

EIH Associated Hotels Limited

A member of  *The Oberoi Group*

Annual Report 2017-2018

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THE BOARD OF DIRECTORS

Mr. P.R.S. Oberoi
Chairman

Mr. S.S. Mukherji
Vice Chairman

Mr. Vikram Oberoi
Managing Director

Mr. L. Ganesh
Mr. Akshay Raheja
Mr. Anil Nehru
Mr. Sudipto Sarkar
Mr. Surin Shailesh Kapadia
Ms. Radhika Vijay Haribhakti

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Indrani Ray

SHARE TRANSFER AGENT

EIH Limited
7, Sham Nath Marg
Delhi - 110 054

AUDITORS

Deloitte Haskins & Sells LLP
Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
Gurugram - 122 002
Haryana, India

REGISTERED OFFICE

1/24, G.S.T. Road
Meenambakkam
Chennai - 600 027

CORPORATE OFFICE

7, Shamnath Marg
Delhi - 110 054

The Oberoi Dharma

We, as members of The Oberoi Group are committed to display through our behaviour and actions the following conduct, which applies to all aspects of our business :

- Conduct which is of the highest ethical standards - intellectual, financial and moral and reflects the highest levels of courtesy and consideration to others.
- Conduct which builds and maintains team work, with mutual trust as the basis of all working relationships.
- Conduct which puts the customer first, the Company second and the self last.
- Conduct which exemplifies care for the customer through anticipation of need, attention to detail, excellence, aesthetics and style and respect for privacy along with warmth and concern.
- Conduct which demonstrates two-way communication, accepting constructive debate and dissent whilst acting fearlessly with conviction.
- Conduct which demonstrates that people are our key asset, through respect for every employee, and leading from the front regarding performance achievement as well as individual development.
- Conduct which at all times safeguards the safety, security, health and environment of guests, employees and the assets of the Company.
- Conduct which eschews the short-term quick-fix for the long-term establishment of healthy precedent.

The Oberoi Group Mission

Our Guests

We are committed to meeting and exceeding the expectations of our guests through our unremitting dedication to every aspect of service.

Our People

We are committed to the growth, development and welfare of our people upon whom we rely to make this happen.

Our Distinctiveness

Together, we shall continue the Oberoi tradition of pioneering in the hospitality industry, striving for unsurpassed excellence in high-potential locations all the way from the Middle East to the Asia-Pacific.

Our Shareholders

As a result, we will create extraordinary value for our shareholders.

HIGHLIGHTS

Rupees in million
except item nos 14, 15, 16 & 17

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18		
FOR THE YEAR												
1	1,604.89	1,489.96	1,763.42	1,904.54	2,129.53	2,163.79	2,315.35	2,482.94	2,716.77	2,692.67		
2	142.77	81.92	182.86	196.56	298.10	382.30	399.61	547.07	649.34	586.60		
3	98.98	52.88	120.17	133.55	205.02	235.61	247.27	389.39	427.80	377.94		
4	-	-	-	-	-	-	-	386.09	419.74	377.34		
5	34.37	34.26	56.91	68.29	35.65	106.94	110.01	146.68	165.02	165.29		
6	179.69	132.45	190.71	192.50	301.82	262.71	326.84	394.74	396.65	352.93		
7	910.03	744.37	875.16	1,133.13	1,225.19	1,088.33	1,233.40	1,236.49	873.79	794.93		
AT YEAR END												
8	3,778.45	3,791.08	3,868.19	3,905.17	4,464.99	4,510.07	4,718.50	2,719.35	2,794.95	2,886.22		
9	195.87	195.87	195.87	195.87	304.68	304.68	304.68	304.68	304.68	304.68		
10	847.32	865.93	929.21	994.47	1,679.77	1,807.98	1,857.00	2,122.62	2,505.69	2,718.01		
11	1,043.19	1,061.80	1,125.08	1,190.34	1,984.45	2,112.66	2,161.68	2,427.30	2,810.37	3,022.69		
12	2,491.42	2,489.26	2,407.00	2,280.00	1,003.10	725.87	621.21	345.43	-	-		
13	3,114.61	3,131.06	3,532.08	3,470.34	2,987.55	2,838.53	2,782.89	2,772.73	2,810.37	3,022.69		
PER SHARE												
14	53.26	54.21	57.44	60.77	65.13 **	69.34 **	70.95 **	79.67 **	92.24 **	99.21 **		
15	5.05	2.70	6.14	6.19 *	8.01 **	7.73 **	8.12 **	12.78 **	14.04 **	12.40 **		
16	1.50	1.50	2.50	3.00	1.00 **	3.00 **	3.00 **	4.00 **	4.50 **	4.50 **		
RATIO												
17	DEBT : EQUITY RATIO		2.39 : 1	2.34:1	2.14:1	1.92:1	0.51:1	0.34:1	0.29:1	0.14:1	-	-

*EPS reinstated pursuant to Rights Issue of Equity Shares on 21st October, 2012.

**Consequent upon the Rights Issue of 10,881,481 Equity Shares on 21st October, 2012, Net Worth per Equity Share, Earnings per Equity Share and Dividend per Equity Share are not comparable with that of previous year(s).

Notes :

- a) Serial nos. 8, 10, 11, 13, 14 and 17 are inclusive of Revaluation Reserve balance, if any, as at year end.
- b) Figures for previous year(s) have been regrouped / rearranged, wherever necessary.
- c) Figures pertaining to the years 2015-16, 2016-17 and 2017-18 are in accordance with Ind AS while figures pertaining to the years upto 2014-15 are in accordance with previous GAAP

DIRECTORS' REPORT

The Board presents the Thirty-fifth Annual Report together with the Audited Financial Statement and the Auditor's Report in respect of the Financial Year ended 31st March, 2018.

Financial Highlights

The financial highlights are set out below:

	Rupees in Million	
	2017-18	2016-17
Total Revenue	2692.67	2716.77
Earnings Before Interest, Depreciation, Taxes and Amortisations (EBIDTA)	731.45	810.53
Interest and Finance Charges	3.97	19.26
Depreciation and Amortisation Expenses	140.88	141.93
Profit before Tax	586.60	649.34
Tax including Deferred Tax	208.66	221.54
Profit after Tax	377.94	427.80
Other Comprehensive Income/(Loss), net of tax	(0.60)	(8.06)
Total Comprehensive Income	377.34	419.74
Balance brought forward	694.75	361.68
Dividend on Equity Shares	137.11	30.47
Dividend Distribution Tax	27.91	6.20
Transfer to General Reserve	-	50.00
Balance carried forward	907.07	694.75

Directors' Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 ("the Act") and based upon representations from the Management, the Board states that:

- a) in preparing the annual accounts, applicable accounting standards have been followed and there are no material departures;
- b) the Directors have selected accounting policies, applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;
- c) the Directors have taken proper and sufficient care in maintaining adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts of the Company on a "going concern" basis;

- e) the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Performance

The annexed Management Discussion and Analysis forms part of this report and covers *inter alia* the performance of the Company during the Financial Year 2017-18 as well as the future outlook.

Corporate Governance Report

In accordance with Regulation 34(3) read with Schedule V(C) of The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), the Report on Corporate Governance along with the Auditor’s Certificate is attached to this Report.

Dividend

The Board recommends a Dividend of ₹ 4.50 per equity share of ₹ 10 each for the Financial Year 2017-18 for approval by the Shareholders at the forthcoming Annual General Meeting. The dividend, if declared at the forthcoming Annual General Meeting will be paid on 4th August, 2018 to the Shareholders whose names appear in the Register of Shareholders/Beneficial owners as on 26th July, 2018. In accordance with the Income Tax Act, 1961, the tax on dividend will be borne by the Company.

Directors

Mr. P.R.S. Oberoi and Mr. Akshay Raheja retire by rotation at the forthcoming Thirty-fifth Annual General Meeting. Both Mr. P.R.S. Oberoi and Mr. Akshay Raheja are eligible for reappointment. In accordance with Regulation 36(3) of the Listing Regulations, the particulars of the Directors are given in the annexure to the Notice convening the Annual General Meeting. The Directors recommend re-appointment of Mr. P.R.S. Oberoi and Mr. Akshay Raheja as Directors on the Board.

As required under Section 149(7) of the Act, Mr. Anil Nehru, Mr. L. Ganesh, Mr. Sudipto Sarkar, Mr. Surin Shailesh Kapadia and Ms. Radhika Vijay Haribhakti, the Independent Directors, have given their “declaration of independence” for the Financial Year 2017-18. The Board was also of the opinion that the Independent Directors meet the criteria of independence under sub-section (6) of Section 149 of the Act.

Corporate Social Responsibility (“CSR”)

In accordance with Section 135 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company had formulated a Corporate Social Responsibility Policy in 2014-15. The CSR Policy can be accessed on the Company’s website www.eihassociatedhotels.in.

The Annual Report on Corporate Social Responsibility activities for the Financial Year 2017-18 is given in *Annexure 1*, which forms a part of this Report. The Annexure also gives the composition of the CSR Committee.

In addition to the mandatory CSR spend in accordance with the Act, during the year, the Company's Hotels have also taken the following CSR initiatives:

- a. The Oberoi Rajvilās, Jaipur extends assistance to "With care" programmes for the under privileged sections of the society. The hotel also supports Mother Teresa Foundation. Staff from the hotel visited schools in nearby villages to spread awareness of environmental conservation, hygiene and wellness.
- b. The Oberoi Cecil, Shimla extends its support to Sarvodaya Bal Ashram for orphaned children in Shimla. On 15th August, 2017, the hotel organized an annual blood donation camp for the local blood bank. The World Environment Day was commemorated by observing an Environment Week to create awareness on global warming, pollution and ecological balance.
- c. Trident Hotels at Agra and Udaipur extend assistance to local chapters of Mother Teresa's Missionaries of Charity.
- d. Trident Jaipur supports Bhavani Child Development Centre, a school for dyslexic children. The school is involved in providing intensive early intervention for children showing signs of developmental delay and exposed to the risk of learning disability.

Audit Committee

The composition of the Audit Committee is as under:

Mr. Sudipto Sarkar	– Independent Director & Chairperson
Mr. Anil Nehru	– Independent Director
Mr. L. Ganesh	– Independent Director
Ms. Radhika Vijay Haribhakti	– Independent Director
Mr. Akshay Raheja	– Non-executive Non-Independent Director
Mr. S.S. Mukherji	– Non-executive Non- Independent Director

For other details relating to the Audit Committee, please refer page nos. 32 and 33.

Company's Policy on Directors' Appointment and Remuneration and Senior Management Personnel Appointment and Remuneration

The Company's Policy on Directors' Appointment and Remuneration ("Directors' Policy") was formulated in the year 2014-15 in accordance with Section 178 of the Act. Proviso to sub-section 4 of Section 178 of the Act has been amended by the Companies (Amendment) Act, 2017 with effect from 7th May, 2018 and no longer requires the entire policy to be disclosed in the Board Report but only the salient features of the policy and the changes, if any, along with the web address where the policy is placed.

The salient features of the Directors' Policy are as under:

- The Policy aims to engage Directors (including non-executive and independent non-executive directors) who are highly skilled, competent and experienced persons within one or more fields of business, finance, accounting, law, management, sales, marketing, administration, corporate governance, technical operations or other disciplines related to the business of the Company. The Directors shall be able to positively carry out their supervisory role on the management and the general affairs of the Company;

- assessing the individual against a range of criteria including but not limited to industry experience, background, and other qualities required to operate successfully in the position, with due regard to the benefits of diversity of the Board;
- the extent to which the individual is likely to contribute to the overall effectiveness of the Board and work constructively with existing Directors;
- the skills and experience the individual brings to the role and how these will enhance the skill sets and experience of the Board as a whole;
- the nature of positions held by the individual including directorships or other relationships and the impact they may have on the Director's ability to exercise independent judgment;
- the time commitment required from a Director to actively discharge his or her duties to the Company.

The Directors' Policy can be accessed on the Company's website www.eihassociatedhotels.in

The Senior Management & Key Managerial Personnel (excluding Executive Directors) Appointment and Remuneration Policy (the "Senior Management Policy") was formulated in the year 2014-15. The salient features of the "Senior Management Policy" are as under:

- The objective of this Policy is to provide a framework and set standards for the appointment, remuneration and termination of Key Managerial Personnel (KMP) and Senior Management Personnel who have the capacity and responsibility to lead the Company towards achieving its long term objectives, development and growth;
- Appointment & Remuneration of Key Managerial Personnel and Senior Management Personnel are aligned to the interests of the Company and its Shareholders within an appropriate governance framework;
- Remuneration is structured to align with the Company's interests, taking into account the Company's strategies and risks;
- Remuneration is linked to individual and Company performance, which, in turn, impacts the quantum of variable pay;
- Remuneration is designed to be competitive within the hospitality industry or general industry for applicable roles;
- Executives performing similar complexity of jobs are paid similar compensation.

The remuneration paid by the Company is categorised under the following major heads:

Total Fixed Cost: This includes basic salary, other cash allowances, perquisites and retirement benefits;

Variable Cost: This includes variable pay linked to Company and Individual performance.

The sum total of the Total Fixed Cost and Variable Cost is called the Cost to Company in the relevant executive's remuneration package.

The Senior Management Policy can be accessed on the Company's website www.eihassociatedhotels.in

Energy Conservation Measures

Energy conservation measures continue to be a focus area for the Company. Measures taken during the year include:

- replacement of incandescent, halogen and CFL lamps with energy efficient LED lamps;
- replacement of old pumps with energy efficient pumps;
- installation of variable frequency drives in ventilation fans and cooling tower fans;
- installation of motion sensors to reduce energy for lighting;
- installation of condensate recovery system and
- installation of digital timers in exhaust fans.

Besides, various operational measures undertaken to reduce energy consumption include:

- de-scaling of heat exchangers and timely preventive maintenance of equipment to maintain their efficiency
- energy audit and thermography to avoid extra consumption of energy

Actions planned for the next year include:

- replacement of old sewage treatment plants;
- installation of variable frequency drives for ventilation fans and cooling towers;
- continued replacement of halogen & CFL lamps with energy efficient LED lamps.

Operational measures at hotels driven by focused energy conservation committees continue to closely monitor and control energy conservation.

Foreign Exchange earnings & outgo

During the Financial Year 2017-18, the foreign exchange earnings of the Company amounted to ₹ 794.93 Million as against ₹ 873.79 Million in the previous year. The expenditure in foreign exchange during the Financial Year 2017-18 was ₹ 60.93 Million compared to ₹ 28.88 Million in the previous year.

Auditors

At the 34th Annual General Meeting of the Company held in the year 2017, the Shareholders had approved the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (FRN 117366 W/W 100018) ("Deloitte") as the Statutory Auditors of the Company to hold office for 5 (five) consecutive years, subject to ratification by Shareholders in every Annual General Meeting.

The first proviso to sub-section (1) of Section 139 of the Act which mandates that the Company shall place matter relating to such appointment for ratification by Shareholders at every Annual General Meeting has been omitted by the Companies (Amendment) Act, 2017 effective 7th May, 2018. Therefore, for the Financial Year 2018-19 and thereafter, ratification of Auditors' appointment every year at the Annual General Meeting is no longer required.

Secretarial Auditor

In accordance with the provisions of Section 204 of the Companies Act, 2013, the Company had appointed M/s JUS & Associates as Secretarial Auditors for the Financial Year ended 31st March, 2018. The Secretarial Auditor's Report submitted by the Secretarial Auditor

does not contain any qualification, reservation or adverse remark. The Secretarial Auditor's Report forms part of the Annual Report.

Compliance with Secretarial Standards

During the year, the Company has duly complied with the applicable Secretarial Standards.

Related Party Transactions

The contracts or arrangements or transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and are on an arm's length basis. During the year, the Company has not entered into any contract or arrangement or transaction with Related Parties which could be considered material in accordance with the Related Party Transactions policy of the Company. The policy on Related Party Transactions, as approved by the Board, can be accessed on the Company's website www.eihassociatedhotels.in.

The details of Related Party Transactions are as set out in Note no. 37 to the Financial Statement.

Extract of Annual Return

The Extract of Annual Return for the Financial Year ended 31st March, 2018 in Form MGT-9 is annexed as *Annexure 2*.

Loans, Guarantees or Investments

During the year 2017-18, the Company has not given any loan or made any investment or provided any guarantee in terms of Section 185 of the Companies Act, 2013.

Deposits

During the year, the Company has not accepted any deposit from the public.

Vigil Mechanism/ Whistle blower Policy

In accordance with Section 177(9) of the Act and rules framed thereunder read with Regulation 4(2)(d) and 22 of the Listing Regulations, the Company has a Whistleblower Policy in place for its Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct, "*The Oberoi Dharma*". The policy provides for protected disclosures that can be made by a whistle blower through e-mail or a letter to the Whistle Officer or to the Chairperson of the Audit Committee. The Whistleblower Policy is accessible on the Company's website www.eihassociatedhotels.in. During the year ended 31st March, 2018, the Company did not receive any complaint under the scheme.

Board Meetings

The Board met on five occasions during the Financial Year, *ie.* on 29th May, 2017, 4th August, 2017, 31st October, 2017, 31st January, 2018 and 28th March, 2018.

Subsidiaries, Associates and Joint Ventures

The Company has no subsidiaries, associates or Joint Ventures.

Directors/Key Managerial Personnel (“KMP”) Remuneration

All the Directors of the Company are Non-executive Directors, except Mr. Vikram Oberoi, who is the Managing Director. Mr. Vikram Oberoi does not draw any remuneration from the Company.

- a) The percentage increase in remuneration of each director, CFO, CEO, CS or Manager, if any, in the Financial Year:

Sl No	Name	Total Remuneration 2017-18 (₹ million)	Total Remuneration 2016-17 (₹ million)	Percentage Increase
1.	Chief Financial Officer	7.43	6.74	10.2%
2.	Company Secretary	3.93	3.79	3.7%

- b) the percentage increase in the median remuneration of the employees in the Financial Year is 11.82%;
- c) the number of permanent employees on the rolls of the Company as at the end of the Financial Year is 733;
- d) the average percentile increase in remuneration of the employees in the Financial Year 2017-18 is 9.09%;

It is hereby affirmed that all remuneration of Directors and KMPs are as per the Remuneration Policy of the Company.

Internal Financial Control Systems and Risk Management Systems

Compliance of the above is given in the Management Discussion & Analysis on page nos. 27 and 28.

Board Evaluation

In accordance with the provisions of the Act and Regulation 17(10) of the Listing Regulations, a Board Evaluation Policy has been put in place. A structured questionnaire covering various aspects of the Board’s functioning, Board culture, performance of specific duties by Directors and contribution to the Board proceedings was circulated to the members of the Board for the Financial Year 2017-18. Based on the responses received, the Board as a whole, the Committees, the Chairperson and individual Directors were separately evaluated in the meeting of the Independent Directors and at the Meeting of the Board of Directors.

The process of review of Non-Independent Directors and the Board as a whole and also its Committees were undertaken in a separate meeting of Independent Directors held on 28th March, 2018, without the attendance of Non-Independent Directors and members of the management. At the Meeting, the performance of the Chairman of the Company was reviewed taking into account the views of the Executive Director and Non-Executive Directors and Independent Directors. The Meeting also assessed the quality, quantity and timeliness of the flow of information required for the Board to perform its duties properly.

The entire Board, excluding the Director being evaluated, evaluated the performance of each Independent Director.

The Directors have expressed their satisfaction with the evaluation process.

Based on the findings from the evaluation process, the Board will continue to review its procedures and effectiveness in the Financial Year 2018-19 with a view to practising the highest standards of Corporate Governance.

Significant and Material orders, if any

During the Financial Year 2017-18, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operation in future.

Prevention of Sexual Harassment at Workplace

The Company has a policy for prevention of sexual harassment at the workplace. In accordance with the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder, the Company has constituted an Internal Compliant Committee (ICC) in all its hotels. During the year, the ICC received five complaints. All complaints have been disposed of within the statutory period.

Particulars of Employees

The information required under Section 197 of the Companies Act, 2013 read with sub-rule(2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed and forms part of this Report.

