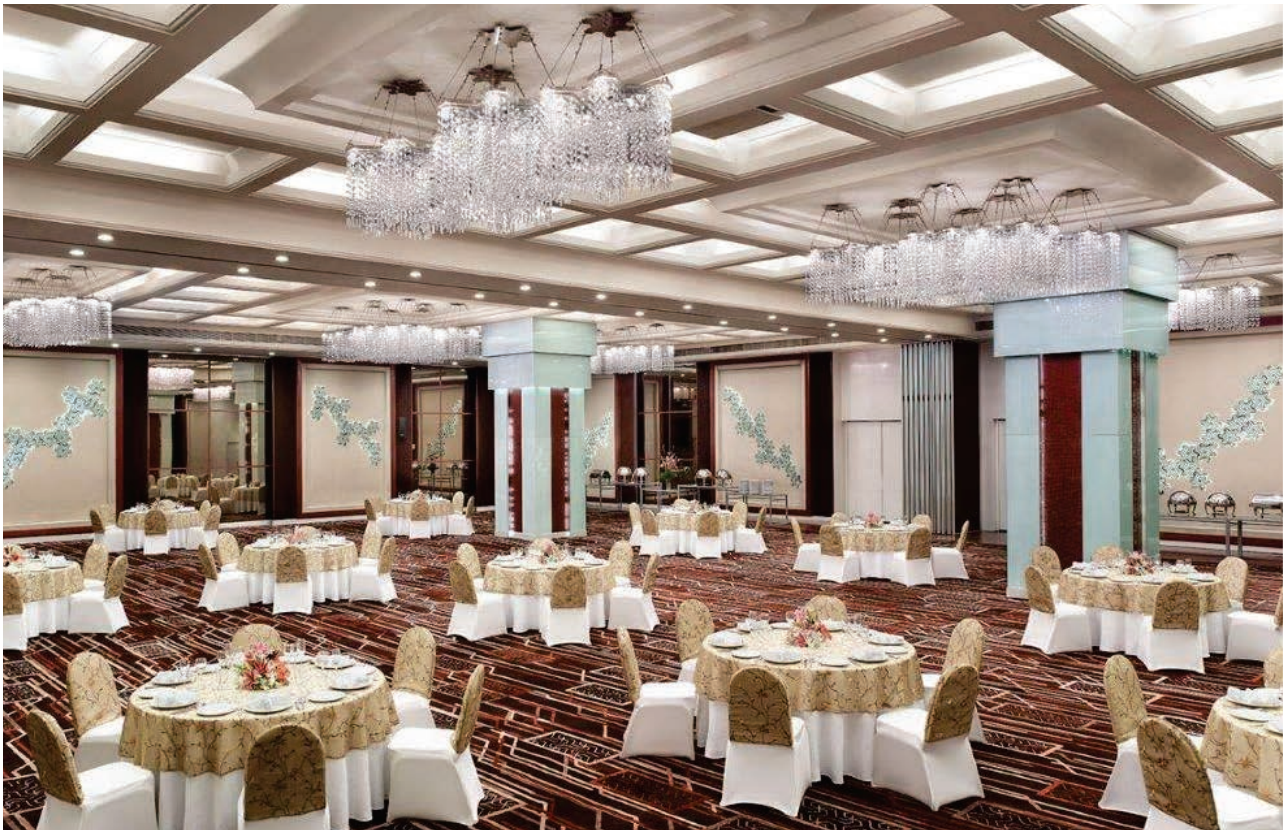
Le MERIDIEN
BANGALORE

MAC CHARLES (INDIA) LIMITED

39th Annual Report 2018-19



Banquet Hall

Board Room

BOARD OF DIRECTORS

Mr. C. B. Pardhanani	**Director**
Mr. P. B. Appiah	**Director**
Mr. Suresh Vaswani	**Director**
Mr. P. R. Ramakrishnan	**Director**
Mr. Aditya Virwani	**Director**
Ms. Tanya Girdhar	**Director**

EXECUTIVE DIRECTOR & COMPANY SECRETARY
Mr. M. S. Reddy

MANAGER & VICE PRESIDENT OPERATIONS
Mr. Suresh K Badlaney

CHIEF FINANCIAL OFFICER
Mr. Pranesha K Rao

REGISTERED OFFICE
Le MERIDIEN - BANGALORE
28, Sankey Road, Bengaluru - 560 052
Tel : 080-2226 2233 / 2228 2828
Fax : 080-2226 7676 / 2226 2050
CIN : L55101KA1979PLC003620
website : www.maccharlesindia.com
e-mail : secretarial@lemeridienbangalore.com

PRINCIPAL BANKERS
State Bank of India
HDFC Bank Ltd.

INDEX

REGISTRARS & SHARE TRANSFER AGENTS
BgSE Financials Limited
Registrar & Transfer Agent (RTA Division)
No. 51, 1st Cross, J.C. Road,
Bengaluru - 560 027.
Tel: 080-4132 9661, 4140 5259
Fax: 080-4157 5232
Email: avp_rta@bfsl.co.in

GRIEVANCE REDRESSAL DIVISION:
Mr. M.S. Reddy *B.Com., L.L.B., MBIM, FCA, FCS*
Executive Director & Company Secretary
- cum - Compliance Officer
Tel : 080-2226 2233 / 2228 2828
Email: investor.relations@maccharles.com

AUDITORS
B S R & ASSOCIATES LLP
Chartered Accountants
Maruthi Info-Tech Centre
11-12/1, Inner Ring Road
Koramangala
Bengaluru - 560 071

Thirty-Ninth Annual General Meeting of ***MAC CHARLES (INDIA) LTD.*** *will be held on* ***Monday*** *the* ***26th August 2019*** *at Hotel Le Meridien, No. 28, Sankey Road, Bengaluru - 560 052 at* ***11:30 a.m.***

Note:

(a) As a measure of economy, copies of Annual Report will not be distributed at the Meeting. Members are requested to kindly bring their copies to the Meeting.

(b) Children accompanying a member / proxy will not be allowed inside the meeting hall.

NOTICE OF THIRTY NINTH (39TH) ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty Ninth Annual General Meeting (AGM) of the members of M/s. Mac Charles (India) Limited (L55101KA1979PLC003620) ("Company") will be held at Le Meridien, No.28, Sankey Road, Bengaluru – 560052 at 11.30 AM IST on Monday, August 26, 2019 to transact following businesses:

SL. NO(S)	PARTICULAR(S)
A. **ORDINARY BUSINESSES:**	
Item no. 1	To consider and adopt (a) the audited financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon
Item no. 2	To declare dividend on equity shares for the financial year ended March 31, 2019
Item no. 3	To appoint Mr. Aditya Virwani (DIN 06480521), who retires by rotation and being eligible, offers himself for re-appointment as a Director
B. **SPECIAL BUSINESSES:**	
Item no. 4	To re-appoint Shri Appiah Palecanda Bopanna (DIN: 00215646) as an Independent Director
Item no. 5	To approve and ratify the inter corporate deposit of Rs. 10 crores granted to Embassy Property Developments Private Limited ("EPDPL") which is a Holding Company and a related party

ORDINARY BUSINESSES:

1. To consider and adopt (a) the audited financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon and in this regard, pass the following resolutions as an **Ordinary Resolution**:

   a. **"RESOLVED THAT** the audited financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

   b. **"RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. To declare dividend on equity shares for the financial year ended March 31, 2019 and in this regard, pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT a dividend at the rate of ₹ 10/- (Rupees Ten Only) per equity share of ₹ 10/- (Rupees Ten Only) each fully paid-up of the Company be and is hereby declared for the financial year ended March 31, 2019 and the same be paid as recommended by the Board of Directors of the Company vide the meeting of the Board of Directors held on July 11, 2019, out of the profits of the Company for the financial year ended March 31, 2019."

3. To appoint Mr. Aditya Virwani (DIN 06480521), who retires by rotation and being eligible, offers himself for re-appointment as a Director and in this regard, pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, Mr. Aditya Virwani(DIN 06480521), who retires by rotation at this AGM and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, who shall be liable to retire by rotation."

SPECIAL BUSINESSES:

4. To re-appoint Shri Appiah Palecanda Bopanna (DIN: 00215646) as an Independent Director and in this regard, to consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Appiah Palecanda Bopanna (DIN: 00215646), who was appointed as an Independent Director at the Annual General Meeting held September 22, 2014 for a period of 5 years and who will hold office upto September 21, 2019 being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, and who meets the criteria for independence as provided in Section 149(6) of the Act and who has submitted a declaration to that effect be and is hereby re-appointed as an Independent Director of the Company and who shall not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years upto September 21, 2024 on the Board of Directors of the Company."

5. To approve and ratify the inter corporate deposit of Rs. 10 crores granted to Embassy Property Developments Private Limited ("EPDPL") which is a Holding Company and a related party, and in this regard, to consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 179, 185 (2), 186 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) to approve, ratify and continue the Inter Corporate Deposit of Rs.10 crores (Rupees Ten crores only) given to Embassy Property Developments Private Limited (“ËPDPL”), the holding company of the Company, being an entity under the category of a person in whom any of the directors of the company is interested as specified in the explanation to Sub-section 2(b) of section 185 of the Companies Act, 2013 at an interest rate of 18% per annum, upto such period as may be agreed upon between the Board of Directors and EPDPL”.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be necessary, to execute, modify, substitute, deliver and perform all such agreements, undertakings, contracts, deeds and other documents on behalf of the Company so as to implement this resolution.

RESOLVED FURTHER THAT the Board be and is here by authorized to delegate all or any of the powers herein conferred by this resolution to any Director(s) or any Committee of Directors or any other Officer(s)/ Authorized representative(s) of the Company to give effect to this Resolution and also to settle any question, difficulty or doubt that may arise in this regard without requiring to secure any further consent or approval of the Members of the Company so as to give effect to this Resolution”.

By Order of the Board of Directors
For MAC CHARLES (INDIA) LTD

M.S. Reddy
Company Secretary
Membership No.: FCS 1264

Place: Bengaluru
Date: July 11, 2019

Registered office & Website site and Email ID:
No.28, Sankey Road, Bengaluru – 560052
www.maccharlesindia.com
secretarial@lemeridienbangalore.com

NOTES:

a) The Register of Members and Share Transfer Book will remain closed from August 17, 2019 to August 26, 2019 (both days inclusive).

b) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/ herself and a proxy need not be a member of the Company. Proxies, to be effective, must be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting.

c) Members holdings shares in multiple folios in Physical category are requested to apply for consolidation to the Registrar and Transfer Agent (R&T Agent)/Company along with relevant Share Certificates.

d) Members desirous of changing their shareholding from physical category to electronic category (dematerialization) may apply with their respective Depository Participants (DP's). The Company's shares are already admitted with CDSL and NSDL for dematerialization purpose and the ISIN allotted to your Company's equity shares is INE435D01014.

e) The dividend, if any, in respect of Equity Shares held in electronic category will be paid on basis of beneficial ownership, details of which are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for the said purpose.

f) For effecting change of Address/Bank details/Electronic Clearing Services (ECS) Mandate, if any, Members are requested to notify the same to the following:

   (i) If shares are held in Physical category, to the Company/ R&T Agent of the Company, i.e., BgSE Financials Limited, RTA Division, Stock Exchange Tower, No.51, 1st Cross, J.C. Road, Bengaluru – 560 027.

   (ii) If shares are held in electronic, to their respective Depository Participant (DP). The Company/ R&T Agent will not entertain request for noting change of Address/ Bank details/ECS Mandate, if any.

g) Voting through electronic means

In compliance with the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has provided a facility of remote e-voting (e-voting from a place other than venue of the Meeting) to its Members to enable them to exercise their right to vote on the business proposed to be transacted at the 39th Annual General Meeting ("the Meeting"). Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate remote e-voting. The facility for voting through ballot paper shall also be made available at the venue of the Meeting. The Members attending the Meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the Meeting

Procedure / Instructions for e-Voting are as under:

(i) The voting period begins at 10 AM on Friday, the August 23, 2019 , and ends at 5 PM on Sunday, the August 25, 2019.. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 19,, 2019 may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the Meeting date may attend the Meeting but shall not be entitled to cast their vote again.

(iii) The Shareholders should logon to the e-voting website www.evotingindia.com.

(iv) Click on "Shareholders" tab

(v) Now Enter your User ID

   (a) For CDSL:16 digits Beneficiary ID,

   (b) For NSDL: 8 Character DPID followed by 8 Digits Client ID,

   (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

For members holding shares in demat form and physical form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department *Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name in CAPITAL followed by the last 8 digits of their demat account number/ Folio No., as the case may be, in the PAN field. *In case the Folio No. is less than 8 digits, enter the applicable number of 0s before the number after the first two characters of the name in CAPITAL letters e.g. If your name is Ramesh Kumar and Folio No. is 1, then enter RA00000001 in the PAN field.
DOB*	Enter the Date of Birth as recorded in dd/mm/yyyy format.
Dividend Bank Details*	Enter the Dividend Bank Details as recorded in your demat account or the Company records for the said folio If the details are not recorded with the Depository or Company, please enter the number of Shares held by you in the bank account column.

(ix) After entering the details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant <Mac Charles (India) Limited>on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, and NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk evoting@cdslindia.com.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF form at in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help Section or write an email to helpdesk.evoting@cdslindia.com.

h) The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently. (Note: e-Voting shall not be allowed beyond the time fixed.).

i) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads Section of www.evotingindia.com.

j) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

k) Any person who is not a Member as on the cut-off date should treat this Notice for information purpose only. Also, any person who acquires shares and becomes the Member of the Company after the dispatch of Annual Report and Notice of the Meeting and holding shares on the cut-off date i.e. August 19, 2019, may obtain login ID and password by sending a request at helpdesk.evoting@cdslindia.com.

l) Mr. Umesh P. Maskeri (Membership No. 4831 CP No 12704), Practicing Company Secretary ("PCS") has been appointed as Scrutinizers to scrutinize the voting process (including remote e-voting) in a fair and transparent manner. The said PCS has communicated his willingness to be so appointed.

m) The Scrutinizers shall, after the conclusion of voting at the Meeting, first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company or any person authorized by him in writing, who shall countersign the same and declare the results of the voting forthwith.

n) The results declared along with the report of the Scrutinizers shall be placed on the website of the Company i.e. www.centrum.co.in and on the website of the CDSL immediately after the declaration of the results by the Chairman of the Company or a person authorized by him in writing and also be displayed at the Registered and Corporate Office of the Company. The results shall also be immediately forwarded to BSE Limited, where the shares of the company are listed. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

By Order of the Board of Directors
For MAC CHARLES (INDIA) LTD

M. S. Reddy
Company Secretary
Membership No.: FCS 1264

Place: Bengaluru
Date: July 11, 2019

Registered office & Website site and Email ID:
No.28, Sankey Road, Bengaluru – 560052
www.maccharlesindia.com
secretarial@lemeridienbangalore.com

EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ("Act") and the Rules framed thereunder, sets out all materials facts relating to the businesses mentioned under Item No. (4) and (5) of the accompanying Notice dated July 11, 2019:

Item No. 4

Shri Appiah Palecanda Bopanna (DIN: 00215646) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges. The members of the Company have appointed Mr Appiah as an Independent Director for a term of 5 years at the Annual General Meeting held on September 22, 2014. He holds office as Independent Director of the Company up to September 21, 2019 in line with the explanation to Sections 149(10) and 149(11) of the Act.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended re- appointment of Shri Appiah Palecanda Bopanna (DIN: 00215646) as Independent Director for a second term of 5 (five) consecutive years with effect from September 22, 2019 upto September 21, 2024 on the Board of Directors of the Company.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience and contribution made by him during his tenure, the continued association of Shri Appiah Palecanda Bopanna (DIN: 00215646) would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director. Accordingly, it is proposed to re-appoint Shri Appiah Palecanda Bopanna (DIN: 00215646) as Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Shri Appiah Palecanda Bopanna (DIN: 00215646) is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

The Company has received notice in writing from a member under Section 160 of the Act proposing the candidature of Shri Appiah Palecanda Bopanna (DIN: 00215646) for the office of Independent Director of the Company.

The Company has also received declaration from Shri Appiah Palecanda Bopanna (DIN: 00215646) that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

In the opinion of the Board, Shri Appiah Palecanda Bopanna (DIN: 00215646) fulfils the conditions for appointment as Independent Director as specified in the Act and the Listing Regulations. Shri Appiah Palecanda Bopanna (DIN: 00215646) is independent of the management.

Details of Director whose re-appointment as Independent Director is proposed at Item No. 4, has been provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Copy of draft letter of appointment of Shri Appiah Palecanda Bopanna (DIN: 00215646) setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Shri Appiah Palecanda Bopanna (DIN: 00215646) is interested in the resolution set out respectively at Item No. 4 of the Notice with regard to his re-appointment.

The relatives of Shri Appiah Palecanda Bopanna (DIN: 00215646) may be deemed to be interested in the respective resolution No.4 of the Notice to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board commends the Special Resolutions set out at Item No. 4 of the Notice for approval by the members.

ITEM NO 5

At the request of Embassy Property Developments Private Limited ("EPDPL"), the Company has given Inter Corporate Deposit ("ICD") of Rs.10 crores which was approved by the Audit Committee and the Board of Directors at the meetings held on May 29, 2019. This ICD carries a rate of interest of 18% per annum. This transaction of Inter Corporate Deposit is a related party transaction since it amounted to a loan given to a company in which a director of the Company is interested, pursuant to the provisions of Section 185 (2) of the Companies Act, 2013. It is ascertained that the proceeds of the loan availed by the said borrower has been utilised for their principal business activities. The amount of loan in the form of inter corporate deposit is within the overall powers to give loans/ investments granted by the shareholders of the company pursuant to Section 186 of Companies Act, 2013 to the extent of Rs 1000 crore(Rupees thousand crores only). Further the transaction value exceeds 10 % of the consolidated turnover of Mac Charles (India) Limited and hence this amounts to a material related party transaction within the meaning of Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. This transaction requires the approval from the shareholders of the company.

The consent of the Members is being sought by way of Special Resolution for ratification, approval and continuation of the said ICD upon such terms and conditions regarding tenure as may be agreed upon between the Company and EPDPL from time to time.

Although the aforesaid transaction is not attracted by the provisions of Section 188 of the Companies Act, 2013 and Rule 15 of the Companies (Meeting of the Board and its Powers) Rules, 2014, the following additional information is furnished on a voluntary basis.

The additional information required to be disclosed pursuant to Rule 15 of the Companies (Meeting of Board and its powers) Rules, 2014, is given herein below:

1) **Name of the related party**: Embassy Property Developments Private Limited

2) **Name of the Director and Key Managerial Personnel who is related, if any:**

Sl No	Name of Director	Relationship with	
		Mac Charles (India) Limited	**Embassy Property Developments Private Limited**
1	Mr. Aditya Virwani	Director	Director

3) **Nature of relationship:**

Embassy Property Developments Private Limited, is the holding company of Mac Charles (India) Limited and hence a related party as defined under sub- clause (B) of para (viii) of sub-section 76 of Section 2 of Companies Act, 2013.

4) **Nature, material terms, monetary value and particulars of the Contract or arrangements:**

Inter corporate deposit of Rs 10 crore carries a rate of interest of 18 % p.a. The tenure may be decided between the Company and EPDPL from time to time.

5) **Any other information relevant or important for the members to take a decision on the proposed resolution;**

The ICD carries a rate of interest of 18 % per annum. The tenure may be decided as may be agreed between the Company and EPDPL from time to time.

All important information, which has been furnished above, forms part of the Statement setting out Material Facts pursuant to Section 102 (1) of the Companies Act, 2013, which have been mentioned herein.

In case any of related parties choose to exercise their vote, they can only vote against the resolution, with effect from April 1, 2019 irrespective of the fact as to whether the entity is a related party to the particular transaction or not and further the promoters holding more than 20 % of the shareholding of the company are considered by default as related parties.

The Board recommends the Special Resolution set out at Item No. 5 for the approval of the Members.

Except Mr Aditya Virwani, none of the Directors and Key Managerial Personnel and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

Annexure

Details of Directors seeking appointment and re-appointment as Directors at this Annual General Meeting pursuant to the provisions of Regulation 36(3) (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial Standard-2 on General Meetings.

Particulars of the Director seeking re-appointment	
Name	Mr. Aditya Virwani
DIN	06480521
Date of Birth and Age	12-05-1994
Date of appointment	01-12-2016
Qualifications	Degree in business administration from the University of Masachusetts, Boston and University of San Francisco
Expertise in specific functional areas	Real Estate development, construction and infrastructure. Involved in strategy and operations of Embassy Group and its diversified business
Directorship held in public and private companies (excluding foreign companies)	Mac Charles (India) Limited
	Embassy Property Developments Private Limited
	Garuda Maverick Infrastructure Projects Private Limited
	Embassy Maverick Malls Private Limited
	Embassy Office Parks Management Services Private Limited
	Winterfell Realty Private Limited
	Dorne Realty Private Limited
	Embassy Aviation Private Limited
	Embassy One Commercial Property Developments Private Limited
	Embassy Industrial Park Hosur Private Limited
	Embassy Industrial Parks Private Limited
	Embassy Construction Pvt Ltd
	Embassy Industrial Parks Bhiwandi Private Limited
	Kanai Technology Parks Private Limited
	EPDPL CoLiving Private Limited
	Embassy Energy Management Services Private Limited
Memberships/ Chairmanships of companies (only Audit and Stakeholder Relationship Committee)	Member of Stakeholder Relationship Committee of Embassy Office Parks Management Services Private Limited(Manager of Embassy Office Parks REIT)
Shareholding in the Company	Nil

Particulars of the Director seeking appointment	
Name	Mr. Appiah Palecanda Bopanna
DIN	00215646
Date of Birth and Age	04-02-1962
Date of appointment	26-08-2000
Qualifications	B.Com., LL.B
Expertise in specific functional areas	Practising as an Advocate in High Court of Karnataka and other Courts and before Arbitral Tribunals since 1987. Expertise / core competence in Corporate, Commercial, Property, Civil and Family Laws, both as an advocate and as a litigation practitioner.
Directorship held in public and private companies (excluding foreign companies)	Mac Charles (India) Limited Airport Golfview Hotels and Suites Private Limited
Memberships/Chairmanships of companies (only Audit and Stakeholder Relationship Committee)	2
Shareholding in the Company	Nil

By Order of the Board of Directors
For MAC CHARLES (INDIA) LTD

M. S. Reddy
Company Secretary
Membership No.: FCS 1264

Place: Bengaluru
Date: July 11, 2019

Registered office & Website site and Email ID:
No.28, Sankey Road, Bengaluru – 560052
www.maccharlesindia.com
secretarial@lemeridienbangalore.com

DIRECTORS' REPORT

TO THE MEMBERS
MAC CHARLES (INDIA) LIMITED

Your Directors have pleasure in presenting the 39th Annual Report of the Company on business and operations of the Company along with the Audited Statement of Accounts for the year ended 31st March 2019

1. **FINANCIAL SUMMARY/HIGHLIGHTS**

The summarized performance of the Company for the financial year 2018-19 and 2017-18 is given below:

(Rs. in millions)

PARTICULARS	Financial Year ended 31-03-2019	Financial Year ended 31-03-2018
Segmentwise Turnover/Revenue		
(a) Hotel Sales turnover	535.79	512.36
(b) Sale of Electricity	107.42	76.16
(c) Interest on Corporate loan/ deposits Received	65.11	69.04
(d) Rent Received on Commercial Spaces at Cessna Business Park	139.14	141.08
(e) Others	40.54	37.26
Exceptional Income	300.00	Nil
Total Income	1188.00	835.90
Profit before Depreciation, Finance Cost & Tax	768.66	407.29
From Hotel Operations	136.56	121.03
From Segments other than the Hotel	332.10	286.28
From Exceptional Income	300.00	Nil
Total	768.66	407.29
Less : Depreciation	49.70	52.05
Less : Finance Cost	107.00	62.83
Profit before Tax	611.96	292.41
Provision for tax for the year	171.66	81.76
Profit for the year	440.31	210.65
Other comprehensive Income/Loss	(0.45)	2.74
Total Comprehensive Income	439.86	213.39
Earnings per share – basic and diluted – Rs.	33.61	16.08

2. **CONSOLIDATED FINANCIAL STATEMENTS**;

In accordance with the provisions of Regulation 33 of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015, and applicable provisions of the Companies Act, 2013 read with the rules made thereunder, the Consolidated Financial Statements of the Company for the financial year 2018-19 have been prepared in compliance with applicable Accounting Standards and on the basis of audited financial statements of the Company and its subsidiary, as approved by the respective Board of Directors.

