam Gosain
Company Secretary

Place : New Delhi
Date : 20.12.2023

Sd/-
Rubina Ali
Nominee Director
DIN : 08453990

Sd/-
K. Gopal Krishna
Chief Financial Officer



HOTEL CORPORATION OF INDIA LIMITED

Formula	Numerator (Amount)	Denominator (Amount)	31-Mar-23			31-Mar-22			% Variance	Reason for variance*
				Ratio			Ratio			
Current assets/ Current liabilities	Total current asset	Total current liabilities	425.28	0.31	1,384.22	410.22	0.36	1,133.69	-15%	Not Applicable
Total debt/ Shareholder's Equity	Borrowings	Equity + reserve	5,482.32	-0.80	-6,824.33	5,029.59	-0.82	-6,138.61	-2%	Not Applicable
[Net Profits after taxes – Preference Dividend (if any)]/ Average Shareholder's Equity	PAT	Avg Equity	-703.83	0.11	-6,481.42	-848.12	0.15	-5,717.35	-27%	Return on equity decreased due to decrease in profit earned during the year
Cost of goods sold OR sales/ Average Inventory	Revenue form operation	Avg Inventory	537.35	46.58	11.54	262.77	22.55	11.65	107%	Inventory Turnover Ratio increased on account of higher purchases and lower stock in hand
Net Credit Sales/ Average Accounts Receivable	Revenue form operation	Average trade receivable before provision	537.35	23.31	23.05	262.77	1.97	133.21	1082%	Trade Receivable turnover Ratio has increased due to reduction in receivable balance during the period.
Net Credit Purchases/ Average Trade Payables	Cost of Raw Material Consumed	Average Trade payable	131.96	2.36	55.85	60.92	1.41	43.16	67%	Trade Payable Turnover Ratio increased on account of increase in purchases and expenses coupled with timely payment to creditors.
Net Sales/ Working Capital	Revenue form operation	Current asset - current liabilities	537.35	-0.56	-958.94	262.77	-0.36	-723.47	54%	Net Capital turnover ratio increased on account of closure of a major unit resulting an increase in litigation and other subsequent closure expenses.
Net Profit/ Net Sales	PAT	Revenue form operation	-703.83	-1.31	537.35	-848.12	-3.23	262.77	-59%	The net profit margin decreased due to lower EBITDA generation and consequent losses in FY 2022-23
Earning before interest and taxes/ Capital Employed	EBIT	Share holder equity + Debts	-222.04	0.17	-1,341.91	-346.82	0.31	-1,109.02	-47%	Return on capital employed is lower due to decrease in profitability



Hotel Corporation of India Ltd

Segmentwise Reporting for the year 2022-2023A. PRIMARY BUSINESS SEGMENT :

₹ in Millions

Particulars	Hotels	Flight Kitchens	Others	Total
1. SEGMENT REVENUE	174.30	369.62	3.40	547.32
	185.39	155.45	11.52	352.36
2. SEGMENT RESULT (LOSS)				
Loss after Interest, Exceptional and Extraordinary Items	(141.39)	(59.17)	(485.06)	(685.62)
	(228.78)	(119.12)	(494.61)	(842.51)
3. SEGMENT ASSETS	431.24	244.61	107.04	782.89
	469.49	221.75	163.99	855.22
4. SEGMENT LIABILITIES	1,158.44	925.77	5,521.25	7,605.46
	1,154.91	804.14	5,034.77	6,993.83
5. CAPITAL EMPLOYED	(727.20)	(681.16)	(5,414.21)	(6,822.57)
	(685.42)	(582.40)	(4,870.79)	(6,138.61)
6. TOTAL CAPITAL EXPENDITURE	5.61	12.23	-	17.85
	2.32	13.57	-	15.89

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.