Cautionary Statement

Risks, uncertainties or future actions could differ materially from those expressed in the Directors' Report and the Management Discussion and Analysis. These statements are relevant on the date of this Report. We have no obligation to update or revise these statements, whether as a result of new information, future developments or otherwise. Therefore undue reliance should not be placed on these statements.

Acknowledgement

The Board takes this opportunity to thank all employees for their commitment, dedication and co-operation.

For and on behalf of the Board

Gurugram
28th May, 2018

VIKRAM OBEROI
Managing Director

P.R.S. OBEROI
Chairman

INFORMATION PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH SUB-RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2018.

The top ten employees in terms of remuneration drawn for the Financial Year ended 31st March, 2018 are as follows:

Sl. No.	Name of the Employee	Age (Yrs)	Designation/ Nature of Duties	Nature of Employment	Gross Remuneration ₹	Qualification(s)	Experience in Years	Date of Commencement of Employment	Particulars of previous employment
1	Abhishek Sharma	38	General Manager	Permanent	8,645,221	Diploma in Hotel Management (2000), OCLD (2002)	15	7-Apr-12	The Leela Palace, Udaipur
2	Abhimanyu Singh Lodha	36	General Manager	Permanent	7,552,950	Diploma in Hotel Management (2001), OCLD (2003)	14	18-Aug-03	N.A.
3	Amardeep Singh	37	General Manager	Permanent	5,485,074	Diploma in Hotel Management (2003), OCLD (2005)	12	11-Jul-05	N.A.
4	Amit Saincher	41	General Manager	Permanent	8,510,736	Diploma in Hotel Management (1998), OCLD (2000)	17	12-Aug-02	N.A.
5	Gaurav Issar	41	General Manager	Permanent	5,009,576	Hotel Management (1999)	18	1-Dec-04	Hyatt Regency, New Delhi
6	Indrani Ray	47	Company Secretary	Permanent	3,933,314	B.Com. (Hons), A.C.A., A.C.S.	24	15-Mar-10	Foster Wheeler Group
7	Jashobant Parhi	55	Head - Human Resources	Permanent	4,228,843	Bachelor Degree in Spanish (1992)	31	1-Nov-86	N.A.
8	Samidh Das	51	Chief Financial Officer	Permanent	7,433,441	B.Com(Hons), F.C.A.	29	5-Sep-97	CESC Limited
9	Tarun Seth	37	General Manager	Permanent	4,565,494	B.A. (2001), IHM (2002)	18	1-Jul-14	The Claridges, New Delhi
10	Vishal Pathak	42	General Manager	Permanent	6,072,617	B.A. (1998), OCLD (2000)	17	10-Apr-10	The Leela, Kovalam

Note: None of the above employees or their relatives hold Equity Shares in the Company nor are they related to any Director/Manager of the Company

For and on behalf of the Board

Gurugram
28th May, 2018

VIKRAM OBEROI
Managing Director

P.R.S. OBEROI
Chairman

ANNEXURES TO THE DIRECTORS' REPORT

Annexure -1

Annual Report on CSR Activities

- 1. A brief outline of the Company's CSR Policy, including overview of projects or programs to be undertaken and a reference to the web-link to the CSR Policy and projects and programs**

The Board of Directors, on the recommendation of the CSR Committee, had formulated a Corporate Social Responsibility Policy ("CSR"). As per the Policy Statement, the Company's CSR policy will focus on addressing the critical social, economic and educational needs of the marginalized under-privileged children of the society and "caring for the elderly and addressing their health issues". The Policy will also focus on cleanliness drive under the Swachh Bharat Abhiyan within 500 metres of each Hotel of the Company.

The Board of Directors at their Meeting held on 5th September, 2017 on the recommendation of the CSR Committee, approved a CSR spend of ₹ 14.04 Million for the Financial Year 2017-18.

The CSR Policy and the activities of the Company are available in the Company's website www.eihassociatedhotels.in

- 2. The Composition of the CSR Committee**

The Composition of CSR Committee is as under:

Mr. S.S. Mukherji	-	Chairperson
Mr. Vikram Oberoi	-	Member
Mr. Sudipto Sarkar	-	Independent Director & Member

- 3. Average Net Profit of the Company for the last three Financial Years**

₹ 529.08 Million.

- 4. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above) in 2017-18:**

₹ 14.04 Million (including ₹ 3.46 Million unspent CSR amount relating to Financial Year 2016-17)

- 5. Details of CSR spent during the financial year**

- (a) Amount to be spent for the financial year: ₹ 14.04 Million.
- (b) Amount unspent, if any: ₹ 0.50 Million.

(c) Manner in which the amount spent during the Financial Year is detailed below:

(1) Sr. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or programs 1) Local area or other 2) Specify the State and district where project or Program was undertaken	(5) Amount outlay (budget) project or program wise	(6) Amount spent on the projects or programs		(7) Cumulative expenditure up to the reporting period	(8) Amount spent: Direct or through implementing agency
					Direct expenditure on projects/ programs	Over-heads		
				₹ Million	₹ Million	₹ Million	₹ Million	
1	Promoting social, economic and educational needs of the marginalised under-privileged children of the society	Urban/ Rural	Chennai, Jaipur, Cochin and Bhubaneswar	12.10	12.10	Nil	12.10	Through SOS Children's Villages of India
2	'Swachh Bharat Abhiyan' Sanitation Programme	Urban	Around 500 metres around each Hotel premises situated in different cities viz. Cochin, Chennai, Udaipur, Jaipur, Agra, Shimla and Bhubaneswar	1.44	1.44	Nil	1.44	Direct
TOTAL				13.54	13.54	Nil	13.54	

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board report:

As the CSR Committee perceived substantial cost escalation in ongoing CSR activities/ projects, it recommended the Board to carry forward any unspent amount from the 2017-18 CSR budget to the Financial Year 2018-19 to enable the Company meet its prior commitment. Accordingly, the Board approved carrying forward an unspent amount of ₹ 0.50 Million from the Financial Year 2017-18 to be spent during the Financial Year 2018-19 in projects identified by the Committee.

7. The CSR Committee states that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company.

For **EIH Associated Hotels Limited**

VIKRAM OBEROI
Managing Director

For and on behalf of the
CSR Committee of
EIH Associated Hotels Limited

S.S. MUKHERJI
Chairperson, CSR Committee

ANNEXURES TO THE DIRECTORS' REPORT

Annexure-2

Form MGT-9

Extract of the Company's Annual Return for the year ended 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of Companies (Management and Administration) Rules, 2014]

1. Registration & other details

CIN	L92490TN1983PLC009903
Registration date	21st March, 1983
Name of Company	EIH Associated Hotels Limited
Category/Sub-category of the Company	Public Limited
Address of the Registered office and contact details	1/24 G.S.T. Road, Meenambakkam, Chennai- 600027 Telephone No. 91-44-2234 4747; Fax No. 91-44-2234 6699 91-44-2234 4985; E-mail isdho@oberoigroup.com ; invcom@tridenthotels.com
Whether listed company	Listed
Name, Address and Contact details of Registrar and Transfer Agent, if any:	EIH Limited Investors Services Division 7, Sham Nath Marg Delhi- 110 054

II Principal Business Activities of the Company

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

Sl. No.	Name and description of main products/services	NIC code of the product/service	% to total turnover of the Company
1	Hotel	9963/99631110	100

III. Particulars of holding, subsidiary and associate companies – Not Applicable

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

A) Category-wise Share Holding										
Category Code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
	(a) Individual/HUF	97486	-	97486	0.32	97486	-	97486	0.32	-
	(b) Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
	(c) Bodies Corporate	15968119	-	15968119	52.41	15968119	-	15968119	52.41	-
	(d) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
	(e) Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	16065605	-	16065605	52.73	16065605	-	16065605	52.73	-
(2)	FOREIGN									
	(a) Individuals (NRIs/ Foreign Individuals)	6784711	-	6784711	22.27	6784711	-	6784711	22.27	-
	(b) Bodies Corporate	-	-	-	-	-	-	-	-	-
	(c) Institutions	-	-	-	-	-	-	-	-	-
	(d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	(e) Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	6784711	-	6784711	22.27	6784711	-	6784711	22.27	-
	Total Shareholding of Promoter and Promoter Group (A)= (A) (1)+(A)(2)	22850316	-	22850316	75	22850316	-	22850316	75	-
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
	(a) Mutual Funds /UTI	-	1600	1600	0.01	-	500	500	-	-68.75
	(b) Financial Institutions /Banks	2000	100	2100	0.01	2000	100	2100	0.01	-
	(c) Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
	(d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
	(e) Insurance Companies	-	-	-	-	-	-	-	-	-
	(f) Foreign Institutional Investors	4342029	300	4342329	14.25	4320899	-	4320899	14.18	-0.49
	(g) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
	(h) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	(i) Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	4344029	2000	4346029	14.26	4322899	600	4323499	14.19	-0.52
(2)	NON-INSTITUTIONS									
	(a) Bodies Corporate	163063	10502	173565	0.57	197057	3601	200658	0.66	15.61
	(b) Individuals									
	(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1372205	235082	1607287	5.28	1094555	180843	1275398	4.19	-20.65
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1293501	-	1293501	4.25	1600022	-	1600022	5.25	23.70
	(c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	(d) Others									
	NON RESIDENT INDIANS	179489	15949	195438	0.64	135364	13049	148413	0.49	-24.06
	TRUSTS	200	-	200	-	200	-	200	-	-

A) Category-wise Share Holding										
Category Code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	FOREIGN NATIONALS	-	-	-	-	-	-	-	-	-
	DIRECTORS RELATIVES	-	-	-	-	-	-	-	-	-
	CLEARING MEMBERS	1811	-	1811	0.01	9473	-	9473	0.03	423.08
	INVESTOR EDUCATION AND PROTECTION FUND	-	-	-	-	60168	-	60168	0.2	
	Sub-Total B(2) :	3010269	261533	3271802	10.74	3096839	197493	3294332	10.82	0.69
	Total Public Shareholding B = B(1)+B(2) :	7354298	263533	7617831	25	7419738	198093	7617831	25	-
	Total (A+B) :	30204614	263533	30468147	100	30270054	198093	30468147	100	-
(C) SHARES HELD BY CUSTODIANS, AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED										
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	30204614	263533	30468147	100	30270054	198093	30468147	100	-

B) Shareholding of Promoter								
SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	EIH Limited	11215118	36.81	-	11215118	36.81	-	-
2	Satish B Raheja	6784711	22.27	-	6784711	22.27	-	-
3	Manali Investment & Finance Private Limited	2276617	7.47	-	2276617	7.47	-	-
4	Coronet Investments Private Limited	2088899	6.86	-	2088899	6.86	-	-
5	Oberoi Holdings Private Limited	271874	0.89	-	271874	0.89	-	-
6	Oberoi Hotels Private Limited	111733	0.37	-	111733	0.37	-	-
7	P R S Oberoi	50820	0.17	-	50820	0.17	-	-
8	Rajan B Raheja	46666	0.15	-	46666	0.15	-	-
9	Oberoi Plaza Private Ltd	2260	0.01	-	2260	0.01	-	-
10	Bombay Plaza Private Limited	1618	0.01	-	1618	0.01	-	-

C) Change in Promoters' Shareholding (please specify, if there is no change)						
SN	Particulars	Date of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	EIH Limited	No Change	11215118	36.81	11215118	36.81
2	Satish B Raheja	No Change	6784711	22.27	6784711	22.27
3	Manali Investment & Finance Private Limited	No Change	2276617	7.47	2276617	7.47
4	Coronet Investments Private Limited	No Change	2088899	6.86	2088899	6.86
5	Oberoi Holdings Private Limited	No Change	271874	0.89	271874	0.89
6	Oberoi Hotels Private Limited	No Change	111733	0.37	111733	0.37
7	P R S Oberoi	No Change	50820	0.17	50820	0.17
8	Rajan B Raheja	No Change	46666	0.15	46666	0.15
9	Oberoi Plaza Private Ltd	No Change	2260	0.01	2260	0.01
10	Bombay Plaza Private Limited	No Change	1618	0.01	1618	0.01

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

SN	For Each of the Top 10 Shareholders	Date of Change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	National Westminster Bank Plc as Trustee	No Change	3041111	9.98	3041111	9.98
2	Jupiter South Asia Investment Company Limited		1300850	4.27		
		23.03.2018			1277802	4.19
	At the End of the year				1277802	4.19
3	Hemendra Mathradas Kothari	No Change	359501	1.18	359501	1.18
4	Usha Kamal Kabra	No Change	351000	1.15	351000	1.15
5	Kamal Kabra	No Change	331000	1.09	331000	1.09
6	Radhakishan Damani	No Change	252000	0.83	252000	0.83
7	Aayush Kamal Kabra		0	0		
		01.12.2017			90444	0.3
	At the End of the year				90444	0.3
8	Kamal Shyamsunder Kabra		51100	0.17		
		17.11.2017			66100	0.22
	At the End of the year				66100	0.22
9	Pooja Kamal Kabra		0	0		
	Pooja Kamal Kabra	23.03.2018			51200	0.17
	At the End of the year				51200	0.17
10	Sanjeev Vinodchandra Parekh	No Change	44942	0.15	44942	0.15
11	Jayakumar Ganapathy		47500	0.16		
		02.03.2018			24961	0.08
	At the End of the year				24961	0.08
12	Aayush Kabra		90444	0.3		
		24.11.2017			0	0
	At the End of the year				0	0
13	Pooja Kabra		51100	0.17		
		16.03.2018			0	0
	At the End of the year				0	0

E) Shareholding of Directors and Key Managerial Personnel

SN	Shareholding of each Directors and each Key Managerial Personnel	Date of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Rajan B Raheja	No Change	46666	0.15	46666	0.15
2	P R S Oberoi	No Change	50820	0.17	50820	0.17
3	Shib Sanker Mukherji	No Change	10000	0.03	10000	0.03

(V) **Indebtedness of the Company including interest outstanding/accrued but not due for payment - Nil ***

**outstanding on account of Finance lease obligations, not being loans/deposits, are not included.*

(VI) **Remuneration of Directors and Key Managerial Personnel**

A. **Remuneration to Managing Director, Whole-time Director and/or Manager – Nil**

B. **Remuneration to other Directors**

₹ Million

SI No	Names of Directors	Particulars of Remuneration			Total
		Fee for attending Board & Committee Meetings	Commission	Others, please specify	
1	Independent Directors				
	Mr. Anil Nehru	0.48	-	-	0.48
	Mr. L.Ganesh	0.40	-	-	0.40
	Mr. Sudipto Sarkar	0.52	-	-	0.52
	Mr. Surin Shailesh Kapadia	0.20	-	-	0.20
	Ms. Radhika Vijay Haribhakti	0.40	-	-	0.40
	Total (1)	2.00	-	-	2.00
2	Non-Executive Directors				
	Mr. P.R.S.Oberoi	0.32	-	-	0.32
	Mr. S.S.Mukherji	0.56	-	-	0.56
	Mr. Akshay Raheja	0.32	-	-	0.32
	Total (2)	1.20	-	-	1.20
3	Executive Director				
	Mr. Vikram Oberoi*	0.48	-	-	0.48
	Total (3)	0.48	-	-	0.48
	Total B (1+2+3)	3.68	-	-	3.68
	Total Managerial Remuneration	3.68	-	-	3.68

**Mr. Vikram Oberoi, Managing Director, does not draw any remuneration from the Company except sitting fee for attending Board and Committee Meetings.*

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

₹ Million

Sl.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	3.93	6.92	10.85
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	0.51	0.51
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- As a percentage of profit	-	-	-	-
	- Others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	3.93	7.43	11.36

(VII) Penalties/Punishment/Compounding of offences

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty/Punishment/Compounding of fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			None		
Punishment			-do-		
Compounding			-do-		
B. DIRECTORS					
Penalty			None		
Punishment			-do-		
Compounding			-do-		
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment			-do-		
Compounding			-do-		

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure, Developments and Outlook

The Global Economy

As we step away from the Financial Year 2017-18 and assess the current and future outlook for travel and tourism, it is necessary to evaluate the global economic climate.

The global economy grew by 3% during 2017 compared to 2.4% in the previous year. This is estimated to increase to 3.1% in the coming year before averaging out at 3% in 2019 and 2020.

Looking towards the world's largest economy, the United States, GDP growth was 2.3% in 2017 compared to 1.5% in the year before. GDP is forecasted to grow to 2.9% in 2018 and 2.7% in 2019, assuming that the new Administration does not make any changes to the economic policy.

The Eurozone achieved GDP growth of 2.3% in 2017 but is expected to slow to 2.1% in 2018 and 1.9% in 2019. Consumer spending, which has been the driver of Eurozone recovery, is expected to continue to grow in 2018 and onwards, but at a slower pace.

Meanwhile China, recorded a growth of 6.9% in 2017, 0.2% higher than last year. This was attributed to a strong recovery of exports as well as continued fiscal support. However, GDP is expected to dip to 6.4% in the coming year and is expected to average out to 6.3% thereafter due to rising geopolitical tensions and concerns in the financial sector.

The India Economy

The latest Economic Survey of India, estimates a slowdown in GDP growth in comparison to previous years. The advance estimates released by the Central Statistics Office (CSO) anticipates GDP growth for 2017-18 to be 6.5%, compared to the 7.1% growth achieved in 2016-17. Growth for the first six months of the Financial Year was negatively impacted by the continuing tax effects of demonetisation from November 2016 as well as to the economy adjusting to structural reform with the introduction of Goods and Services Tax (GST). This impacted exporters and small and medium enterprises, forcing companies to trim production and stocks, leading to a decline in manufacturing activity. However, GST after the initial transition has stimulated economic growth as it transforms indirect taxes with the free flow of goods and services. It has also eliminated the cascading effects of indirect taxes.

Inflation continued to be moderate during the Financial Year. The Consumer Price Index (CPI) inflation dropped to 3.3%, from April to December 2017, as compared to the 4.8% recorded during the same period last year. This decline could be attributed to lower food inflation, which hovered around 1% from April to December 2017. This is a significant decline as compared to the corresponding period in the previous year, where food inflation stood at 5.1%.

Looking ahead, the International Monetary Fund estimates that India will be the fastest growing major economy in 2018, with a growth rate of 7.4 per cent rising to 7.8 per cent in 2019. The IMF's Asia and Pacific Regional Economic Outlook report said that India was recovering from the effects of demonetisation and the introduction of the Goods and Services Tax and "the recovery is expected to be underpinned by a rebound from transitory shocks as well as robust private consumption."

The Travel & Tourism - Global Scenario

Growing international awareness, the desire to travel, improving flight connectivity and expanding disposable income continue to positively impact travel and tourism. The Travel & Tourism industry generated US\$ 8.3 trillion or 10.4% of global GDP in 2017. This reflects 8.6% growth over 2016 and is anticipated to further grow steadily through 2018.

Travel and tourism globally is a key driver of employment. The industry generated 313 million jobs of total global employment. This contribution is anticipated to grow to 413 million jobs by 2028 and represent 11.6% of total employment.

India Travel & Tourism

The Indian Travel & Tourism industry contributes significantly to employment, economic development and growth. The industry has been a major growth engine for the Indian economy. Over the past few years, the rising purchasing power of the expanding middle class has aided the development of domestic tourism. This has led to an increase in the emphasis being given to the domestic market.

In 2017, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 42 million. This is expected to rise to 52 million jobs by 2028 and will represent 8.4% of total employment. Furthermore, Travel & Tourism's contribution to GDP was 9.4% in 2017. This is forecast to rise to 9.9% of GDP by 2028.

International travel to India contributes significantly to the country's foreign exchange earnings. This grew in 2017 by 20.8% over 2016 to reach US\$27.2 billion based on the provisional estimates by the Ministry of Tourism. 2017 also saw 10.2 million Foreign Tourist Arrivals (FTA) to the country, a growth of 15.6% over 2016. Of these, 1.7 million FTAs arrived on e-Tourist visas as compared to 1.1 million in 2016, representing a growth of 57.1%. The ease of obtaining an e-Tourist visa will continue to drive FTAs to the country. Domestic tourist visits (DTVs) to the States and Union Territories grew by 15.5% to reach 1.6 billion during 2016. With disposable incomes increasing and people's appetite for travel, domestic tourism will play an increasingly important role for the Travel & Tourism industry.