Further, pursuant to the notification issued by the Ministry of Corporate Affairs (MCA) on 16th February, 2015, your Company is required to prepare the financial statements under Indian Accounting Standards (Ind AS) with effect from 1st April 2017, as prescribed under Section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules, 2014. Accordingly, the Company has adopted Indian Accounting Standards ("Ind AS") with effect from 1st April, 2017.

3. **COMPANY'S PERFORMANCE**

During the financial year 2018-19, the overall revenue of the Company was Rs.1188 million against the previous year's revenue of Rs. 835.90 million, which includes revenue from Hotel operations, sale of electricity, office space rent and income from others. The profit after tax (PAT) attributable to the shareholders for the FY 2018-19 was Rs. 440.31 million registering a growth of 109% over the PAT of Rs. 210.65 million for the FY 2017-18 mainly because of the exceptional income for the FY 2018-19.

4. **FUTURE PROSPECTS**

The operating environment in the hospitality sector showed signs of discouraging trends due to many reasons i.e tariffs are not-going up due to competition, slowing down of the economy worldwide. In addition, there is a substantial increase in supply side of the five-star hotels in Bengaluru especially in the neighbourhood, resulting in lower occupancy and undercutting of rates, due to which hotel business is not getting reasonable return on the capital employed.

In the present scenario of the changing conditions in the hospitality industry and emerging business opportunities in the real estate sector and having regard to the long term interest of the shareholders for the purpose of obtaining a better return on capital employed , your company is planning to reorient the strategies and diversify into the real estate and property development business and accordingly has amended the Main Objects clause of the Memorandum of Association of the Company with the approval of the members.

5. **FINANCE**

During the year under review, the financial position of the Company has been strengthened mainly due to exceptional income. The Company's diversification into electricity generation through Wind Turbine Generators, office space rental income and exceptional income helped pushing up the bottom-line and the Company is able to show increased net profit after income tax. The segment performance is furnished elsewhere in the Annual Report.

6. **DIVIDEND**

Based on the Company's performance , the Directors have recommended a dividend of Rs.10/- per Equity Share for the financial year ended March 31, 2019. If approved by members, would involve a cash outflow of Rs. 157.90 million including dividend distribution tax.

7. **TRANSFER TO RESERVES**

During the financial year 2018-19, it has been proposed not to transfer any amount to reserves as against Rs.30 million during the last financial year.

8. **SUBSIDIARY COMPANY**

During the year, the Company has only one wholly owned subsidiary(WOS), namely, Airport Golfview Hotels & Suites Private Limited., Kochi, a non-material non- listed Indian Subsidiary.

The Company has acquired 100% shareholding in Blue Lagoon Real Estate Private Limited and Neptune Real Estate Private Limited as on 5th July, 2019 and hence the above said companies are wholly owned subsidiaries as on the date of this report.

A Statement containing the salient features of the financial statement of the WOS in Form AOC-I (pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) is attached to this report.

9. **MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) REPORT**

Pursuant to the provisions of Regulation 34 of the SEBI LODR Regulations 2015, the Management Discussion and Analysis capturing your Company's performance, industry trends and other material changes with respect to your Companies and its subsidiaries, wherever applicable, is attached to this report.

10. **CORPORATE GOVERNANCE**

A separate section on Corporate Governance standards followed by your Company, as stipulated under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this Report. The Report on Corporate Governance also contains certain disclosures as required under the Companies Act, 2013.

A Certificate from Mr. Umesh P Maskeri, Practicing Company Secretary, regarding compliance with the conditions of Corporate Governance, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to the Report.

11. **MATERIAL CHANGES AND COMMITMENTS:**

Except as mentioned below, there are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. 31st March, 2019 and the date of the Directors' report i.e. 11th July, 2019.

- To take up the business of construction, real estate and property development, the Company has suitably amended the Main Objects clause of the Memorandum of Association of the Company with the approval of Members.

12. **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AND OTHER DISCLOSURES**

The disclosures to be made under sub-section (3) (m) of Section 134 of the Companies Act 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 by your Company are furnished below:

- **ENERGY CONSERVATION**

Conservation of energy continues to be on top priority of the management. The information on energy conservation is detailed herein below.

a) During the year under review , the Company has generated about 18.5 millions of units' green power which is being utilized partially for captive consumption of the Hotel & group company and the balance units generated is being sold to Govt. of Karnataka and group company

b) An effective key-tag system is in vogue in all guest rooms to switch off lights & power connections automatically.

c) progressively switched over to LED lamps from conventional lamps with a view to saving energy up to 60% on lighting.

d) solar panels which are continuously feeding hot water required for the guest rooms

e) three highly fuel-efficient screw chillers for our AC plant are in operation

f) Thermostatic Controls, Timers and Photo Cell Switches have been in operation wherever necessary to control power consumption.

g) energy conservation initiatives are in vogue to monitor power consumption regularly.

- **TECHNOLOGY ABSORPTION**

In the opinion of the Board, the required particulars pertaining to technology absorption under Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are not applicable, as industry in which Company operates does not have any significant manufacturing operations.

- **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange Earnings during the year were Rs.52 million which is 10% of the Hotel Sales Turnover. The Foreign Exchange utilization during the year was Rs.37 million.

13. **DIRECTORS AND KEY MANAGERIALPERSONNEL**

As on the date of this Report, the Company has Six (6) Directors consisting of three (3) Independent Directors and three (3) Non-Executive Directors.

a. **Disqualification of Directors:**

None of the directors are disqualified

b. **Appointment / Resignation from the Board of Directors**

During the year under review, the term of office of Mr C B Pardhanani concluded on April 1, 2019, as he has crossed the age of 75 years on March 31, 2019 as stipulated in amended Regulation 17(1A) of the SEBI LODR, which came into force from April 1, 2019. Mr C B Pardhanani tendered his resignation on April 1, 2019. The Shareholders of the Company, by means of a special resolution and through postal ballot which closed on May 18, 2019, have appointed Mr C B Pardhanani as a Non-Executive Director, who will be subject to retirement by rotation.

c. **Directors retiring by rotation**

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Section 149 of the said Act, at least 2/3rd of the total number of Directors, excluding Independent Directors, shall be liable to retire by rotation and out of the Directors liable to retire by rotation, at least 1/3rd of the Directors shall retire by rotation at every Annual General Meeting.

In view of the above, Mr. Aditya Virwani, Director, who is liable to retire by rotation and being eligible, offers himself for re-appointment , a resolution seeking shareholders'approval for his re-appointment forms part of the Notice.

d. **Declaration by Independent Director**

The Company has received necessary declaration from each of the Independent Directors, under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

e. **Woman Director**

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and DisclosureRequirements) Regulations, 2015, your Company has complied with the requirement of having at least one Woman Director on the Board of the Company. Mrs. Tanya Girdhar, is an Independent and Women Director of the Company.

f. **Whole-time Directors**

There are no whole-time directors in the company.

g. **Changes in KMP**

During the year under review, there is no change in the Key managerial Personnel(KMP) of the Company , However Mr. Suresh Kumar Badlaney, whose term of office had concluded on March 31, 2018, was re-appointed as Manager of the Company at the Board Meeting held on January 30, 2019 for a period of two years with effect from January 30, 2019. The terms of his re-appointment and ballot which concluded on May 18, 2019.

During the year under review, the non- executive directors of the company had no pecuniary relationship or transactions with the Company, other than sitting fee and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

14. **BOARD EVALUATION**

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and corporate governance requirements as prescribed by SEBI LODR Regulations . The performance of the Board was evaluated by the Board based on the criteria such as the Board composition and structure, effectiveness of Board process, information and functioning etc. The performance of the committees was evaluated by the Board based on the criteria such as the composition of the committee's effectiveness of committee meetings, etc. The Board and Nomination and Remuneration Committee reviewed the performance of the individual directors based on the criteria such as the contribution of individual director to the Board and committee meetings like preparedness on the issue to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In a separate meeting of independent directors, performance of non-independent directors, performance of the Board and performance of Chairman was evaluated.

15. **NUMBER OF MEETINGS OF THE BOARD**

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. The schedule of the Board / Committee meetings to be held in the forthcoming financial year are circulated to the Directors in advance to enable them to plan their time schedule for effective participation in the meetings.

The Board of Directors met 5 times during the year.The intervening gap between two Meetings was within the period prescribed under the Companies Act, 2013 and Regulations 17 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015. Detailed information on the meetings of the Board is included in the Report on Corporate Governance, which forms part of this Report.

16. **AUDIT COMMITTEE**

The Audit Committee met 5 times during the year under review. The details with respect to the composition, powers, roles, terms of reference, etc. of the Audit Committee are given in detail in the 'Report on Corporate Governance' of the Company which forms part of this Report.

There are no recommendations of the Audit Committee which have not been accepted by the Board.

17. **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Stakeholders' Relationship Committee met 5 times during the year under review. The details with respect to the composition, powers, roles, terms of reference, etc. of the Committee are given in detail in the 'Report on Corporate Governance' of the Company which forms part of this Report.

18. **NOMINATION & REMUNERATION COMMITTEE**

Nomination and Remuneration Committee consists of the following directors namely Mr. C.B. Pardhanani, Chairman, and Mr. P.B.Appiah, Independent Director and Ms. Tanya Girdhar, Independent Director.

The Nomination and Remuneration Committee met 5 times during the year under review. As on the date of this Report, the Committee comprises of 3 Directors, i.e. two Independent Directors and one Non- Executive Director.

As per provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR), the Nomination and Remuneration Committee should consist of 3 or more Non-Executive Directors out of which not less than onehalf shall be Independent Directors. However, the Chairman of the Company can be a member, even if he is an Executive Director.

The Nomination and Remuneration Committee consisted of 2 Independent Directors and the Company's Chairman as a member. the Board at its meeting held on 29^{th} May, 2019 has re-constituted the said Committee with 2 Independent Directors and one Non- Executive Director.(Mr. P R Ramakrishnan, Non-executive director, Mr. P.B.Appiah, Independent Director and Ms. Tanya Girdhar, Independent Director)

The details with respect to the composition, powers, roles, terms of reference, etc. of the Nomination and Remuneration Committee are given in detail in the 'Report on Corporate Governance' of the Company which forms part of this Report.

19. **NOMINATION AND REMUNERATION POLICY**

The Company has formulated and adopted the Nomination and Remuneration Policy in accordance with the provisions of Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations.

The said Policy of the Company, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment of Executive, Non-Executive and Independent Directors and persons in the Senior Management of the Company, including criteria for determining qualifications, remuneration, positive attributes, independence of a Director and other matters as provided under sub-section (3) of Section 178 of the Companies Act, 2013.

The salient features of the Policy are set out in the Corporate Governance Report which forms part of this Report. The Policy is also available on the website of the Company web-link: https://www.maccharles.com/investor-relations.

20. **OTHER COMMITTEES OF THE BOARD**

The Company has the following Non-mandatory Committees:

(i) Risk Management Committee

(ii) Ethics and Compliance Committee.

21. **RISK MANAGEMENT**

Pursuant to section 134 (3)(n) of the Companies Act, 2013 & regulation 17 of the Listing Regulations, the Company has constituted a Risk Management Committee. The Risk Management Committee consists of the following directors namely Mr. P R Ramakrishnan, Non- Executive Director , Mr. P.B. Appiah, Independent Director and Ms. Tanya Girdhar, Independent Director.

As part of the risk assessment and minimization procedures, the Company had identified certain risk areas about the operations of the Company and initiated steps, wherever possible, for risk minimization. The Company's Board is conscious of the need to review the risk assessment and minimization procedures on regular intervals. During the year under review the Company has not received any order passed by the regulators/ courts/ tribunals which impacted the going concern status and Company's operation in future.

22. **DIRECTORS'RESPONSIBILITY STATEMENT**

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of the annual accounts for the year ended March 31st, 2019 and states that:

a) In the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to materials departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the of the Company at the end of the financial year under review and of the profit or loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the 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 fraud and other irregularities;

d) The directors have prepared the annual accounts on a going concern basis;

e) The directors have laid down internal financial controls to be followed by the Company and that 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.

23. **PARTICULARS OF EMPLOYEES**

There is no employee who is in receipt of remuneration of Rs 1.02 crore per annum or Rs 8.5 lakhs per month and hence information in terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable and hence the statement is not applicable.

24. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

"The Company has entered into a transaction with related parties which are at arm's length and which are not in the ordinary course of business, pursuant to the provisions of Section 188 of the Companies Act, 2013 read with Rule 15 of Companies (meeting of the Board and its Powers) Rules, 2014. Accordingly, particulars of the contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contracts or arrangements in Form AOC-2 are furnished which is attached to this Directors Report". In line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated Policy on Related Party Transactions which is available on the website of the Company.

Company has entered into transactions wth related parties pursuant to the provisions of Regulation 23 of SEBI LODR as under:

i) Company had proposed, to purchase certain properties and had identified a property at Bengaluru and after conducting negotiations, finalised the transaction at Rs 205 crores and has made an advance payment of a sum of Rs 198.80 crores towards the purchase of property from LJ-Victoria

Properties Private Limited ("LJ-Victoria") which is a related party. Company has entered an agreement to sell for purchase of property from LJ-Victoria on February 8, 2017 and this agreement to sell was amended on June 1, 2017, January 25, 2018, February 26, 2018 and October 26, 2018 respectively to incorporate the enhanced purchase consideration and also clause for payment of interest in case the transaction does not materialise for any reason. cancel this agreement and seek refund of the advance amount alongwith a lump sum payment towards interest of Rs 30 crore thereon and LJ-Victoria has agreed for the said course of action. This material related party transaction and its cancellation, were at arm's length basis but it was not in the ordinary course of business and required the approval of the Shareholders. This has since been approved and ratified by the shareholders of the Company through postal ballot which concluded on May 18, 2019.

ii) The Company had given Inter Corporate Deposit ("ICD") to Embassy Property Developments Private Limited ("EPDPL") in the year 2016. A sum of Rs. 35 crore (Rupees thirty five crores only) has been outstanding in this regard and the tenure of the said ICD has been extended and rolled over from time to time after the expiry of the due date of repayment. Subsequently, EPDPL acquired the shares through the open offer and thereafter became the holding Company and hence became a related party. Consequently, this transaction of Inter Corporate Deposit became a related party transaction since it amounted to a loan given to a company in which a director of the Company is interested. Pursuant to the provisions of Section 185 (2) of the Companies Act, 2013. It is ascertained that the proceeds of the loan availed by the said borrower has been utilised for their principal business activities. The amount of loan in the form of inter corporate deposit is within the overall powers to give loans/investments granted by the shareholders of the company pursuant to Section 186 of Companies Act, 2013 to the extent of Rs. 1000 crore (Rupees thousand crores only). As this transaction amounted to a material related party transaction within the meaning of Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the same has been ratified and approved by the shareholders of the Company through postal ballot which concluded on May 18, 2019.

Except the above related party transactions, there were no materially significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Accordingly, particulars of the contracts or arrrangemens with related parties referred to in Sectin 188(1) alongwith the justification for entering into such contract or arrangement in Form AOC-2 is provided as annexure to this report. In line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated Policy on Related Party Transactions which is available on the website of the Company.

25. **COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

As per SEBI (LODR) regulation, the Practicing Company Secretary's Certificate on compliance with the conditions of Corporate governance has been furnished as an annexure to the this Report.

26. **AUDITORS**

- **Statutory Auditors and Auditors' Report**

Pursuant to the provisions of section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. BSR & Associates LLP, Chartered Accountants, Bengaluru Firm (Firm Registration No. 101248 W/W - 100022) were appointed as Statutory Auditors of the Company at the Annual General Meeting held on 25th September 2017 to hold office up to the conclusion of the 42nd Annual General Meeting of the company. Subject to ratification by the Members at every Annual General Meeting.

However, in accordance with the Companies Amendment Act, 2017, notified on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

As required under Section 139 of the Companies Act, 2013, the Company has obtained a written consent from the Auditors to their continued appointment and also a certificate from them to the effect that their existing appointment is in accordance with the conditions prescribed under the Companies Act, 2013 and the rules made thereunder.

During the period under review, even though there are no audit qualifications or adverse remarks, the notes on accounts referred to in the Auditors' Report are self- explanatory and therefore, do not call for any further comments.

- **Internal Auditors**

M/s. Ernst & Young LLP, Bengaluru Internal Auditors have been conducting quarterly audits of all operations of the Company and their findings have been reviewed regularly by the Audit Committee. Your Directors note with satisfaction that no material deviations from the prescribed policy and procedures have been observed.

- **Secretarial Auditor and Secretarial Auditor's Report**

The Board has appointed Mr. Umesh P. Maskeri, Practicing Company Secretary to conduct The Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2018-19. Secretarial Audit Report in Form MR-3 is attached to this Directors' Report. Management response against each of the qualification, reservation or adverse remark or observation made in the Secretarial Audit Report has been furnished thereon and hence does not call for any further comments separately.

- **Reporting of Frauds by Auditors**

During the year under review, no frauds have been reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013 requiring disclosure in the Board's Report.

27. **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In line with the requirement of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee has been constituted by the Board of Directors of the Company at its meeting held on 05.02.2016. The said Committee comprises of Mr. C.B. Pardhanani Chairman of the Company, Mr. P.B. Appiah Independent Director and Ms. Tanya Girdhar Independent Director.

As required under Section 135 of the Companies Act, 2013, the Board of Directors at its meeting held on 05.02.2016, has devised a Corporate Social Responsibility Policy which interalia includes the constitution of the said committee and corporate social responsibility activities to be under taken by the Company. The said policy may be referred at the Company's website. The Annual Report on CSR activities is annexed to this Report.

28. **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

Pursuant to Section 177 of the Companies Act, 2013 read with listing Regulations, the Board of Directors at its meeting held on 05.02.2016 has adopted a vigil mechanism/whistle blower policy of the Company. The policy provides a framework for directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Protected disclosures can be made by a whistle blower through an email or direct access to the Chairman of the Audit Committee. The vigil mechanism/whistle blower policy can be accessed on the Company's website www.maccharlesindia.com.

29. **DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance towards sexual harassment at workplace and during the year under review, your Board has constituted an internal Complaints Committee to consider and redress complaints of sexual harassment & also adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the year no compliants pertaining to sexual harassment were received.

30. **PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN, AND SECURITY PROVIDED**

Loans given, investments made by the Company along with the purpose for which the loan is proposed to be utilized by the recipient, are provided in the financial statements.

31. **EXTRACT OF THE ANNUAL RETURN**

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as at 31st March, 2019 forms part of this report.

32. **INTERNAL FINANCIAL CONTROL POLICY AND ITS ADEQUACY**

The Board has adopted an Internal Financial Control Policy to be followed by the Company and such policies and procedures adopted by the Company 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. The Audit Committee evaluates the internal financial control system periodically. The observations and comments of the Audit Committee are placed before the Board.

33. **DISCLOSURES:**

- **Borrowing from banks**

During the previous financial year, the Company had entered into Lease Rental Discounting arrangement with HDFC Bank Ltd for its borrowing facilities. The Company was sanctioned borrowing facilities aggregating to Rs.1240/- millions from HDFC Bank Ltd. The outstanding debt as on March 31, 2019 was Rs 1231.55 millions. The above borrowing is within the powers of the Board of Directors of the Company as authorised by the shareholders of the company.

- **Dues to small scale undertakings**

There are no dues payable to small scale undertakings.

- **Supension from trading and revocation of suspension by BSE Limited**

Trading the Shares of the Company were suspended from trading on 28-06-2018 by the BSE Limited for reasons of non compliance withsome of the clauses of SEBI LODR like delay in payment of annual listing fees, non submission of financial results in the prescribed format and non-compliance with Minimum Public Shareholding Norms etc and BSE imposed a fine of Rs 26,50,000 towards SOP fine. Company has since complied with the various requirements of LODR and BSE has revoked the suspension with effect from 27-09-2018.

- **Lock in on shares held by promoters and subsequent release**

The shares held by the promoters were restricted from transfer by way of freezing (placed under lock in) from 4-09-2018 to 31-12-2018 by CDSL and NSDL as a part of the condition for revocation of suspension imposed by the BSE Limited and the said freeze (lock in) of the shares held by the promoters was lifted by BSE/depositories with effect from 01-01-2019.

- **Offer for sale completed by the promoters**

The promoters of the Company launched Offer for Sale on February 28, 2019 on the secondary market mechanism of BSE and offloaded the excess quantity of 8,72,900 Equity Shares. Thereafter, the shareholding of the promoters has been brought down to 75 % and Company has thus increased the level of public shareholding to 25 % and thereby complied with the MPS norms as stipulated under Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with in Rule 19(2) and 19 A of the securities Contracts

(Regulations) Rules, 1957. Company has submitted a reply, explaining the reasons for not being to able to launch the OFS owing to suspension of shares and freezing of shares of promoters held by promoters, to BSE on February 15, 2019 and requested it to waive the fine of Rs 44,60,000 imposed by BSE vide its letter dated February 7, 2019, in this regard.

- **Green Initiatives**

  Electronic copies of the Annual Report and notice of the ensuring AGM are sent to all the members whose email address are registered with the Company /Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report and the notice of ensuing AGM are sent in the permitted mode. Members requiring physical copies can send a request to the Company Secretary. The Company is providing e-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the AGM Notice. The instructions for e-voting are provided in the AGM Notice.

- **Other declarations**

  1. Declaration by the Chief Financial Officer affirming compliance with the code of conduct is annexed elsewhere in this Report.
  2. There are no material changes and commitments made during the financial year.
  3. There are no changes in the nature of business during the financial year.
  4. There is a material variation of market capitalization during the financial year.
  5. There are demat suspense accounts / unclaimed suspense account during the financial year.
  6. Necessary disclosures of Accounting Treatment have been made in the financial statements..

- **Other Disclosures and reports**

  Your directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

  1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
  2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
  3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
  4. No significant or material orders were passed by the Regulators or Courts of Tribunals which impact the going concern status and Company's operations in future.

34. **DEMATERIALIZATION**

The equity shares of the Company have been admitted for dematerialization with both the Depositories viz., Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The ISIN allotted to your Company's equity shares is INE435D01014.

35. **INSIDER TRADING REGULATIONS**

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Code of Conduct for Prohibition of Insider Trading (Code), as approved by the Board is in force by the Company. The Company also adopts the concept of Trading Window Closure, to prevent its Directors, Officers, designated employees, their relatives and other employees from trading in the securities of the Company at the time when there is unpublished price sensitive information.

36. **ACKNOWLEDGEMENTS**

Your Directors are grateful to the Shareholders for their support and co-operation extended to the Company for many years. The Directors also thank the Banks namely State Bank of India, and HDFC Bank for their co-operation and support. The Directors wish to place on record the support and encouragement received from the Department of Tourism, Government of India, Karnataka State Government and Foreign collaborators M/s. Le Meridien / Marriott International. The Directors also acknowledge the dedicated services rendered by the officers and all the staff of the company.

On behalf of the Board of Directors
For Mac Charles (India) Limited

P B Appiah	**P R Ramakrishnan**
Director	Director
DIN: 00215646	DIN: 00055416

Place :Bengaluru
Date: July 11, 2019

Registered office & Website site and Email ID:
No.28, Sankey Road, Bengaluru – 560052
www.maccharlesindia.com
secretarial@lemeridienbangalore.com

Form AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with
Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of
Subsidiaries, Associate Companies / Joint Ventures

Part "A": Subsidiaries:

Name	Airport Golf view Hotels & Suites Pvt. Ltd.., Kochi
Reporting Period	2018-19
Share Capital(In Rupees)	2,99,88,000
Reserves & Surplus	(33,263)
Total Assets	4,41,03,560
Total Liabilities	1,41,48,823
Turnover	6,33,49,602
Profit before taxation	6,25,383
Profit after taxation	3,92,273
Proposed Dividend	NIL
% Share Holding	100%

Part "B": Associates and Joint Ventures: Not Applicable

On behalf of the Board of Directors
For Mac Charles (India) Limited

P B Appiah	**P R Ramakrishnan**
Director	Director
DIN: 00215646	DIN: 00055416

Place :Bengaluru
Date: July 11, 2019

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FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

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

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	NIL
c)	Duration of the contracts/arrangements/transaction	NIL
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
e)	Justification for entering into such contracts or arrangements or transactions'	NIL
f)	Date of approval by the Board	NIL
g)	Amount paid as advances, if any	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NIL

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

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	L J Victoria Properties Private Limited, which is a subsidiary of JV Holding Private Limited, which is the ultimate holding company of Mac Charles (India) Limited and hence a related party as defined under sub- clause (B) of para (viii) of sub-section 76 of Section 2 of Companies Act, 2013
b)	Nature of contracts/arrangements/ transaction	Advance towards purchase of property situated at Victoria Embassy in the Ground, Mezzanine, First and Second Floor and 113 car parking units having 63,300 Square Feet of super built up area at Residency Road, Bangalore
c)	Duration of the contracts/ arrangements/transaction	Agreement to sell entered on February 8, 2017 together with amendments carried out on June 1, 2017, January 25, 2018, February 26, 2018 and October 26, 2018 with LJ- Victoria Properties Private Limited ("LJ-Victoria. for a total consideration of Rs. 205 crore. This agreement was subsequently cancelled on March 21, 2019 and the advance amount was refunded by L J Victoria Properties Private Limited during the financial year 2019-20 along with a lump sum interest of Rs 30 crore, as the purchase did not materialise.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Advance towards purchase of property and for payment of interest in case the transaction does not materialise for any reason.
e)	Date of approval by the Board	March 21, 2019 . This transaction and its cancellation was approved and ratified by the shareholders of the Company by means of postal ballot which concluded on May 18, 2019
f)	Amount paid as advances, if any	Rs 15 crore on October 26, 2018. Cumulative amount of Rs 198.80 crore including the amount paid during the last previous financial year 2017-18. Advance amount was refunded by L J Victoria Properties Private Limited during the financial year 2019-20 along with a lump sum interest of Rs 30 crore, as the purchase did not materialise.