₹ 13 trillion of India's direct Travel & Tourism GDP was generated by leisure travel spending, both international and domestic, representing 94.6% of the direct Travel & Tourism GDP of the country. This is anticipated to reach ₹ 28 trillion in 2028 and indicates the significant potential for the industry from both domestic and international leisure travel.

Although the long-term prospect for Travel and Tourism looks positive, GST at 28% for published tariffs for hotel rooms of ₹ 7,500 and above is likely to negatively impact higher spending travel in the country. To put this further into perspective, China, Thailand and Malaysia in comparison have a GST rate on hotel rooms of 10%, 7% and 6% respectively.

With Foreign Tourist Arrival (FTA) having grown by 16% over the last year and independent travellers not having the advantage of claiming input credits, GST has played a key role in negatively impacting the international competitiveness of Indian hotels. The hospitality industry has through various forums highlighted this to the Government. The industry hopes that the GST Council, which has reduced rates for many goods and services will consider a similar reduction for hotel room tariffs to make it competitive with countries in the region.

Tourism & Hospitality - Trends and Opportunities for Growth

During 2016-17, the Indian Hospitality Industry entered its second year of the much-awaited upward cycle. While branded supply grew, the growth in demand considerably outpaced the growth in supply. As a result, hotel occupancies crossed 65% for the first time in nine years. The Average Room Rates at ₹ 5,658 too witnessed an increase of 2.4% over the previous year.

In 2017, the Indian Hospitality industry saw capital investments of ₹ 2.71 trillion representing 18.4% growth over last year. This contributes 6.3% towards the total capital invested in the Indian sub-continent. However, the industry has suffered from high debt and sluggish demand between 2008 and 2015 as a result of which there are up to ₹ 68 billion worth of assets for sale today. More hotels with distressed balance sheets are likely to join this pool with the new insolvency laws introduced in June 2016.

Looking ahead, improved hotel performance across most major cities over the past two years is expected to continue. This coupled with diminishing new supply in the pipeline will have a positive impact on the hospitality industry.

Financial and Operating Performance

With the introduction of 28% GST for rooms with a published tariff of ₹ 7,500 and higher, the Company's hotels across various cities have seen a decline in higher paying foreign leisure travelers and in the conference segment. The 28% GST is the highest in the region and makes international travel to India considerably more expensive. In so far as the conference segment is concerned, companies that book conference business in another state cannot avail input credit. Every effort has been made to offset a decline in business from these market segments through other market sources.

During the Financial Year 2017-18, the Company's Total Revenue was ₹ 2692.67 Million as compared to ₹ 2716.77 Million in the previous year, representing a decrease of approximately 0.89%.

Earnings before Interest, Depreciation, Taxes and Amortizations (EBIDTA) was ₹ 731.45 Million as compared to ₹ 810.53 Million in the previous year. This represents a decrease of approximately 9.76% .

Profit before Tax was ₹ 586.60 Million as compared to ₹ 649.34 Million in the previous year which is a decrease of approximately 9.66% .

The Profit after Tax for the year was ₹ 377.94 Million as compared to ₹ 427.80 Million in the previous year which is a decrease of approximately 11.65 %.

Total Comprehensive Income was ₹ 377.34 Million as compared to ₹ 419.74 Million in the previous year which represents a decrease of 10.10 %.

Subject to the approval of Shareholders, the Board has recommended a dividend of ₹ 4.50 per share of face value ₹ 10.

The Company's business activity is limited to hotels.

Internal Control Mechanism and Adequacy

The Company's commitment to internal controls flows from The Oberoi Dharma. This states that we, as members of The Oberoi Group are committed to a conduct which is of the highest intellectual, financial, moral and ethical standards. In keeping with this, adequate

internal control processes have been laid down to provide an assurance on the orderly and efficient conduct of operations, safeguarding of assets, prevention and detection of frauds and errors, maintenance of accurate and timely accounting records and the timely preparation of reliable financial information.

Appropriate checks and balances have been built in the internal control mechanisms to safeguard the principle of governance while at the same time ensuring the ease of operations and their management.

Internal Financial Controls (IFC)

The Directors have devised a framework for internal financial controls to be followed by the company that conforms to the requirements of Section 134(5)(e) of the Companies Act, 2013, and incorporates measures that ensure the adequacy and continuing operating effectiveness of such internal financial controls.

Further, in accordance with Section 149(8), read with the Code for Independent Directors laid down under Schedule IV, Clause II (4) of the Companies Act, 2013, the Independent Directors have satisfied themselves on the integrity of financial information and have ensured that financial controls and systems of risk management are robust and defensible.

In order to enable the Directors to meet these responsibilities, the Board has devised the necessary systems, frameworks and mechanisms within the Company and empowered the Audit Committee to periodically review and confirm that the mechanism remain effective and fit for purpose.

In line with global best practices applicable to organizations of a similar size, nature and complexity, the Company's internal control framework has been designed through structured control risk assessments by way of Standard Operating Procedures (SOPs), Risk and Control Matrices (RACM), Information Technology (IT) Policies, ERP-based Information Systems including MIS and automated system controls inbuilt within the ERP and other IT Systems.

With increased instances of information security breaches and data leakages being reported across the globe, the Company has a policy of reviewing its information technology security infrastructure. Commensurate actions are taken to scale up infrastructure wherever required.

A system based continuous audit monitoring tool has been implemented through the internal audit team, to observe deviations from the standard. The exceptions are then reported back to the functional or unit heads with the responsibility of rectifying these exceptions within a definitive time frame.

The audit team has been entrusted to devise adequate monitoring mechanisms and procedures to ensure prevention and detection of failures and faults in processes and report their observations along with mitigating actions with defined target dates to the Audit Committee of the Board of Directors in every quarter.

Internal Audit Mechanism and Review Systems

The Internal Audit Department is headed by the Internal Auditor and comprises of a strong internal workforce of ERP-trained Chartered Accountants with specialised skill sets in the areas of Information Security, Financial, Business, Legal, Statutory, Projects and Process Audits.

The Department works on matured Computer Assisted Audit Techniques (CAATs) and deploys online monitoring mechanisms across the IT systems of all functions and units of the Company. Focus areas for specific audits are determined based on structured assessment of risk and the yearly Internal Audit Plan approved by the Audit Committee. All reported observations of audits are maintained on an online database for comprehensiveness, ease of accessibility and structured follow up.

The Company has a structured follow-up team of Senior Executives meet periodically under the aegis of the Managing Director to address and resolve pending audit issues. The Internal Auditor is responsible to and presents findings to the Audit Committee every quarter in the order of the impact of risks involved, the probabilities of their occurrence and the pendency of issues in various units together with the periodicity and status thereof.

The Audit Committee takes cognizance of the presentation and provides its directions and guidance for further action. Besides, the Internal Auditor has also been entrusted with the responsibility to report to the Audit Committee on the adequacy of 'Internal Financial Controls' (IFC) in accordance with Section 177 (4) (vii) of the Companies Act, 2013.

During the Financial Year 2017-18, separate presentations on internal audit findings and internal financial controls were shared with the Audit Committee in its meetings on four occasions. The Audit Committee was satisfied with the adequacy of the internal control systems and procedures of the Company and the performance of the Internal Audit Department in respect of its monitoring such systems.

Risk Management

Risk Management is an integral and important component of Corporate Governance. Robust risk management ensures adequate controls and monitoring mechanisms for the smooth and efficient running of the business. A risk-aware organisation is better equipped to maximise shareholder value.

The cornerstones of the Company's Risk Management Framework are:

- Periodic assessment and prioritisation of risks that affect the business of the Company;
- Development and deployment of risk mitigation plans to reduce vulnerability to the prioritised risks;
- Focus on both the results and efforts required to mitigate the risks;
- Defined review and monitoring mechanism wherein the functional teams, the top management and the Board review the progress of the mitigation plans;
- Wherever applicable and feasible, defining the risk appetite and installing adequate internal controls to ensure that the limits are adhered to.

During the year, the Risk Management Committee comprising the Managing Director and Senior Executives of the Company presented to the Board of Directors, Risk Reports in October 2017 and in March 2018. The Risk Management Committee identified potential risks associated with the Company's business and assigned responsibility to various Risk Owners who were responsible for monitoring and addressing the risks with commensurate mitigating plans. Based on data received from Risk Owners, the organizational criteria of Critical, Watch and Good were applied to each Risk. The Board was apprised of the performance of the Company against each risk parameter and the measures taken to mitigate these risks. On the whole, the Board was satisfied with the Company's performance against each identified risk parameter.

Awards

Major recognition received by The Oberoi Group during the previous two years have been:

Oberoi Hotels and Resorts was voted the best Hotel Group by Telegraph Travel Awards 2017, UK.

Oberoi Hotels and Resorts was voted as the World’s Leading Luxury Hotel brand for the sixth consecutive year by the World Travel Awards, 2017.

Oberoi Hotels & Resorts was voted the World’s Best Hotel Brand for the second consecutive year in the *Travel + Leisure*, World’s Best Awards Readers’ Survey, 2016.

The Oberoi Group was voted the best Hotel Group (India) in the *Travel + Leisure*, India and South Asia, India’s Best Awards, 2016.

Mr. P.R.S. Oberoi, Executive Chairman, The Oberoi Group was conferred with the ET Bengal Visionary Award by The Economic Times Bengal Corporate Awards, 2016.

HOTEL	AWARD	AWARDED BY
The Oberoi Rajvilās, Jaipur, Rajasthan, India	India’s Leading Resort (4th consecutive year) Top 10 Resorts in Asia (Ranked 7 th)	World Travel Awards 2017 <i>Travel + Leisure</i> , World’s Best Awards, Readers’ Survey 2016

Development in Human Resources and Industrial Relations

The Oberoi Group continues to place a great deal of importance on creating the best teams possible who are aligned with the Company’s values and The Oberoi Dharma. Our values guide and inspire us to do what is right and not what is the easiest by placing guests first, company second and self, last. We continuously review and realign our people practices and policies with an aim to provide our employees with the best working environment.

The Oberoi Group has been recognized as one of the Best Employers in the ‘Aon Best Employers India - 2018 survey.

In another independent study conducted by the Great Place to Work Institute, India, in partnership with The Economic Times, The Oberoi Group was featured in the Top 25 companies to work for in India, 2017. The Oberoi Group has also found a place among the Best Employers in Asia 2017 by the Great Place to Work Institute.

Belief of “people being our biggest asset” has always guided the Company to continuously strive to improve upon our people practices. Several of these practices have been instrumental in making The Oberoi Group an employer of choice. Some of these initiatives are listed below:

1. The Oberoi Group Employee Engagement Survey – Employee engagement has always been a strong focus at The Oberoi Group. In Financial Year 2017-18, The Oberoi Group achieved an overall engagement score in the top quartile of Global and India Best Employers. During the year, the Organisation will work on the improvement areas based on the findings of the Engagement Survey in its efforts to continue to improve the engagement levels of employees.

2. We have an integrated talent management system comprising of the Balanced Score Card and an assessment of Leadership competencies.
3. Industrial relations remained stable through the year. We were also able to reduce the number of on-going labour litigations by reaching fair and equitable settlements.
4. The Company continues to focus on its policy of zero tolerance of any non-compliance with labour and other statutory requirements. We continue to further streamline our processes to ensure data sanctity and to strengthen our compliance, governance and reporting.
5. The Internal Committee for dealing with Sexual Harassment cases under the Act is well established with adequate presence in our hotels, units and at the corporate office. A process has been established to report cases centrally for better governance.

Learning and Development

1. The Oberoi Centre of Learning and Development (OCLD) continued to be focused on its core programmes. These are the Post Graduate Management Programmes in Guest Service, Housekeeping and Kitchen Management and the three-year Undergraduate Systematic Training and Education Programme (STEP).
2. OCLD had its first Sales Management Programme commence in July 2017. This 18-month programme is designed to train graduates for a long term career in hospitality sales. The first batch will graduate in January 2019.
2. As part of the Corporate Learning and Development initiatives, several programs were organised in the Financial Year 2017-18 for executives across all levels. These Management Development Programs were based on individual needs identified during the appraisal process. Each training program whether run by OCLD or in partnership with leading business universities in India or overseas were individually curated to ensure that both content and delivery were tailored to the needs of the executive and the Organisation.

Industrial relations remained stable throughout the year.

As on 31st March, 2018, the number of people employed by the Group was 9,719.

The Board takes this opportunity to thank all employees for their unwavering commitment to guests and the Organisation and for their dedication and cooperation.

For and on behalf of the Board

Gurugram
28th May, 2018

VIKRAM OBEROI
Managing Director

P.R.S. OBEROI
Chairman

REPORT ON CORPORATE GOVERNANCE

1. The Company's philosophy on Code of Governance

The Company's philosophy on governance is documented in "The Oberoi Dharma", which is the fundamental code of conduct for the Company and in its "Mission Statement".

The texts of "The Oberoi Dharma" and the "Mission Statement" appear on pages 4 and 5 of this Annual Report.

2. Board of Directors

As on 31st March, 2018, the Company had nine directors on its Board. Mr. Vikram Oberoi is the Managing Director of the Company. Of the eight Non-executive Directors, five are Independent.

The Board met five times during the Financial Year *ie.* on 29th May, 2017, 4th August 2017, 31st October, 2017, 31st January, 2018 and 28th March, 2018.

Details of attendance of Directors at Board Meetings during the Financial Year and at the Company's Thirty-fourth Annual General Meeting together with the number of other directorships and committee memberships held by them are as follows:

Name	Designation	Category	Attendance		* No. of other directorships held in Indian public limited companies	@No. of Board Committees (other than EIH Associated Hotels Limited)
			Board Meeting	Last AGM		
Mr. P.R.S. Oberoi	Chairman	Non-executive Non-Independent	3	No	5	1
Mr. S.S. Mukherji	Vice Chairman	Non-executive Non-Independent	5	Yes	2	2
Mr. Vikram Oberoi	Managing Director	Executive	5	Yes	3	2
Mr. Akshay Raheja	Director	Non-executive Non-Independent	4(2)	No	2	-
Mr. Anil Nehru	Director	Non-executive Independent	5	Yes	3	3**
Mr. L. Ganesh	Director	Non-executive Independent	5	Yes	5	8**
Mr. Sudipto Sarkar	Director	Non-executive Independent	4	Yes	4	3
Mr. Surin Shailesh Kapadia	Director	Non-executive Independent	4	Yes	1	1
Ms. Radhika Vijay Haribhakti	Director	Non-executive Independent	5	Yes	5	6

* Excludes directorship, if any, in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013

** Chairperson of two committees

() Numbers within brackets represents participation in meetings through video-conferencing

@ Only chairmanship and membership of the Audit Committee and Stakeholders Relationship Committee has been considered as per Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Note: Mr. P.R.S. Oberoi and Mr. Vikram Oberoi are related to each other being father and son. No other Directors are related *inter se*.

Mr. P.R.S. Oberoi and Mr. Akshay Raheja retire by rotation at the forthcoming Thirty-fifth Annual General Meeting. Mr. Oberoi and Mr. Raheja are eligible for re-appointment. The particulars of Mr. P.R.S. Oberoi and Mr. Akshay Raheja are enclosed as Annexure to the Notice convening the Annual General Meeting.

All Directors and members of senior management have, as on 31st March, 2018, affirmed compliance with:

- *The Oberoi Dharma*, the fundamental code of conduct for all members of The Oberoi Group;
- the Company's code of conduct for prevention of insider trading in its shares;
- disclosures relating to all material, financial and commercial transactions

3. **Audit Committee**

Composition, Meetings and Attendance

As on 31st March, 2018, the Audit Committee consisted of six Board members, *viz.* Mr. Sudipto Sarkar, Mr. S.S. Mukherji, Mr. Anil Nehru, Mr. L. Ganesh, Mr. Akshay Raheja and Ms. Radhika Vijay Haribhakti.

All members of the Committee are Non-executive Directors. Four members are Independent Directors. The quorum for an audit committee meeting is either two members or one third of the members of the committee, whichever is greater, with at least two independent directors.

Mr. Sudipto Sarkar is the Chairperson of the Committee. Mr. Sarkar has vast industry experience. The other members of the Committee are erudite persons possessing years of experience and financial expertise within the meaning of Explanation (1) & (2) under Regulation 18(1)(c) of the Listing Regulations.

A meeting of the Committee, convened on 17th May, 2017, was adjourned due to want of quorum. The adjourned Meeting was held on 28th May, 2017.

The Committee met on four occasions during the financial year, *ie.* on 28th May, 2017, 4th August, 2017, 31st October, 2017 and 31st January, 2018. The attendance of members at the Committee Meetings held during the financial year 2017-18 is given below:

Name	No. of Meetings attended
Mr. Sudipto Sarkar	3
Mr. S.S. Mukherji	4
Mr. Anil Nehru	4
Mr. L. Ganesh	4
Mr. Akshay Raheja	4
Ms. Radhika Vijay Haribhakti	4

The Statutory Auditors, Internal Auditor and the Chief Financial Officer remain present at the meetings of the Audit Committee. Mr. Vikram Oberoi, Managing Director is an invitee to the Committee meetings.

The Company Secretary acts as the Secretary to the Committee.

Terms of Reference

The terms of reference of the Audit Committee are in accordance with those specified in Regulation 18 read with Part C of Schedule II to the Listing Regulations and Section 177 of the Companies Act, 2013.

4. Stakeholders' Relationship Committee

The Stakeholders Relationship Committee ('SRC') comprises of four Board members *viz.* Mr. P.R.S. Oberoi, Mr. S.S. Mukherji, Mr. Vikram Oberoi and Mr. Sudipto Sarkar. The Company Secretary, who is also the Compliance Officer of the Company, acts as Secretary to the Committee.

The quorum for a meeting of SRC is two Directors. Mr. P.R.S. Oberoi, Chairman of the Board or a Non-executive Director, chairs these meetings.

The Committee met only once during the financial year 2017-18 *ie.* on 4th August, 2017. Mr. S.S. Mukherji, Mr. Vikram Oberoi and Mr. Sudipto Sarkar attended the Meeting.

Terms of Reference

The terms of reference of the Committee are in accordance with Regulation 20 and Part D of Schedule II to the Listing Regulations and Section 178 of the Companies Act, 2013. The Committee monitors the Company's response to investor complaints. It has also been authorised to approve the issue of duplicate share certificate *in lieu* of those lost or destroyed.

Pursuant to Regulation 40(2) of the Listing Regulations, the power to approve transfers, transmissions, etc. of shares in the physical form has been delegated to the Share Transfer Agent ("STA").

As on 31st March, 2018, there were no pending requests for dematerialization or for physical transfer of shares. During the year 2017-18, 2 complaints were received from the Shareholders of the Company and these were resolved in the respective quarter to which each complaint pertained to, and as on 31st March, 2018, no complaints were pending.

5. Nomination and Remuneration Committee

Composition, Meetings and Attendance

The Nomination and Remuneration Committee ('NRC') comprises of three Non-executive Directors, *viz.* Mr. Sudipto Sarkar, Mr. S.S. Mukherji and Mr. Anil Nehru. Mr. Sudipto Sarkar and Mr. Anil Nehru are Independent Directors.

Mr. Sudipto Sarkar is the Chairperson of the Committee.

The quorum for a meeting of NRC is two members. The Company Secretary acts as Secretary to the Committee.

The Committee met twice during the financial year 2017-18 *ie.* on 28th May, 2017 and 4th August, 2017. The attendance of members at the Committee Meetings held during the financial year 2017-18 is given below:

Name	No. of Meetings attended
Mr. Sudipto Sarkar	2
Mr. S.S. Mukherji	2
Mr. Anil Nehru	2

Terms of Reference

The terms of reference of the NRC and its role are in accordance with Regulation 19 and Part D of Schedule II to the Listing Regulations and sub-sections (2), (3) and (4) of Section 178 of the Companies Act, 2013.

The Committee has formulated and adopted the following policies in accordance with the aforesaid provisions:

- Directors' Appointment and Remuneration Policy and
- Senior Management Personnel (excluding Executive Directors) Appointment and Remuneration Policy

The policies are available on the Company's website www.eihassociatedhotels.in

6. Corporate Social Responsibility Committee

Composition, Meetings and Attendance

The Corporate Social Responsibility Committee ("CSR Committee") comprises of three Directors, *viz.* Mr. S.S. Mukherji, Mr. Vikram Oberoi and Mr. Sudipto Sarkar.

Mr. S.S. Mukherji is the Chairperson of the Committee.

The quorum for the CSR Committee Meeting is two members. The Company Secretary acts as the Secretary to the Committee.

The Committee met twice during the financial year 2017-18 *ie.* on 5th September, 2017 and 27th March, 2018. The attendance of members at the Committee Meetings held during the year 2016-2017 is given below:

Name	No. of Meetings attended
Mr. S.S. Mukherji	2
Mr. Vikram Oberoi	1
Mr. Sudipto Sarkar	2

Terms of Reference

The terms of reference of the CSR Committee is to formulate CSR Policy and to take CSR initiatives in accordance with Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

7. General Body meetings

(i) Particulars of previous three Annual General Meetings

Financial Year ended	Location	Date	Time	Special Resolutions passed
31st March 2015	Trident, Chennai	Friday, 7th August 2015	3.30 P.M.	None
31st March 2016		Friday, 5th August 2016	3.30 P.M.	None
31st March 2017		Friday, 4th August 2017	3.30 P.M.	None

(ii) Special Resolution, if any, passed through postal ballot

No Special Resolution was passed by postal ballot during the financial year 2017-18.

(iii) Proposal to pass any special resolution through postal ballot

None

8. Remuneration of Directors

Apart from sitting fee, no remuneration is paid to the Directors. Directors who attend Board or Committee meetings are paid a sitting fee of ₹ 40,000 per meeting. Independent Directors are paid sitting fee for attending Independent Directors' Meeting required to be statutorily held at least once during the financial year.

During the financial year 2017-18, the total amount paid to the Directors for attending meetings of the Board, Committees and that of the Independent Directors amounted to ₹ 3.68 million.

9. General Disclosures

- (i) A summary of transactions with related parties in the ordinary course of business and at arm's length is placed before the Audit Committee;
- (ii) there were no material individual transactions with related parties that were not in the ordinary course of business and not at arm's length during the financial year ended 31st March, 2018;
- (iii) there were no materially significant transactions during the financial year with related parties such as promoters, directors, key managerial personnel or their relatives that could have potential conflict of interest with the Company;
- (iv) the mandatory disclosure of transactions with related parties in compliance with Indian Accounting Standard (Ind AS)-24, forms part of this Annual Report;

- (v) the number of shares held by Non-executive Directors in the Company are as follows:

Name	Number of Shares
Mr. P.R.S. Oberoi	50820
Mr. S.S. Mukherji	10000

- (vi) in preparing the Annual Accounts in respect of the financial year ended 31st March, 2018, no accounting treatment was different from that prescribed in the Indian Accounting Standards;
- (vii) there was no instance of non-compliance on any matter relating to capital markets during the past three years;
- (viii) the Company has adopted the Code of Conduct for Prevention of Insider Trading in the shares of the Company for Directors and other identified persons in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (ix) the Company has a Whistle Blower Policy in place which can be accessed on its website at www.eihassociatedhotels.in. It is affirmed that no personnel has been denied access to the Chairperson of the Audit Committee in terms of the Policy. During the year, the Company did not receive any complaint;
- (x) the Company does not have any subsidiary;
- (xi) the Company has a policy on Related Party Transactions. The Policy can be accessed on the Company's website at www.eihassociatedhotels.in ;
- (xii) the familiarization program for the Independent Directors is provided as part of the Director's Appointment and Remuneration Policy. The Policy and details of the familiarization program is given on the Company's website www.eihassociatedhotels.in ;
- (xiii) the Independent Directors met on 28th March, 2018, to review the performance of the Non-Independent Directors and the Board as a whole, review the performance of the Chairman and assess the quality, quantity and timeliness of flow of information between the Company Management and the Board;
- (xiv) the Company has put in place a Board Evaluation process. A note of the same is provided in the Directors' Report;
- (xv) the Company has put in place adequate internal control systems and procedures including adequate financial controls with reference to the Financial Statement;
- (xvi) the Company has put in place a Risk Management Committee comprising of the Executive Director and senior executives of the Company, which identifies potential risks associated with the Company's business and takes steps to mitigate such risks. The Company is not required to constitute a Board Committee on Risk Management. The Company has framed a Risk Management Policy which can be accessed on its website www.eihassoicatedhotels.in

(xvii) The Company has framed a Policy on Determination and Disclosure of Material Events and also a Policy on Preservation and Archival of Documents. Both Policy documents can be accessed on the Company's website at www.eihassociatedhotels.in; and

(xviii) no fresh issue of shares took place during the Financial Year ended 31st March, 2018.

10. Means of Communication

The Annual Report in respect of each Financial Year is mailed to all shareholders in the month of July of each calendar year. Each report contains the annual financial statements of the Company in respect of the financial year along with the Directors' Report and Auditor's Report including its annexures, the Corporate Governance Report and the Notice convening the Annual General Meeting. The financial results or the extract of the financial results, as the case may be, of the Company were officially released or will be released in accordance with the following schedule:

SI No	Nature of Communication	Media used for Publication	Dates of Publication	Forwarded/to be forwarded to Stock Exchanges on
1	Quarterly unaudited financial statement (first quarter 2017-18)	Newspapers	05.08.2017	04.08.2017
2	Half-yearly unaudited financial statement (second quarter 2017-18)	Newspapers	02.11.2017	31.10.2017
3	Quarterly unaudited financial statement (third quarter 2017-18)	Newspapers	01.02.2018	31.01.2018
4	Annual audited financial statements 2017-18	Newspapers	On or before 30.05.2018	28.05.2018

The financial results are published in The Indian Express, The Financial Express, Business Standard and *Makkal Kural* (Tamil).

All corporate information filed by the Company with the Stock Exchanges are uploaded on www.connect2nse.com/LISTING/ (NSE) and www.listing.bseindia.com (BSE) and can be viewed on website of Stock Exchanges *ie.* www.nseindia.com and www.bseindia.com of the respective stock exchange(s). The information is also available on the Company's website at www.eihassociatedhotels.in.

The Management Discussion and Analysis in respect of the Financial Year under review forms part of the Directors' Report.

11. General Shareholder Information

a. **The Thirty-fifth Annual General Meeting will be held on Friday, 3rd August, 2018**

b. **The tentative financial calendar is as follows:**

Audited Annual Accounts for 2017-18	Monday, 28th May, 2018
Mailing of Annual Report for 2017-18	On /before Monday, 9th July, 2018
Unaudited First Quarter Financial Result 2018-19	Friday, 3rd August, 2018
Thirty-fifth Annual General Meeting	Friday, 3rd August, 2018
Unaudited Second Quarter Financial Results 2018-19	Wednesday, 31st October, 2018

c. **Register of Shareholders**

The Register of Shareholders will remain closed from Friday, 27th July, 2018 to Sunday, 29th July, 2018, both days inclusive.

d. **Payment of Dividend**

The Board at its meeting held on 28th May, 2018 recommended a Dividend of ₹ 4.50 per equity share for declaration by the shareholders as the Dividend for financial year 2017-18 at the forthcoming Thirty-fifth Annual General Meeting.

Warrants relating to the Dividend in respect of the financial year 2017-18, if declared by the Company at the forthcoming AGM will be despatched on 4th August, 2018 to those shareholders of the Company whose names will appear in the Register of Members of the Company as at the close of business on Thursday, 26th July, 2018. For those shareholders holding shares in dematerialized mode, dividend will be credited in their account by means of Electronic Clearing System (ECS).

e. **Listing of Shares on Stock Exchanges**

As on 31st March, 2018, the shares of the Company were listed on Stock Exchanges with their respective stock codes as follows:

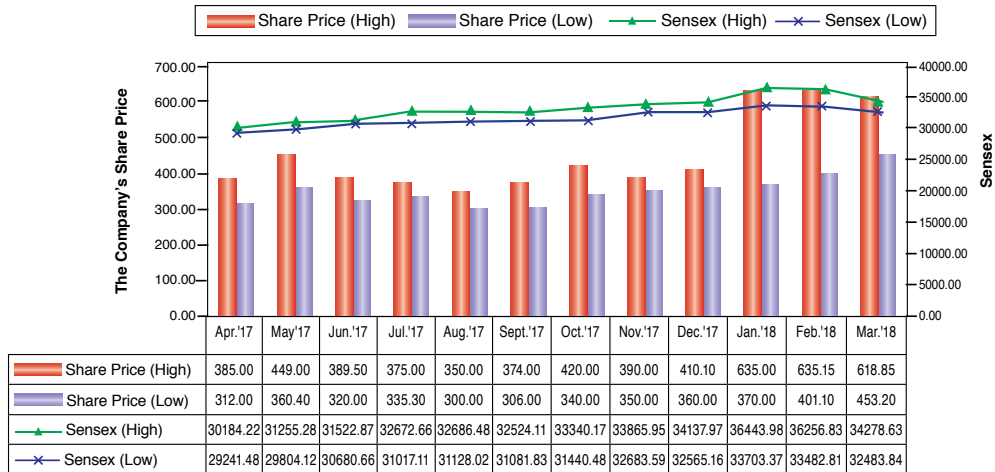
Name of the Stock Exchange	Stock Code
BSE Limited	523127
The National Stock Exchange of India Limited	EIHAHOTELS

The ISIN Number of the Company's shares in the dematerialised mode is INE276C01014. There are no arrears of listing and custodial fees.

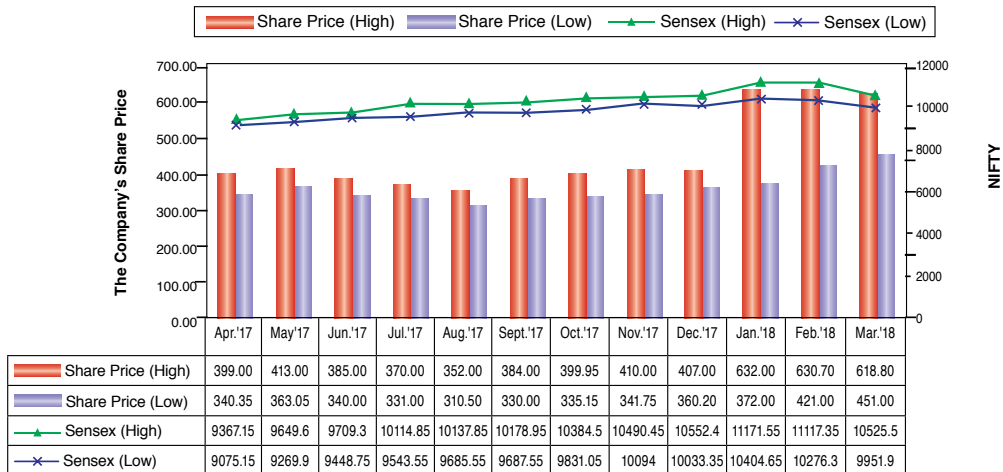
f. Market Price of the Company's share *versus* Sensex and Nifty (in Rupees)

The Company's monthly share price pattern during the financial year *vis-a-vis* the Sensex and the Nifty has been as follows:

A. The Company's share price *vs.* Sensex



B. The Company's share price *vs.* Nifty



- g. In accordance with Section 20, 101 and 136 of the Companies Act, 2013 and rules made there under, the Annual Report, Notice of the Annual General Meeting, postal ballot notice, circulars, etc. are sent by electronic means to those shareholders whose e-mail addresses are made available to the Company by the shareholders and the depository. Documents e-mailed to shareholders are available on the Company's website at www.eihassociatedhotels.in to enable shareholders read and download a copy, if required. Physical copies of the documents are sent to those shareholders who have made a specific request in writing for the same. For the financial year 2017-18, the Company will follow the same procedure.

12. Share Transfer System

EIH Limited is registered with SEBI as a Category II-Share Transfer Agent ("STA"). The SEBI Registration No. allotted to the STA is Category II – INR000003779. Requests for dematerialization and rematerialisation of shares should be sent to the STA at the following address:

EIH Limited
 Investors Services Division
 7, Sham Nath Marg
 Delhi – 110 054
 Telephone: 91-11-2389 0505
 Facsimile: 91-11-2389 0605
 E-mail: isdho@oberoigroup.com
invcom@tridenthotels.com

The Company's shares are traded on the Stock Exchanges in compulsory dematerialized form. Shareholders are requested to ensure that their Depository Participants ("DPs") promptly send physical documents, *ie.* Dematerialization Request Form ("DRF"), share certificates, etc. to the STA by providing the Dematerialization Request Number ("DRN"). Documents of transfer in physical form, *ie.* the transfer deeds, share certificates, etc. should similarly be sent to the STA.

As on 31st March, 2018, 30.27 million shares of the Company, representing 99.35% of the total shares issued, were held in the dematerialised form and 0.20 million shares representing 0.65% of the total issued shares were held in physical form. A total of 5400 (85.52%) Shareholders have up to 31st March, 2018, dematerialised their shareholdings, while the balance 914 (14.48%) Shareholders continue to hold shares in the physical form.

13. Distribution of Shareholding as on 31st March, 2018

Shareholding Range	No. of Shareholders	% of Shareholders	No. of shares (in million)	% of Shareholding
1-1000	6048	95.79	0.72	2.34
1001-5000	205	3.25	0.45	1.47
5001-10000	26	0.41	0.19	0.63
10001-50000	18	0.29	0.43	1.42
50001-100000	5	0.08	0.32	1.05
100001 and above	12	0.19	28.36	93.09
Total	6314	100.00	30.47	100.00

14. Pattern of Shareholding as on 31st March, 2018

Category Code	Category of Shareholder	Number of Shareholders	Total No. of Shares	Total shareholding as a percentage of total number of shares
				As a percentage of (A + B)
(A)	PROMOTER AND PROMOTER GROUP			
(1)	INDIAN			
(a)	Individual/HUF	2	97486	0.32
(b)	Central Government/State Government(s)	0	0	0.00
(c)	Bodies Corporate	7	15968119	52.41
(d)	Financial Institutions / Banks	0	0	0.00
(e)	Others	0	0	0.00
	Sub-Total A(1) :	9	16065605	52.73
(2)	FOREIGN			
(a)	Individuals (NRIs/Foreign Individuals)	1	6784711	22.27
(b)	Bodies Corporate	0	0	0.00
(c)	Institutions	0	0	0.00
(d)	Qualified Foreign Investor	0	0	0.00
(e)	Others (specify)	0	0	0.00
	Sub-Total A(2) :	1	6784711	22.27
	Total A=A(1)+A(2)	10	22850316	75.00
(B)	PUBLIC SHAREHOLDING			
(1)	INSTITUTIONS			
(a)	Mutual Funds /UTI	2	500	0.00
(b)	Financial Institutions /Banks	2	2100	0.01
(c)	Central Government/State Government(s)	0	0	0.00
(d)	Venture Capital Funds	0	0	0.00
(e)	Insurance Companies	0	0	0.00
(f)	Foreign Institutional Investors	4	4320899	14.18
(g)	Foreign Venture Capital Investors	0	0	0.00
(h)	Qualified Foreign Investor	0	0	0.00
(i)	Others (specify)	0	0	0.00
	Sub-Total B(1) :	8	4323499	14.19
(2)	NON-INSTITUTIONS			
(a)	Bodies Corporate	232	200658	0.66
(b)	Individuals			
	(i) Individuals holding nominal share capital upto ₹ 2 lakhs	5908	1275398	4.19
	(ii) Individuals holding nominal share capital in excess of ₹ 2 lakhs	12	1600022	5.25
(c)	Qualified Foreign Investor	0	0	0.00
(d)	Others			
	NON RESIDENT INDIANS	104	148413	0.49
	TRUSTS	1	200	0.00
	FOREIGN NATIONALS	0	0	0.00
	DIRECTORS RELATIVES	0	0	0.00
	CLEARING MEMBERS	38	9473	0.03
	INVESTOR EDUCATION AND PROTECTION FUND	1	60168	0.20
	Sub-Total B(2) :	6296	3294332	10.81
	Total B=B(1)+B(2) :	6304	7617831	25.00
	GRAND TOTAL (A+B) :	6314	30468147	100.00

15. Unclaimed Dividends

All unclaimed dividend up to and including the financial year ended on 31st March, 2010 and unclaimed shares pertaining thereto, have been transferred to the Investor Education and Protection Fund (“IEPF”) as mandated under law.

Pursuant to the provisions of Rule 5(8) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereof, the Company has submitted the Form IEPF 2 with Ministry of Corporate Affairs. The details of unclaimed dividends as on date of the last Annual General Meeting is also updated on the website of the Company, www.eihassociatedhotels.in. The year-wise unclaimed dividend position as on 31st March, 2018 are furnished below:

Year	Unclaimed Dividend (Rs Million)
2011	0.24
2012	0.28
2013	0.10
2014	0.29
2015	0.36
2016	0.39 (Interim)
2016	0.13 (Final)
2017	-

Shareholders who have not encashed their dividend warrants relating to the subsequent financial years are reminded by the Share Transfer Agent from time to time to claim their dividends before transfer to the IEPF. Shareholders who have not encashed their dividend warrants relating to the financial year ended 31st March 2011 and subsequent years are requested to contact the Share Transfer Agent.

16. Transfer of Shares to Investor Education and Protection Fund

In accordance with the provisions of Section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) as amended, the Company is required to statutorily transfer the shares to IEPF in respect of which Dividend has remained unclaimed for a consecutive period of 7 years or more.

In continuation to the publications made in this regard in newspapers dated 19th November, 2016 and 13th April, 2017 and pursuant to applicable provisions of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) and amendments thereto, the Company published Notice in newspapers on 25th November, 2017 that the unclaimed dividend for the financial year 2009-10 has been transferred to IEPF.

As per MCA Notification dated 13th October, 2017, for those companies where the period of seven years provided under sub-section (5) of Section 124 for unpaid or unclaimed dividend had been completed or was being completed during the period from 7th September, 2016 to 31st October, 2017, the due date of transfer of shares to IEPF as per IEPF Rules was deemed to be 31st October, 2017.

In view of the above, the Company transferred the shares in respect of its unpaid or unclaimed dividend between the above period to IEPF Account within 30th November, 2017.

The list of shareholders who have not claimed their dividend for 7 years of more and in respect of whom shares have been transferred to IEPF is available on the website of the Company www.eihassociatedhotels.in

17. Location of Hotels

- (i) The Oberoi Cecil, Shimla
- (ii) The Oberoi Rajvilās, Jaipur
- (iii) Trident, Agra
- (iv) Trident, Bhubaneshwar
- (v) Trident, Chennai
- (vi) Trident, Jaipur
- (vii) Trident, Udaipur
- (viii) Trident, Cochin

18. Address for Correspondence

The Company's Registered Office is located at:

1/24 G.S.T. Road
Meenambakkam
Chennai – 600 027

Correspondence from Shareholders on all matters should be addressed to:

EIH Limited
Investors Services Division
7, Sham Nath Marg
Delhi – 110 054

Telephone No. : 91-11-2389 0505

Facsimile : 91-11-2389 0605

E-mail : isdho@oberoigroup.com

E-mail for Investors Grievances : invcom@tridenthotels.com

19. Information pursuant to Regulation 36(3) of the Listing Regulations

Information pursuant to Regulation 36(3) of Listing Regulations pertaining to particulars of Directors to be appointed or re-appointed at the forthcoming Annual General Meeting is enclosed as an annexure to the Notice convening the Thirty-fifth Annual General Meeting.

20. Compliance Certificate of the Auditors

The Company has obtained a certificate from the Statutory Auditors regarding compliance of the conditions of Corporate Governance as stipulated in Regulation 34(3) read with Part E of Schedule V of the Listing Regulations. The Certificate is annexed.