On behalf of the Board of Directors
For Mac Charles (India) Limited

P B Appiah	**P R Ramakrishnan**
Director	Director
DIN: 00215646	DIN: 00055416

Place :Bengaluru
Date: July 11, 2019

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ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief Outline of CSR Policy

The Board of Directors upon the recommendation of the Corporate Social Responsibility Committee have identified the following areas listed in Schedule VII of the Companies Act, 2013 for carrying out its CSR activities:

i. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;

ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

iii. measures for the benefit of armed forces veterans, war widows and their dependents;

iv. training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;

v. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio- economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

vi. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government

vii. rural development projects

viii. Slum Area Development

ix. Such other areas as may be included in Schedule VII of the Companies Act, 2013 from time to time

The Projects / Programmes may be undertaken by an Implementation Agency or the Company directly provided that such projects / programmes are in line with the activities enumerated in Schedule VII of the Companies Act, 2013.

The detailed Corporate Social Responsibility Policy is available on the website of the Company.

2. Composition of CSR Committee

The Corporate Social Responsibility (CSR) Committee comprises of the following members:

1. Mr. C. B. Pardhanani - Chairman
2. Mr. P.B. Appaiah - Director - Member
3. Ms. Tanya Girdhar - Director - Member

3. Average Net Profits

The average net profits i.e. profit before tax of the Company during the three immediately preceding financial years was 368.37 millions.

4. Prescribed CSR Expenditure

The prescribed CSR expenditure was Rs. 7.37 millions i.e. 2 % of the average net profits mentioned in Point 3 above.

5. Details of CSR Spend

a. Total amount to be spent for the financial year 2018-19: Rs. 7.37 millions.

b. Amount spent: 7.47 millions.

c. Manner in which the amount was spent during the financial year is detailed below:

(Rs. in millions)

Sl No.	CSR project or activity identified	Sector in which the activity is covered	Projects or activity (1) Local Area or Other (2) Specify the State and District where Projects/Programmed undertaken	Amount Outlay (Budget) project / programs wise	Amount spent on the projects or activity	Cumulative Expenditure up to the reporting period	Amount Spent: Direct or through implementing agency*
1	Promoting Education and Healthcare	including special education and employment enhancing vocation skills especially among children.	Bengaluru Karnataka	7.37	7.47	10.01	—

6. Responsibility Statement

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

On behalf of the Board of Directors
For Mac Charles (India) Limited

P B Appiah	**P R Ramakrishnan**
Director	Director
DIN: 00215646	DIN: 00055416

Place :Bengaluru
Date: July 11, 2019

Registered office & Website site and Email ID:
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ANNEXURE TO THE DIRECTORS' REPORT

DISCLOSURES PERTAINING TO REMUNERATION AND OTHER DETAILS AS REQUIRED UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATIONOF MANAGERIAL PERSONNEL) RULES, 2014.

I) The ratio of the remuneration of the Manager to the Median remuneration of the employees of the Company for the financial year 2018-19; and

II) The percentage increase in remuneration of each of the Manager, Chief Financial Officer, Company Secretary during the financial year 2018-19.

S. No.	Name of Director/ KMP and Designation	The ratio of the remuneration of each Executive Director to the median remuneration of the employees	The percentage increase in remunera-tion
1	Mr. Suresh K Badlaney Manager & Vice President Operations	NA	24.3
2.	Mr. M.S. Reddy Executive Director & Company Secretary	NA	-6.36
3.	Mr. Pranesha K Rao Chief Financial Officer	NA	21.5

The Non-Executive Directors of the Company are entitled for sitting fees as per the statutory provisions. The details of remuneration of non- Executive Directors are provided in the Corporate Governance Report and are not considered for the above purposes.

III) The percentage increase in the median remuneration of employees in the financial year:

The percentage increase in the median of employees in the financial year 2018-19 was 10 % basic salary

IV) The number of permanent employees on the rolls of the Company:

The Number of permanent employees on the roll of the Company as on March 31, 2019 was 91.

V) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial and justification thereof and points out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year is approx. 10% and whereas the percentile increase in the managerial remuneration for the same period was approx. 10%.

VI) Affirmation that the remuneration is as per the Remuneration policy of the Company:

Affirmed that the remuneration paid is as per the Remuneration policy of the Company for the Directors, Key Management Personnel and other Employees.

On behalf of the Board of Directors
For Mac Charles (India) Limited

P B Appiah	**P R Ramakrishnan**
Director	Director
DIN: 00215646	DIN: 00055416

Place :Bengaluru
Date: July 11, 2019

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Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financialyearended on March 31, 2019

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

I. REGISTRATIONAND OTHER DETAILS:

i. CIN: L55101KA1979PLC003620

ii. Registration Date: September 28, 1979

iii. Name of the company: Mac Charles (India) Limited

iv. Category / sub – category of the company: Company limited by shares / Indian Non- Government Company v. Address of the Registered office and contact details:

Le Meridien- Bangalore
28, Sankey Road, Bengaluru - 560052
Tel : 080-22262233/22282828
Fax : 080-22267676/22262050
Email : sectretarial@lemeridienbangalore.com
Website : www.maccharlesindia.com vi. Whether listed company: Yes

vii. Name, Address and contact details of registrar andTransferAgent, if any

BgSE Financials Limited
Registrar &TransferAgent (RTADivision) No. 51, 1st Cross, J. C. Road,
Bengaluru - 560 027.
Tel : 080-41329661
Fax : 080-41575232
Email : avp_rta@bfsl.co.in

viii. 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	Five Star Hotel Business	55101	60
2	Rental Income	99721121	16
3	Sale of Wind Power	99833243	12

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	AIRPORT GOLF VIEW HOTELS AND SUITES PRIVATE LIMITED XI/447 VIP ROAD MEKKAD PO NEDUMBASSERY ERNAKULAM Kerala INDIA	U55101KL2003PTC015864	Subsidiary	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage ofTotal Equity):

i.) Category-wise Share Holding:

Category of share holders	No .of Shares held at the beginning of the year				No .of Shares held at the end of the year				% Change during theyear
	Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	%of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	-	-	-	-	48,835	-	48,835	0.37	0.37
b) Central Govt.	-	-	-	-					-
c) State Govt(s)	-	-	-	-					-
d) Bodies Corp.	1,04,50,670	-	1,04,50,670	79.77	96,16,952	-	96,16,952	73.41	-6.36
e) Banks / FI	-	-	-	-					-
f)Any Other…..	-	-	-	-					-
Sub-total (A) (1) :	1,04,50,670	-	1,04,50,670	79.77	96,65,787	-	96,65,787	73.78	-5.99
(2) Foreign									
a) NRIs - Individuals	1,60,000	-	1,60,000	1.22	1,60,000	-	1,60,000	1.22	0
b) Other - Individuals	-	-	-	-					-
c) Bodies Corp	-	-	-	-					-
d) Banks / FI	-	-	-	-					-
e)Any Other	-	-	-	-					-
Sub-total (A) (2):	1,60,000	-	1,60,000	1.22	1,60,000	-	1,60,000	1.22	0
Total Shareholding of Promoter (A)=(A)(1)+(A) (2)	1,06,10,670	-	1,06,10,670	80.99	98,25,787	-	98,25,787	75	-5.99
B. Public Share –holding									
1. Institutions									
a) Mutual Funds	-	-	-	-					-
b) Banks / FI	-	-	-	-					-
c) Central Govt.	-	-	-	-					-
d) State Govt(s)	-	-	-	-					-
e)Venture Capital Funds	-	-	-	-					-
f) Insurance Companies	-	-	-	-					-
g) FIIs	0	3,200	3,200	0.02	0	3,200	3,200	0.02	0
h) Foreign Venture Capital Funds	-	-	-	-					-
i) Others (Specify)	2,85,950	-	2,85,950	2.18	-	-	-		-2.18
Sub-total (B)(1):	2,85,950	3,200	2,89,150	2.20	0	3,200	3,200	0.02	-2.18
2. Non-Institutions									
a) Bodies Corp.	2,68,032	6,400	2,74,432	2.09	589398	4,200	593598	4.53	2.44
i) Indian	-	-	-	-					-
ii) Overseas	-	-	-	-					-
b) Individuals	-	-	-	-					-
i) Individual share-holders holding nominal share capital up to Rs. 2 lakh	7,83,124	7,83,175	15,66,299	11.96	11,22,969	6,06,375	1729344	13.20	1.24
ii) Individual share holders holding nominal share capital in excess of Rs.2 lakh	2,94,332	-	2,94,332	2.25	5,34,805	-	534805	4.08	1.83
c) Others (specify)	27,119	39,050	66,169	0.51	3,87,418	26,900	4,14,318	3.17	2.66
Clearing members/Brokers					3,548		3,548		
NRIs/FNs					24,720	26,900	51,620		
Investor Education Protection Fund					3,59,150	-	3,59,150		
Sub-total (B)(2)	13,72,607	8,28,625	22,01,232	16.81	26,34,590	6,37,475	32,72,065	25.00	8.19
Total Public Shareholding (B) = (B)(1) + (B)(2)	16,58,557	8,31,825	24,90,382	19.01	26,34,590	6,40,675	32,75,265	25.00	5.99
C. Shares held by Custodian for GDRs &ADRs	-	-	-	-					-
GrandTotal (A+B+C)	1,22,69,227	8,31,825	1,31,01,052	100	1,24,60,377	6,40,675	1,31,01,052	100	0

ii.) Shareholding of Promoters:

Sl. No.	Share-holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding 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	C B PARDHANANI	1,60,000	1.22	0	1,60,000	1.22	0	0
2	JITENDRA M VIRWANI				48,835	0.37	0	0.37
3	EMBASSY PROPERTY DEVELOPMENTS PRIVATE LIMITED	1,04,50,670	79.77	96,16,952	96,16,952	73.41	96,16,952	-6.36
	Total	1,06,10,670	80.99	96,16,952	98,25,787	75.00	96,16,952	-5.99

Change in Promoters'Shareholding

Sl. No.		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	C B PARDHANANI	1,60,000	1.22	1,60,000	1.22
2	JITENDRA M VIRWANI			48,835	0.37
3	EMBASSY PROPERTY DEVELOPMENTS PRIVATE LIMITED	1,04,50,670	79.77	96,16,952	73.41
	Total	1,06,10,670	80.99	98,25,787	75.00

iii.) Shareholding Pattern of top ten Shareholders (otherthan Directors, Promoters and Holders of GDRs andADRs):

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year as on 01.04.2018		Cumulative Shareholding end of the year as on 31.03.2019	
		No of Shares	% of total Shares of the Company	No of shares	% of total Shares of the
1	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY	0		359150	2.74
2	K L ENTERPRISES LLP	0		217500	1,66
3	KACHASA INVESTMENTS PRIVATE LIMITED	207700	1.59	207700	1.59
4	SNEHLATA RAJESH NUWAL	0		203396	1.55
5	ACUTE RETAIL INFRA PRIVATE LIMITED	0		200000	1.53
6	PEEYUSH MAKHIJA	0		60000	0.46
7	INDIANIVESH LIMITED	0		60000	0.46
8	NIKITA MAKHIJA	23405	0.18	59928	0.46
9	BALASHRI COMMERCIAL LTD	0		59928	0.46
10	PRITI DEVI	37000	0.28	37000	0.28

iv. Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	300	0.002	300	0.002
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)	-	-	-	-
3	At the End of the year	300	0.002	300	0.002

v. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding / accrued but not due forpayment:

(Rupees in Millions)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtednessatthebeginningofthefinancialyear				
i.) Principal Amount	1240.04	0	87.16	1327.20
ii.) Interest due but not paid	0	0	0	0
iii.) Interest accrued but not due	4.60	0	0	4.60
Total (i + ii + iii)	1244.64	0	87.16	1331.80
ChangeinIndebted-nessduringthefinancialyear	0	0		
• Addition	0	0		
• Reduction	13.09	0		13.09
Net Change	13.09	0		13.09
Indebtedness at the end of the financialyear	0	0		
i.) Principal Amount	1226.65	0	87.16	1313.81
ii.) Interest due but not paid	0	0		
iii.) Interest accrued but not due	4.90	0		4.90
Total (i + ii + iii)	1231.55	0	87.16	1318.71

vi. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

Sl. No.	Particulars of Remuneration	Suresh Kumar Badlaney - Manager
1.	Gross Salary:	
	a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	63,00,000/-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as 0.20% of profit - others, specify	5,81,202/-
5.	Others, please specify	-
	Total (A)	68,81,202/-
	Ceiling as per the Act	

B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Appiah Palecanda Bopanna	Suresh Vaswani	Tanya Girdhar	P.R. Ramakrishnan	Aditya Virwani
	1. Independent Directors	Rs.	Rs.	Rs.	Rs.	Rs.
	• Fee for attending board, committee meetings	2,25,000/-	1,95,000/-	2,25,000/-	2,25,000/-	1,50,000/-
	• Commission					
	• Others, please specify-Professional Fee	2,25,000/-				
	Total (1)	4,50,000/-	1,95,000/-	2,25,000/-	2,25,000/-	1,50,000/-
	2. Other Non-Executive Directors					
	• Fee for attending board, committee meetings					
	• Commission					
	• Others -Commission					
	Total (2)					
	Total (B) = (1 + 2)	4,50,000/-	1,95,000/-	2,25,000/-	2,25,000/-	1,50,000/-
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					
	Fee for attending board committee meetings					

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

Sl. No.	Particulars of Remuneration	M.S. Reddy - Company Secretary	Pranesha K Rao - CFO	Total
1.	Gross salary a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	49,89,000/-	10,93,598/-	60,82,598/-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission			
	- as 1% of profit - others, specify	27,65,226/-	-	27,65,226/-
5.	Others, please specify			
	Total	77,54,226/-	10,93,598/-	88,47,824/-

vii. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board of Directors
For Mac Charles (India) Limited

P B Appiah
Director
DIN: 00215646

P R Ramakrishnan
Director
DIN: 00055416

Place :Bengaluru
Date: July 11, 2019

Registered office & Website site and Email ID:
No.28, Sankey Road, Bengaluru – 560052
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FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2019

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24-A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members,
Mac Charles (India) Limited
28, Sankey Road
Bangalore-560052

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mac Charles (India) Limited** (hereinafter called "the Company") incorporated on September 28, 1979 having CIN L55101KA1979PLC003620 and Registered Office at 28, Sankey Road, Bangalore-560052 for the financial year ended on March 31, 2019**.** Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):,

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

  (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with effect from December 1, 2015

  (j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996

I have relied on the representation made by the Company and its officers for the systems and the mechanism formed by the Company for the compliances under the applicable Acts/laws and regulations to the Company. The list of major head/groups of Acts/laws and regulations applicable to the Company is enclosed and marked as **Annexure I**.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India: Applicable with effect from July 1, 2015

(ii) The Listing Agreement entered into by the Company with BSE Limited and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review:

a) Trading of Shares of the Company were suspended on 28-06-2018 by the BSE Limited for non compliance with some of the clauses of SEBI LODR like non payment of annual listing fees**,** non-submission of financial results in proper format and non-compliance with Minimum Public Shareholding Norms etc and BSE imposed a fine of Rs 26,50,000 towards SOP fine. Company has since complied with the various requirements of LODR and BSE has thereafter revoked the suspension with effect from 27-09-2018.

b) The shares held by the promoters were restricted from transfer by way of freezing (placed under lock in) from 4-09-2018 to 31-12-2018 by CDSL and NSDL as a part of the condition for revocation of suspension imposed by the BSE Limited and the said freeze (lock in) of the shares held by the promoters was lifted by BSE/depositories with effect from 01-01-2019.

c) The promoters of the Company launched Offer for Sale on February 28, 2019 on the secondary market mechanism of BSE and offloaded the excess quantity of 8,72,900 Equity Shares. Thereafter, the shareholding of the promoters has been brought down to 75 % and Company has thus increased the level of public shareholding to 25 % and thereby complied with the Minimum Public Shareholding (MPS) norms as stipulated under Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with in Rule 19(2) and 19 A of the securities Contracts (Regulations) Rules, 1957. Company has submitted a reply, explaining the reasons for not being to able to launch the OFS owing to suspension of shares and freezing of shares of promoters held by promoters, to BSE on February 15, 2019 and requested it to waive the fine of Rs 44,60,000 imposed by BSE vide its letter dated February 7, 2019, in this regard.

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

a) Company was required to appoint, among others, a Manager or a Whole Time Director or a Managing Director pursuant to the provisions of Section 203(4) of the Companies Act, 2013 read with Rule 8 and 8A of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The term of office of Mr. Suresh K Badlaney, Manager concluded on 31-03-2018. Company should have filled up the resultant vacancy within a period of six months. Company has re-appointed Mr Badlaney as Manager at the board meeting held on January 30, 2019 with effect from January 30, 2019. Company did not have any Whole Time Key Managerial Personnel during the intervening period, which is not in compliance with the provisions mentioned above.

Management Response:

Company at the Board meeting held on January 30, 2019 has reappointed Mr Suresh K Badnaney as Manager for a period of two years and the same has been approved by the shareholders of the Company through postal ballot which concluded on May 18, 2019.

b) The Board of Directors of the Company has not passed any resolution for appointment of Scrutinizer for the Annual General Meeting held on July 30, 2018 as required under. Rule 20 (ix) of Companies (Management and Administration) Rules, 2014 read with Para 8.4 of Secretarial Standard-2.

Management response:

The Board of Directors of the Company has passed the necessary resolution ratifying the appointment of the appointment of scrutinizer.

c) Company has made a payment of advance of Rs 15 Crores to LJ-Victoria Properties Private Limited, which is a related party, for purchase of property and also entered into supplementary agreement to sell on October 26, 2018. Since the transaction value exceeded 10 % of the consolidated turnover of Mac Charles (India) Limited for the previous financial year 2017-18, this amounted to a material related party transaction. Although this transaction was at arm's length, it was not in the ordinary course and hence the company was required to obtain prior approval from the shareholders pursuant to Regulation 27(1) and 27(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"). Company has not obtained the prior approval from the shareholders in this regard read with Regulation 27(1) and 27(4) of LODR.

Management Response:

The shareholders of the Company, by means of an ordinary resolution through postal ballot which concluded on May 18, 2019, have ratified and approved the said related party transaction for a sum of Rs 198.80 crores.

d) Company has extended, from time to time, the tenure of the Inter Corporate Deposit of Rs 35 crores given to Embassy Property Developments Private Limited upto March 31, 2020. Since the transaction value exceeded 10 % of the consolidated turnover of Mac Charles (India) Limited for the previous financial year 2017-18, this amounted to a material related party transaction. As although this transaction was at arm's length basis, but it was not in the ordinary course of business and hence the company was required to obtain prior approval from the shareholders as required under Section 185 and 186 of the Companies Act, 2013 read with Regulation 23 a of SEBI LODR. Company has not obtained the prior approval from the shareholders in this regard.

Management response:

The shareholders of the Company, by means of special resolution through postal ballot which concluded on May 18, 2019, have ratified and approved the said related party transaction.

e) Company has not published the prior intimation of the Board meeting to consider the unaudited financial results as required under Regulation of SEBI LODR in two newspapers in respect of the board meetings held on 23-05-2018, 7-08-2018, 5-11-2018 and 30-01-2019, pursuant to Regulation 29 and 47 (1)(a) of SEBI LODR.

Management response:

Company has displayed the notice of the Board Meetings on the website of the company and the same was available for the information of the general public on a continuous basis, in stead the limited reach of the newspapers.

f) Company has not published the financial results in regional language for the quarters ended Jun 30, 2018, September 30, 2018 and December 31, 2018 as required under Regulation 33 and 47 (4) of SEBI LODR.

Management Response:

Company has published the unaudited financial results in English Newspapers and also displayed the same on the website of the company. In addition, the information has also *been displayed on the website of BSE Limited. Hence these results were available for the information of the general public on a continuous basis, as against the limited reach of the regional language newspapers.*

g) The Shareholding of the promoter and promoter group for the quarters ended June, September and December, 2018 amounted to 80.44 % as against the permitted maximum level of 75 %, as stipulated in Minimum Public Shareholding Norms ("MPS"). BSE has levied a fine of Rs 44,60,400 vide its letter No. LIST/COMP/BP/1105 dated February 7, 2019.

Management response:

The promoters of the Company launched Offer for Sale on February 28, 2019 on the secondary market mechanism of BSE and offloaded the excess quantity of 8,72,900 Equity Shares. Thereafter, the shareholding of the promoters has been brought down to 75 % and Company has thus complied with the MPS norms during the quarter ended March 31, 2019. Company has submitted a reply to BSE on February 15, 2019 explaining the reason that it was not able to launch the OFS as the trading in the shares was suspended by the BSE and thereafter the shares held by the promotes were restricted from transfer by way of freezing by the depositories and requested it to waive the penalty in this regard.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors including the woman director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance as per the requirement of the regulations, 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.

Majority decisions are carried through recorded as part of the minutes-All the resolutions were passed unanimously.

I further report that based on review of compliance mechanism established by the Company, I am of the opinion that the Company has 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.

Umesh P Maskeri
Practicing Company Secretary
COP No. 12704 FCS No 4831

Place: Mumbai
Date: May 29, 2019

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

ANNEXURE I
OTHER LAWS APPLICABLE TO COMPANY

1	The Income-tax Act, 1961
2	Goods and Service Tax Act, 2016
3	The Employees Provident Fund Act, 1952
4	The Payment of Gratuity Act, 1972
5	The Karnataka Stamp Act
6	Micro, Small and Medium Enterprises Development Act, 2006
7	Negotiable Instruments Act, 1881
8	Indian Registration Act, 1908
9	Information Technology Act, 1996
10	Prevention of Sexual Harassment of women at Workplace Act,
11	Motor Vehicle Act, 1988
12	The Minimum Wages Act, 1948
13	Weekly Holidays Act, 1942
14	Karnataka Shops and Establishment Act, 1948
15	The Employees State Insurance Act, 1948
16	Karnataka Profession Tax Act,
17	Prevention of Money Laundering Act,
18	The Maternity Benefit Act, 1961
19	The Contract Labour (Regulation & Abolition) Act, 1971
20	The Equal Remuneration Act,1976 and Rules 1976
21	The Export and Import Policy of India
22	The Trade Marks Act, 1999
23	Payment of Bonus Act, 1965

Umesh P Maskeri
Practicing Company Secretary
COP No. 12704 FCS No 4831

Place: Mumbai
Date: May 29, 2019

ANNEXURE II

To

The Members,
Mac Charles (India) Limited
28, Sankey Road
Bangalore-560052

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Umesh P Maskeri
Practicing Company Secretary
COP No. 12704 FCS No 4831

Place: Mumbai
Date: May 29, 2019

CORPORATE GOVERNANCE REPORT

The Directors of the Company present the Company's Report on Corporate Governance for the financial year ended March 31, 2019, pursuant to the provisions of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. **PHILOSOPHY OF CORPORATE GOVERNANCE**

The essence of corporate governance is about maintaining the right balance between economic, social, individual and community goals. At Mac Charles, good corporate governance is a way of life and the way we do our business, encompassing every day's activities and is enshrined as a part of our way of working. The Company is focused on enhancement of long term value creation for all stakeholders without compromising on integrity, social obligations, environment and regulatory compliances. Our actions are governed by our values and principles, which are reinforced at all levels of the organisation. These principles have been and will continue to be our guidance force in future.