For and on behalf of the Board

Gurugram
28th May, 2018

VIKRAM OBEROI
Managing Director

P.R.S. OBEROI
Chairman

Declaration by Managing Director under Regulation 34(3) read with Part D of Schedule V of the Listing Regulations regarding adherence to the Code of Conduct

In accordance with Regulation 34(3) read with Part D of Schedule V of the Listing Regulations, I hereby confirm that the members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with *The Oberoi Dharma*, the fundamental Code of Conduct, as applicable to them for the financial year ended 31st March, 2018.

Gurugram
28th May, 2018

VIKRAM OBEROI
Managing Director

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
EIH Associated Hotels Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated September 4, 2017.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of **EIH ASSOCIATED HOTELS LIMITED** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Alka Chadha
Partner
(Membership No. 93474)

Place: Gurugram
Dated: May 28, 2018

SECRETARIAL AUDIT REPORT
For the financial year ended March 31, 2018

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To
The Members
EIH Associated Hotels Limited
1/24 GST Road, Meenambakkam
Chennai- 600 027
Tamil Nadu

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by “**EIH Associated Hotels 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 the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives, during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2018, 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 March 31, 2018, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made there under read with notifications, exemptions and clarifications thereto;
- ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made there under;
- iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- iv) Foreign Exchange Management Act, 1999 (FEMA) and the Rules and Regulations made there under, to the extent applicable to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
 - (a) The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time. However, the regulations are not applicable to the Company during the audit period

since the Company has not raised any money from the public and hence, these regulations have not been considered for the purpose of this report.

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. However, the regulations are not applicable to the Company during the audit period since the Company does not have any such scheme in operation and hence, these regulations have not been considered for the purpose of this report.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time. However, the regulations are not applicable to the Company during the audit period since the Company has not raised any money through debt securities from the public and hence, these regulations have not been considered for the purpose of this report.
 - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended from time to time. However, the regulations are not applicable to the Company during the audit period.
 - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended from time to time. However, the regulations are not applicable to the Company during the audit period since the Company has not bought back any of its securities.
- vi) Other significant laws specifically applicable to the Company, including:
- (a) Tourism Policy of Government of India and Classification of Hotels.
 - (b) Food Safety and Standards Act, 2006 and Rules made there under.
 - (c) The Air (Prevention and Control of Pollution) Act, 1981 and Rules made there under.
 - (d) The Water (Prevention and Control of Pollution) Act, 1974 and Rules made there under.
 - (e) Phonographic and Performance License.
 - (f) Indian Explosives Act, 1884 and Rules made there under.
 - (g) The Apprentices Act, 1961 and Rules made there under.
 - (h) Indian Boiler Act, 1923

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreements entered into by the Company with The National Stock Exchange of India and BSE Ltd, during the audit period.
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director in terms of the provisions of the Companies Act, 2013 and Regulation 17 of The Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015. 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.

2. Adequate notice has been given to all Directors to schedule the Board 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.
3. All the decisions are carried out unanimously. None of the members of the Board have expressed dissenting views on any of the agenda items during the financial year under review.

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. However, notices received from the statutory authorities, if any, are reported as part of Board process for compliance reporting and appropriate action is taken from time to time.

For the purpose of examining adequacy of compliances with other applicable laws including industry / sector specific laws, under both Central and State legislations, reliance has been placed on the Compliance Certificate issued by the Company Secretary at each Board meeting, based on the reports received by the Company from its hotels, as part of the Company's Compliance Management and Reporting System. Based on the aforesaid internal compliance certificates, we are of the opinion that the Company has generally complied with the following:

- i) Deposit of Provident Fund, Employee State Insurance, Employee Deposit Linked Insurance and other employee related statutory dues.
- ii) Applicable stipulations pertaining to the Payment of Wages Act, Minimum Wages Act, Contract Labour (Regulation and Abolition) Act and other related legislations.
- iii) Deposit of taxes relating to Income Tax, Value Added Tax, Central Sales Tax, Luxury Tax, Expenditure Tax, Professional Tax, Goods and Services Tax and other applicable taxes including Tax deducted at source. However, cases of disputed tax liabilities of substantial amount are brought up at each Board meeting and appropriate action is taken and recorded in the minutes of meetings from time to time. Such cases form part of the Contingent Liabilities in the 'Notes to Accounts' forming an integral part of the Financial Statement for the year under review and brief of the same has also been disclosed in the Independent Auditors' Report.
- iv) Applicable state and central laws pertaining to the operations of the Company, including those relating to Environment, Apprentices, Food Safety & Standards and Performance License. However, notices received from the statutory authorities, if any, are reported as part of Board process for compliance reporting and appropriate action is taken from time to time.

For **JUS & Associates**
Company Secretaries

Jyoti Upmanyu
FCS- 7985
CP No.- 8987

Place: New Delhi
Date: 28th May, 2018

INDEPENDENT AUDITOR'S REPORT

To
The Members of
EIH Associated Hotels Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **EIH ASSOCIATED HOTELS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments,

the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other matter

The comparative financial information of the Company for the year ended March 31, 2017 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated May 29, 2017 expressed an unmodified opinion.

Our opinion on the financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "ANNEXURE A". Our report expresses an unmodified

opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer note 38 (a) to the Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer note 35 (B) to the Ind AS financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company - Refer note 44 to the Ind AS financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" / "CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "ANNEXURE B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Place : Gurugram
Date : May 28, 2018

Alka Chadha
Partner
(Membership No. 93474)

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

We have audited the internal financial controls over financial reporting of **EIH ASSOCIATED HOTELS LIMITED** (“the Company”) as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place : Gurugram
Date : May 28, 2018

Alka Chadha
Partner
(Membership No. 93474)

“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT

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

- (i) In respect of its property, plant and equipment:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - b. The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for a cash credit facility are held in the name of the Company based on the confirmation directly received by us from lender. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

- b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- c. Details of dues of Income-tax, Sales Tax, Service Tax, Value Added Tax and Luxury Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

(₹ in million)

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period	Amount unpaid
Rajasthan Tax on Luxuries (In Hotels and Lodging Houses) Act, 1990	Luxury Tax	Rajasthan Tax Board	2010-11 to 2013-14	1.77
Tamil Nadu Tax on Luxuries Act, 1981	Luxury Tax	Joint Commissioner	2007-08 to 2011-12	14.56
The Himachal Pradesh Tax on Luxuries (In Hotel and Lodging House) Act, 1979	Luxury Tax	Himachal Pradesh High Court	2008-09 to 2015-16	5.72
Sub-total				22.05*
Finance Act, 1994	Service tax	Commissioner (Appeals) GST and Central Excise	2004-07 and 2012-16	2.58
Finance Act, 1994	Service tax	Customs, Excise and Service Tax Appellate Tribunal	2008-13	58.80
Sub-total				61.38 #
Central Sales Tax Act, 1956	Central Sales Tax	Appellate Deputy Commissioner	2006-07 to 2010-11	0.51
Sub-total				0.51
The Rajasthan Value Added Tax Act, 2003	Value Added Tax	Deputy Commissioner (Appeals)	2014-15 to 2015-16	-
	Value Added Tax	Rajasthan Tax Board	2011-12 to 2013-14	-
The Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	Appellate Tribunal	2011-12	1.08
The Orissa Value Added Tax Act, 2004	Value Added Tax	Sales Tax Tribunal	1999-00	0.07
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	Allahabad High Court	2007-08	0.12
Sub-total				1.27^^
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	AY 2004-05	Nil
Income Tax Act, 1961	Income Tax	Madras High Court	AY 2005-06	Nil
Sub-total				Nil##

*Net of ₹ 2.85 million paid under protest

Net of ₹ 1.38 million paid under protest

^^ Net of ₹ 11.42 million paid under protest

Net of ₹ 16.47 million paid under protest

There are no dues in respect of Customs Duty and Excise Duty which have not been deposited on account of any dispute.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid/ provided any managerial remuneration during the year in accordance with the provisions of Section 197 of the Companies Act, 2013 and hence reporting under clause (xi) of CARO 2016 is not applicable to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company, as applicable, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Place : Gurugram
Date : May 28, 2018

Alka Chadha
Partner
(Membership No. 93474)

Balance Sheet

As at March 31, 2018

	Note	As at March 31, 2018	Rupees Million As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	2,427.52	2,468.98
(b) Capital work-in-progress		26.03	27.68
(c) Intangible assets	5	6.15	7.93
(d) Financial assets			
(i) Investments	6	0.41	13.65
(ii) Other financial assets	7 (i)	171.32	25.43
(e) Income tax assets (net)	8	39.31	35.51
(f) Other non-current assets	9	162.46	139.94
Total non-current assets		<u>2,833.20</u>	<u>2,719.12</u>
Current assets			
(a) Inventories	10	101.87	108.53
(b) Financial assets			
(i) Investments	11	398.10	180.96
(ii) Trade receivables	12	285.36	232.03
(iii) Cash and cash equivalents	13	44.64	99.16
(iv) Other bank balances	14	4.79	3.39
(v) Other financial assets	7 (ii)	8.49	4.12
(c) Other current assets	15	79.21	106.02
Total current assets		<u>922.46</u>	<u>734.21</u>
TOTAL ASSETS		<u>3,755.66</u>	<u>3,453.33</u>
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	304.68	304.68
(b) Other equity	17	2,718.01	2,505.69
Total equity		<u>3,022.69</u>	<u>2,810.37</u>
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	11.57	6.60
(ii) Other financial liabilities	19	6.15	6.18
(b) Provisions	20	20.36	17.31
(c) Deferred tax liabilities (net)	21	284.81	200.17
(d) Other non-current liabilities	22	0.27	0.32
Total non-current liabilities		<u>323.16</u>	<u>230.58</u>
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	23	317.16	277.24
(ii) Other financial liabilities	24	10.92	11.97
(b) Provisions	20	8.51	9.04
(c) Other current liabilities	25	73.22	114.13
Total current liabilities		<u>409.81</u>	<u>412.38</u>
TOTAL EQUITY AND LIABILITIES		<u>3,755.66</u>	<u>3,453.33</u>

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

For and on behalf of the Board of Directors

Alka Chadha
Partner
(Membership Number 93474)

P.R.S OBEROI
Chairman

VIKRAM OBEROI
Managing Director

SUDIPTO SARKAR
Director

Date: May 28, 2018
Place: Gurugram

SAMIDH DAS
Chief Financial Officer

INDRANI RAY
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2018

	Note	Year Ended March 31, 2018	Rupees Million Year Ended March 31, 2017
Income			
Revenue from operations	26	2,635.68	2,635.61
Other income	27	56.99	81.16
Total income		<u>2,692.67</u>	<u>2,716.77</u>
Expenses :			
Consumption of provisions, wines and others	28	211.78	210.81
Excise duty		0.43	2.19
Employee benefits expense	29	553.27	529.96
Finance costs	30	3.97	19.26
Depreciation and amortisation expense	31	140.88	141.93
Other expenses	32	1,195.74	1,163.28
Total expenses		<u>2,106.07</u>	<u>2,067.43</u>
Profit before tax		586.60	649.34
Tax expense			
Income tax	33 (a)	210.11	219.28
Deferred tax	33 (b)	(1.45)	2.26
Profit after tax		<u>377.94</u>	<u>427.80</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(0.92)	(12.32)
- Tax relating to these items		0.32	4.26
Total other comprehensive income/(loss), net of tax		<u>(0.60)</u>	<u>(8.06)</u>
Total comprehensive income		<u>377.34</u>	<u>419.74</u>
Earnings per equity share (in INR)- Face Value INR 10	42		
(1) Basic		12.40	14.04
(2) Diluted		12.40	14.04

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

For and on behalf of the Board of Directors

Alka Chadha
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P.R.S OBEROI
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VIKRAM OBEROI
Managing Director

SUDIPTO SARKAR
Director

Date: May 28, 2018
Place: Gurugram

SAMIDH DAS
Chief Financial Officer

INDRANI RAY
Company Secretary

Statement of Cash Flows

for the year ended March 31, 2018

	Year Ended March 31, 2018	Rupees Million Year Ended March 31, 2017
Cash flows from operating activities		
Profit before tax	586.60	649.34
Adjustments for:		
Dividend income from investments measured at fair value through profit or loss	(12.24)	(0.97)
Interest income from financial assets carried at amortised cost	(2.38)	(17.50)
Provisions and liabilities no longer required, written back	(5.23)	(0.38)
Fair value changes on equity investments measured at fair value through profit or loss	(0.19)	(1.30)
Finance costs	3.97	19.26
Depreciation and amortisation expense	140.88	141.93
Loss on sale / discard of property, plant and equipment (net)	9.03	5.85
Allowance for doubtful trade receivables	3.42	2.42
Bad debts written off	3.77	0.12
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	(56.85)	16.61
(Increase)/decrease in inventories	6.66	(2.36)
Increase/(decrease) in trade payables	45.15	37.43
(Increase)/ decrease in other financial assets	0.70	(2.68)
(Increase)/decrease in other non-current assets	(23.62)	(32.89)
(Increase)/decrease in other current assets	26.81	(8.49)
Increase/(decrease) in provisions	1.58	(3.75)
Increase/(decrease) in other financial liabilities	13.48	0.83
Increase/(decrease) in other non-current liabilities	(0.05)	(0.16)
Increase / (decrease) in other current liabilities	(40.91)	8.94
Cash generated from operations	<u>700.58</u>	<u>812.25</u>
Income taxes paid (net of refund)	(131.17)	(86.19)
Net cash inflow from operating activities	<u>569.41</u>	<u>726.06</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(107.26)	(89.00)
Proceeds from sale of property, plant and equipment	1.30	4.04
Dividend income from financial asset measured at fair value	1.48	-
Investment in mutual funds	(206.18)	(180.00)
Investment in fixed deposits with maturity of more than twelve months	(150.00)	-
Other bank balances		
- matured	-	0.39
- placed	(1.40)	-
Interest received	1.42	4.09
Net cash outflow from investing activities	<u>(460.64)</u>	<u>(260.48)</u>

Statement of Cash Flow – *Contd.*

	Year Ended March 31, 2018	Rupees Million Year Ended March 31, 2017
Cash flow from financing activities		
Proceeds from borrowings	10.12	7.62
Repayment of term loan	-	(100.00)
Repayment of other borrowings	(4.39)	(249.09)
Interest paid	(3.97)	(19.28)
Dividends paid	(137.14)	(30.92)
Tax on dividend	(27.91)	(6.20)
Net cash outflow from financing activities	(163.29)	(397.87)
Net increase / (decrease) in cash and cash equivalents	(54.52)	67.71
Cash and cash equivalents at the beginning of the year	99.16	31.45
Cash and cash equivalents at the end of the year	44.64	99.16

Notes:

- Cash flows are reported using the indirect method, where by profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item 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.
- Effective April 1, 2017, the Company adopted the amendment to IndAS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non- cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

For and on behalf of the Board of Directors

Alka Chadha
Partner
(Membership Number 93474)

P.R.S OBEROI
Chairman

VIKRAM OBEROI
Managing Director

SUDIPTO SARKAR
Director

Date: May 28, 2018
Place: Gurugram

SAMIDH DAS
Chief Financial Officer

INDRANI RAY
Company Secretary

Statement of changes in Equity for the year ended March 31, 2018

Rupees Million
A. Equity share capital

	Amount
Balance as at April 1, 2016	304.68
Changes in equity share capital during the year	-
Balance as at March 31, 2017	304.68
Changes in equity share capital during the year	-
Balance as at March 31, 2018	304.68

B. Other equity

	Reserves and surplus					Total other equity
	Capital redemption reserve	Capital reserve	Securities premium reserve	General reserve	Retained earnings (surplus)	
Balance as at April 1, 2016	100.00	8.48	1,077.00	575.46	361.68	2,122.62
Profit after tax	-	-	-	-	427.80	427.80
Other comprehensive income/(loss), net of tax	-	-	-	-	(8.06)	(8.06)
Total comprehensive income	-	-	-	-	419.74	419.74
Allocations and/or appropriations:						
Final dividend (FY 2015-16)	-	-	-	-	(30.47)	(30.47)
Tax on dividend	-	-	-	-	(6.20)	(6.20)
Transfer (to)/from General reserve	-	-	-	50.00	(50.00)	-
Balance as at March 31, 2017	100.00	8.48	1,077.00	625.46	694.75	2,505.69
Profit after tax	-	-	-	-	377.94	377.94
Other comprehensive income/(loss), net of tax	-	-	-	-	(0.60)	(0.60)
Total comprehensive income	-	-	-	-	377.34	377.34
Allocations and/or appropriations:						
Final dividend (FY 2016-17)	-	-	-	-	(137.11)	(137.11)
Tax on dividend	-	-	-	-	(27.91)	(27.91)
Balance as at March 31, 2018	100.00	8.48	1,077.00	625.46	907.07	2,718.01

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

For and on behalf of the Board of Directors

Alka Chadha
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P.R.S OBEROI
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VIKRAM OBEROI
Managing Director

SUDIPTO SARKAR
Director

Date: May 28, 2018
Place: Gurugram

SAMIDH DAS
Chief Financial Officer

INDRANI RAY
Company Secretary

Notes to Financial Statements

General Information

EIH Associated Hotels Limited (“the Company”) is a public Company limited by shares, incorporated and domiciled in India having its Registered Office at 1/24 GST Road, Chennai – 600 027. The Company is primarily engaged in owning premium luxury hotels under the luxury ‘Oberoi’ and five-star ‘Trident’ brands.

Note 1: Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these Financial Statements of EIH Associated Hotels Limited. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with Indian Accounting Standard (Ind AS)

The Financial Statements have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, and other accounting principles generally accepted in India, as a going concern on accrual basis.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Equity investments in entities are measured at fair value;
- Defined benefit plans – plan assets measured at fair value;
- Customer loyalty programs

(iii) Use of estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, Management is required to make estimates and assumptions that may affect reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

b) Revenue recognition

(i) Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of trade allowances, rebates, value added taxes, goods and service taxes and amounts collected on behalf of third parties.

(ii) Interest income from debt instruments is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

(iii) Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company’s activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Notes to Financial Statements – *Contd.*

Timing of revenue recognition from major business activities

- Hospitality Services: Revenue from hospitality services is recognised when the services are rendered and the same becomes chargeable or when collectibility is certain.
- Others: Revenue from Shop License Fee, included under “Other Services” is recognised on accrual basis as per terms of the contract.
- Revenue in respect of customer loyalty program are recognised when loyalty points are redeemed by the customers.

c) **Foreign Currencies**

(i) Presentation Currency:

The financial statements are presented in INR which is the Functional Currency of the Company.

(ii) Transactions and balances

Sales made in any currency other than the functional currency of the Company are converted at the prevailing applicable exchange rate. Gain/Loss arising out of fluctuations in exchange rate is accounted for on realisation or translation into the reporting currency of the corresponding receivables at the year end.

Payments made in foreign currency are converted at the applicable rate prevailing on the date of remittance. Liability on account of foreign currency is converted at the exchange rate prevailing at the end of the year. Monetary items denominated in foreign currency are converted at the exchange rate prevailing at the end of the year.

d) **Income tax**

Current income tax is recognised based on the taxable profit for the year using tax rates and tax laws that have been enacted or substantially enacted on the date of balance sheet.

e) **Deferred tax**

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using tax rates and tax laws that have been enacted or prescribed on the date of balance sheet.

Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

Current and deferred tax are recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case, the taxes are also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax (MAT) is accounted for in accordance with tax laws which give rise to future economic benefits in the form of tax credit against which future income tax liability is adjusted and is recognised as deferred tax asset in the Balance Sheet.

f) **Segment reporting:**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, (“CODM”).

Notes to Financial Statements – *Contd.*

The Board of Directors of the Company, which has been identified as being the CODM, generally assesses the financial performance and position of the Company and makes strategic decisions.

g) Leases

As a lessee:

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Assets under finance lease are capitalised at the lease's inception, at the fair value of the leased property or the present value of the minimum lease payments whichever is lower. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor:

Lease income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

h) Impairment of assets

Assets are tested for impairment 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. Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

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

i) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash in hand, cash at bank and other deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

k) Inventories

Inventories are valued at cost, based on Cumulative Weighted Average method or net realisable value, whichever is lower. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale. Unserviceable/damaged/discarded stocks and shortages are charged to the Statement of Profit and Loss.