For your company, good corporate governance is a synonym for sound management, transparency and disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel a Company to take sound decisions, thus maximizing long term shareholder value without compromising on integrity, social obligations and regulatory compliances. As a company with a strong sense of values and commitment, your company believes that profitability must go hand in hand with a sense of responsibility towards all stakeholders. This is an integral part of Mac Charles's business philosophy. The cardinal principles such as independence, accountability, responsibility, transparency, trusteeship and disclosure serve as means for implementing the philosophy of Corporate Governance. These principles guide the Board to make decisions that are independent of the Management. The Company is committed to focus its energies and resources in creating and positively leveraging the shareholder's wealth and, at the same time, safeguarding the interest of all the stakeholders. This is our path to sustainable and profitable existence and growth.

The Company has adopted the requirements of Corporate Governance as specified under the Securities and Exchange Board of India (listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, the disclosure requirements of which are detailed herein.

2. **BOARD OF DIRECTORS**

The Board is the focal point and custodian of corporate governance for the Company. The company recognises and embraces the benefits of having a diverse board and sees increasing diversity at Board level as an essential element in maintain a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experiences, background, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the Board and when possible, will be balanced appropriately.

- **The size and composition of Board as on March 31, 2019 is as under:**

Category	Number of Directors	%
Independent Directors (including one woman director)	3	50
Non-Executive Non Independent Directors	3	50
Total	6	100

The composition of the Board is in compliance with the requirements of Companies Act, 2013 ("Act") and Regulation 17 of the Listing Regulations. The profile of the Directors can be accessed on the Company's website at https:/ www.maccharlesindia.com /investor relations / boardofdirectors.aspx.

The company requires skills, expertise, competencies in the area of strategy , finance, accounting, economics, legal, investment in financial products, regulatory matters and customer servicing, especially in the business of hospitality, real estate and constructions to efficiently carry on its core business such as running five star hotel, investments, wind mill operations, real estate and construction. All the above required skills, expertise, competencies are available with the Board of Directors.

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, maturity, expertise, diversity and independence. The Board provides leadership, strategic guidance, an objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. The Board periodically evaluates the need for change in its composition and size.

- **The details of each member of the Board as on March 31, 2019 are provided herein below:**

Sl No	Name of the Director	Category of Director ship	No of other Director Ships (1)	No of Committees positions held (2)		No of shares held in the Company	Directors in other listed entities (Category of Directorship)
				Chair Person	Member		
1	Mr. C B Pardhanani	Non Independent Non Executive	Nil	1	1	160000	Nil
2	Mr. P B Appiah	Independent Non Executive	Nil	2	2	Nil	Nil
3	Mr. Suresh Vaswani	Independent Non Executive	Nil	Nil	1	Nil	Nil
4	Mrs. Tanya Girdhar	Independent Non Executive	Nil	Nil	2	Nil	Nil
5	Mr. P R Ramakrishnan	Non Independent Non Executive	Nil	Nil	1	160	Nil
6	Mr. Aditya Virwani	Non Independent Non Executive	Nil	Nil	Nil	Nil	Nil

Notes:

There are no inter relationship between the Board members

(1) Excludes directorship in Mac Charles, and directorship in private limited companies

(2) Pertains to membership/Chairmanship of the Audit Committee and Stakeholders Relationship Committee of Indian public companies

None of the Directors held directorship in more than 8 listed companies. Further, none of the Independent Directors (“ID”) of the Company served as an ID in more than 7 listed companies.

None of the Directors held directorship in more than 20 Indian Companies, with not more than 10 public limited companies.

None of the Directors is a member of more than 10 committees or chairperson or more than 5 committees across all the public limited companies in which he/she is a Director. As per Listing Regulations, only membership of Audit Committee and Stakeholders Relationship Committee have been taken into consideration for the purpose of ascertaining the limit. (NED) and not related to any of the Non-Executive Directors.

All the IDs have been appointed as per the provisions of the Act and Listing regulations. Formal letters of appointment have been issued to the IDs. In the opinion of the Board, all Independent Directors of the Company are persons of integrity and possess relevant expertise and experience and do not hold more than 2% shareholding/voting power in the Company. They are not related to any of the promoters, Directors, holding, subsidiary or associate companies.

The Company has received necessary declaration from each of the Independent Directors, under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

The chairman of the Company is a Non-Executive Director.

- **Changes in the Board Composition**

Except as mentioned below, there were no other changes in the composition of the Board of Directors during the financial year 2018-19. However, the following change has taken place during the financial year 2019-20 upto the date of this report:

Changes in Board Composition after 1-04-2019 upto the date of this report	
Date of Director	Mr. C. B. Pardhanani
Nature of change	Mr. C B Pardhanani, who has crossed the age of 75 years, is not in a position to continue as a Non Executive Director as provided in the amended Regulation 17(1A) of the Listing Regulations which came into effect from April 1, 2019. Mr C B Pardhanani, has tendered his resignation as a Director on April 1, 2019. The shareholders of the Company by means of a special resolution through postal ballot which concluded on May 18, 2019 have approved the appointment of Mr. C B Pardhanani as a Non Executive Director as required under Regulation 17(1A) of Listing Regulations.
Date of change	May 18, 2019

- **Term of Board Membership**

  Currently all the Directors are Non Executive Directors. Non-executive directors, who are not independent directors, are subject to retirement by rotation. Independent Directors are appointed for an initial term of five years and they are eligible to be appointed for one more term 5 years, subject to prior approval of the Shareholders by a special resolution.

- **Selection and appointment of new director**

  The Nomination and Remuneration committee determines the exact skill requirements of the Directors and selects the candidates for this purpose whenever the occasion arises for appointment/renewal of a Director.

- **Meeting of Independent Directors**

  During the year under review, Independent directors met 2 times i.e 5th November , 2018 and 21st March, 2019, which was attended by all the Independent Directors.

- **Meeting and attendance of Board of Directors**

  Attendance of directors at the Annual General Meeting (AGM) and Board Meetings during FY 2018-19 are furnished below:

Sl No	Name of Director	23.05.18	7.8.18	5.11.18	30.1.19	21.3.19	% of attendance	AGM on 30-7-18
1	C B Pardhanani	P	A	P	P	A	60	P
2	P B Appiah	P	P	P	P	P	100	P
3	Tanya Girdhar	P	P	P	P	P	100	P
4	Suresh Vaswani	P	P	P	P	P	100	P
5	P R Ramakrishnan	P	P	P	P	P	100	P
6	Aditya Virwani	P	P	P	P	P	100	P
P indicates Present and A indicates Absent								

  Board meetings were held during the year under review and the gap between two meetings did not exceed 120 days.

- **A chart of matrix setting out the list of core skills/expertise/competence identified by the board as required in the context of business and sectors:**

Sl No	Name of Director	Available core skills, expertise and competence as required in the context of business of the Company for each Director
1	C B Pardhanani	Hospitality business and management of investments
2	P B Appiah	Qualifications: B.Com and LLB. Practising as an Advocate in High Court of Karnataka and other Courts and before Arbitral Tribunals since 1987. Expertise / core competence in Corporate, Commercial, Property, Civil and Family Laws, both as an advocate and as a litigation practitioner.
3	Tanya Girdhar	MBA from St. Joseph's College of Business Admin, India and an MSc in Supply Chain Management from Heriot Watt University, Scotland, UK. An internationalist with a diverse background in marketing and supply chain management. Tanya Girdhar John, a strategic marketing consultant, has been a consultant with various corporations including companies in hospitality technology, marketing and more. In 2005, she founded Attain LLC, dedicated to event and conference management.
4	Suresh Vaswani	Qualification: B.Com. Expertise in advisory services and real estate co-founded a confectionary company and also electronic surveillance company. He is an honorary consul for a South African country.
5	P R Ramakrishnan	Chartered Accountant by qualification and Executive Director (Finance) of Embassy group of companies. Expertise in Corporate Finance, Investments, Corporate restructuring, merger and amalgamations, taxation having additional domain knowledge and experience in Construction and real estate development
6	Aditya Virwani	Degree in business administration from the University of Masachusetts, Boston and University of San Francisco Expertise in Real Estate development, construction and infrastructure. Involved in strategy and operations of Embassy Group and its diversified business

- **Confirmation in the opinion of the board, the independent directors fulfill the conditions specified in LODR and are independent of the management.**

  The Board confirm that the independent directors fulfill the conditions specified in LODR and are independent of the management

- **Detailed reasons for resignation by an independent director:**

  None of the independent Directors of the Company have resigned during the financial year.

- **Familiarization Program for Independent Directors**

  The Board has adopted a Familiarization Program for Independent Directors of the Company. The Program aims to provide insights into the Company to enable the Independent Directors to understand the industry and also the business model and business operations of the Company to enable them to contribute significantly to the Company. This Familiarization Program has been uploaded on the Company's website.

- **Performance evaluation**

  Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10), 19(4) and Part D of Schedule II of the SEBI (LODR Regulations),a Board Evaluation Policy has been framed and approved by the Nomination and Remuneration Committee (NRC) and by the Board.

  The Board carried out an annual performance evaluation of its own performance, the Independent Directors individually as well as the evaluation of the working of the Committees of the Board.

  The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

  The purpose of the Board evaluation is to achieve persistent and consistent improvement in the governance of the Company at the Board level. The Board intends to establish and follow "best practices" in Board governance in order to fulfil its fiduciary obligation to the Company.

  A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

  The Directors expressed their satisfaction with the evaluation process.

3. **REMUNERATION TO DIRECTORS**

- The details of remuneration paid to the Directors for the financial year 2018-19 is furnished below:

Sl No	Name of Director	Sitting fees	Professional fees
1	Mr. P B Appiah	2,25,000	2,25,000
2	Mr. C B Pardhanani	Nil	
3	Mr. Suresh Vaswani	1,95,000	
4	Mrs. Tanya Giridhar	2,25,000	
5	Mr. P R Ramakrishnan	2,25,000	
6	Mr. Aditya Virwani	1,50,000	
	Total	10,20,000	2,25,000

- During the year under review, the non- executive directors of the company had no pecuniary relationship or transactions with the Company, other than sitting fee and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company

- **Criteria of making payments to non-executive directors:** Non-executive directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making and provide leadership and strategic guidance while maintaining objective judgment. They also oversee the corporate governance framework of the Company.

- **Disclosures with respect to remuneration:** in addition to disclosures required under the Companies Act, 2013, the following disclosures shall be made:

  (i) all elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc; Nil

  (ii) details of fixed component and performance linked incentives, along with the performance criteria; Nil

  (iii) service contracts, notice period, severance fees; Nil

  (iv) stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable. Nil

4. **AUDIT COMMITTEE**

The Audit Committee of the Board is constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,including the scope and terms of reference.

The powers and role of the Audit Committee are also in consonance with Regulation 18 and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

Company has constituted the Audit Committee, which comprises of the following Directors as on March 31, 2019:

1. Mr. P. B. Appiah
2. Mr. Suresh Vaswani
3. Mrs. Tanya Girdhar
4. Mr. P. R. Ramakrishnan

Brief description of the terms of reference of Audit Committee are as under:

The role of the audit committee shall include the following:

The audit committee shall mandatorily review the following information:

(1) management discussion and analysis of financial condition and results of operations;

(2) statement of significant related party;

(3) management letters / letters of internal control weaknesses issued by the statutory auditors;

(4) internal audit reports relating to internal control weaknesses;

(5) the appointment, removal and terms of remuneration of the internal auditor .

(6) statement of deviations:

  (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

  (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

The role of audit committee shall be as under:

(7) oversight of financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(8) recommendation for appointment, remuneration and terms of appointment of auditors ;

(9) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(10) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

  (a) matters required to be included in the director’s responsibility statement to be included in the board’s report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

  (b) changes, if any, in accounting policies and practices and reasons for the same;

  (c) major accounting entries involving estimates based on the exercise of judgment by management;

  (d) significant adjustments made in the financial statements arising out of audit findings;

  (e) compliance with listing and other legal requirements relating to financial statements;

  (f) disclosure of any related party transactions;

  (g) modified opinion(s) in the draft audit report;

(11) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(12) reviewing and monitoring the auditor’s independence and performance, and effectiveness of audit process;

(13) approval or any subsequent modification of transactions with related parties;

(14) scrutiny of inter-corporate loans and investments;

(15) valuation of undertakings or assets, wherever it is necessary;

(16) evaluation of internal financial controls and risk management systems;

(17) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(18) reviewing the adequacy of internal audit function

(19) discussion with internal auditors of any significant findings and follow up there on;

(20) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

(21) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(22) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(23) to review the functioning of the whistle blower mechanism;

(24) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(25) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

The Committee met 5 times during the year under review which were held on May 23, 2018, August 7, 2018, November 5, 2018, January 30, 2019 and March 21, 2019.

The attendance details of the members of this committee are as under:

Name of Director	No of meetings held during the tenure	No of meetings attended	% of attendance
Mr P B Appiah	5	5	100
Mrs. Tanya Girdhar	5	5	100
Mr. Suresh Vaswani	5	5	100
Mr. P R Ramakrishnan	5	5	100

All the recommendations made by the Audit committee during the year under review were accepted by the Board.

Mr P B Appiah, chairman of the Audit Committee, was present at the last Annual General Meeting held on July 30 , 2018.

5. **NOMINATION AND REMUNERATION COMMITTEE**

As per provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR), the Nomination and Remuneration Committee should consist of 3 or more Non-Executive Directors out of which not less than one half shall be Independent Directors. However, the Chairman of the Company can be a member, even if he is an Executive Director.

The composition of the Nomination and Remuneration committee as on March 31, 2019, was as under:

1. Mr. P. B. Appiah
2. Mr. C. B .Pardhanani
3. Mrs. Tanya Girdhar

On 29th May, 2019, the committee was reconstituted with Mr.P R Ramakrishnan in place of Mr. C B Pardhanani.

Role of committee, inter-alia, includes the following:

(1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(2) formulation of criteria for evaluation of performance of independent directors and the board of directors;

(3) devising a policy on diversity of board of directors;

(4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

(5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(6) recommend to the board, all remuneration, in whatever form, payable to senior management.

The Committee met 5 times during the year under review which were held on May 23, 2018, August 7, 2018, November 5, 2018, January 30, 2019 and March 21, 2019.

The attendance details of the members in respect of the meetings held during the year are as follows:

Name of Director	No of meetings held during the tenure	No of meetings attended	% of attendance
Mr. P B Appiah	5	5	100
Mr. C B Pardhanani	5	5	100
Mrs. Tanya Girdhar	5	5	100

Performance evaluation criteria for independent Directors:

The performance evaluation criteria for the Independent Directors is determined by the NRC. An indicative list of parameters and factors on which evaluation was carried out includes participation and contribution by the Director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behavior and judgement.

Mr. P B Appiah is the Chairman of the NRC, was present at the last AGM.

6. **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders' Relationship Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 and Part D of Schedule VI of SEBI (Listing Obligations and Disclosure Requirements) Resolutions, 2015, including the scope and terms of reference.

The Committee comprises the following the following members as on March 31, 2019:

1. Mr. P B Appiah
2. Mr. C B Pardhanani
3. Mrs. Tanya Girdhar

Mr C B Pardhanani Non Executive Director, is the Chairman of the Committee. On 29th May, 2019, the committee was reconstituted with Mr. P R Ramakrishnan in place of Mr. C B Pardhanani.

Mr M S Reddy, Executive Director and Company Secretary, is the Compliance Officer of the Committee.

The role of the committee shall *inter-alia* include the following:

i. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non- receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

ii. Review of measures taken for effective exercise of voting rights by shareholders.

iii. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

iv. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The Committee met 5 times during the year under review which were held on May 23, 2018, August 7, 2018, November 5, 2018, January 30, 2019 and March 21, 2019.

Name of Director	No of meetings held during the tenure	No of meetings attended	% of attendance
Mr. P B Appiah	5	5	100
Mr. C B Pardhanani	5	5	100
Mrs. Tanya Girdhar	5	5	100

The status of total number of complaints received during the year under review is as follows:

Sl No	Description	Total Number of Complaints		
		Received	Resolved	Pending
1	Non-receipt of dividend, KYC updation and transfer / transmission of shares, issue of duplicate share certificate(s)	6	6	Nil

Mr. C B Pardhanani, Chairman of SRC, was present at the last AGM..

7. **RISK MANAGEMENT COMMITTEE ("RMC")**

Since your company is not a company which is included in the list of top 500 listed companies determined on the basis of market capitalisation. The provisions of Regulation 21 of SEBI LODR are not applicable to the Company. However, the Company has constituted the Risk Management Committee on a voluntary basis.

The Board of Directors have constituted a Risk Management Committee to frame, implement and monitor the risk management plan of the Company. The Committee comprises entirely of Independent Directors, Mr. C.B. Pardhanani, Ms. Tanya Girdhar and Mr. P.B. Appiah who was appointed as Chairman of the Committee in place of Mr. C.B. Pardhanani. On 29th May, 2019, the committee was reconstituted with Mr.P R Ramakrishnan in place of Mr. C B Pardhanani.

The Committee has formulated a Risk Management Policy, which lays down a vigorous and active process for identification and mitigation of risks. The Committee reviews and monitors the Risk Management and mitigation plan from time to time.

The terms of reference of the Risk Management Committee inter-alia, includes the following:

- To review the Risk Management Plan / Policy and its deployment within the Company;
- To monitor the effectiveness of the Risk Management Plan / Policy;
- To decide the maximum risk-taking ability of the Company to guide the Board in making new investments;
- To review the major risks of the Company and advise on its mitigation to the Board;
- Such other functions as may be delegated by the Board from time to time.

During the year, the Committee met 5 times and was attended by all the Members. .

8. **GENERAL BODY MEETINGS**

The details of the last three Annual General Meetings of the Company are as under:

Financial Year ended	Day, Date and Time	Venue	Special Resolutions passed
31-03-2018	Monday July 30, 2018	Hotel Le Meridien, 28, Sankey Road, Bengaluru-560052	Nil
31-03-2017	September 25, 2017		Nil
31-03-2016	September 29, 2016		3

Postal Ballot:

During the year under review, there were no instances of conducting any postal ballot and hence the details of special resolutions passed through postal ballot, person conducted the postal ballot is not furnished as the same is not applicable.

Special resolutions through postal ballot during the financial year 2019-20:

Company has conducted the postal ballot during the financial year 2019-20, which opened on April 19, 2019 and closed on May 18, 2019 and has obtained the approval of the shareholders through postal ballot in respect of the following special resolutions:

1) Alteration to the Main objects clause of Memorandum of Association
2) Appointment of Mr Chaturbhuj Bassarmal Pardhanani (DIN 0210179) who has crossed the age of 75 years, as a Non Executive Director
3) Extension of tenure of the Inter corporate Deposit of Rs 35 crores given to Embassy Property Development Private Limited upto March 2020,which is a holding company

Procedure for postal ballot:

In compliance with the provisions of Section 108 and 110 of Companies Act, 2013 read with 20, 22 of Companies (Management and administration) Rules, 2014 and Regulation 44 of SEBI LODR, Company provided remote e-voting facility to all its Members. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") for providing the facility of remote evoting, Members had the option of voting either by physical ballot form or by remote evoting. The Company despatched the notice of postal ballot and ballot forms dated March 30, 2019 alongwith postage pre-paid business reply to its Members whose names appeared on the Register of Members. Postal Ballot notices were sent to the Members in electronic form at the email addresses registered with their Depository Participants /Company's RTA. The Company also published the advertisement in the newspapers Financial Express and Hosa Digantha respectively informing about the despatch of the Notice and other information as mandated under the Act and applicable rules.

The Board of Directors of the Company appointed Mr Umesh P Maskeri, Practicing Company Secretary as the scrutinizer for the postal ballot.

Voting rights were reckoned on the paid up value of the registered in the name of members as on cut off date of April 12, 2019. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms, duly completed and signed, to the scrutinizer so as to reach them on or before the closed of the voting period i. e. May 18, 2019 at 5 PM. Members desiring to exercise their votes by electronic mode were requested to vote before 5 PM on May 18, 2019.

The scrutinizer, after completion of the scrutiny, submitted his report on May 20, 2019. The voting results were then declared by Mr. P B Appiah, the Chairman. The Scrutinizer report alongwith voting results as per Regulation 44 of LODR was submitted to BSE Limited on May 20, 2019 and also displayed on the website to BSE Limited and portal of the Company.

9. **MEANS OF COMMUNICATION**

- **Quarterly results**

The Company follows April-March as the financial year. The meetings of the Board of Directors for approval of the quarterly financial results for the financial year ended March 31, 2019 were held on the following dates:

Quarter/Period ended	Date of Board meeting
Quarter ended June 30, 2018	August 7, 2018
Quarter/Half year ended September 30, 2018	November 5, 2018
Quarter ended December 31, 2018	January 30, 2019
Quarter/year ended March 31, 2019	May 29, 2019

- **Publication of quarterly financial results**

Quarterly/Half yearly/Annual financial statements are published in the widely circulated newspapers, as per details given below:

Name of the newspaper	Language
Financial Express	English
Hosa Digantha	Kannada

- The quarterly financial results are uploaded and displayed on the website of the company at www.maccharlesindia.com
- Annual reports are sent to Members by email/posted and are also available on the website of the company viz www.maccharlesindia.com
- The company does not release any press releases and company does not have any institutional investors and hence the question of making any presentation to the institutional investors or to the analysts does not arise.
- **SEBI Complaints Redressal System (SCORES)**

A Centralised web based complaints redressal system which serves as a centralised database of all complaints received, enables uploading of Action Taken Reports by the Concerned company and online viewing by the investors of actions taken on the complaint an its current status.

10. **GENERAL SHAREHOLDERS INFORMATION**

1	CIN	L55101KA1979PLC003620
2	Address of the registered office	28, Sankey Road, Bengaluru-560052
3	International Securities Identification Number (ISIN):	INE 435D01014
4	Stock code at the BSE Limited	507836.
5	Annual general meeting-date, time and venue	39^{th} Annual General Meeting is going to be held at on Monday, August 26, 2019 at Le-Meridien, 28, Sankey Road, Bengaluru-560052
6	Financial year	from April 1, 2018 to March 31, 2019
7	Dividend payment date:	Dividend of Rs 10 per share fully paid up for the financial year ended March 31, 2019 has been recommended by the Board of Directors for the approval of the shareholders at the Annual General Meeting (AGM). If approved by the members at the AGM, payment will made within 30 days of the approval at the AGM.
8	Book closure	The register of members will be closed from August 17, 2019 to August 26, 2019 (both days inclusive) in respect of the equity shares held in physical form.

9	Evoting dates:	The cut off date for the purpose of determining the shareholders eligible for evoting is August 19, 2019. The evoting commences at 10 AM on Friday, August 23, 2019 and closes at 5 PM on Sunday, August 25, 2019.
10	Annual Listing Fee:	The equity shares of the company are listed on BSE Limited. Company hereby confirms that annual listing fees has been paid to BSE for the financial year ended March 31, 2019 and also for the financial year ending March 31, 2020.
11	Registrar to an Issue and Share Transfer agents	BgSE Financials Limited, RTA Division, 5th Floor, No, 1, J C Road, Bengaluru-560027

- **Market price data- high, low during each month in the last financial year:**

The trading in the equity shares of the company was suspended by BSE from June 28, 2018 to September 27, 2018 and details of the same mentioned in the Director's Report.

Month wise High, Low and trading volumes of the Company's Equity shares during the last financial year at BSE are given below.

Month	High Rs	Low Rs	No of shares traded
April 2018	295.65	295.65	3,276
May 2018	396.75	296.65	3,101
June 2018	377.20	343.00	5,762
July 2018	Suspended from trading during the period from June 28, 2018 to September 27, 2018		
August 2018			
September 2018	346.50	297.85	694
October 2018	362.40	2248.00	11,345
November 2018	419.45	317.50	8,749
December 2018	374.00	315.00	7,798
January 2019	344.00	297.00	5,831
February2019	337.95	289.75	9,093
March 2019	360.00	281.15	15,685

- **Comparison of the company's share price with BSE Sensex:**

Month	Closing price of Mac Charles at BSE	BSE Sensex
April 2018	378.00	35,160
May 2018	359.30	35,322
June 2018	367.85	35,423
July 2018	340.00	37,606
August 2018	--	38,645
September 2018	298.50	36,227
October 2018	362.40	34,442
November 2018	317.50	36,194
December 2018	336.25	36,068
January 2019	319.55	36,256
February 2019	335.55	35,867
March 2019	295.00	38,672

- **Performance in comparison to broad based indices such as BSE sensex during the financial year 2018-19 is furnished below:**

Company's Share price	BSE closing price Rs	BSE Sensex
As on 02-04-2018	310.00	33,256
As on 29-03-2019	295.00	38,672
Change (%)	5	14

- **In case securities are suspended from trading, the directors report shall explain the reason thereof**

Trading the Shares of the Company were suspended from trading on 28-06-2018 by the BSE Limited for reasons of non- compliance with some of the clauses of SEBI LODR like non-submission of financial results in the prescribed format and non-compliance with Minimum Public Shareholding Norms etc and BSE Limited imposed a fine of Rs 26,50,000 towards SOP fine. Company has since complied with the various requirements of LODR and BSE has revoked the suspension with effect from 27-09-2018.