Notes to Financial Statements – *Contd.*

1) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in the Statement of Profit and Loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to Statement of Profit and Loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the Statement of Profit and Loss.

(iii) Impairment of financial assets

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort.

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to Financial Statements – *Contd.*

(iv) **Derecognition of financial assets**

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) **Income recognition**

Interest income: Interest income from debt instruments is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividend income: Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

m) **Financial Liabilities**

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption/settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

n) **Property, Plant and Equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical Cost represents direct expenses incurred on acquisition or construction of the assets and the share of indirect expenses relating to construction allocated in proportion to the direct cost involved.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work-in-progress comprises the cost of property, plant and equipment that are not yet ready for their intended use on the reporting date and materials at site.

Transition to Ind AS

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Notes to Financial Statements – *Contd.*

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment other than land, the hotel buildings, certain buildings on leasehold land and leased vehicles and machinery is provided on 'Straight Line Method' based on useful life as prescribed under Schedule II of the Companies Act 2013. Leased vehicles, and machinery and buildings on leasehold land (other than perpetual lease) are depreciated over the lives of the respective asset or over the remaining lease period from the date of installation whichever is shorter.

Long term leasehold land (other than perpetual lease) is depreciated over the balance period of the lease, commencing from the date the land is put to use for commercial purposes.

The hotel buildings are depreciated equally over the balance useful life ascertained by independent technical expert, which ranges between 47 years and 57 years with effect from March 31, 2018 and are higher than those specified by Schedule II to the Companies Act, 2013. The management believes that the balance useful lives so assessed best represent the periods over which the hotel buildings are expected to be in use. The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss within other gains/(losses).

o) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and net of impairments, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably. Intangible assets are amortised on straight line basis over their estimated useful lives.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible assets.

p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

q) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of respective assets during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

r) Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present legal or statutory obligation or constructive obligation as a result of past events and where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are disclosed only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Notes to Financial Statements – *Contd.*

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognised but disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

s) **Employee benefits**

(i) **Short-term obligations**

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 paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) **Post-employment obligations**

The Company operates the following post-employment schemes:

Gratuity obligations –

Maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Leave encashment on termination of service –

The liabilities for earned leave are expected to be settled after the retirement of employee. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Provident Fund –

The Company pays provident fund contributions to a fund administered by Government Provident Fund Authority. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to Financial Statements – *Contd.*

t) Dividends

Liability is created for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity.

u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit for the year attributable to equity shareholders of the Company.
- by the weighted average number of equity shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the number of equity shares used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of equity shares including additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares happened.

v) Government Grants/ Incentives

Government grants / incentives that the Company is entitled to on fulfillment of certain conditions, but are available to the Company only on completion of some other conditions, are recognised as income at fair value on completion of such other conditions.

Grants/incentives that the Company is entitled to unconditionally on fulfillment of certain conditions, such grants/ incentives are recognised at fair value as income when there is reasonable assurance that the grant/incentives will be received.

w) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million with two decimals as per the requirement of Schedule III, unless otherwise stated.

Notes to Financial Statements – *Contd.*

2

New standards/amendments that are not yet effective and have not been early adopted:

As set out below, amendments to standards are effective for annual periods beginning on or after April 1, 2018, and have not been applied in preparing these financial statements.

Amendments to Ind AS 21, The Effects of Changes in Foreign Exchange Rates

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the requirements of Ind AS 21 and its effect on the financial statements.

Introduction of Ind AS 115, Revenue from Contracts with Customers

Ministry of Corporate Affairs has notified Ind AS 115 ‘Revenue from Contracts with Customers’, which is effective from April 1, 2018, early adoption of which is not permitted. The new standard outlines the principle that revenue should be recognised when an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. The Company is evaluating the requirements of Ind AS 115 and its effect on the financial statements.

3

Significant estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company’s accounting policies.

This note provides information about the areas involving a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Useful life of the Hotel Buildings

The Company has adopted useful life of property, plant and equipment as stipulated by Schedule II to the Companies Act, 2013 except for the hotel buildings for computing depreciation. In the case of the hotel building of the Company, due to superior structural condition, management decided to assess the balance useful life by independent technical expert. As per the certificates of the technical expert as on March 31, 2018, the balance useful life of the hotel buildings ranges between 47 to 57 years. The carrying amount of the hotel building is being depreciated over its residual life. Based on management evaluation performed at each meeting period, there has been no change in the earlier assessed useful life.

Notes to Financial Statements – *Contd.*

5 Intangible assets

		Rupees Million									
		Gross carrying amount			Balance as at March 31, 2017			Accumulated Amortisation			Carrying value as at March 31, 2017
		Balance as at April 1, 2016	Additions during the year	Sales/ adjustment during the year	Balance as at March 31, 2017	Balance as at April 1, 2016	For the year	Less: Sales/ Adjustments	As at March 31, 2017		
Computer software		10.34	0.60	-	10.94	0.84	2.17	-	3.01	7.93	
Total		10.34	0.60	-	10.94	0.84	2.17	-	3.01	7.93	
		Gross carrying amount			Balance as at March 31, 2018			Accumulated Amortisation			Carrying value as at March 31, 2018
		Balance as at April 1, 2017	Additions during the year	Sales/ adjustment during the year	Balance as at March 31, 2018	Balance as at April 1, 2017	For the year	Less: Sales/ Adjustments	As at March 31, 2018		
Computer software		10.94	0.52	-	11.46	3.01	2.30	-	5.31	6.15	
Total		10.94	0.52	-	11.46	3.01	2.30	-	5.31	6.15	

Intangible assets are amortised on straight line basis over a period of 3 to 5 years.

Notes to Financial Statements – *Contd.*

	Rupees Million	
	As at March 31, 2018	As at March 31, 2017
6		
Investments		
A. Investments in equity instruments (fully paid, carried at fair value through profit or loss)		
Quoted		
Nil (2017- 100) equity shares of TCP Limited	-	0.05
Unquoted		
100 (2017- Nil) equity shares of TCP Limited	0.07	-
Nil (2017 - 217,175) equity shares of Mercury Travels Limited	-	13.24
33,600 (2017 - 33,600) equity shares of Green Infra Wind Generation Limited	0.34	0.34
Total investments in equity instruments	<u>0.41</u>	<u>13.63</u>
B. Investment in Government securities (Unquoted)		
6 year national savings certificate (lodged with Government authorities as security deposit)	-	0.02
Total investments in Government securities	-	0.02
Total	<u>0.41</u>	<u>13.65</u>
Aggregate amount of quoted investments and market value thereof	-	0.05
Aggregate amount of unquoted investments	0.41	13.60
7		
Other financial assets		
i) Non-current financial assets		
Fixed deposits with banks deposited with government authorities	0.14	0.13
Fixed deposits with maturity of more than twelve months	150.00	1.26
Security deposits	21.18	24.04
Total	<u>171.32</u>	<u>25.43</u>
ii) Current financial assets		
Interest accrued	0.99	0.03
Other receivables / recoverable	6.24	1.57
Security deposits	1.26	2.52
Total	<u>8.49</u>	<u>4.12</u>
8		
Income tax assets (Net)		
Tax payments (Net of provision for tax)	39.31	35.51
Total	<u>39.31</u>	<u>35.51</u>

Notes to Financial Statements – *Contd.*

	As at March 31, 2018	Rupees Million As at March 31, 2017
9		
Other non-current assets		
(i) Capital advances	6.11	7.21
(ii) Prepaid expenses	89.22	91.47
(iii) Services export incentive	21.47	-
(iv) Other advances:		
Considered good	45.66	41.26
Considered doubtful	0.13	0.13
	<u>45.79</u>	<u>41.39</u>
<i>Less: Impairment allowance for other advances</i>	<u>(0.13)</u>	<u>(0.13)</u>
	<u>45.66</u>	<u>41.26</u>
Total	<u>162.46</u>	<u>139.94</u>

10		
Inventories		
Provisions, wines and others	28.72	29.75
Stores and operational supplies	73.15	78.78
Total	<u>101.87</u>	<u>108.53</u>

Inventories are valued at cost which is based on 'Cumulated Weighted Average Method' or net realisable value, whichever is lower.

The cost of inventories recognised as an expense during the year as consumption of provisions, wines and others was ₹ 211.78 million (for the year ended March 31, 2017 : ₹ 210.81 million).

	As at March 31, 2018	Rupees Million As at March 31, 2017
11		
Investments		
Investment in mutual funds (Quoted)		
(Carried at fair value through Statement of Profit and Loss)		
74,622.764 (2017 - 1,556,624.172) units of Birla Sun Life cash plus daily dividend direct reinvestment plan	7.48	155.96
Nil (2017 - 249,259.202) units of Birla Sun Life savings fund daily dividend direct reinvestment plan	-	25.00
1,921,998.223 (2017 - Nil) units of Aditya Birla Sun Life floating rate fund daily dividend direct reinvestment plan	192.51	-
4,119.544 (2017 - Nil) units of Reliance Liquid Fund - treasury plan daily dividend direct reinvestment plan	6.30	-
172,057.738 (2017 - Nil) units of Reliance Liquid cash plan daily dividend direct reinvestment plan	191.81	-
Total	<u>398.10</u>	<u>180.96</u>

Notes to Financial Statements – *Contd.*

Aggregate amount of quoted investments and market value thereof	398.10	180.96
	As at	Rupees Million
	March 31, 2018	As at March 31, 2017

12

Trade receivables

(a) Unsecured, considered good		
Receivables other than related parties	280.86	207.17
Receivables from related parties	4.50	24.86
	<u>285.36</u>	<u>232.03</u>
(b) Unsecured, considered doubtful		
Receivables other than related parties	6.60	3.18
Less: Allowance for doubtful trade receivables	(6.60)	(3.18)
	<u>-</u>	<u>-</u>
Total	<u>285.36</u>	<u>232.03</u>

13

Cash and cash equivalents

Balances with banks		
- Current accounts	36.99	86.76
Cheques on hand	1.87	4.28
Cash on hand	5.58	4.72
Fixed deposits with original maturity of less than three months	0.20	3.40
Total	<u>44.64</u>	<u>99.16</u>

14

Other bank balances

In earmarked accounts		
- Balance held as margin money against guarantees	1.72	1.57
- Bank deposits having more than 3 months but less than 12 months maturity*	1.28	-
- Unpaid dividend accounts	1.79	1.82
Total	<u>4.79</u>	<u>3.39</u>

* deposited with government authorities

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Other current assets

Prepaid expenses	33.72	34.78
Services export incentive	35.18	36.02
Other advances	10.31	35.22
Total	<u>79.21</u>	<u>106.02</u>

Notes to Financial Statements – Contd.

	Rupees Million	
	As at March 31, 2018	As at March 31, 2017
16		
Equity share capital		
AUTHORISED		
75,000,000 Equity shares of ₹ 10 each (2017 - 75,000,000)	750.00	750.00
1,000,000 Redeemable preference shares of ₹ 100 each (2017 - 1,000,000)	100.00	100.00
	850.00	850.00
ISSUED, SUBSCRIBED AND FULLY PAID		
30,468,147 Equity shares of ₹ 10 each, fully paid up (2017 - 30,468,147)	304.68	304.68
	304.68	304.68

(i) Reconciliation of equity share capital

As at April 1, 2016
Changes during the year
As at March 31, 2017
Changes during the year
As at March 31, 2018

Number of shares	Equity share capital (par value) (Rupees Million)
30,468,147	304.68
-	-
30,468,147	304.68
-	-
30,468,147	304.68

(ii) Rights and preferences attached to equity shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. These shares rank pari passu in all respects including voting rights and entitlement to dividend.

(iii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

Equity Shares:

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Holding %	Number of Shares	Holding %
EIH Limited	11,215,118	36.81	11,215,118	36.81
Satish B Raheja	6,784,711	22.27	6,784,711	22.27
National Westminster Bank PLC. as Trustee of the Jupiter India Fund	3,041,111	9.98	3,041,111	9.98
Manali Investments & Finance Private Limited	2,276,617	7.47	2,276,617	7.47
Coronet Investments Private Limited	2,088,899	6.86	2,088,899	6.86

(iv) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash :

Of the above 30,468,147 (2017 -30,468,147) Equity shares, 9,086,666 (2017 - 9,086,666) equity shares of ₹ 10 each have been allotted as fully paid up in 2006-2007 pursuant to Scheme of Amalgamation of Indus Hotels Corporation Limited with the Company without payments being received in cash.

Notes to Financial Statements – *Contd.*

	As at March 31, 2018	Rupees Million As at March 31, 2017
17		
Other equity		
Reserves and surplus		
Capital redemption reserve	100.00	100.00
Capital reserve	8.48	8.48
Securities premium reserve	1,077.00	1,077.00
General reserve	625.46	625.46
Retained earnings (surplus)	907.07	694.75
Total other equity	<u>2,718.01</u>	<u>2,505.69</u>
Capital redemption reserve		
Opening balance	100.00	100.00
<i>Add: Adjustment</i>	-	-
Closing balance	<u>100.00</u>	<u>100.00</u>
Capital reserve		
Opening balance	8.48	8.48
<i>Add: Adjustment</i>	-	-
Closing balance	<u>8.48</u>	<u>8.48</u>
Securities premium reserve		
Opening balance	1,077.00	1,077.00
<i>Add: Adjustment</i>	-	-
Closing balance	<u>1,077.00</u>	<u>1,077.00</u>
General reserve		
Opening balance	625.46	575.46
<i>Add: Transfer from surplus</i>	-	50.00
Closing balance	<u>625.46</u>	<u>625.46</u>
Retained earnings (surplus)		
Opening balance	694.75	361.68
<i>Add: Profit during the year as per Statement of Profit and Loss</i>	377.94	427.80
<i>Less: Appropriations</i>		
General reserve	-	(50.00)
Final dividend	(137.11)	(30.47)
Tax on dividend	(27.91)	(6.20)
Other Comprehensive Income recognised directly in retained earnings		
– Remeasurements of post-employment benefit obligation, net of tax	(0.60)	(8.06)
Closing balance	<u>907.07</u>	<u>694.75</u>

Nature and purpose of reserves

(i) Capital redemption reserve

Capital redemption reserve represents the statutory reserve created by the Company on the redemption of its preference share capital. The same can be utilised by the Company for issuing fully paid bonus shares.

(ii) Capital reserve

The Capital reserve includes the government grant received in the nature of subsidy, where no repayment is ordinarily expected in respect thereof and on amalgamation where the net value of the assets acquired exceeds over the purchase consideration.

Notes to Financial Statements – *Contd.*

18
Non-current borrowings

				Rupees Million	
	Maturity Date	Terms of repayments	Coupon/ Interest rate per annum	As at March 31, 2018	As at March 31, 2017
Secured					
Maturities of finance lease obligations - vehicles (refer note (i) below)	1 to 5 years	Monthly	13%	11.39	6.42
Unsecured					
Long term maturity of finance lease obligations - leasehold building	March 31, 2035	Yearly	11%	<u>0.18</u>	<u>0.18</u>
Total				<u>11.57</u>	<u>6.60</u>

Secured borrowings

- (i) The Finance lease obligations are secured by hypothecation of vehicles taken under lease. Repayments are done by equated monthly installments over 36 to 60 months.
- (ii) The Cash Credit Facility together with interest from HDFC Bank Limited are secured by way of hypothecation of stock and book debts of the entire Company and hypothecation of entire movable plant and equipment including all spare parts and other movable property, plant and equipment both present and future pertaining to Trident, Chennai and by way of mortgage of the said property.
- (iii) The Overdraft facility together with interest from The Federal Bank Limited is secured by way of mortgage by deposit of title deeds in respect of the immovable properties pertaining to Trident, Udaipur.

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Other non-current financial liabilities

	Rupees Million	
	As at March 31, 2018	As at March 31, 2017
Security deposits	0.39	0.50
Lease equalisation liability	<u>5.76</u>	<u>5.68</u>
Total	<u>6.15</u>	<u>6.18</u>

Notes to Financial Statements – *Contd.*

20

Provisions

Rupees Million

Employee benefit obligations	As at March 31, 2018			As at March 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Leave encashment- Unfunded						
Present value of obligation	0.93	20.36	21.29	0.77	17.31	18.08
Gratuity- Funded						
Present value of obligation	33.68	-	33.68	31.00	-	31.00
Fair value on plan assets	(26.10)	-	(26.10)	(22.73)	-	(22.73)
Net liability	7.58	-	7.58	8.27	-	8.27
Total employee benefit obligations	8.51	20.36	28.87	9.04	17.31	26.35

i) **Defined benefit plans**a) **Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The gratuity plan is a funded plan and the Company makes contributions to Life Insurance Corporation of India funds. Provision/write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following Projected Unit Credit Method.

b) **Leave encashment**

As per the policy of the Company, leave obligations on account of accumulated leave of an employee is settled only on termination/retirement of the employee. Such liability is recognised on the basis of actuarial valuation following Projected Unit Credit Method. It is an unfunded plan.

(ii) **Defined contribution plans**

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is INR 17.18 Million (2017 - INR 16.09 Million).

Notes to Financial Statements – Contd.

(iii) Movement of defined benefit obligation and fair value on plan assets

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Rupees Million

	Gratuity			Earned Leave
	Present value of obligation	Fair value of plan assets	Net amount	Present value obligation for leave encashment
Liability as on April 1, 2016	23.59	(19.26)	4.33	13.45
Current service cost	2.53	-	2.53	3.84
Interest expense/(income)	1.70	(1.58)	0.12	0.83
Total amount recognised in Statement of Profit and Loss	4.23	(1.58)	2.65	4.67
<i>Remeasurements:</i>				
(Gain)/loss from change in demographic experience	1.85	-	1.85	2.08
(Gain)/loss from change in financial assumptions	4.84	0.12	4.96	3.43
Total amount recognised in other comprehensive income	6.69	0.12	6.81	5.51
Employer contributions	-	(5.52)	(5.52)	-
Benefit payments	(3.51)	3.51	-	5.55
Liability as on March 31, 2017	31.00	(22.73)	8.27	18.08

	Gratuity			Earned Leave
	Present value of obligation	Fair value of plan assets	Net amount	Present value obligation for leave encashment
Liability as on April 1, 2017	31.00	(22.73)	8.27	18.08
Current service cost	3.42	-	3.42	5.39
Interest expense/(income)	2.06	(1.64)	0.42	1.13
Total amount recognised in Statement of Profit and Loss	5.48	(1.64)	3.84	6.52
<i>Remeasurements:</i>				
(Gain)/loss from change in demographic experience	(1.02)	-	(1.02)	(0.35)
(Gain)/loss from change in financial assumptions	1.35	(0.13)	1.22	1.07
Total amount recognised in other comprehensive income	0.33	(0.13)	0.20	0.72
Employer contributions	-	(4.73)	(4.73)	-
Benefit payments	(3.13)	3.13	-	4.03
Liability as on March 31, 2018	33.68	(26.10)	7.58	21.29

Notes to Financial Statements – Contd.

The net liability disclosed above relates to funded and unfunded plans are as follows:

	Rupees Million	
	As at March 31, 2018	As at March 31, 2017
Present value of funded obligations	33.68	31.00
Fair value of plan assets	(26.10)	(22.73)
Deficit of funded plan	7.58	8.27
Unfunded plans	21.29	18.08
Deficit of employee benefit plans	28.87	26.35

(iv) Post-employment benefits

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	March 31, 2018	March 31, 2017
Discount rate	7.60%	7.00%
Salary growth rate	5.00%	4.00%
Mortality	Indian assured lives mortality (2006-08) (modified) Ultimate	Indian assured lives mortality (2006-08) (modified) Ultimate
Withdrawal rate	2.00%	2.00%

(v) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Rupees Million					
	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Gratuity						
Discount rate	1%	1%	(3.00)	(2.79)	3.53	3.27
Salary growth rate	1%	1%	3.59	3.34	(3.09)	(2.89)
Leave encashment						
Discount rate	1%	1%	(2.37)	(2.00)	2.86	2.40
Salary growth rate	1%	1%	2.91	2.46	(2.44)	(2.07)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method is used for calculating the defined benefit liability recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes to Financial Statements – Contd.