Share transfer system

As per the requirement of Regulation 40(9) of the Listing Regulations, which deals with transfer and transposition of securities, company has obtained the half yearly certificates, from the Practicing Company Secretary in practice for due compliance of share transfer formalities.

Effective from April 1, 2019, SEBI has amended Regulation 40 of the Listing regulations, which deals with transfer and transmission of securities, request for transfer of listed securities shall not be processed unless the securities are held in dematerialised form

Distribution of shareholding

Distribution of shareholding by category as on March 31, 2019 is as under:

Category Number of equity shares held	Number of shareholders	% of shareholders	Number of shares	% of shareholding
Upto - 500	9123	96.14	1112707	8.49
501- 1000	216	2.28	164258	1.25
1001- 2000	86	0.91	132202	1.01
2001- 3000	20	0.21	48873	0.37
3001- 4000	7	0.07	25805	0.20
4001- 5000	4	0.04	16946	0.13
5001- 10000	10	0.10	72591	0.55
10001- 50000	12	0.13	323116	2.47
50001 and above	11	0.12	11204554	85.53
Total	9489	100	13101052	100

Categories of shareholders as on March 31, 2019:

Category	No of shareholders	Total number of shares	% of total Paid up Equity share capital
Promoter/ Corporate bodies	2	9665787	73.78
Promoter/NRI	1	160000	1.22
Financial Institutions/Banks Investors	3	3200	0.02
Bodies Corporate	1	593598	4.53
Resident Public	9481	2319317	17.71
Investor Education and Protection Fund	1	359150	2.74
Total	9489	13101052	100

Dematerialization of shares and liquidity

The Equity shares of the Company have been admitted for dematerialisation with the Central Depository Services (India) Limited ("CDSL") and National Securities Depository Limited ("NSDL"). The details of number of equity shares of the Company which are in dematerialised and physical form are given below:

Particulars	Number of shares	% to total number of shares	Number of shareholders	% total number of shareholders
Dematerialised Form				
CDSL (A)	1573187	12.01	1468	15.45
NSDL (B)	10887190	83.10	3460	36.48
Sub total (A)+(B)	12460377	95.11	4928	51.93
Physical form (C)	640675	4.89	4561	48.07
Total (A)+(B)+(C)	13101052	100	9489	100.00

Entire shareholding of promoters and promoter group is held dematerialised form and Company is in compliance with the provisions of Regulation.

Difference between Issued Capital, Listed Capital and Capital as per Register of Members:

Sl No	Paid up Share Capita as per	Amount Rs	Difference Rs	Reasons for difference
1	Register of Members as per RTA	13,10,10,520	6,000	600 shares of the face value of Rs 10 each being bonus shares have been kept in abeyance on account of orders of Special Court and not listed by the BSE.
2	Listed Capital on BSE	13,10,04,520		
3	Balance Sheet of Company	13,10,37,270	26,750	5350 shares have been forfeited on account of non-payment of call money of Rs 5 per share. Company has since passed accounting entry for Rs 26750/-.
4	Register of Members	13,10,10,520		
5	MCA Data	13,10,40,000	29,480	
6	Register of Members as per RTA	13,10,10,520		
7	MCA Data	13,10,40,000	35,480	
8	Listed Capital as per BSE	13,10,04,520		

- Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity: The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2019, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.
- **Commodity price risk or foreign exchange risk and hedging activities:** Nil
- **Plant locations Company operates from:** only one location i.e. Bengaluru.
- **List of all credit ratings obtained by the entity :** Not applicable

11. **OTHER DISCLOSURES**

- **Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;**

All related party transactions entered during the financial year have been disclosed in notes to financial statements. Company has received disclosures from senior management relating to material, financial and commercial transactions where they and /or their relatives have personal interest. Company has not entered into any materially significant related party transaction that may have potential conflict with the interest of the Company at large.

- **Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years**

  The following are the details of actions taken against the listed entity / its promoters/ directors/material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Instructions issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/guidelines issued thereunder during the financial year 2018-19:

Sl No	1
Action taken by	BSE Limited
Details of violation	Non compliance with various clauses of LODR like non submission of financial results in proper format
Details of action taken Eg fines, warning letter, debarment, etc	Shares of the Company were suspended from trading on 28-06-2018. Fine of Rs 26,50,000 by BSE Limited towards SOP fine, was imposed for non-compliance with various clauses of LODR
	The shares held by the promoters were restricted from transfer by way freezing (placed under lock in) from 4-09-2018 to 31-12-2018
Current status	Company has since complied with the requirements and BSE has revoked the suspension with effect from 27-09-2018
	Freeze (lock in) of the shares held by the promoters was lifted by BSE/depositories with effect from 01-01-2019.

Sl No	2
Action taken by	BSE Limited
Details of violation	Public shareholding was reduced to below 25 %, which is in not in compliance with Regulation 38 of LODR and Rule 19 and 19-A of Securities Contract (Regulation) Rules, 1957
Details of action taken Eg fines, warning letter, debarment, etc	BSE has imposed a fine of Rs. 44,60,400/-
Current status	The promoters of the Company launched Offer for Sale on February 28, 2019 on the secondary market mechanism of BSE and offloaded the excess quantity of 8,72,900 Equity Shares. Thereafter, the shareholding of the promoters has been brought down to 75 % and Company has thus complied with the MPS norms. Company has submitted a reply explaining the reasons for not being to able to launch the OFS owing to suspension of shares and freezing of shares of promoters held by promoters, to BSE on February 15, 2019 and requested it to waive the fine in this regard

- **Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee.**

  Company has adopted a Whistleblower policy and vigil mechanism for directors, employees and stakeholders to report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct. The said policy has been posted on the company's website at www.maccharlesindia.com. The company affirms that no personnel have been denied access to the Audit Committee of the Board.

- **Weblink where policy for determining material subsidiaries is disclosed:** The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company. The Company does not have any material Indian subsidiary companies. The policy on determining the material subsidiary is disclosed on www.maccharlesindia.com.
- **Web link where policy on dealing with related party transactions is disclosed:** www.maccharlesindia.com.
- **Commodity price risk or foreign exchange risk and hedging activities:** Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk and therefore no question of hedging. The Company has not entered into foreign currency swap/derivative transactions to cover the risk exposure on account of foreign currency transactions. Your Company follows the Accounting Policy and Disclosure Norms for swap/derivative transactions as prescribed by the relevant Regulatory Authorities and Accounting Standards from time to time. The foreign exchange exposure as on March 31, 2019 is NIL.
- Company has not raised any funds raised through preferential allotment or Qualified Institutional Placement ("QIP") as specified under Regulation 32(7A) and hence the question of disclosure of utilization of funds is not applicable to the company.
- The Company has received a certificate from Mr. Umesh P Maskeri, practicing Company Secretary to the effect that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of the Company by the Ministry of Corporate Affairs or any other statutory authority. The same forms part of this report.

- All recommendations of various committees of the board which is mandatorily required , in the relevant financial year, have been accepted by the Board.
- **During the financial year 2018-19, details of total fees for all services paid/payable by the Company and its subsidiary, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, is furnished below:**

Particulars	Amount Rs in lakhs		
	by the company	by the subsidiary	Total
Statutory Audit	40.00	2.25	42.25
Out of pocket expenses	0.70	0.25	0.95
Total	**40.70**	**2.50**	**43.2**

- **Disclosure relating to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

  The Company has always believed in providing a safe and harassment- free workplace for every individual working in the company. The Company has complied with the applicable provisions of the aforesaid act and rules made thereunder, including constitution of Internal Complaint Committee ("ICC"). Company has not received any complaint during the financial year.

12. **NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT**

i) Company has made a payment of advance of Rs 15 Crores during the financial year to LJ-Victoria Properties Private Limited, which is a related party, for purchase of property and also entered into supplementary agreement to sell on October 26, 2018. Since the transaction value exceeded 10 % of the consolidated turnover of Mac Charles (India) Limited for the previous financial year 2017-18, this amounted to a material related party transaction. Although the transaction was at arm's length basis, it was not in the ordinary course of business and hence the company was required to obtain prior approval from the shareholders pursuant to Regulation 23(1) and 23(4) of LODR. In view of the exigencies of business and urgency of the matter, company completed the transaction and the shareholders of the Company, by means of an ordinary resolution through postal ballot which concluded on May 18, 2019, have ratified and approved the said related party transaction for a sum of Rs 198.80 crores.

ii) Company has extended the tenure of the Inter Corporate Deposit of Rs 35 crores given to Embassy Property Developments Private Limited upto March 31, 2020. Since the transaction value exceeded 10 % of the consolidated turnover of Mac Charles (India) Limited for the previous financial year 2017-18, this amounted to a material related party transaction. Although this transaction was at arm's length basis but it was not in the ordinary course of business, and hence the company was required to obtain the prior approval from the shareholders as required under Regulation 23(1) and 23(4) of LODR. In view of the exigencies of business and urgency of the matter, company completed the transaction and the shareholders of the Company, by means of an ordinary resolution through postal ballot which concluded on May 18, 2019, have ratified and approved the said related party transaction.

13. **EXTENT TO WHICH DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II HAVE BEEN ADOPTED**

Company has complied with all the mandatory requirements of Listing Regulations. The status of compliance with the discretionary requirements, as stated under Part E of Schedule II to the Listing Regulations, is as under:

a. Company has not yet provided a chairman's office separately. However, all expenses incurred by the Chairman in performance of his duties are reimbursed by the company.

b. Company has not sent half yearly declaration of half yearly performance including summary of to the significant event in the last six months to each household of shareholders.

c. The auditors have expressed an unmodified opinion in their report on the financial statements of the Company.

d. The internal auditor reports to the Audit Committee of Directors.

14. **POLICY PERTAINING TO DETERMINATION AND DISCLOSURE OF THE MATERIAL EVENTS/INFORMATION**

The Board of Directors had adopted the policy pertaining to determination and disclosure of the material events/information. Accordingly any such material events/information will be disclosed to the concerned either by Chairman or Chief Financial Officer or Company Secretary. The policy on determination and disclosure of material events/information is posted in the website of the company

15. **CODE OF CONDUCT:**

The members of the board and senior management personnel have affirmed the compliance with Code applicable to them during the year ended March 31, 2019. The declaration signed by the CFO in terms of Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the compliance declarations received from Independent Directors, Non-executive Directors and Senior Management is annexed to this report.

16. **CONFLICT OF INTERESTS**

Each Director informs the Company on an annual basis about the Board and the Committee positions he occupies in other companies including Chairmanships and notifies changes during the year. The Members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The Members of Board restrict themselves from any discussions and voting in transactions in which they have concern or interest.

17. **DECLARATION BY CFO AND MANAGER**

In terms of Regulation 17(8) of the Listing Regulations, Chief Financial Officer and Manager has made a certification to the Board of Directors in the prescribed format , which has been reviewed by the Audit Committee and taken on record by the Board. This certificate is annexed to this Report.

18. **COMPLIANCE CERTIFICATE FROM PRACTICING COMPANY SECRETARY REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

Company has obtained the Compliance Certificate from the Practicing Company Secretary on Corporate Governance, which is attached to this Report.

19. **DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT :**

- **Transfer of unpaid dividend amount and respective shares to Investor Education and Protection Fund**

During the year, Company has transferred a sum of Rs 31,99,800 towards the unclaimed dividend account in respect of the financial year 2010-11 pursuant to Rule 5(4) of Investor Education and Protection Fund Rules, 2016 ("IEPF Rules") and also transferred 7,32,000 shares to the Investor Education and Protection Fund in terms of the provisions of Rule 6(5) of IEPF Rules.

On behalf of the Board of Directors
For Mac Charles (India) Limited

P B Appiah	**P R Ramakrishnan**
Director	Director
DIN: 00215646	DIN: 00055416

Place :Bengaluru
Date: July 11, 2019

Registered office & Website site and Email ID:
No.28, Sankey Road, Bengaluru – 560052
www.maccharlesindia.com
secretarial@lemeridienbangalore.com

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE

CERTIFICATE OF PRACTICING COMPANY SECRETARY ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To

The Members,
Mac Charles (India) Limited
28, Sankey Road
Bengaluru-560052

I have examined the compliance of conditions of corporate governance by Mac Charles (India) Limited (the Company) for the year ended 31st March 2019 as stipulated in regulations 17-27, clause (b) to (i) of Regulations 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

My examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to explanation given to me and the representations made by the Directors and the management of the Company, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations except the following aspects:

i) Company has made a payment of advance of Rs 15 Crore to LJ-Victoria Properties Private Limited, which is a related party, for purchase of property and also entered into supplementary agreement to sell on October 26, 2018.

ii) Company has extended on March 21, 2019 the tenure of the Inter Corporate Deposit of Rs 35 crore given to Embassy Property Developments Private Limited, a related party, upto March 31, 2020.

iii) For both these transactions , the company was required to obtain prior approval from the shareholders pursuant to Regulation 23(1) and 23(4) of the Listing Regulations. Company has obtained post facto approval on May 18, 2019 from the shareholders through postal ballot.

Ifurther 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..

Umesh P Maskeri
Practicing Company Secretary
COP No. 12704 FCS No 4831

Place: Bengaluru
Date: July 11, 2019

CERTIFICATE BY PRACTISING COMPANY SECRETARY

[Pursuant to Schedule V read with Regulation 34(3) of the SEBI Listing Regulations (as amended)]

In the matter of Mac Charles (India) Limited . (CIN: **L55101KA1979PLC003620**) having its registered Office at 28, Sankey Road, Bengaluru-560052

On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the directors and explanations given by the Company, I certify that none of Board of Directors of the Company (during 1 April 2018 to 31 March 2019) have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority

Umesh P Maskeri
Practicing Company Secretary
COP No. 12704 FCS No 4831

Place: Bengaluru
Date: July 11, 2019

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

[Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

This is to confirm that the Company has adopted a Code of Conduct for Board of Directors and Senior Management. Code of Conduct is available on the Company's website.

I hereby declare that all the members of Board of Directors and Senior Management have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management of the Company.

Pranesha K Rao
Chief Financial Officer

Place: Bengaluru
Date: July 11, 2019

MANAGER AND CHIEF FINANCIAL OFFICER CERTIFICATE

(pursuant to the provisions of LODR)

We certify that :

1. We have received the financial statements and cash flow statement of Mac Charles (India) Limited for the financial year ended March 31, 2019 and to the best of our knowledge and belief:
   i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
   ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, there are, no transactions entered by the Company during the financial year ended March 31, 2019 which are fraudulent, illegal or violating the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls over financial reporting and we have evaluated the effectiveness of Internal Control Systems of the Company over financial reporting and we have disclosed to the auditors and the audit Committee, deficiencies in the design or operation of internal control over financial reporting, if any, of which we are aware and steps we have taken, propose to take to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
4. We have indicated to the auditors and the audit committee:
   i) Significant changes/improvements in internal controls over financial reporting during the financial year ended March 31, 2019
   ii) Significant changes in accounting policies made during the financial year ended March 31, 2019, if any have been disclosed in the notes to the financial statements.
   iii) That there are no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Pranesha K Rao
Chief Financial Officer

Suresh K Badlaney
Manager

Place: Bengaluru
Date: July 11, 2019

Registered office & Website site and Email ID
No.28, Sankey Road, Bengaluru – 560052
www.maccharlesindia.com
secretarial@lemeridienbangalore.com

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Our Company has been reporting consolidated results considering the results of its subsidiary. This discussion, therefore, covers the financial results and other developments during April 2018 to March 2019. Some statements in this discussion describing the projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ materially from those stated because of several factors such as changes in government regulations, tax regimes, economic developments within India and abroad, exchange rates and interest's rates fluctuations, impact of competition, demand and supply constraints.

ECONOMIC ENVIRONMENT AND INDUSTRY INSIGHT INDIA, SOUTH ASIA AND THE GLOBAL ECONOMY

INDIA: THE YEAR IN REVIEW

India continued to build its lead as one of the fastest growing large economies in the world during FY 2018-19. Recent estimates as per the Central Statistical Office pegged GDP growth for FY 2018-19 at 7% led by government expenditure on roads and affordable housing, strong gross capital formation and improved exports. A moderate, but resilient private consumption and steady construction activity remain enablers to this growth (Source:

Monetary Policy Committee of RBI, April 2019). Domestic consumption is expected to grow into a $6 trillion opportunity by 2030 (Source: WEF Future of Consumption in Fast-Growth Consumer Markets: India, January 2019). Healthy savings by Indian households (22% of their income), higher proportion of young, working population and policy reforms are the long-term drivers for India's economic growth in future.

Inflation, as measured by the Consumer Price Index (CPI), remained modest for major part of the year owing to benign food inflation (forms ~46% of CPI). The soft food inflation appears to be structural in nature given the increased agricultural productivity in India. Wholesale Price Index (WPI) inflation too remained in low single digits in FY 2018-19 on account of marginal increase in fuel prices. Weak inflation propelled the Reserve Bank of India (RBI) to go back to its 'neutral' stance from 'calibrated tightening' (briefly adopted between October and December 2018). The apex bank announced a 25 basis points cut in repo rate in its last policy of the financial year, in a bid to improve economic growth, as well as inflation. The Government of India adopted prudent policies and hence has managed to keep fiscal deficit in a narrow band during the year. This metric is pegged at 3.4%, slightly higher than the targeted level of 3.3%. The Indian Rupee (INR) remained weak for most part of the year and hit an all-time low of `74.48 against the US Dollar (USD) due to higher oil prices, improving US yields, weak domestic fundamentals and outflows from domestic markets.

ADVANTAGES OF INDIAN ECONOMY

India's economy will most likely be powered by private consumption, investments and exports in future. Private consumption: Softer interest rates, improving farm realisations and higher disposable incomes will enable this metric. Investments: Overall investments rebounded in FY 2018-19 with fixed investments growing 12.2%, up from 7.6% in FY 2017-18. Moreover, the investment ratio (investment/GDP) is estimated to have surged to 32.9% after being range bound at 30-31% in the past four to five years. Exports: India's exports grew at a healthy pace in FY 2018-19, albeit on a low base. The primary factors propelling India's exports during the year under review were the easing constraints posed by Goods and Services Tax (GST) implementation, improved manufacturing and tailwinds of 2017 global trade revival.

OUTLOOK

India is expected to lean towards domestic factors to drive its progress owing to a weak global economic environment. In FY 2019-20, India's economy is likely to grow by 7.2% (Source: RBI). The country's GDP growth will primarily be driven by continued momentum in private investment, as well as gross capital formation, growth in bank credit and strong financial flows to the commercial sector. Normal monsoon and lower oil prices will also augur well for the economy. However, India has been witnessing some downside on the domestic front since April 2019. Primarily, these were weakness in consumption led by automobiles and two-wheelers, reduction in non-banking financial companies credit funding, impact on exports from moderating global demand and political uncertainty in anticipation of general elections, which has led to mixed views on whether the downside is transient or structural. There have been some recent forecasts, which have pegged the estimated growth of the Indian economy to sub-7% levels. The headwinds that the global economy is facing, including faster-than-anticipated deceleration in global growth, volatility in financial markets, geo-political events and worsening trade disputes could further impact businesses in developed markets as well as emerging markets and cause a plateauing of growth.

INDUSTRY INSIGHT

The hospitality industry has been undergoing tremendous changes and disruptions over the last two decades. The key trends that are reshaping the industry are listed here:

- Virtual communities across social networks like TripAdvisor and Google, among others influence tourists and lead to more transparency
- Online Travel Agents (OTAs) have altered distribution channels, facilitated a shift towards large brands and have built enduring relations with travellers
- Digitalised guest experiences through apps are increasingly helping hoteliers manage many aspects of the guest cycle and experience
- Booming global tourism, owing to enablers like low-cost carriers and healthy GDP growth in emerging markets
- Rising trend of experience economy wherein customers request extreme personalisation, unique experiences, and so on
- Generations Y and Z have different requirements and needs compared to older generations
- Sustainability approach of hotels is growing as patrons become increasingly sensitive towards environmental and social issues
- Standardisation can no longer be the norm: It is becoming critical to personalise and tailor services to the needs and preferences of travellers

- Technology as an accelerator for business: Technology will be at the core of the hotel experience both in rooms, and before and after the trip. This will lead to the development of new concepts and more innovation in the industry
- Social responsibility is an economic obligation: It is essential for governments and corporations to build real, sustainable business models for the travel and tourism industry
- Develop more responsive and durable business models: Agility and resilience is very important for efficiently mitigating risks facing the industry
- Manage talents actively: Attracting, developing and retaining the right talent in the hospitality industry continues to remain a core challenge

OUTLOOK

The hospitality industry is evolving with the advent of new technology and concepts. While technology plays a significant role as a differentiator in the industry, sustainable practices are growing fast to become a major determinant of success for tourism businesses. Overall, hoteliers need to understand what's at stake and focus on the following five dimensions:

INDIAN HOSPITALITY AND TOURISM INDUSTRY

Travel and tourism industry contributed 9.2% to India's GDP and registered a growth of 6.7% in 2018 (Source: WTTC). The industry supported 43 million jobs in the country (8.1% of total employment). India offers a diverse portfolio of niche tourism products, including cruises; adventure; medical; wellness; sports; meetings, incentives, conventions and exhibitions (MICE) eco-tourism; films; rural and religious tourism. The country has been recognised as a destination for spiritual tourism for domestic and international tourists. Besides, the introduction of a new category of visa—the medical visa or M visa—is expected to encourage medical tourism in India. Several other factors promoting tourism, in general and hospitality, in particular are:

- Focus on improving infrastructure, including airports, roads and rail connectivity across the country
- Positive amendments to Coastal Regulation Zones Rules are expected to facilitate development of beach resorts across the coastline
- Digitisation of services, including payment mechanisms
- E-visas offered to nationals of 166 countries is expected to increase foreign travellers
- New avenues of funding Real Estate and Hospitality assets through institutional equity by way of listing Real Estate Investment Trusts (REIT) and Initial Public Offers (IPOs) of certain hospitality companies
- Introduction of the Insolvency and Bankruptcy Code (IBC) to resolve insolvencies efficiently, which in turn gives rise to opportunities for expansion The industry's concern however, are high GST rates, which at 28% for room tariffs above ₹7,500 are amongst the highest in South East Asia positioning the country as an expensive destination in comparison with regional peers. Further, the recent turmoil within the airline industry in India leading to a decline in flights has impacted travel, notwithstanding the high demand for air travel.

INDIAN HOSPITALITY INDUSTRY INSIGHT

India's gateway cities outpaced most of their counterparts in the Asia Pacific region in 2018 (Source: India Hotel Market Review 2018). The three pivotal metrics for like-for-like hotels reported an improvement in 2018 with Occupancy at 67% (+1.7%points), Average Daily Rate (ADR) at Rs.5,920 and Rev PAR at Rs.3,968 over 2017. The demand for rooms has outpaced supply of rooms over the past six years and this trend continued in 2018 as well. Hyderabad, Delhi, Mumbai and Pune recorded the highest demand growth. Barring Goa and Kochi, all key markets saw a positive RevPAR growth in 2018.

THREATS, RISKS & CONCERNS

Hotel industry in India has huge staff turnover, rising staff & utility costs, staff retention & guests satisfaction are the major concerns of the hotel industry in India. There is a risk that the elements of Indian Hotel market may move into over supply at least in the short term. Delivering the brand experience consistently at a transparent price point will be vital to success. The benefit of loyalty program will continue to be a key differentiation for the consumer. Hotels must realign their expenditure, optimize opportunely and efficiency and adopt flexible business model. Differentiated product offerings, enhanced services and targeted communication with the new markets is being used to address the threats from the unbranded segment. The Company proposes to provide new facilities in the existing properties, stylish bars and other F & B outlets, free hotel-wide-WIFI connection to customers plus fitness areas besides offering discounts announcing happy hours and free wine testing events to leisure travelers. Despite all this profitability will continue to remain a concern with high operational and debt costs.

CHANGE IN FOCUS AND STRATEGY AND DIVERSIFICATION

In the scenario of the changing conditions in the hospitality and emerging business opportunities in the real estate and infrastructure sector, and having regard to the long term interest and for the purpose of obtaining a better return of capital employed, it is proposed to reorient the strategies and diversify by taking up the business of construction, real estate and property development, infrastructure facilities. The Members of the Company have approved the amendment to the Main objects clause of the Memorandum of Association by means of a special resolution through postal ballot which concluded on May 18, 2019. Management of the company will initiate suitable measures to implement the decision approved by the shareholders of the Company.