(vi) The major categories of plans assets are as follows:

The Company pays contribution to LIC which in turns invests the amount in various investments. As investment is done by the LIC of India in totality basis along with contributions from other participants, hence the Company wise investment in planned assets-category/classwise is not available.

(vii) Risk exposure

The defined benefit obligations have the under-mentioned risk exposures:

Interest rate risk : The defined benefit obligation is calculated using discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

(viii) Defined benefit liability and employer contributions

Expected contributions to post employment benefit plan for the year ending March 31, 2018 is ₹ 7.58 million.

The weighted average duration of defined benefit obligation in case of Gratuity is 10 years (2017 - 9 years) and in case of Leave Obligation 11 years (2017 - 11 years).

The expected maturity analysis of undiscounted Gratuity and Leave Encashment is as follows:

	Rupees Million						
	Less than a year	Between 1 - 2 years	Between 2 - 3 years	Between 3 - 4 years	Between 4 - 5 years	Beyond 5 years	Total
March 31, 2018							
Gratuity	1.88	1.95	2.32	4.90	3.14	25.82	40.01
Leave encashment	0.96	1.16	1.86	3.07	2.54	13.76	23.35
Total	2.84	3.11	4.18	7.97	5.68	39.58	63.36
March 31, 2017							
Gratuity	0.97	2.11	2.02	2.39	4.57	21.25	33.31
Leave encashment	0.80	1.05	1.22	1.87	2.83	14.03	21.80
Total	1.77	3.16	3.24	4.26	7.40	35.28	55.11

Notes to Financial Statements – Contd.

	Rupees Million	
	As at March 31, 2018	As at March 31, 2017
21		
Deferred tax liabilities (net)		
A. Deferred tax liabilities on account of:		
(i) Property, plant and equipment and intangible assets	468.73	465.95
(ii) Fair valuation of security deposits liability	0.02	0.01
Total deferred tax liabilities (A)	<u>468.75</u>	<u>465.96</u>
B. Deferred tax assets on account of:		
(i) Accrued expenses deductible on payment	6.60	6.54
(ii) Provision for leave encashment	5.79	4.58
(iii) Allowance for doubtful trade receivables and advances	2.35	1.18
(iv) Fair valuation of security deposits assets	1.50	1.43
(v) Lease equalisation liability	2.01	1.97
(vi) MAT credit entitlement	163.75	250.09
(vii) Others	1.94	-
Total deferred tax assets (B)	<u>183.94</u>	<u>265.79</u>
Deferred tax liabilities (net) (A-B)	<u>284.81</u>	<u>200.17</u>

Rupees Million				
Movement in deferred tax liabilities	Property, plant and equipment and intangible assets	Fair valuation of security deposits liability	Deferred revenue for customer loyalty programme	Total
As at April 1, 2016	463.56	0.01	0.20	463.77
Charged/(Credited):				
- to Statement of Profit and Loss	2.39	-	(0.20)	2.19
As at March 31, 2017	465.95	0.01	-	465.96
Charged/(Credited):				
- to Statement of Profit and Loss	2.78	0.01	-	2.79
As at March 31, 2018	468.73	0.02	-	468.75

Rupees Million									
Movement in deferred tax assets	Accrued expenses deductible on payment	Provision for leave encashment	Allowance for doubtful trade receivables and advances	Amalgamation expenses	Fair valuation of security deposits assets	Lease equalisation liability	MAT credit entitlement	Others	Total
As at April 1, 2016	6.54	2.98	0.35	0.69	1.38	1.94	323.30	-	337.18
(Charged)/Credited:									
- to Statement of Profit and Loss	-	3.51	0.83	(0.69)	0.05	0.03	(73.21)	-	(69.48)
- to other comprehensive income	-	(1.91)	-	-	-	-	-	-	(1.91)
As at March 31, 2017	6.54	4.58	1.18	-	1.43	1.97	250.09	-	265.79
(Charged)/Credited:									
- to Statement of Profit and Loss	0.06	0.96	1.17	-	0.07	0.04	(86.34)	1.94	(82.10)
- to other comprehensive income	-	0.25	-	-	-	-	-	-	0.25
As at March 31, 2018	6.60	5.79	2.35	-	1.50	2.01	163.75	1.94	183.94

Notes to Financial Statements – *Contd.*

	Rupees Million	
	As at March 31, 2018	As at March 31, 2017
22		
Other non-current liabilities		
Advance rent income	0.27	0.32
Total	<u>0.27</u>	<u>0.32</u>
23		
Trade payables		
Trade payables to micro enterprises and small enterprises*	2.66	0.14
Trade payables to related parties	114.43	114.35
Trade payables - others	200.07	162.75
Total	<u>317.16</u>	<u>277.24</u>

***Disclosure as required by MSMED Act**

The Company has certain dues to suppliers registered under Micro, Small & Medium Enterprises Development Act, 2006 ("MSME Act"). The disclosures pursuant to the said MSMED Act are as follows:

(a) Amounts payable to suppliers under MSMED (suppliers) as at the year end		
(i) Principal amount remaining unpaid to any supplier **	2.66	0.14
(ii) Interest due there on	-	-
(b) Payments made to suppliers beyond the appointed day during the year		
(i) The principal amount	0.20	-
(ii) Interest due there on	-	-
(c) Interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d) Interest accrued and remaining unpaid	-	-
(e) Interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	-	-
(f) Further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-

** Details of dues to Micro Enterprises and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSME Act) are based on information made available to the Company.

Notes to Financial Statements – *Contd.*

	Rupees Million	
	As at March 31, 2018	As at March 31, 2017
24		
Other current financial liabilities		
Current maturities of finance lease obligations	4.28	3.52
Interest accrued but not due on finance lease obligation	0.02	0.02
Unclaimed dividend	1.79	1.82
Security deposits	2.88	2.62
Liability for capital expenditure	1.95	3.99
Total	<u>10.92</u>	<u>11.97</u>
25		
Other current liabilities		
Advance from customers	40.27	56.85
Advance from related party	-	13.25
Statutory liabilities	32.87	43.94
Deferred revenue	0.02	0.02
Advance rent income	0.06	0.07
Total	<u>73.22</u>	<u>114.13</u>

Notes to Financial Statements – *Contd.*

	Rupees Million	
	Year Ended March 31, 2018	Year Ended March 31, 2017
26		
Revenue from operations		
Rooms	1,675.90	1,689.82
Food and beverage	811.40	797.46
Other services	<u>148.38</u>	<u>148.33</u>
Total	<u>2,635.68</u>	<u>2,635.61</u>
27		
Other income		
Dividend income from investments measured at fair value through profit or loss	12.24	0.97
Interest income from financial assets carried at amortised cost	2.38	4.13
Interest on income tax refund	-	13.37
Income on account of services exports incentive	29.92	50.53
Provisions and liabilities no longer required, written back	5.23	0.38
Other gains/ (losses):		
Net foreign exchange gain	0.19	-
Fair value changes on equity investments measured at fair value through profit or loss	0.19	1.30
Miscellaneous income	<u>6.84</u>	<u>10.48</u>
Total	<u>56.99</u>	<u>81.16</u>
28		
Consumption of provisions, wines and others		
Opening stock	29.75	31.80
<i>Add:</i> Purchases	<u>210.75</u>	<u>208.76</u>
	240.50	240.56
<i>Less:</i> Closing stock	<u>28.72</u>	<u>29.75</u>
Total	<u>211.78</u>	<u>210.81</u>
29		
Employee benefits expense		
Salaries, wages and bonus	439.56	429.58
Contribution to provident fund and other funds	21.02	18.74
Staff welfare expenses	<u>92.69</u>	<u>81.64</u>
Total	<u>553.27</u>	<u>529.96</u>

Notes to Financial Statements – *Contd.*

	Rupees Million	
	Year Ended	Year Ended
	March 31, 2018	March 31, 2017
30		
Finance costs		
- Interest on borrowings	0.02	16.60
- Interest on finance lease	3.88	2.32
- Others	0.07	0.34
Total finance costs for financial liabilities not recognised through FVTPL	3.97	19.26
31		
Depreciation and amortisation expense		
Depreciation of property, plant and equipment	138.58	139.76
Amortisation of intangible assets	2.30	2.17
Total	140.88	141.93

Notes to Financial Statements – *Contd.*

	Rupees Million	
	Year Ended	Year Ended
	March 31, 2018	March 31, 2017
32		
Other expenses		
Linen, uniform washing and laundry expenses	8.38	9.12
Expenses on apartment and board	43.33	44.14
Power and fuel	245.97	234.48
Renewals and replacement	37.84	35.52
Repairs:		
Buildings	64.61	63.20
Plant and equipment	78.94	80.25
Others	8.32	10.49
Expenses for contractual services	84.98	77.30
Lease rent	15.10	14.52
Royalty	26.56	26.59
Technical services fees	107.14	109.54
Advertisement, publicity and other promotional expenses	95.64	109.59
Commission to travel agents and others	129.41	130.55
Rates and taxes	41.51	52.17
Insurance	7.63	7.97
Passage and travelling	40.92	44.28
Postage, telephone, etc.	19.92	14.62
Printing and stationery	13.46	13.39
Musical, banquet and kitchen expenses	14.03	12.35
Directors' fees	3.68	3.92
Allowance for doubtful trade receivables	3.42	2.42
Bad debts written off	3.77	0.12
Loss on sale / discard of property, plant and equipment (net)	9.03	5.85
Net foreign exchange loss	-	0.02
Auditors' remuneration [Refer Note 32(a)]	4.09	3.80
CSR expenses [Refer Note 32(b)]	13.54	6.80
Miscellaneous expenses	74.52	50.28
Total	1,195.74	1,163.28
(a) Details of Auditor's remuneration (net of input tax credit)*		
As auditor:		
Audit fee	3.79	3.25
Tax audit fee	0.20	0.40
Taxation matters	-	0.07
Other services such as certification	0.10	0.08
Total	4.09	3.80
*includes ₹ 0.34 million paid to predecessor auditor.		
(b) Details of CSR Expenditure		
Contribution to SOS Children's Villages of India	12.10	5.38
Expenses for Swachh Bharat Abhiyan	1.44	1.42
Total	13.54	6.80
Amount required to be spent on CSR as per Section 135 of the Companies Act, 2013	10.58	8.81

Notes to Financial Statements – *Contd.*

	Rupees Million	
	Year Ended	Year Ended
	March 31, 2018	March 31, 2017
33		
Tax expense		
(a) Income tax		
Tax on profits for the year	210.11	222.64
Adjustments for prior periods	-	(3.36)
Total income tax	<u>210.11</u>	<u>219.28</u>
(b) Deferred tax		
Decrease / (increase) in deferred tax assets	81.85	71.38
(Decrease) / increase in deferred tax liabilities	2.79	2.19
	<u>84.64</u>	<u>73.57</u>
<i>Add:</i> Deferred tax recognised in OCI	0.25	1.91
<i>Add:</i> Adjustment in MAT Credit for earlier years	-	10.71
<i>Less:</i> MAT credit utilised	<u>(86.34)</u>	<u>(83.93)</u>
Total deferred tax expense/(benefit)	<u>(1.45)</u>	<u>2.26</u>
Total tax expense	<u>208.66</u>	<u>221.54</u>
(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before tax expense	586.60	649.34
Tax at the Indian tax rate of 34.608% (FY 2016-2017 – 34.608%)	203.01	224.72
Tax effect of amounts which are not deductible in calculating taxable income:		
CSR expenses	4.69	0.49
Expenses related to exempt income	0.92	0.11
Other disallowances	0.10	0.04
Adjustments related to property, plant and equipment:		
Depreciation on account of difference in WDV as per Companies Act, 2013 and Income Tax Act, 1961	1.48	(0.51)
Leased assets	(1.52)	(1.20)
Loss on sale of property, plant and equipment	-	2.03
Others	0.05	-
Tax effect of amounts which are not taxable in calculating taxable income:		
Dividend income exempt from tax	(4.24)	(0.33)
Fair value gains on investment in equity securities	(0.14)	(0.45)
Adjustments for current tax of prior periods	-	(3.36)
Effect of rate change in deferred tax (excluding OCI)	<u>4.31</u>	<u>-</u>
Tax expense	<u>208.66</u>	<u>221.54</u>

Notes to Financial Statements – Contd.

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Fair Value Measurements
Financial instruments by category
Rupees Million

	As at March 31, 2018		As at March 31, 2017	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Investments				
- Equity instruments	0.41	-	13.63	-
- Mutual funds	398.10	-	180.96	-
- Government securities	-	-	-	0.02
Trade receivables	-	285.36	-	232.03
Cash and cash equivalents	-	44.64	-	99.16
Other bank balances	-	4.79	-	3.39
Fixed deposits with maturity of more than twelve months	-	150.14	-	1.39
Other receivables	-	7.23	-	1.60
Security deposits	-	22.44	-	26.56
Total financial assets	398.51	514.60	194.59	364.15
Financial liabilities				
Security deposits	-	3.27	-	3.12
Finance lease obligations	-	15.85	-	10.12
Trade payables	-	317.16	-	277.24
Liability for capital expenditure	-	1.95	-	3.99
Lease equalisation liability	-	5.76	-	5.68
Others	-	1.81	-	1.84
Total financial liabilities	-	345.80	-	301.99

(i) Financial assets and liabilities measured at fair value - recurring fair value measurements

	Notes	As at 31 March 2018			As at 31 March 2017		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Financial investments at FVPL							
Investment in equity shares of TCP Limited	6	-	-	0.07	0.05	-	-
Investment in equity shares - Mercury Travels Limited	6	-	-	-	-	-	13.24
Investment in equity shares - Green Infra Wind Generation Limited	6	-	-	0.34	-	-	0.34
Investment in mutual funds	11	398.10	-	-	180.96	-	-
Total financial assets		398.10	-	0.41	181.01	-	13.58

(ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. Fair value of mutual funds is determined based on the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Notes to Financial Statements – Contd.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, security deposits included in level 3.

(iii) Assets and liabilities which are measured at amortised cost for which fair values are disclosed

All the financial assets and financial liabilities measured at amortised cost, carrying value is an approximation of their respective fair value.

(iv) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Investment in Green Infra Wind Generation Limited has been made pursuant to the contract for procuring electricity supply at the hotel unit. Investment in said company is not usually traded in market. Considering the terms of the contract and best information available in the market, cost of investment is considered as fair value of the investments.
- Fair valuation of investment in Mercury Travels Limited had been computed as on March 31, 2017 using discounted cash flow valuation method (“DCF Method”).
- Fair valuation of investment in TCP Limited has been computed as on March 31, 2018 based on the fair market value provided by TCP Limited.

(v) Reconciliation of the financial assets measured at fair value using significant unobservable inputs (level 3)

	Rupees Million
	Unquoted Securities
As at April 1, 2016	12.28
Acquisitions	-
Gains/losses recognised in profit and loss	1.30
As at March 31, 2017	13.58
Acquisitions/adjustment	0.07
Sold during the year	13.24
As at March 31, 2018	0.41

(vi) Valuation inputs and relationships to fair value

Particulars	Fair Value as at (Rupees Million)		Significant unobservable inputs	Probability-weighted range	
	March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017
Unquoted equity shares	0.41	13.58	Terminal (perpetuity) value CARG	-	5.50%
			Cost of Equity	-	15%

(vii) Valuation processes

The fair value of unlisted equity securities had been determined on the basis of valuation done by independent valuer. The main level 3 inputs for unlisted equity securities used by the Company were derived and evaluated as follows:

As per the independent valuer, the discounted cash flow valuation method (“DCF Method”) provided the most appropriate basis for valuing the equity shares of MTL. However, to reduce the bias of this single valuation methodology, value of equity shares of MTL had been also determined under the Net Asset Value method (“Net Asset Value”) and, thereafter, final value of the equity shares of MTL had been determined giving appropriate weightage to the value per equity share under the foregoing DCF Method and Net Asset Value Method respectively.

The discount rates are determined using the capital asset pricing model to calculate pre-tax rate that reflects current market assessment of time value of money and the risk specific to the asset.

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Notes to Financial Statements – *Contd.*

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Financial risk management

The Company's activities expose it to market risk (including currency risk, interest rate risk and other price risk), liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk :

The Company's risk management is carried out by a treasury department under policies approved by the Board of Directors. The Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board of Directors provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investment of excess liquidity.

(A) Market risk

(i) Foreign currency risk

Foreign currency risk arises from future commercial transactions and recognised assets or liabilities denominated in a currency that is not the Company's functional currency (INR).

The exposure of the Company to foreign currency risk is not significant. However, this is closely monitored by the Management to decide on the requirement of hedging. The position of foreign currency exposure to the Company as at the end of the year expressed in INR Million are as follows :

Currency	Rupees Million		
	Asset (Receivable)	Liability (Payable)	Net Receivable/ (Payable)
March 31, 2018			
EURO	-	0.03	(0.03)
US Dollar (USD)	16.35	2.37	13.98
Great Britain Pound (GBP)	-	0.59	(0.59)
Exposure to foreign currency risk	16.35	2.99	13.36
March 31, 2017			
EURO	-	0.37	(0.37)
US Dollar (USD)	6.49	4.41	2.08
Great Britain Pound (GBP)	-	0.69	(0.69)
Exposure to foreign currency risk	6.49	5.47	1.02

Sensitivity

If INR is depreciated or appreciated by 5% vis-à-vis foreign currency, the impact thereof on the profit and loss of the Company are given below:

	Rupees Million	
	Impact on profit Increase/(Decrease)	
	March 31, 2018	March 31, 2017
EURO sensitivity		
INR/EURO Increases by 5% (31 March 2017 - 5%)	(0.00)	(0.02)
INR/EURO Decreases by 5% (31 March 2017 - 5%)	0.00	0.02
USD sensitivity		
INR/USD Increases by 5% (31 March 2017 - 5%)	0.70	0.10
INR/USD Decreases by 5% (31 March 2017 - 5%)	(0.70)	(0.10)
GBP sensitivity		
INR/GBP Increases by 5% (31 March 2017 - 5%)	(0.03)	(0.03)
INR/GBP Decreases by 5% (31 March 2017 - 5%)	0.03	0.03

Notes to Financial Statements – Contd.

(ii) Interest rate risk

The status of borrowings in terms of fixed rate and floating rate are as follows:

	Rupees Million	
	March 31, 2018	March 31, 2017
Variable rate borrowings	-	-
Fixed rate borrowings	15.85	10.12
Total borrowings	15.85	10.12

As at the end of the reporting period, the Company does not have any variable rate borrowings outstanding, therefore, the Company is not exposed to any interest rate risk.

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Rupees Million	
	Impact on profit	
	March 31, 2018	March 31, 2017
Interest rates – increase by 25 basis points (25 bps)	-	-
Interest rates – decrease by 25 basis points (25 bps)	-	-

(iii) Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company in listed securities and classified in the balance sheet as at fair value through profit or loss (note 6). However, at the reporting date the Company does not hold material value of quoted securities. Accordingly, the Company is not exposed to significant market price risk.

(B) Credit risk

Credit risk arises when a counter party defaults on contractual obligations resulting in financial loss to the Company.

Trade receivables consist of large number of customers, spread across diverse industries and geographical areas. In order to mitigate the risk of financial loss from defaulters, the Company has an ongoing credit evaluation process in respect of customers who are allowed credit period. In respect of walk-in customers the Company does not allow any credit period and therefore, is not exposed to any credit risk.

The company does not have any derivative transaction and therefore is not exposed to any credit risk on account of derivatives.

Reconciliation of allowance for doubtful trade receivables:

	Rupees Million
Allowance as on April 1, 2016	0.88
Changes in allowance	2.30
Allowance as on March 31, 2017	3.18
Changes in allowance	3.42
Allowance as on March 31, 2018	6.60

(C) Liquidity risk

The Company has a liquidity risk management framework for managing its short term, medium term and long term sources of funding vis-à-vis short term and long term utilisation requirement. This is monitored through a rolling forecast showing the expected net cash flow, likely availability of cash and cash equivalents, and available undrawn borrowing facilities.

Notes to Financial Statements – *Contd.*

(i) **Financing arrangements:** The position of undrawn borrowing facilities at the end of reporting period are as follows:

	Rupees Million	
	March 31, 2018	March 31, 2017
Expiring beyond one year (bank loans)		
Floating rate		
HSBC WCDL Facility	-	280.00
UBI Cash Credit Facility	-	200.00
HDFC Bank Limited Cash Credit Facility	200.00	200.00
The Federal Bank Limited Overdraft Facility	500.00	500.00
	<u>700.00</u>	<u>1,180.00</u>

The bank cash credit facilities and WCDL facility may be drawn at any time and may be terminated by the bank without notice.

(ii) **Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

	Rupees Million			
	Not later than 1 year	Between 1 and 5 years	Later than 5 years	Total
March 31, 2018				
Non-derivatives				
Financial lease obligation	7.25	17.06	0.29	24.60
Trade payables	317.16	-	-	317.16
Security deposits	2.88	0.76	-	3.64
Liability for capital expenditure	1.95	-	-	1.95
Lease equalisation liability	-	-	5.76	5.76
Other financial liabilities	1.81	-	-	1.81
Total non-derivative liabilities	331.05	17.82	6.05	354.92
March 31, 2017				
Non-derivatives				
Financial lease obligation	4.96	8.48	0.31	13.75
Trade payables	277.24	-	-	277.24
Security deposits	2.62	0.50	-	3.12
Liability for capital expenditure	3.99	-	-	3.99
Lease equalisation liability	-	-	5.68	5.68
Other financial liabilities	1.84	-	-	1.84
Total non-derivative liabilities	290.65	8.98	5.99	305.62

Notes to Financial Statements – *Contd.*

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Capital management

(a) Risk management

The Company's objectives when managing capital are to

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company manages the share capital issued and subscribed alongwith shareholder's fund appearing in the financial statement as capital of the Company. Under the terms of the major borrowing facilities, the Company is required to comply with certain financial covenants. The Company has complied with these covenants throughout the reporting period.

(b) Dividends

	Rupees Million	
	March 31, 2018	March 31, 2017
Final dividend for the year ended March 31, 2017 of INR 4.50 (March 31, 2016 – INR 1.00)	137.11	30.47
Dividend distribution tax	27.91	6.20
Dividends not recognised at the end of the reporting period		
Liability for proposed dividend*	137.11	137.11
Dividend Distribution Tax on proposed dividend	28.18	27.91

* The Board of Directors have recommended a final dividend of INR 4.50 per share which is subject to the approval of the shareholders in the ensuing annual general meeting.

(c) Reconciliation of borrowings arising from financing activities

The table below details the changes in Company's borrowings arising from financing activities, including both cash and non-cash

	Rupees million			
Particulars	2017	Cash Flow	Non-cash Changes	2018
Borrowings	10.12	5.73	-	15.85
Total	10.12	5.73	-	15.85

Notes to Financial Statements – *Contd.*

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Related Party disclosures

In accordance with the requirements of Indian Accounting Standard (Ind AS) - 24 'Related Party Disclosures' the names of the related party where control exists/able to exercise significant influence along with the aggregate transactions and year-end balance with them in the ordinary course of business and on arms' length basis are given below:

a) List of Related Parties

(i) Key Management Personnel of the Company

Mr. P. R.S. Oberoi - Chairman

Mr. S.S. Mukherji - Vice Chairman

Mr. Vikram Oberoi - Managing Director

Mr. L. Ganesh - Director

Mr. Akshay Raheja - Director

Mr. Anil Kumar Nehru - Director

Mr. Sudipto Sarkar - Director

Mr. Surin Shailesh Kapadia - Director

Ms. Radhika Vijay Haribhakti - Director

Mr. Samidh Das - Chief Financial Officer

Ms. Indrani Ray - Company Secretary

(ii) Enterprises in which Key Management Personnel and close member of Key Management Personnel have Joint Control or Significant influence with whom transactions have taken place during the year.

EIH Limited

Oberoi Hotels Private Limited

Oberoi Holdings Private Limited

Oberoi Plaza Private Limited

Bombay Plaza Private Limited

Mashobra Resort Limited

Mumtaz Hotels Limited

Oberoi Kerala Hotels and Resorts Limited

Mercury Car Rentals Private Limited

Mercury Travels Limited (w.e.f April 11, 2017)

Island Resorts Limited

(iii) Enterprises which are post employment benefit plan for the benefit of employees.

EIH Employees Gratuity Fund

EIH Executive Superannuation Scheme

Notes to Financial Statements – Contd.

The details of the Related Party Transactions entered into by the Company during the year ended March 31, 2018 and March 31, 2017 are as follows :

Nature of Transactions	Rupees Million					
	Enterprises in which Key Management Personnel and close member of Key Management Personnel have Joint Control or Significant influence		Enterprises which are post employment benefit plan for the benefit of employees		Key Management Personnel	
	2018	2017	2018	2017	2018	2017
PURCHASES						
Purchase of goods and services						
EIH Limited	331.17	318.96	-	-	-	-
Mumtaz Hotels Limited	0.29	0.33	-	-	-	-
Mashobra Resort Limited	1.32	4.03	-	-	-	-
Oberoi Hotels Private Limited	0.06	0.04	-	-	-	-
Mercury Travels Limited	3.97	-	-	-	-	-
Mercury Car Rentals Private Limited	15.21	14.22	-	-	-	-
Island Resorts Limited	-	-	-	-	-	-
Total	352.02	337.58	-	-	-	-
EXPENSES						
Rent						
EIH Limited	0.46	0.44	-	-	-	-
Mumtaz Hotels Limited	1.46	1.45	-	-	-	-
Total	1.92	1.89	-	-	-	-
Management contract						
EIH Limited	188.36	187.14	-	-	-	-
Mercury Car Rentals Private Limited	5.71	4.99	-	-	-	-
Total	194.07	192.13	-	-	-	-
Royalty						
Oberoi Hotels Private Limited	31.19	30.58	-	-	-	-
Total	31.19	30.58	-	-	-	-
Contribution to gratuity fund						
EIH Employees gratuity fund	-	-	4.73	5.52	-	-
Total	-	-	4.73	5.52	-	-
Director's sitting fees						
Mr. P.R.S. Oberoi	-	-	-	-	0.32	0.24
Mr. Vikram Oberoi	-	-	-	-	0.48	0.48
Mr. S.S. Mukherji	-	-	-	-	0.56	0.76
Mr. L Ganesh	-	-	-	-	0.40	0.40
Mr. Anil Kumar Nehru	-	-	-	-	0.48	0.60
Mr. Akshay Raheja	-	-	-	-	0.32	0.16
Mr. Sudipto Sarkar	-	-	-	-	0.52	0.76
Mr. Surin Shailesh Kapadia	-	-	-	-	0.20	0.24
Ms. Radhika Vijay Haribhakti	-	-	-	-	0.40	0.28
Total	-	-	-	-	3.68	3.92
Remuneration - Short term employee benefit						
Mr. Samidh Das	-	-	-	-	6.55	5.98
Ms. Indrani Ray	-	-	-	-	3.75	3.60
Total	-	-	-	-	10.30	9.58
SALES						
Remuneration - Post employee benefit						
Mr. Samidh Das	-	-	-	-	0.89	0.76
Ms. Indrani Ray	-	-	-	-	0.19	0.18
Total	-	-	-	-	1.08	0.94
Sale of goods and services						
EIH Limited	9.00	8.87	-	-	-	-
Mashobra Resort Limited	0.67	0.26	-	-	-	-
Mumtaz Hotels Limited	0.03	0.54	-	-	-	-
Oberoi Hotels Private Limited	1.04	0.84	-	-	-	-
Mercury Travels Limited	6.01	-	-	-	-	-
Mercury Car Rentals Private Limited	3.75	4.08	-	-	-	-
Total	20.50	14.59	-	-	-	-

Notes to Financial Statements – Contd.

Nature of Transactions	Rupees Million					
	Enterprises in which Key Management Personnel and close member of Key Management Personnel have Joint Control or Significant influence		Enterprises which are post employment benefit plan for the benefit of employees		Key Management Personnel	
	2018	2017	2018	2017	2018	2017
INCOME						
License Agreement						
EIH Limited	1.68	1.52	-	-	-	-
Mercury Car Rentals Private Limited	1.50	1.76	-	-	-	-
Total	3.18	3.28	-	-	-	-
Purchase of property, plant and equipment						
EIH Limited	1.12	13.37	-	-	-	-
Mumtaz Hotels Limited	-	-	-	-	-	-
Total	1.12	13.37	-	-	-	-
Sale of property, plant and equipment						
EIH Limited	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	0.28	-	-	-	-
Total	-	0.28	-	-	-	-
FINANCE						
PAYMENTS						
Dividend on equity shares						
EIH Limited	50.47	11.22	-	-	-	-
Oberoi Hotels Private Limited	0.50	0.11	-	-	-	-
Oberoi Holdings Private Limited	1.22	0.27	-	-	-	-
Oberoi Plaza Private Limited	0.01	-	-	-	-	-
Bombay Plaza Private Limited	0.01	-	-	-	-	-
Mr. P R S Oberoi	-	-	-	-	0.23	0.05
Mr. S. S. Mukherji	-	-	-	-	0.05	0.01
Total	52.21	11.60	-	-	0.28	0.06
Refund of collections to related Party						
EIH Limited	13.89	9.99	-	-	-	-
Mashobra Resort Limited	0.26	0.05	-	-	-	-
Mumtaz Hotels Limited	1.09	0.05	-	-	-	-
Total	15.24	10.09	-	-	-	-
Expense reimbursed to related party						
EIH Limited	9.97	5.98	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-
Mercury Car Rentals Private Limited	-	-	-	-	-	-
Mashobra Resort Limited	0.44	0.63	-	-	-	-
Mumtaz Hotels Limited	0.02	0.30	-	-	-	-
Total	10.43	6.91	-	-	-	-
RECEIPTS						
Recovery of collections by related party						
EIH Limited	19.96	9.79	-	-	-	-
Mashobra Resort Limited	0.55	0.44	-	-	-	-
Mumtaz Hotels Limited	0.52	1.45	-	-	-	-
Oberoi Hotels Private Limited	0.16	0.13	-	-	-	-
Total	21.19	11.81	-	-	-	-
Expense reimbursed by related party						
EIH Limited	4.65	2.81	-	-	-	-
Mashobra Resort Limited	0.14	0.04	-	-	-	-
Mumtaz Hotels Limited	0.03	0.03	-	-	-	-
Oberoi Kerala Hotels and Resorts Limited	0.03	-	-	-	-	-
Oberoi Hotels Private Limited	0.76	0.15	-	-	-	-
Mercury Car Rentals Private Limited	0.58	-	-	-	-	-
Total	6.19	3.03	-	-	-	-

Notes to Financial Statements – *Contd.*

The details of amounts due to or due from related parties as at March 31, 2018 and March 31, 2017 are as follows :

	Rupees Million			
	Enterprises in which Key Management Personnel and close member of Key Management Personnel have Joint Control or Significant influence		Key Management Personnel	
	2018	2017	2018	2017
PAYABLES				
For goods and services				
EIH Limited	38.25	38.79	-	-
Mashobra Resort Limited	-	0.17	-	-
Mumtaz Hotels Limited	0.30	0.62	-	-
Oberoi Hotels Private Limited	-	-	-	-
Mercury Travels Limited	0.70	-	-	-
Mercury Car Rentals Private Limited	4.52	3.78	-	-
Mr. P. R.S Oberoi	-	-	-	0.04
Mr. Vikram Oberoi	-	-	-	0.04
Total	43.77	43.36	-	0.07
Management contract				
EIH Limited	61.92	62.34	-	-
Total	61.92	62.34	-	-
Royalty				
Oberoi Hotels Private Limited	8.74	8.58	-	-
Total	8.74	8.58	-	-
Advance from related party				
EIH Limited	-	13.25	-	-
Total	-	13.25	-	-
RECEIVABLES				
For goods and Services				
EIH Limited	2.35	24.24	-	-
Mashobra Resort Limited	0.01	-	-	-
Mumtaz Hotels Limited	0.38	0.12	-	-
Mercury Travels Limited	1.12	-	-	-
Mercury Car Rentals Private Limited	0.50	0.49	-	-
Oberoi Hotels Private Limited	0.14	-	-	-
Total	4.50	24.86	-	-

Notes to Financial Statements – *Contd.*

38 Contingent liabilities and contingent assets

(a) Contingent liabilities

The Company had contingent liabilities at March 31, 2018 in respect of:

Claims against the Company not acknowledged as debts

Rupees Million

	March 31, 2018	March 31, 2017
Property tax demand	14.59	18.48
Value added tax / Central sales tax	13.20	8.90
Income tax	16.47	2.19
Service tax	62.76	66.75
Luxury tax	24.90	24.90
Other claims	1.09	1.55
Total	133.01	122.77

The Management believes that outcome of the above will not have any material adverse effect on the financial position of the Company.

(b) Guarantees:	3.88	0.97
Guarantees given		

39 (a) Capital commitments

Rupees Million

March 31, 2018 March 31, 2017

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Property, plant and equipment (net of capital advances)	5.78	17.65
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(b) Recognition of Revenue (Customer Loyalty Programs)

The Company is running certain Customer Loyalty Programs for which revenue is being deferred on the basis of total loyalty points / complimentary nights outstanding. As required by Ind AS 18, while calculating fair value of the loyalty points/ complimentary nights, expected lapses are also considered by the Company (Reward points/complimentary nights, which will not be redeemed by the customers). On the basis of past trend, a significant portion of the complimentary nights/loyalty points has been estimated to be lapsed. Estimated lapse ratio is periodically evaluated by the Company and in case there is any change in the trend, the deferred revenue is adjusted accordingly. The fair value of complimentary nights/loyalty points is calculated on the basis of relative benefit passed on to the customers.

Notes to Financial Statements – *Contd.*

40 Leases

(a) Company as a lessee

Finance Lease

The Company acquired motor vehicles under finance lease. Generally, tenure of finance lease of vehicles varies between 3 to 5 years. After completion of the lease term, vehicles are transferred in the name of the Company.

In case of leasehold building, tenure of the lease is 21 years. The lease is renewable on mutually agreed terms on the expiry of current lease period.

The year wise break-up of the outstanding lease obligations as on March 31, 2018 in respect of these assets are as under:

	Rupees Million	
	March 31, 2018	March 31, 2017
Assets taken on lease		
Total minimum lease payments at the year end	24.60	13.75
Present value of minimum lease payments	15.85	10.06
Not later than one year		
Minimum lease payments	7.25	4.96
Present value	6.36	4.50
Later than one year but not later than five years		
Minimum lease payments	17.06	8.48
Present value	9.37	5.47
Later than five years		
Minimum lease payments	0.29	0.31
Present value	0.12	0.09
Contingent rents recognised as an expense in the Statement of Profit and Loss for the year.	Nil	Nil
The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date.	Nil	Nil

Operating Lease

General description of the Company's operating lease arrangements:

- i) The Company has entered into operating lease arrangements for:
 - a. residential premises for its employees and
 - b. Leasehold Land

Some of the significant terms and conditions of the arrangements are:

- a. Lease agreements for employees accommodations are cancellable in nature and may generally be terminated by either party by serving a notice and agreements are generally renewable by mutual consent on mutually agreeable terms.
- b. Lease agreements for leasehold lands are non-cancellable in nature and cannot be terminated during the tenure of lease and agreements are generally renewable by mutual consent on mutually agreeable terms. In some cases lease rent to be payable to the lessor are linked to/contingent to the actual revenue earned by the Company from the use of leased premises.

Notes to Financial Statements – Contd.

The year wise break-up of the operating lease rental payable under non-cancellable lease as on March 31, 2018 are as under:

	Rupees Million	
	March 31, 2018	March 31, 2017
Assets taken on lease		
Total minimum lease payments at the year end	20.75	21.10
Not later than one year		
Minimum lease payments	0.35	0.35
Later than one year but not later than five years		
Minimum lease payments	1.40	1.40
Later than five years		
Minimum lease payments	19.00	19.35
Contingent rents recognised as an expense in the Statement of Profit and Loss for the year.	-	-

(b) Company as a lessor

Operating Lease

General description of the Company's operating lease arrangements:

- i) The Company has entered into operating lease arrangements for shops, office space and residential premises given on operating lease to third parties. Such lease arrangements are cancellable in nature and may generally be terminated by either party by serving a notice. However, in some cases lease agreements are non-cancellable and lease rent are linked to/contingent to the actual revenue earned by the lessee from the use of leased premises.

	Rupees Million	
	March 31, 2018	March 31, 2017
Contingent rents recognised as an income in the Statement of Profit and Loss for the year.	-	-

41 Segment Reporting

The Company has identified single reportable segment, i.e , hotel, of its business. Accordingly, disclosures relating to the segmentation under Ind AS 108, "Operating Segment" is not required.

The Company does not have transactions of more than 10% of total revenue with any single external customer.

Notes to Financial Statements – *Contd.*

42 Earnings per equity share

	March 31, 2018	Rupees March 31, 2017
(a) Basic earnings per equity share	12.40	14.04
(b) Diluted earnings per share	12.40	14.04
(c) Reconciliations of earnings used in calculating earnings per equity share		Rupees Million
	March 31, 2018	March 31, 2017
Profit attributable to the equity holders of the Company used in calculating basic earnings per share	377.94	427.80
Profit attributable to the equity holders of the Company used in calculating diluted earnings per share	377.94	427.80
(d) Weighted average number of shares used as the denominator		
	March 31, 2018	March 31, 2017
	Number of	Number of
	shares	shares
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	30,468,147	30,468,147
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	30,468,147	30,468,147

43 The previous year's figures have been regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the financial statements and other disclosures relating to the current year.

44 There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

45 Amounts for the year ended and as at March 31, 2017 were audited by previous auditor - M/s Ray & Ray, Chartered Accountants.

46 The financial statements were approved for issue by Board of Directors on May 28, 2018



The Oberoi Group

OBEROI HOTELS & RESORTS

INDIA

Agra	The Oberoi Amarvilās
Bengaluru	The Oberoi
Chandigarh	The Oberoi Sukhvilās
Gurgaon	The Oberoi
Jaipur	The Oberoi Rajvilās
Kolkata	The Oberoi Grand
Shimla in the Himalayas	Wildflower Hall
Mumbai	The Oberoi
New Delhi	The Oberoi
Ranthambhore	The Oberoi Vanyavilās
Shimla	The Oberoi Cecil
Udaipur	The Oberoi Udaivilās
Cochin	Motor Vessel Vrinda (A luxury backwater cruiser)

TRIDENT HOTELS

Agra	Trident
Bhubaneswar	Trident
Chennai	Trident
Cochin	Trident
Gurgaon	Trident
Hyderabad	Trident
Jaipur	Trident
Mumbai	Trident, Nariman Point Trident, Bandra Kurla
Udaipur	Trident

EGYPT

Sahl Hasheesh	The Oberoi The Oberoi Zahra <i>Luxury Nile Cruiser</i> The Oberoi Philae <i>Luxury Nile Cruiser</i>
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INDONESIA

Bali	The Oberoi
Lombok	The Oberoi

MAURITIUS

Mauritius	The Oberoi
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SAUDI ARABIA

Madina	Madina Oberoi
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UAE

Ajman	The Oberoi Beach Resort, Al Zorah
Dubai	The Oberoi

OTHER BUSINESS UNITS

Delhi	Maidens Hotel
Manesar, Gurgaon	Printing Press
Mumbai, Delhi, Kolkata and Chennai	Oberoi Flight Services
Mumbai	Oberoi Airport Services
	Luxury Car Hire and Car Leasing
	Business Aircraft Charters