REVIEW OF OPERATIONAL AND FINANCIAL PERFORMANCE

During the year under report, the global economic protectionism especially in the western countries and political turmoil in the Middle East have caused precedented trade wars and job losses all around the world. The Indian economy too suffered heavily with lower export of goods and services. The Indian IT and BPO business is languishing. Hospitality industry too is affected pushing average room rate significantly lower levels.

Hence, sales turnover of the Company has increased from Rs.836/- millions to Rs.888/- millions as compared to the previous year

Further, the profit after income tax has increased from Rs.211/- millions to Rs.440/- millions during the financial year due to increase in exceptional interest income. During the year under report, the hotel business is hit by the entry of new five-star hotels in the city of Bengaluru resulting in stiff competition. However the outlook is good and there is scope to improve the working results in current financial year.

SEGMENT WISE PERFORMANCE

The Company is operating a five-star hotel business by name & style as Le Meridien, Bengaluru. The Company's 100% subsidiary Company is operating a three-star hotel at Kochi, Kerala. The Company has diversified into electricity generation through Wind Turbine Generators (WTG) for captive consumption and sale of electricity to the State Govt., and third party consumers. Further, the Company has considerable earnings on investments. The segment-wise performance is reported elsewhere in this Annual Report.

GUEST EXPERIENCE

The enhanced service levels are achieved through focused training programmed based on guest feedback and audits (external and internal) conducted to check the performance against the standards.

SALES & MARKETING INITIATIVES

Your Company has various promotional and incentive schemes such as Starwood preferred guest incentive scheme, Bookers incentives, Sale & Marketing executives incentive scheme, local and international travel agent's incentive scheme etc., to attract local and foreign guests. The Company is undertaking various sales blitzes to the important cities in the country. The Company is also tapping the Marriott global network for room bookings through internet.

RISK AND CONCERNS

Industry Risk

General Economic Conditions:

The hospitality industry is prone to impact due to fluctuations in the economy caused by changes in global and domestic economies, changes in local market conditions, excess hotel room supply, reduced international or local demand for hotel rooms and associated services, competition in the industry, government policies and regulations, fluctuations in interest rates and foreign exchange rates and other social factors. Since demand for hotels is affected by world economic growth, a global recession could also lead to a downturn in the hotel industry.

Socio-Political Risks:

In addition to economic risks, your Company faces risks from the socio-political environment, internationally as well as within the country and is affected by events like political instability, conflict between nations, threat of terrorist activities, occurrence of infectious diseases, extreme weather conditions and natural calamities, etc., which may affect the level of travel and business activity.

Company Specific Risks:

The Company specific risks remain by and large the same as mentioned hereinabove. Further, being a single hotel, it cannot have effective marketing leverages. The industry in general has a high operating leverage.

RISK MITIGATION INITIATIVES

Your Company employs various policies and methods to counter these risks effectively, as enumerated below:

Your Company has implemented various security measures at its property which inter alia include screening of guest's luggage, installation of security bollards & metal detectors, etc. to counter the security risk.

By extensively improving its service standards, as also renovating and repositioning all its key outlets, your Company counters the risk from growing competition and new properties. Further, it gains operating and financial leverage, by diversification of business activities and leveraging the strengths of its high reserves.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal information systems ensure smooth information flow to facilitate proper control. Adherence to the systems is then validated through the process of internal audit. The Company has adequate system of internal audit control to ensure that all the assets are safeguarded and protected. Regular internal audits are conducted by the professional Chartered Accountant firm and reports submitted by these Internal Auditors are periodically reviewed by the Audit Committee of the Board. The findings and compliance/s are reported to the apex level management on a periodic basis. The Company has constituted an in-house Committee for timely implementation of internal audit recommendations. The Company has clear systematic process and well-defined roles and responsibilities for people at different hierarchical levels. This ensures appropriate information flow to facilitate monitoring

Development in Human Resources and industrial relations

The Company believes that the quality of the employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunities to equip them with skills, enabling them to keep pace with ongoing technological advancements and evolve. Hotel Le Meridien Bengaluru is known worldwide for its impeccable services – a reflection of careful employee selection, training and motivation. Employees are provided opportunity to grow and prosper. In the meantime, all efforts are being made to control cost to maintain present level of profitability. We are also seeking opportunities in different markets and segments to continue diversify our revenue.

Industrial relations remained stable throughout the financial year 2018-19.

As on 31st March 2019 the number of people employed by the Company was 394.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

The details of significant changes (i.e. change of 25 % or more as compared to the immediately previous financial year) in key financial ratios, alongwith the explanation, are furnished as under:

Sl.No	Particulars of ratio	Ratio for the FY 2018-19	Ratio for the FY 2017-18	Extent of change over the previous year in %	Explanation for significant change (more than 25 %)
1	Debtors turnover	32.22	16.65	-	-
2	Inventory turnover	96.83	76.13	-	-
3	Interest coverage	5.72	4.65	-	-
4	Current ratio	2.52	3.51	-	-
5	Debt Equity	0.39	0.46	-	-
6	Operating Profit Margin (%)	35.13	34.98	-	-
7	Net Profit margin (%)	49.58	25.19	Due to exceptional interest of Rs.30/- crores on advance.	

Change in Return on Net Worth

Return on net worth during the financial year 2018-19 amounted to 13.83% as compared to 7.26% during the previous financial year 2017-18. The reason for change in the return on net worth was due to exceptional item of interest of Rs.30/- crores earned on advances.

CAUTIONARY STATEMENT

The views and futuristic statements contained in this report are the perception of management and subject to certain risks and uncertainty that could cause actual results to differ materially from those reflected in such statements. Readers should carefully review the other information in this Annual Report and in the Company's periodic reports. The Company undertakes no obligation to publicly update or revise any of these futuristic statements, whether because of latest information, future events, or otherwise.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MAC CHARLES (INDIA) LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Mac Charles (India) Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in our audit
Capital Advance The Company has significant capital advances including capital advances to related parties, amounting to Rs 2,311.87 million representing 49% of the Company's total assets as at 31 March 2019. Refer note 11 to the standalone financial statements. We identified capital advances as a key audit matter due to the significance of the amount, the risks associated with their recoverability and compliance with statutory requirements with respect to related party advances.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence: ➢ We have challenged management's assumption relating to the recoverability of capital advances by verifying correspondences with the vendors and where considered necessary, obtaining confirmation of balances from vendors. We have also evaluated relevant developments after the reporting date and upto the date of this report, to assess the recoverability of the capital advances. ➢ We inquired with the management and obtained an understanding of the process and controls that the Company has to: • identify, account for and disclose capital advances given to related parties; • authorize and approve such advances; and • ensure compliance with statutory requirements relating to such advances. ➢ We evaluated the adequacy and completeness of disclosure of capital advances to related parties and others, in the standalone financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises of the information included in the Company's Annual Report, but does not include the standalone financial statements and our auditors' report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a) The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 39 to the standalone financial statements;

b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019 and;

d) The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Bengaluru
29 May 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (CONTINUED)

The Annexure A referred to in the Independent Auditor's Report to the Members of Mac Charles (India) Limited ("the Company") on the standalone financial statements for the year ended 31 March 2019, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, physical verification of fixed assets was carried out during the year and no material discrepancies were noted.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) According to the information and explanations given to us and on the basis of our examination of the records, the inventory have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material.

(iii) According to the information and explanations given to us and on the basis of our examination of the records, the Company has granted unsecured loans to one Company covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').

(a) In our opinion and according to the information and explanations given to us, the terms and conditions on which the loans have been granted to the company listed in the register maintained under Section 189 of the Act are not prejudicial to the interest of the Company.

(b) In the case of the loan granted to the company covered in the register maintained under Section 189 of the Act, the borrower has been regular in the repayment of the principal and interest, wherever stipulated.

(c) There are no loans granted to the company listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given and investments made. Further, there are no guarantees and security given in respect of which provisions of Section 185 and 186 of the Act are applicable.

(v) The Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) According to the information and explanation given to us, the Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered and goods sold by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of Customs, Duty of Exercise, Service tax, Value added tax and Sales tax during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, Cess and other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax and Cess which have not been deposited by the Company on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.

(ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

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

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Bengaluru
29 May 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAC CHARLES (INDIA) LIMITED FOR THE YEAR ENDED 31 MARCH 2019

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Mac Charles (India) Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and 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 control with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 with reference to the standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

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

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Bengaluru
29 May 2019

BALANCE SHEET AS AT MARCH 31, 2019

Rs in millions

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	701.81	740.61
Investment property	5	845.41	861.01
Investment in subsidiaries	6	74.50	74.50
Financial assets			
- Investments	7	41.89	55.73
- Loans	8	24.43	11.66
- Other financial assets	9	19.42	19.42
Income-tax assets, net	10	-	30.58
Other non-current assets	11	2,311.87	1,914.08
Total non-current assets		**4,019.33**	**3,707.59**
Current assets			
Inventories	12	9.17	10.98
Financial assets			
- Investment	13	191.20	214.74
- Trade receivables	14	27.56	50.19
- Cash and cash equivalents	15	46.21	67.57
- Bank balances other than cash and cash equivalents	16	1.00	1.00
- Loans	17	357.40	353.89
- Other financial assets	18	3.60	16.74
Other current assets	19	11.38	11.24
Assets held for sale	45	27.75	13.08
Total current assets		**675.27**	**739.43**
Total assets		**4,694.60**	**4,447.02**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20	131.01	131.04
Other equity	21	3,051.82	2,769.87
Total equity		**3,182.83**	**2,900.91**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	22	1,202.24	1,226.91
- Other financial liabilities	23	0.98	43.62
Deferred tax liabilities (net)	24	40.49	64.90
Total non-current liabilities		**1,243.71**	**1,335.43**
Current liabilities			
Financial liabilities			
- Trade payables			
Total outstanding dues to micro enterprises and small enterprises	25	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		28.53	26.47
- Other financial liabilities	26	192.91	128.08
Current provisions	27	11.70	9.55
Other current liabilities	28	16.50	32.27
Current tax liabilities, net	29	18.42	14.31
Total current liabilities		**268.06**	**210.68**
Total equity and liabilities		**4,694.60**	**4,447.02**
Significant accounting policies	**3**		
The notes referred to above form an integral part of these standalone financial statements			

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W / W-100024

Rushank Muthreja
*Partner (*Membership No. 211386)

Bengaluru
29 May 2019

for and on behalf of the Board of Directors of
Mac Charles (India) Limited

P B Appiah
Director
DIN: 00215646

P R Ramakrishnan
Director
DIN: 00055416

M S Reddy
Executive Director and
Company Secretary

Pranesha K Rao
Chief Financial Officer

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

Rs in millions

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	30	782.35	729.61
Other income	31	105.65	106.30
Total income		**888.00**	**835.91**
Expenses			
Cost of materials consumed	32	74.72	70.94
Maintenance and upkeep services	33	60.24	65.35
Employee benefits expense	34	162.07	153.06
Finance costs	35	107.00	62.83
Depreciation and amortization expense	36	49.70	52.05
Other expenses	37	122.31	139.27
Total expenses		**576.04**	**543.49**
Profit before exceptional items and tax		**311.96**	**292.42**
Exceptional item	11	300.00	-
Profit before tax		**611.96**	**292.42**
Tax expense:			
- Current tax	38	(186.17)	(109.51)
- Taxes pertaining to earlier years (net)		(10.08)	-
- Deferred tax	38	24.60	27.76
Profit for the year		**440.32**	**210.67**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit liability/(asset)		1.41	1.18
Equity instruments through Other Comprehensive Income - net changes in fair value		(2.05)	2.99
		(0.64)	**4.17**
Items that will be reclassified to profit or loss		-	-
Deferred tax on items that will not be reclassified to profit or loss		0.19	(1.44)
Other comprehensive income for the year, net of income taxes		**(0.45)**	**2.73**
Total comprehensive income for the year		**439.86**	**213.39**
Earnings per equity share:			
- Basic (Rs.)	21.2	33.61	16.08
- Diluted (Rs.)	21.2	33.61	16.08
Significant accounting policies	**3**		
The notes referred to above form an integral part of these standalone financial statements			

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W / W-100024

Rushank Muthreja
*Partner (*Membership No. 211386)

Bengaluru
29 May 2019

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Director
DIN: 00215646

P R Ramakrishnan
Director
DIN: 00055416

M S Reddy
Executive Director and
Company Secretary

Pranesha K Rao
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

Rs in millions

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from operating activities		
Profit before tax	611.97	292.42
Adjustments:		
- Interest income	(65.11)	(69.04)
- Interest income (included in exceptional item)	(300.00)	-
- Dividend income	(0.06)	(0.06)
- Financial assets at fair value through statement of profit and loss	(1.68)	0.01
- Profit on sale of investments	(15.93)	(7.29)
- Profit on sale of property, plant and equipment	(6.26)	(15.15)
- Interest expense (including fair value change in financial instruments)	106.89	62.60
- Depreciation and amortization	49.70	52.05
- Provision for doubtful advances	0.32	43.62
Operating cash flow before working capital changes	379.83	359.15
Working capital adjustments:		
- Trade receivables	22.63	(6.49)
- Inventories	1.81	0.24
- Trade payables	-	1.34
- Current and non-current financial assets	(3.14)	33.24
- Other current and non-current assets	(0.14)	3.03
- Current and non-current financial liabilities	22.73	25.62
- Provisions	2.15	(6.02)
- Other current and non-current liabilities	(15.77)	4.90
Cash generated from operation activities	410.10	415.01
Income taxes paid	(182.06)	(107.32)
Net cash generated from operating activities [A]	**228.04**	**307.69**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(100.34)	(875.20)
Purchase of investments	(478.43)	(138.78)
Proceeds from sale of property, plant and equipment	20.65	39.23
Proceeds from sale of investments	516.55	7.05
Interest received	65.11	69.04
Dividend received	0.06	0.06
Net cash used in investing activities [B]	**23.60**	**(898.60)**
Cash flows from financing activities		
Dividend paid	(157.94)	(157.68)
Proceeds from borrowings	-	1,242.01
Repayment of borrowings	(13.39)	(403.93)
Interest paid	(105.23)	(60.84)
Net cash (used in)/ generated from financing activities [C]	**(276.56)**	**619.56**
Increase/ (decrease) in cash and cash equivalents [A+B+C]	(24.91)	28.66
Cash and cash equivalents at the beginning of the year	67.57	38.91
Cash and cash equivalents at the end of the year	**42.66**	**67.57**
Components of cash and cash equivalents (refer note 15)		
Balances with banks		
- in current accounts	45.42	66.81
- Book overdraft	(3.55)	-
Cash in hand	0.79	0.76
Cash and cash equivalents at the end of the year	**42.66**	**67.57**
The disclosure on reconciliation of movements of liabilities to cash flows arising from financing activities is disclosed in note 22.		
The notes referred to above form an integral part of these standalone financial statements		

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W / W-100024

Rushank Muthreja
*Partner (*Membership No. 211386)

Bengaluru
29 May 2019

for and on behalf of the Board of Directors of
Mac Charles (India) Limited

P B Appiah
Director
DIN: 00215646

P R Ramakrishnan
Director
DIN: 00055416

M S Reddy
Executive Director and
Company Secretary

Pranesha K Rao
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

Rs in millions

		Amount
a	**Equity share capital**	
	Equity shares of Rs. 10 each, issued, subscribed and paid-up capital	
	Balance as at 1 April 2017	131.04
	Changes in equity share capital during the year 2017-18	-
	Balance as at 31 March 2018	**131.04**
	Changes in equity share capital during the year 2018-19	(0.03)
	Balance as at 31 March 2019	**131.01**
b	**Other Equity**	
	For the year ended 31 March 2018	*(Rs in millions)*

Particulars	Reserves and Surplus		Other comprehensive income	Total equity attributable to owners of the Company
	General reserve	Retained Earnings	Fair value of equity instruments	
Balance as at 1 April 2017	2,214.77	502.70	(4.12)	2,713.35
Profit during the year	-	210.66	-	210.66
Other comprehensive income for the year	-	0.77	1.96	2.73
Dividend expense	-	(131.01)	-	(131.01)
Corporate dividend tax	-	(26.67)	-	(26.67)
Realised profits of equity instruments measured at FVOCI	-	-	0.81	0.81
Balance as at 31 March 2018	**2,214.77**	**556.45**	**(1.35)**	**2,769.87**

For the year ended 31 March 2019 *(Rs in millions)*

Particulars	Reserves and Surplus		Other comprehensive income	Total equity attributable to owners of the Company
	General reserve	Retained Earnings	Fair value of equity instruments	
Balance as at 1 April 2018	2,214.77	556.45	(1.35)	2,769.87
Profit during the year	-	440.31	-	440.31
Other comprehensive income for the year	-	1.00	(1.45)	(0.45)
Transfer to general reserve	30.00	(30.00)	-	-
Dividend expense	-	(131.01)	-	(131.01)
Corporate dividend tax	-	(26.93)	-	(26.93)
Forfeiture of shares	0.03	-	-	0.03
Balance as at 31 March 2019	**2,244.80**	**809.83**	**(2.80)**	**3,051.82**

Nature and purpose of other reserves:

General reserve:

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.

During the year ended 31 March 2019, an amount of Rs 0.03 million has been transferred from equity share capital to general reserve on account of forfeiture of equity shares in an earlier year.

Retained earnings:

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the period, the profit after tax is transferred from the statement of profit and loss to the retained earnings account.

Significant accounting policies **3**

The notes referred to above form an integral part of these standalone financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W / W-100024

Rushank Muthreja
*Partner (*Membership No. 211386)

Bengaluru
29 May 2019

for and on behalf of the Board of Directors of
Mac Charles (India) Limited

P B Appiah
Director
DIN: 00215646

P R Ramakrishnan
Director
DIN: 00055416

M S Reddy
Executive Director and
Company Secretary

Pranesha K Rao
Chief Financial Officer

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1 Background

Mac Charles (India) Limited engages in the hotel business in India. The Company operates Le Meridien, a five star hotel with 197 rooms and suites in Bangalore, India. It is also involved in the generation of electricity through wind turbine generators. The Company was incorporated in the year 1979 and is based in Bengaluru, India.

2 Basis of preparation

2.1 Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act 2013, (the 'Act') and other relevant provisions of the Act.

This is the first set of the Company's annual financial statements in which Ind AS 115 Revenue from Contracts with Customers have been applied. Changes to significant accounting policies pertaining to revenue are described in Note 3.5 Revenue Recognition.

The standalone financial statements were authorised for issue by the Company's Board of Directors on 29 May 2019.

Details of the Company's accounting policies are included in note 3.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

2.3 Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations.

2.4 Use of estimates and judgements

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note 40 – leases

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2019 is included in the following notes:

- Note 4 and 5 - Depreciation and amortisation method and useful life of items of property, plant and equipment and investment property;
- Note 27 and 43– measurement of defined benefit obligations: key actuarial assumptions;
- Notes 39 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 42 – impairment of financial assets,
- Note 45 - Assets held for sale; determining the fair value less cost to sell of the assets held under sale

2.5 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Company has an established control framework with respect to the measurement of fair values. The Company engages with external valuers for measurement of fair values in the absence of quoted prices in active markets.

Significant valuation issues are reported to the Company's audit committee. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Financial instruments (note 42)
- Disclosures for valuation methods, significant estimates and assumptions (note 42)
- Quantitative disclosures of fair value measurement hierarchy (note 42)
- Financial instruments (including those carried at amortised cost) (note 42)

2.6 Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies set out in note 3 to all periods presented in these standalone financial statements.

The Company has initially applied Ind AS 115 from 1 April 2018. A number of other amendments are also effective from 1 April 2018. These new standards and amendments are as follows:

- Transfers of Investment Property (Amendments to Ind AS 40)
- Inclusion of Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates

The new standard and the amendments do not have a material effect on the Company's standalone financial statements.

3 Significant accounting polices

3.1 Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

2. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful lives
Building	30 – 60 years
Leasehold improvements	Lease term or estimated useful life, whichever is lower
Plant and machinery	15 years
Office equipment	5 years
Furniture and fixtures	10 years
Computers	3 years
Vehicles	8 years
Leasehold land	Lease term

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

3.2 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Based on technical evaluation and consequent advice, the management believes a period of 60 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Company depreciates investment properties over a period of 60 years on a straight-line basis. The useful life estimate of 60 years is different from the indicative useful life of relevant type of buildings mentioned in Part C of Schedule II to the Act i.e. 30 years. Any gain or loss on disposal of an investment property is recognised in profit or loss.

The fair values of investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

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

3.3 Impairment of assets

1. Impairment of financial instruments

The Company recognises allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for the financial assets measured at amortised cost are deducted from the gross carrying amount of assets. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due. The Company considers a financial asset to be in default when: (i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or (ii) the financial asset is 365 days or past due.

Measurement of expected credit losses

Expected credit losses are a probability−weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

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

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

2. Impairment of non-financial assets

The Company's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents smallest group of assets that generates cash inflows that are largely independent of the cash inflows or other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extend that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

3.4 Inventories

Inventories are valued at the lower of cost and net realizable value. 'Cost' comprises purchase cost and all expenses incurred in bringing the inventory to its present location and condition. Cost has been determined as follows:

Nature of inventory	Method of valuation
Inventories of provisions, food supplies, crockery, cutlery, glassware, beverage, stores and operational supplies	Cost on weighted average method. (Cost includes freight and other incidental expenses) or net realisable value, whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Stores and operational supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

The comparison of cost and net realizable value is made on an item by item basis. The Company periodically assesses the inventory for obsolescence and slow moving stocks.

3.5 Revenue recognition

The Company derives its revenue primarily from running and/ or managing hotels.

The Company has initially applied Ind AS 115 - 'Revenue from contracts with Customers' from 1 April 2018. IndAS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced Ind AS 18 - Revenue and Ind AS 11 Construction Contracts and Guidance Notes.

The Company has adopted IndAs 115 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of the initial application i.e., 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 is not restated, i.e., it is presented, as previously reported, under IndAs 18, IndAs 11 and related interpretations. Additionally, the disclosure requirements in IndAs 115 have not generally been applied to comparative information. There is no impact due to adoption of Ind AS 115.

Revenue from different sources is recognised as below:

- Income from hotel:

Income from operations of hotel primarily comprises of revenue from room rentals and sale of food and beverage charges. Such service income is recognised when the related services are rendered unless significant future contingencies exist.

Revenue is recognised when the entity satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of an asset. Service income is recognized when the related services are rendered unless significant future contingencies exist.

Sales are disclosed net of sales tax, service tax, trade discount and quality claims.

Advances received from the customers are reported as liabilities until all conditions for revenue recognition are met and is recognized as revenue once the related services are rendered.

- Sale of electricity generated from Wind Turbine Generators is:

Recognized on the basis of electricity units metered and invoiced.

- Rental income

Rental income from property leased under operating lease is recognised in the statement of profit and loss on an actual basis over the term of the lease since the rentals are in line with the expected general inflation. Lease incentives granted are recognised as an integral part of the total rental income.

- Interest income

Interest income is recognized using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of a financial asset; or

- the amortized cost of financial liability.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

- Dividend income:

Dividends are recognized in profit or loss on the date on which the Company's right to receive payment is established.

3.6 Leases

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets. Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's balance sheet.

Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease income

Lease income from operating leases where the Company is a lessor is recognised in income on actual basis over the lease term since the lease receipts are in line with the general inflation rate. The respective leased assets are included in the balance sheet based on their nature.

3.7 Financials instruments

1. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

2. Classification and subsequent measurement

A. Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- Fair Value Through statement of Profit and Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 or loss are expensed in profit or loss.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment− by− investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

B. Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

C. Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non− recourse features).

D. Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.
Debt investments at FVTPL	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in statement of profit and loss.

E. Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held− for− trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3. Derecognition

A. Financial assets :

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

B. Financial liabilities :

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and amortized cost.

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

Subsequent measurement

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

Amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

4. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.8 Employee benefits

1. Defined contribution plan

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. 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 recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. Defined benefit plans

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive income in the period in which they occur.

Gratuity scheme is administered through a trust called Mac Charles (India) Limited Employees Gratuity Fund Trust affiliated with the Life Insurance Corporation of India and the provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of the funds.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

3. Short-term benefit plans

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 recognized and 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.

Compensated absence, which is a short term defined benefit, is accrued based on a full liability method based on current salaries at the balance sheet date for unexpired portion of leave.

3.9 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or an average rate, if the average rate approximates the actual rate at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

3.10 Income taxes

Income tax comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item directly recognised in equity or in other comprehensive income.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax also includes any tax arising from dividends.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

3.11 Provisions and contingent liabilities

Provisions (other than for employee benefits)

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

The disclosure of contingent liability is made when, as a result of obligating events, there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

3.12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, 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.

Deposits with maturity more than three months but less than twelve months have been disclosed as 'Bank balances other than cash and cash equivalents'.

3.13 Earnings per share

The basic earnings per share is computed by dividing the net profit/ (loss) attributable to owner's of the company for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings/ (loss) per share comprises the weighted average shares considered for deriving basic earnings/ (loss) per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and which either reduces earnings per share or increase loss per share are included.

3.14 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.15 Recent accounting pronouncements - issued and effective

Amendment 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.

- Appendix B to Ind AS 21 applies when:

a. Pays or receives consideration denominated or priced in a foreign currency and

b. Recognises a non-monetary prepayment asset or deferred income liability – e.g. non-refundable advance consideration before recognising the related item at a later date.

- Date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.
- If there are multiple payments or receipts in advance, the entity should determine a date of the transaction for each payment or receipt of advance consideration.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Amendment to Ind AS 40 Investment Property

The amendment lays down the principle regarding when a company should transfer an asset to, or from, an investment property.

1) A transfer is made when and only when:

a. There is an actual change of use i.e. an asset meets or ceases to meet the definition of investment property.

b. There is evidence of the change in use.

2) In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

3.16 Recent accounting pronouncements - issued and not effective

Amendment to Ind AS 12 Income tax

- Decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference. This applies irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, i.e. continuing to hold it, or whether it is probable that the issuer will pay all the contractual cash flows.
- The amendment explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilisation are two separate steps.
- Carrying amount of an asset is relevant only to determining temporary differences. It does not limit the estimation of probable future taxable profit.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Amendment to Ind AS 12 Income tax

Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Group will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 12 Appendix C on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

Amendment to Ind AS 116 Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases effective 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognizes right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The amendment will come into force from April 1, 2019. The Company has evaluated the effect of this on the financial statements and no significant impact is expected.

The following amended standards are not expected to have a significant impact on the Company's standalone financial statements.

- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 111, Joint Arrangements
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 28, Investments to Associates and Joint Ventures

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

4 Property, plant and equipment and capital work-in-progress

(Rs in millions)

Particulars	Land	Buildings	Plant and Machinery	Office equipment	Furniture and fixtures	Com-puters	Vehi-cles	Total	Capital work-in-progress
Balance as at 1 April 2017	338.93	64.85	422.75	0.40	31.98	4.47	2.99	**866.37**	0.81
Additions	-	7.60	7.14	-	-	0.08	2.48	**17.30**	-
Reclassification to asset held for sale	-	14.84	-	-	-	-	-	**14.84**	-
Disposals	-	23.91	3.21	-	-	-	-	**27.12**	0.81
Balance as at 31 March 2018	**338.93**	**33.70**	**426.68**	**0.40**	**31.98**	**4.55**	**5.47**	**841.71**	-
Balance as at 1 April 2018	338.93	33.70	426.68	0.40	31.98	4.55	5.47	**841.70**	-
Additions	1.72	-	0.17	-	-	0.34	-	**2.23**	-
Disposals	-	7.60	-	-	-	-	-	**7.60**	-
Balance as at 31 March 2019	**340.65**	**26.10**	**426.85**	**0.40**	**31.98**	**4.89**	**5.47**	**836.33**	-
Accumulated depreciation									
Balance as at 1 April 2017	-	2.09	50.83	0.04	13.78	1.53	1.18	**69.44**	-
Charge for the year	-	1.89	25.10	-	7.17	1.69	0.60	**36.45**	-
Transfer to assets held for sale		1.76	-	-	-	-	-	**1.76**	
Disposals	-	0.88	2.16	-	-	-	-	**3.04**	-
Balance as at 31 March 2018	**-**	**1.34**	**73.77**	**0.04**	**20.95**	**3.22**	**1.78**	**101.09**	-
Balance as at 1 April 2018	-	1.34	73.77	0.04	20.95	3.22	1.78	**101.09**	-
Charge for the year	-	0.58	25.06	-	6.48	1.22	0.76	**34.10**	-
Transfer to assets held for sale	-	-	-	-	-	-	-	-	
Disposals	-	0.67	-	-	-	-	-	**0.67**	-
Balance as at 31 March 2019	**-**	**1.25**	**98.83**	**0.04**	**27.43**	**4.44**	**2.54**	**134.52**	-
Carrying amount:									
As at 31 March 2019	***340.65***	***24.86***	***328.02***	***0.36***	***4.55***	***0.45***	***2.93***	***701.82***	-
As at 31 March 2018	***338.93***	***32.36***	***352.91***	***0.36***	***11.03***	***1.33***	***3.69***	***740.61***	-

Notes:

(i) Contractual obligations

The Company has not entered into any contracts to purchase, construct or develop property plant and equipment or for its repairs, maintenance or enhancements exceeding a period of one year.

Significant estimates

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life, if any. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

5 Investment property *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Cost or deemed cost (Gross carrying amount)		
Opening balance	936.13	936.13
Additions	-	-
Deletions	-	-
Closing balance	**936.13**	**936.13**
Accumulated depreciation		
Opening balance	(75.12)	(59.52)
Charge for the year	(15.60)	(15.60)
Deletions	-	-
Closing balance	**(90.72)**	**(75.12)**
Net carrying amount	**845.41**	**861.01**

Notes:

Investment property comprises of a commercial property that is leased to third parties. The lease contains an initial non-cancellable period. Subsequent renewals are negotiated with the lessee and historically the average renewal period is five to nine years.

Investment property comprises of property of two buildings namely 'Delta' and 'Alpha' held by the Company in Cessna Business Park, Bangalore. These properties are secured against the term loan from bank.

i) Amounts recognised in profit and loss for investment properties *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Rental income derived from investment properties	139.14	141.08
Direct operating expenses (including repairs and maintenance) generating rental income	4.12	5.54
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	135.02	135.53
Less: Depreciation	15.60	15.60
Profit arising from investment properties before indirect expenses	**119.42**	**119.94**

ii) Fair value

Fair value hierarchy

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation techniques

Investment property comprises commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

The company obtains independent valuations for its investment properties at least annually.

Fair value:	**Rs in million**
As at 31 March 2018	2,390.40
As at 31 March 2019	2,390.40

The fair values of the investment property is determined based on the current market prices in an active market for properties of different nature adjusted to reflect those changes.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

5 Investment property (continued)

Significant estimates

The charge in respect of periodic depreciation on investment property is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life, if any. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Note :

Para 97 of Ind AS 113 Fair value measurements states that for each class of assets and liabilities not measured at fair value in the balance sheet but for which the fair value is disclosed, an entity shall disclose the information required by paragraph 93(b), (d) and (i). However, the said paragraph states that an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorised within Level 3 of the fair value hierarchy required by paragraph 93(d). Therefore, no disclosure in relation to sensitivity analysis of significant unobservable inputs used in fair value measurements of Investment property.

6 Investment in subsidiaries *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Unquoted equity shares		
Investments in subsidiaries accounted at cost		
29,988 equity shares of Airport Golf View Hotels and Suites Private Limited (31 March 2018: 29,988 shares)	74.50	74.50
Total	**74.50**	**74.50**

7 Investments *(Rs in millions)*

Non-Current Investments

Particulars	As at 31 March 2019	As at 31 March 2018
Unquoted		
Other investments at fair value through profit and loss (fully paid-up)		
Investment in mutual funds		
Pru.ICICI India Advantage Fund-III	5.02	8.77
Reliance Capital Asset Management	36.87	46.96
Total	**41.89**	**55.73**
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate book value of unquoted investments	41.89	55.73
Aggregate amount of impairment in the value of investments	-	-

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in Note 42.

8 Loans *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Security deposit	24.43	11.66
	24.43	**11.66**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

9 Other financial assets *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Bank deposits	19.42	19.42
	19.42	**19.42**

Fixed deposit with bank includes an amount of Rs 19.40 million (previous year: Rs 19.40 million) which is held as debt service reserve account (DSRA).

10 Income-tax assets, net *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Advance tax, net of provision for tax	-	30.58
	-	**30.58**

11 Other non-current assets *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Capital advances		
- Advance paid for purchase of investment property (refer note below)	2,311.87	1,914.08
	2,311.87	**1,914.08**

Note:

The Company had entered into an "Agreement to sell" ('the Agreement') with M/S L.J.Victoria Properties Private Limited ('Seller') dated 8 February 2017, which was subsequently amended on 1 June 2017, for the purchase of a commercial property by name 'Victoria Embassy' for a total consideration of Rs1,710 million.

Later, the Company entered into multiple amendments to the Agreement which were dated on 25 January 2018, 26 February 2018 and 20 October 2018 through which the purchase consideration was amended to Rs.2,050 million and the period for completion of the sale transaction was extended to 31 March 2019.

Pursuant to the Agreement, including subsequent amendments, the Company had paid advances amounting to Rs.1,988.64 million as at 31 March 2019 (31 March 2018: Rs.1914.08 million) to the Seller.

As per the last amendment to the Agreement dated 20 October 2018, the Seller was required to transfer the property to the Company and/or its nominees for a consideration of Rs 2,050 million after clearing all the existing charges on the property by 31 March 2019 in order to complete the sale transaction. Failing such completion, the Company would not be required to pay the last tranche of the consideration and would be at liberty to cancel the Agreement, thereby requiring the Seller to refund the amounts advanced along with interest.

Considering that L.J. Victoria failed to transfer the said property, the Board of Directors of the Company at its meeting held on 21 March 2019 resolved to terminate the Agreement. While alternate properties have been identified for transfer to the Company, the Board of Directors in consultation with L.J. Victoria concluded that the advances should be refunded to the Company, along with interest amounting to Rs 300 million as compensation for the settlement and cancellation. The termination of the Agreement and the resulting settlement has been approved by the shareholders of the Company vide a special resolution dated 18 May 2019, passed by postal ballot.

The Company has presented such interest income as an exceptional item in the statement of profit and loss account for the year ended 31 March 2019.

12 Inventories *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials	8.20	8.48
Stores and spares	0.97	2.50
	9.17	**10.98**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

13 Current investments *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Quoted equity shares		
- Equity investments at fair value through other comprehensive income (fully paid-up)		
10,000 equity shares of Global Offshore Services Limited (31 March 2018: 10,000 shares)	0.12	0.28
22,699 equity shares of Puravankara Limited (31 March 2018: 22,699 shares)	1.68	3.28
4,000 equity shares of Cipla Limited (31 March 2018: 4,000 shares)	2.10	2.40
Investments in mutual funds		
Unquoted		
Measured at Fair value through profit and loss		
7.09 million units of Ultra Short Bond Fund Direct Plan of Franklin India (31 March 2018: 8.6 million units)	187.22	208.70
Reliance Mutual Fund (ETF Liquid BGSE)	0.08	0.08
	191.20	**214.74**
Aggregate amount of quoted investments and market value thereof	3.90	5.96
Aggregate amount of unquoted investments	187.30	208.78
Aggregate amount of impairment in the value of investments	-	-

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in note 42.

Equity shares designated as at fair value through other comprehensive income (FVOCI)

At 1 April 2015, the Company designated the investments presented below as equity shares at FVOCI because these equity shares represent investments that the Company intends to hold for long-term.

Fair value

Particulars	Dividend income for 17-18	Fair Value as at 31 March 2018	Dividend income for 18-19	Fair Value as at 31 March 2019
Investment in equity shares of Global Offshore Services Limited	-	0.28	-	0.12
Investment in equity shares of Puravankara Limited	-	3.28	-	1.68
Investment in equity shares of Cipla Limited	0.06	2.40	0.06	2.10
	0.06	**5.96**	**0.06**	**3.90**

14 Trade receivables *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables considered good - secured	-	-
Trade receivables which have significant increase in credit risk	-	-
Credit impaired	-	-
Unsecured, considered good	27.56	50.19
	27.56	**50.19**

All trade receivables are current.

Of the above, trade receivables from related parties are as follows :- *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Total trade receivables from related parties	3.82	12.24
Loss allowance	-	-
	3.82	**12.24**

For terms and conditions relating to related party receivables, refer note 41.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 42.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

15 Cash and cash equivalents *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- in current accounts*	45.42	66.81
Cash on hand	0.79	0.76
	46.21	**67.57**

* includes unclaimed dividend of Rs. 35.68 million as at 31 March 2019, (31 March 2018: Rs.30.99 million)

16 Bank balances other than cash and cash equivalents *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- in fixed deposit accounts with banks	1.00	1.00
	1.00	**1.00**

17 Loans *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
- Inter-corporate loans	351.25	351.24
Loans to related parties:		
- Airport Golfview Hotels and Suites Private Limited	6.15	2.65
Unsecured, credit impaired		
- Inter-corporate loans	37.00	37.00
Less: Expected credit loss for loans	(37.00)	(37.00)
	357.40	**353.89**

For terms and conditions relating to related party loans, refer note 41.

The Company's exposure to credit and currency risks, and loss allowances related to loans are disclosed in note 42.

18 Other financial assets *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Other receivables	3.60	16.74
	3.60	**16.74**

19 Other current assets *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Prepaid expenses	10.94	9.99
Other advances	0.44	1.25
	11.38	**11.24**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

20 Share capital *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised		
20,000,000 (31 March 2018: 20,000,000) equity shares of Rs 10 each	200.00	200.00
	200.00	**200.00**
Issued, subscribed and fully paid up		
13,101,052 (31 March 2018: 13,103,727) equity shares of Rs 10 each	131.01	131.04
	131.01	**131.04**

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year is as given below: *(Rs in millions)*

	As at 31 March 2019		As at 31 March 2018	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	1,31,03,727	131.04	1,31,03,727	131.04
Add: Shares issued during the year	-	-	-	-
Less: Forfeiture of shares during the year	2,675	0.03	-	-
Number of shares outstanding at the end of the year	**1,31,01,052**	**131.01**	**1,31,03,727**	**131**

(b) The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

The Company has one class of equity shares having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts if any, in proportion to their shareholding.

(c) Equity shareholders holding more than 5% of equity shares along with the number of equity preference shares held at the beginning and at the end of the year is as given below:-

Name of the shareholder	As at 31 March 2019		As at 31 March 2018	
	% of holding	No of shares	% of holding	No of shares
Embassy Property Developments Private Limited (Holding company)	73.41	96,16,952	79.77	1,04,50,670

(d) The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

(e) Particulars of each class of shares held by holding, ultimate holding, subsidiaries or associates of the holding company or the ultimate holding company: *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Embassy Property Developments Private Limited, Holding company	96.17	104.51

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

21 Other equity *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
General reserve		
At the commencement of the year	2,214.77	2,214.77
Add: transferred from statement of profit and loss for the year	30.00	-
Forfeiture of shares	0.03	-
At the close of the year	**2,244.80**	**2,214.77**
Retained earnings		
At the commencement of the year	556.45	502.70
Add: Net profit for the year	440.31	210.66
Add: Other comprehensive income	1.00	0.77
Transfer to general reserve	(30.00)	-
Dividend expense	(131.01)	(131.01)
Corporate dividend tax	(26.93)	(26.67)
At the end of the year	**809.82**	**556.45**
Fair value of equity instruments		
At the commencement of the year	(1.35)	(4.12)
Add: Net fair value gain/(loss) on investments in equity instruments at FVOCI, net of tax	(1.45)	1.96
Realised profits of equity instruments measured at FVOCI	-	0.81
At the end of the year	**(2.80)**	**(1.35)**
	3,051.82	**2,769.87**

21.1 Capital management

For the purpose of the Company’s capital management, capital includes issued equity share capital, and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company’s capital management is to maximise the shareholder value.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity. The Company's adjusted net debt to equity ratio is as follows:

(Rs in millions)

Particulars	As at 31 March 2019	As at 31 March 2018
Total liabilities	1,511.77	1,546.11
Less: Cash and cash equivalents	46.21	67.57
Adjusted net debt	**1,465.56**	**1,478.54**
Total equity	3,182.83	2,900.91
Adjusted net debt to adjusted equity ratio	**0.46**	**0.51**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

21.2 Earnings per share (EPS)

Computation of earnings per share is as follows: *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit after tax for the year, attributable to equity holders	440.32	210.66

Reconciliation of basic and diluted shares used in computing earnings per share

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	1,31,01,052	1,31,03,727
Effect of dilutive potential equity shares	-	-
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	**1,31,01,052**	**1,31,03,727**

Earnings per share: *In Rs.*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Basic	33.61	16.08
Diluted	33.61	16.08

22 Borrowings *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Secured		
From bank (refer note A(i) below)	1,200.97	1,225.27
From others (refer note A(ii) below)	1.27	1.64
	1,202.24	**1,226.91**

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 42.

Notes:

A. Terms and repayment schedule

(i) From HDFC Bank Limited, amounting to Rs. 1,223.82 million (31 March 2018: Rs 1,239.43 million)

Secured by:

- Assignment of receivables by way of rent from LG Soft India Private Limited and Inmobi Technology Services Private Limited.
- 121,176 sq.ft. and 202 car parks of the Delta building, 84,512 sq.ft. and 169 car parks of the Alpha building, including undivided share of land, are secured against the term loan from bank.
- Loan from HDFC Bank Limited carries interest rate of MCLR Plus 30 bps, and is repayable in 180 installments. The repayment of principal and interest commenced from April 2017.
- There is no undrawn facility in respect of this loan.

(ii) From Toyota Financial Services Private Limited, amounting to Rs 1.64 million (31 March 2018: Rs 1.98 million)

- Secured by way of hypothecation of the vehicle Toyota Altis as first charge to the lender
- The loan carries an interest rate of 8.25% p.a fixed and loan is repayable in 60 equal installments. The repayment commenced from February 2018
- There is no undrawn facility in respect of this loan.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

22 Borrowings (continued)

B. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liability	Equity			
	Loans	Share Capital	General reserves	Retained earnings	Total
Balance as at 31 March 2018	**1,239.86**	**131.04**	**2,213.42**	**556.45**	**4,140.77**
Transaction costs related to borrowings	(3.04)	-	-	-	(3.04)
Repayment of borrowings	(13.39)	-	-	-	(13.39)
Dividend paid	-	-	-	(157.94)	(157.94)
Total changes from financing activities	**(16.43)**	**-**	**-**	**(157.94)**	**(174.37)**
Other changes:-					
Liability-related					
Interest expense	106.89	-	-	-	106.89
Interest paid	(105.23)	-	-	-	(105.23)
Total liability related other changes	**1.66**	**-**	**-**	**-**	**1.66**
Total equity related other changes	**-**	**-**	**28.55**	**411.31**	**439.86**
Forfeiture of Shares	-	(0.03)	0.03	-	-
Balance as at 31 March 2019	**1,225.10**	**131.01**	**2,242.00**	**809.82**	**4,407.92**

23 Other financial liabilities *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Rental deposit	-	42.97
Other liability	0.98	0.65
	0.98	**43.62**

24 Deferred tax liabilities (net)

The balance comprises temporary differences attributable to: *Rs in millions*

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax liabilities		
Property, plant and equipment and investment property	56.59	81.88
Investments in equity shares	1.16	2.53
Fair value of investments in Mutual funds	0.46	-
Deferred tax assets		
Employee benefits	(6.85)	(6.71)
Provision for doubtful advances	(10.87)	(12.80)
Deferred tax liabilities (net)	**40.49**	**64.90**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

25 Trade payables

(Rs in millions)

Particulars	As at 31 March 2019	As at 31 March 2018
Dues to micro, small and medium enterprises	-	-
Dues to other than micro, small and medium enterprises	28.53	26.47
	28.53	**26.47**

All trade payables are 'current'.

The Company's exposure to currency and liquidity risks related to trade payables are disclosed in note 42.

Dues to Micro, small and medium enterprises

The Management has identified enterprises which have provided goods and services to the company and which qualify under the definition of micro and small enterprises as defined under Micro, small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2019 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act. Further in view of the Management, the impact of interest if any that may be payable in accordance with the provisions of the Act is not expected to be material.

(Rs in millions)

Particulars	As at 31 March 2019	As at 31 March 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;		
(a) (i) Principal	-	-
(ii) Interest	-	-
(b) The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during the year*;		
(i) Interest	-	-
(ii) Payment	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

26	**Other current financial liabilities**		*(Rs in millions)*
	Particulars	**As at 31 March 2019**	**As at 31 March 2018**
	Current maturity of long term borrowings from banks (refer note 22)	22.86	12.61
	Current maturity of finance lease obligation (refer note 22)	0.37	0.34
	Book overdraft	3.55	-
	Security deposits	87.16	43.17
	Capital creditors	10.25	10.25
	Accrued salaries and bonus	16.99	15.99
	Unpaid/unclaimed dividends	35.68	30.99
	Due to directors	0.58	0.36
	Accrued expenses	14.84	11.41
	Others	0.63	2.96
		192.91	**128.08**
27	**Current provisions**		*(Rs in millions)*
	Particulars	**As at 31 March 2019**	**As at 31 March 2018**
	Provision for employee benefits		
	- Leave encashment	9.52	8.01
	- Gratuity	2.18	1.54
		11.70	**9.55**
28	**Other current liabilities**		*(Rs in millions)*
	Particulars	**As at 31 March 2019**	**As at 31 March 2018**
	Statutory dues	9.22	12.71
	Advance from customers	7.28	18.58
	Deferred rent	-	0.98
		16.50	**32.27**
29	**Current tax liability, net**		*(Rs in millions)*
	Particulars	**As at 31 March 2019**	**As at 31 March 2018**
	Income tax		
	Opening balance	14.31	12.12
	Provisions made during the year	186.17	109.51
	Income-tax paid	(182.06)	(107.32)
	Closing balance	**18.42**	**14.31**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

30 Revenue from operations *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of services		
Income from rooms	277.73	273.24
Income from sale of food, beverages and banquets	255.66	236.49
Income from sale of electricity	107.42	76.16
	640.81	**585.89**
Other operating revenue		
Rental income	139.14	141.08
Other	2.40	2.63
	141.54	**143.71**
	782.35	**729.61**

31 Other income *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income	65.11	69.04
License fees	6.29	6.15
Fair value changes in financial assets measured at fair value through statement of profit and loss	1.68	0.01
Dividend income	0.06	0.06
Profit on sale of Fixed assets	6.26	15.15
Profit on sale of investments		
Short Term	15.93	0.80
Long Term	-	6.49
Liabilities written back	10.32	8.59
	105.65	**106.30**

32 Cost of materials consumed *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening stock of provisions, food and beverages consumed	8.48	9.34
Add: Purchase of provisions, food and beverages	74.44	70.08
Less: Closing stock of provisions, food and beverages consumed	8.20	8.48
Cost of provisions, food and beverages consumed	**74.72**	**70.94**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

33 Maintenance and upkeep services *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Guest accommodation and kitchen	8.98	9.28
Linen, uniforms and laundry	12.54	15.30
Repairs and maintenance of :-		
i) Building	10.18	15.12
ii) Plant & machinery	18.35	17.09
iii) Interiors, furniture, furnishings and others	1.91	0.65
Housekeeping expenses	4.22	4.25
Music, entertainment and banquet expenses	4.06	3.66
	60.24	**65.35**

34 Employee benefits expense *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries and wages	137.62	131.33
Contribution to provident and other funds	17.27	15.87
Staff welfare expenses	7.18	5.86
	162.07	**153.06**

35 Finance costs *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on financial liabilities measured at amortized cost	106.89	62.60
Other bank charges	0.11	0.23
	107.00	**62.83**

36 Depreciation and amortization expense *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment	34.10	36.45
Depreciation on investment properties	15.60	15.60
	49.70	**52.05**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

37 Other expenses *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Legal, professional and consultancy charges	36.64	22.05
Rates and taxes	17.35	18.93
Power and fuel	17.65	10.82
Royalty	11.36	11.34
Corporate social responsibility (refer note (ii) below)	7.47	4.40
Administrative and general expenses	1.09	0.22
Sales commission	6.60	7.58
Water charges	3.73	3.78
Travelling and conveyance	3.49	4.30
Postage, telex and telephones	4.86	4.40
Printing and stationery	2.96	2.75
Sales and promotional expenses	2.56	0.71
Rent	-	0.02
Insurance	0.91	0.96
Payment to auditors (refer note (i) below)	4.07	2.01
Director's sitting fees	1.02	0.58
Provision for doubtful advances	0.32	43.62
Freight and transport	0.15	0.25
Foreign exchange loss, (net)	-	0.15
Miscellaneous	0.07	0.40
	122.30	**139.27**

Note: *(Rs in millions)*

(i) Auditor's remuneration

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
As auditor		
- for statutory audit	4.00	2.00
Reimbursement of expenses	0.07	0.01
	4.07	**2.01**

(ii) Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act. The funds are allocated to the activities which are specified in Schedule VII of the Companies Act, 2013.

(Rs in millions)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(a) Amount required to be spent by the Company during the year	7.37	7.79
(b) Amount spent during the year for:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	7.47	4.40

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

38 Income tax

(a) Major components of income tax expense for the years ended 31 March 2019 and 31 March 2018: *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current income tax:		
Current income tax charge	(186.17)	(109.51)
Taxes pertaining to earlier years (net)	(10.08)	-
Deferred tax:		
Relating to origination and reversal of temporary differences	24.60	27.76
Income tax expense reported in the statement of profit or loss	**(171.65)**	**(81.75)**

(b) Deferred tax related to items recognised in Other Comprehensive income (OCI) during the year: *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Equity instruments through Other Comprehensive Income - net changes in fair value	0.60	(1.03)
Remeasurement of defined benefit liability/ (assets)	(0.41)	(0.41)
Income tax charged to OCI	**0.19**	**(1.44)**

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

(Rs in millions)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before tax from operations	611.96	292.42
Tax at the Indian tax rate of 29.12% (31 March 2018: 34.608%)	178.20	101.20
Effect of:		
Non-deductible expenses	5.61	(4.80)
Standard deduction for income from house property	(12.16)	(14.65)
Income tax expense	**171.65**	**81.75**

(d) Deferred tax

The Company does not have any unrecognised deferred tax assets or liabilities.

(e) Recognised deferred tax assets and liabilities

Movement in temporary differences *(Rs in millions)*

Particulars	Balance as at 31 March 2018	Recognised in profit or loss during 2018-19	Recognised in OCI during 2018-19	Balance as at 31 March 2019
Property, plant and equipment and investment property	81.88	(25.29)	-	56.59
Investments in equity shares	2.53	(1.97)	0.60	1.16
Employee benefits	(6.71)	0.27	(0.41)	(6.85)
Provision for doubtful advances	(12.80)	1.93	-	(10.87)
Fair value of investments in mutual funds	-	0.46	-	0.46
	64.90	**(24.60)**	**0.19**	**40.49**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

39 Contingent liabilities *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Contingent liabilities:		
Demand from BESCOM (Bangalore Electricity Supply Company)	50.68	50.68

a) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with authorities.

b) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

c) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

40 Leases

(i) Operating lease

Leases as lessor:

The Company earns its rental income from investment property leased under operating lease which is recognized in the statement of profit and loss on a straight-line basis over the term of the lease. Total lease rental income recognised in the statement of profit and loss for the year is:

(Rs in millions)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Non-cancellable	-	141.08
Cancellable	139.09	-
	139.09	**141.08**

The future minimum lease receivables under non-cancellable operating leases in aggregate are as follows: *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Not later than 1 year	-	128.64
Later than 1 year and not later than 5 years	-	-
More than 5 years	-	-

Leases as lessee

The Company had taken office premise under cancelable operating lease. Total rental expense under operating leases is Nil (31 March 2018 Rs 0.02 million).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

41 Related party

Related parties with whom transactions have taken place during the year

A. Holding company

Embassy Property Developments Private Limited

B. Subsidiaries

Airport Golfview Hotels and Suites Private Limited

C. Fellow subsidiary

Vikas Telecom Private Limited

L.J Victoria Properties Private Limited

D. Key management personnel

Mr. C.B.Pardhanani

P. B. Appiah

Suresh Vaswani

Tanya Giridhar

Aditya Virwani

P. R. Ramakrishnan

M.S Reddy

Pranesh K Rao

E. Enterprises significantly influenced by the Company/ key managerial personnel

C. Pardhanani's Education Trust

F. Post employment benefit entities

Mac Charles (India) Limited Employees Gratuity Fund Trust

G. The following is a summary of related party transactions

(Rs in millions)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Inter corporate loan repaid		
Airport Golfview Hotels and Suites Private Limited	4.03	8.90
Inter corporate loan given		
Airport Golfview Hotels and Suites Private Limited	7.51	0.02
Capital advance paid		
L.J Victoria Properties Private Limited	150.00	738.84
Interest Income		
L.J Victoria Properties Private Limited	300.00	-
Dividend paid		
Embassy Property Developments Private Limited	104.51	104.51
Electricity income		
Vikas Telecom Private Limited	91.06	46.05
Donation paid		
C. Pardhanani's Education Trust	2.40	1.80
Interest received		
Embassy Property Developments Private Limited	63.00	63.00
Contribution to gratuity fund		
Mac Charles Gratuity Fund trust	0.02	0.40
Asset Management fee		
Embassy Property Developments Private Limited	4.12	5.54

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

41 Related party (continued)

H. The following is a summary of balances receivable from related parties: *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Inter-corporate loans given (non-current)		
Airport Golfview Hotels and Suites Private Limited	6.15	2.67
Inter-corporate loans given (Current)		
Embassy Property Developments Private Limited	350.00	350.00
Capital advances		
L.J Victoria Properties Private Limited	2,258.64	1,838.64
Trade receivables		
Embassy Property Developments Private Limited	0.39	-
Vikas Telecom Private Limited	3.43	12.24

I. Compensation of key management personnel of the Company:
(i) The remuneration of directors and other members of key management personnel during the year was as follows:

(Rs in millions)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Short-term employee benefits	14.64	12.72
	14.64	**12.72**

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. Post employment benefit comprising gratuity and compensated absences are not disclosed as these are determined for the Company as a whole.

J. Details of inter-corporate loans given
(a) Terms and conditions on which inter-corporate loans have been given

Party name	Interest rate	Repayment terms	Purpose
Airport Golfview Hotels and Suites Private Limited (Subsidiary)	0%	Repayable on demand	General
Embassy Property Developments Private Limited	18%	Repayable on demand	General

(b) Reconciliation of inter-company loans given as at the beginning and as at the end of the year:

Particulars	As at 31 March 2019	As at 31 March 2018
Subsidiary		
Airport Golfview Hotels and Suites Private Limited		
At the commencement of the year	2.67	11.55
Add: given during the year	7.51	0.02
Less: repaid during the year	(4.03)	(8.90)
At the end of the year	6.15	2.67
Holding company		
Embassy Property Developments Private Limited		
At the commencement of the year	350.00	350.00
Add: given during the year	-	-
Less: repaid during the year	-	-
At the end of the year	350.00	350.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42 Financial instruments - fair value measurement and risk management

A Accounting classification and fair value

(Rs in millions)

Particulars	Carrying value as at 31 March 2019	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortised cost:					
Non current financial assets					
- Loans	24.43	-	-	-	-
- Other Non-Current financial asset	19.42				
Current financial assets					
- Trade receivables	27.56	-	-	-	-
- Cash and cash equivalents	46.21	-	-	-	-
- Bank balances other than cash and cash equivalents	1.00	-	-	-	-
- Loans	357.40	-	-	-	-
- Other current financial assets	3.60	-	-	-	-
Financial assets measured at fair value through other comprehensive income:					
Investments					
Non-current	-	-	-	-	-
Current	3.90	3.90	-	-	3.90
Financial assets measured at fair value through profit and loss:					
Investments					
Non current	41.89	41.89	-	-	41.89
Current	187.30	187.30	-	-	187.30
Total	**712.71**	**233.09**	**-**	**-**	**233.09**
Financial liabilities measured at amortised cost:					
Non current financial liabilities					
- Long term borrowing	1,202.24	-	-	-	-
- Other financial liabilities	0.98	-	-	-	-
Current financial liabilities					
- Trade payables	28.53	-	-	-	-
- Other financial liabilities	192.91	-	-	-	-
Total	**1,424.66**	**-**	**-**	**-**	**-**

The Company has not disclosed the fair values for financial instruments such as trade receivables, cash and cash equivalents, bank balances, other non-current financial assets other than other current financial assets, loans, borrowings, other non current financial liabilities, trade payables and other current financial liabilities because their carrying amounts are a reasonable approximation of fair value.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42	**Financial instruments - fair value measurement and risk management (continued)**					
A	**Accounting classification and fair value (continued)**					*(Rs in millions)*

Particulars	Carrying value as at 31 March 2018	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortised cost:					
Non current financial assets					
- Loans	11.66	-	-	-	-
- Other Non-Current financial asset	19.42				
Current financial assets					
- Trade receivables	50.19	-	-	-	-
- Cash and cash equivalents	67.57	-	-	-	-
- Loans	353.89	-	-	-	-
- Bank balances other than cash and cash equivalents	1.00	-	-	-	-
- Other current financial assets	16.74	-	-	-	-
Financial assets measured at fair value through other comprehensive income:					
Investments					
Non-current	-	-	-	-	-
Current	5.96	5.96	-	-	5.96
Financial assets measured at fair value through profit and loss:					
Investments					
Non current	55.73	55.73	-	-	55.73
Current	208.78	208.78	-	-	208.78
Total	**790.94**	**270.47**	**-**	**-**	**270.47**
Financial liabilities measured at amortised cost:					
Non current financial liabilities					
- Borrowings	1,226.91	-	-	-	-
- Other financial liabilities	43.62	-	-	-	-
Current financial liabilities					
- Trade payables	26.47	-	-	-	-
- Other financial liabilities	128.08	-	-	-	-
Total	**1,425.08**	**-**	**-**	**-**	**-**

The Company has not disclosed the fair values for financial instruments such as trade receivables, cash and cash equivalents, bank balances, other non-current financial assets other than other current financial assets, loans, borrowings, other non current financial liabilities, trade payables and other current financial liabilities because their carrying amounts are a reasonable approximation of fair value.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42	**Financial instruments - fair value measurement and risk management (continued)**
B	**Measurement of fair values**
	The section explains the judgement and estimates made in determining the fair values of the financial instruments that are: a) recognised and measured at fair value 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. An explanation of each level is mentioned below:
	Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing net asset value.
	Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) 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.
	Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
	The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Company has elected to measure all financial instruments, except investments, at ammortised cost. Investments fall under the 'Level 1' hierarchy and are measured using quoted prices on the respective reporting dates.
	The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
C	**Financial risk management** The Company has exposure to the following risks arising from financial instruments: - credit risk (refer note ii below) - liquidity risk (refer note iii below) - market risk (refer note iv below) **(i) Risk management framework** The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. **(ii) Credit risk** Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, inter-corporate deposits and other financial instruments. The carrying amount of financial assets represents the maximum credit exposure.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42 Financial instruments - fair value measurement and risk management (continued)

Trade receivable and loans

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The Company has credit policies in place and exposure to the credit risk is monitored on an ongoing basis. A majority of Company's income is from the corporate customers by way of advance receipts and revenue from related parties. Credit evaluations are performed on all customers requiring credit over a certain amount and there is no concentration of credit risk. Due from related parties are considered recoverable by the management. Risk assessment is done for each corporate to whom the inter -corporate deposits are provided. Cash is placed with reputable banks and the risk of default is considered remote. Under the current economic conditions, management has assessed the recoverability of its trade receivables as at the reporting date and consider them to be recoverable.

Due to this factor, management believes that no additional credit risk is inherent in the Company's receivables . At the balance sheet date, there were no significant concentrations of credit risk.

The following table provides information about the exposure to credit risk and the expected credit loss for trade receivables:

(Rs in millions)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Carrying amount	Provision amount	Carrying amount	Provision amount
Less than 180 days	27.56	-	50.19	-
More than 180 days	-	-	-	-
	27.56	**-**	**50.19**	**-**

Loans and other financial asset:

Expected credit loss for loans and other financial assets is as follows: *(Rs in millions)*

Particulars		Period ended	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount, net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31-Mar-19	Security deposits	24.43	-	-	24.43
			Other financial asset	23.02	-	-	23.02
			Loan	394.40	-	37.00	357.40
		31-Mar-18	Security deposits	11.66	-	-	11.66
			Other financial asset	36.16	-	-	36.16
			Other loans	390.89	-	37.00	390.89

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42 Financial instruments - fair value measurement and risk management (continued)

D Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities, Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets. Usually the excess of funds is invested in short term mutual funds and fixed deposits. This is generally carried out in accordance with practice and limits set by the Company. These limits vary to take into account the liquidity of the market in which the Company operates.

Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period :-

Particulars	31-Mar-19	31-Mar-18
Expiring within one year:-		
Bank Loans	-	-

Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted contractual cash flow, and include contractual interest payments.

As at 31 March 2019 *(Rs in millions)*

Particulars	Carrying amount	Total	6 months or less	6–12 months	1–2 years	More than 2 years
Borrowings	1,225.10	2,194.95	60.92	60.92	124.57	1,948.54
Other non current financial liabilities	0.98	0.98	-	-	0.98	-
Trade payables	28.53	28.53	28.53	-	-	-
Other current financial liabilities	170.05	170.05	170.05	-	-	-
	1,424.66	**2,394.51**	**259.50**	**60.92**	**125.55**	**1,948.54**

As at 31 March 2018 *(Rs in millions)*

Particulars	Carrying amount	Total	6 months or less	6–12 months	1–2 years	More than 2 years
Borrowings	1,239.86	2,312.63	58.43	59.26	121.83	2,073.11
Other non current financial liabilities	43.62	43.62	-	-	43.62	-
Trade payables	26.47	26.47	26.47	-	-	-
Other current financial liabilities	115.13	115.13	115.13	-	-	-
	1,425.08	**2,497.85**	**200.03**	**59.26**	**165.45**	**2,073.11**

E Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of transacting parties. The functional currency of the Company is INR.

Since the company does not have any unhedged foreign currency exposure at the year end, it is not exposed to currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42 Financial instruments - fair value measurement and risk management (continued)

E Market risk (continued)

Exposure to interest rate risk

The exposure of the Company's borrowing to interest rate at the end of the reporting period are as follows :- *(Rs in millions)*

	31-Mar-19	31-Mar-18
Floating rate borrowings		
Borrowings	1,202.24	1,226.91
Current maturities of long term debt	23.22	14.50
Investments in debt based mutual funds	187.22	208.70
Term deposits under cash and cash equivalents	-	-
Term deposits under bank balances other than cash and cash equivalents	1.00	1.00

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

(Rs in millions)

Particulars	Impact on profit or loss		Impact on other components of equity	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Increase by 50 base points	6.19	5.10	-	-
Decrease by 50 base points	(6.19)	(5.10)	-	-

iii) Price risk

The Company's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the company. The majority of the company's equity investments are publicly traded and are included in the BSE and NSE index.

Sensitivity analysis – Equity price risk

Maturities of financial liabilities *(Rs in millions)*

Particulars	Impact on other components of equity	
	31 March 2019	31 March 2018
Increase by 10% (2018: 10%)	4.59	7.69
Decrease by 10% (2018: 10%)	(4.59)	(7.69)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

43 Employee benefits obligations

A. Defined contribution plan

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

The defined benefit plan for gratuity is administered by a single gratuity fund that is legally separate from the Company.

B. Reconciliation of the net defined benefit (asset) liability

Reconciliation of present value of defined benefit obligation *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	23.31	21.47
Service cost		
- Current service cost	2.29	1.40
Interest Cost	1.75	1.51
Benefits paid	(1.48)	(2.46)
Actuarial (gains) losses recognised in other comprehensive income		
- changes in financial assumptions	0.90	1.39
- experience adjustments	(0.08)	-
Balance at the year end	**26.68**	**23.31**

Reconciliation of the present value of plan assets *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	21.77	22.40
Expected return on plan assets	1.71	1.63
Contributions paid into the plan	2.00	0.40
Benefits paid	(1.48)	(2.46)
Return on plan assets recognised in other comprehensive income	0.51	(0.21)
Balance at the year end	**24.51**	**21.77**

C.(i) Expense recognised in profit or loss *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Current service cost	2.29	1.40
Interest cost	1.75	1.51
Expected return on plan assets	(1.71)	(1.63)
	2.33	**1.28**

C. (ii) Remeasurements recognised in other comprehensive income *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Actuarial (gain) loss on defined benefit obligation	0.90	1.39
Return on plan assets excluding interest income	0.51	(0.21)
	1.41	**1.18**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

43 Employee benefits obligations (continued)

D. Plan assets

Plan assets comprise of the following: *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Investment funds	24.51	21.77
	24.51	**21.77**

E. Defined benefit obligations
(i) Actuarial assumptions

Particulars	As at 31 March 2019	As at 31 March 2018
Financial assumptions		
Discount rate	7.75%	7.63%
Future salary growth	6.00%	6.00%
Attrition rate	5.00%	5.00%
Demographic assumptions		
Withdrawal rate	5.00%	5.00%
Retirement age	58	58

At 31 March 2019, the weighted-average duration of the defined benefit obligation was 11.62 years (31 March 2018: 13.13 years).

(ii) Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have reflected the defined benefit obligation as the amounts shown below.

Particulars	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (100 basis points movement)	25.38	27.99	22.16	24.59
Future salary growth (100 basis points movement)	27.97	25.37	24.58	22.15
Attrition rate (100 basis points movement)	26.64	26.57	23.32	23.29

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

44 Details of inter-corporate loans (other than related party)
(a) Terms and conditions on which inter-corporate loans have been given

Party name	Interest rate	Repayment terms	Purpose
IDS Nest Business Solutions Private Limited	15%	Repayable on demand	General
Thrishul Developers	18%	Repayable on demand	General
Marickar Plantations Private Limited	18%	Repayable on demand	General

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

44 Details of inter-corporate loans (other than related party) (continued)

Reconciliation of inter-corporate loans given as at the beginning and as at the end of the year (apart from related party loans):

Particulars	As at 31 March 2019	As at 31 March 2018
IDS Nest Business Solutions Private Limited		
At the commencement of the year	1.00	1.00
Add: given during the year	-	-
Less: repaid during the year	-	-
At the end of the year	1.00	1.00
Thrishul Developers		
At the commencement of the year	30.00	30.00
Add: given during the year	-	-
Less: repaid during the year	-	-
At the end of the year	30.00	30.00
Provision created	(30.00)	(30.00)
Marickar Plantation Private Limited		
At the commencement of the year	7.00	7.00
Add: given during the year	-	-
Less: repaid during the year	-	-
At the end of the year	7.00	7.00
Provision created	(7.00)	(7.00)

45 Disposal group held for sale

Management has committed to sell buildings of the company in Kochi. Accordingly, the same is resented as a disposal group held for sale. Efforts to sell the disposal group have started and a sale is expected to be completed in 2019-20.

A. Impairment losses relating to the disposal group

There is no impairment loss of the disposal group to have been applied to reduce the lower of its carrying amount and its fair value less costs to sell.

B. Assets of disposal group held for sale

At 31 March 2019, the disposal group was stated at lower of its carrying amount and its fair value less costs to sell comprised the following.

(Rs in millions)

Particulars	As at 31 March 2019	As at 31 March 2018
Building	5.56	13.08
Capital Advance	22.18	-
Assets held for sale	**27.74**	**13.08**

C. Cumulative income or expenses included in OCI

There are no cumulative income or expenses included in OCI relating to the disposal group.

D. Measurement of fair values

Consideration agreed with the buyers for these assets held under sale is considered as the fair value.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

46 Details of non-current investments purchased and sold during the year *(Rs in millions)*

Particulars	As at 31 March 2018	Change in fair value	Purchase/sale of investment	As at 31 March 2019
Unquoted				
- Subsidiaries:				
29,988 equity shares of Airport Golf View Hotels and Suites Private Limited (31 March 2018: 29,988 shares)	74.50	-	-	74.50
	74.50	**-**	**-**	**74.50**
Equity investments at fair value through other comprehensive income (fully paid-up)*				
Quoted				
11,379 equity shares of Sobha developers (31 March 2018: 11,379 shares)	-	-	-	-
10,000 equity shares of Global Offshore (31 March 2018: 10,000 shares)	0.28	(0.16)	-	0.12
22,699 equity shares of Puravankara Limited (31 March 2018: 22,699 shares)	3.28	(1.60)	-	1.68
4,000 equity shares of Cipla Limited (31 March 2018: 4,000 shares)	2.40	(0.30)	-	2.10
	5.96	**(2.06)**	**-**	**3.90**

47 In accordance with Ind AS 108, Operating segments, segment information has been provided in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in the standalone financials statements.

48 Specified Bank Notes

The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W / W-100024

Rushank Muthreja
*Partner (*Membership No. 211386)

Bengaluru
29 May 2019

for and on behalf of the Board of Directors of
Mac Charles (India) Limited

P B Appiah
Director
DIN: 00215646

P R Ramakrishnan
Director
DIN: 00055416

M S Reddy
Executive Director and
Company Secretary

Pranesha K Rao
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MAC CHARLES (INDIA) LIMITED

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mac Charles (India) Limited (hereinafter referred to as the 'Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiary as was audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in our audit
Capital Advance The Group has significant capital advances including capital advances to related parties, amounting to Rs 2,311.87 million representing 49% of the Group's total assets as at 31 March 2019. Refer note 11 to the consolidated financial statements. We identified capital advances as a key audit matter due to the significance of the amount, the risks associated with their recoverability and compliance with statutory requirements with respect to related party advances.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient and appropriate audit evidence: ➢ We have assessed the reasonableness of management's assumption relating to the recoverability of capital advances by verifying correspondences with vendors and where considered necessary, obtaining confirmation of balances from vendors. We have also evaluated relevant developments after the reporting date and upto the date of this report, to assess the recoverability of capital advances. ➢ We inquired with the management and obtained an understanding of the process and controls that the Group has to: • identify, account for and disclose capital advances given to related parties; • authorize and approve such advances; and • ensure compliance with statutory requirements relating to such advances. ➢ We evaluated the adequacy and completeness of disclosure of capital advances to related parties and others, in the consolidated financial statements.

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and based on the audit report of other auditor, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

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

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

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

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

the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

We did not audit the financial statements / financial information of a subsidiary included in the consolidated financial statements of the Group, whose financial statements/financial information reflect total assets of Rs.44.10 million as at 31 March 2019, total revenue (including other income) of Rs. 63.35 million and net cash flows amounting to Rs.45.78 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information of the subsidiary has been audited by another auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of the subsidiary operations that was audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group is disqualified as on 31 March 2019 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 with reference to financial statements of the Holding Company, its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

A. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of a subsidiary, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 39 to the consolidated financial statements;

   ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts to Investor Education and Protection Fund by the Holding Company or its subsidiary during the year ended 31 March 2019 and;

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these consolidated financial statements since they do not pertain to the financial year ended 31 March 2019.

B. With respect to the matter to be included in the Auditor's report under Section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary company which was not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Bengaluru
29 May 2019

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAC CHARLES (INDIA) LIMITED FOR THE YEAR ENDED 31 MARCH 2019

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Mac Charles (India) Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by respective company considering the essential components of internal control stated in the Guidance Note. 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 and the audit evidence obtained by the other auditors of the relevant subsidiary company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A Company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to the subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company.

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Rushank Muthreja
Partner
Membership No: 211386

Bengaluru
29 May 2019

CONSOLIDATED BALANCE SHEET BALANCE SHEET AS AT MARCH 31, 2019

Rs in millions

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	730.76	771.07
Capital work-in-progress	4	0.84	-
Investment property	5	845.41	861.01
Goodwill	6	71.94	71.94
Other intangible assets	4	0.23	0.08
Financial assets			
- Investments	7	41.89	55.73
- Loans	8	27.23	11.66
- Other financial assets	9	19.42	20.92
Income-tax assets, net	10	1.15	31.29
Other non-current assets	11	2,311.87	1,914.08
Total non-current assets		**4,050.74**	**3,737.78**
Current assets			
Inventories	12	11.34	11.35
Financial assets			
- Investment	13	191.20	214.74
- Trade receivables	14	29.13	51.72
- Cash and cash equivalents	15	49.33	68.46
- Bank balances other than cash and cash equivalents	16	1.00	1.00
- Loans	17	351.25	351.24
- Other financial assets	18	3.60	16.97
Other current assets	19	14.67	13.04
Assets held for sale	46	27.74	13.08
Total current assets		**679.27**	**741.60**
Total assets		**4,730.00**	**4,479.38**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20	131.01	131.04
Other equity	21	3,079.23	2,795.82
Total equity		**3,210.24**	**2,926.86**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	22	1,202.24	1,226.91
- Other financial liabilities	23	1.15	43.79
Deferred tax liabilities, (net)	24	40.49	64.90
Total non-current liabilities		**1,243.88**	**1,335.60**
Current liabilities			
Financial liabilities			
-Trade payables			
Total outstanding dues to micro enterprises and small enterprises	25	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises			29.02
-Other financial liabilities	26	195.79	129.64
Current provisions	27	12.85	9.55
Other current liabilities	28	17.54	34.61
Current tax liabilities, net	29	18.42	14.10
Total current liabilities		**275.88**	**216.92**
Total equity and liabilities		**4,730.00**	**4,479.38**
Significant accounting policies	**3**		
The notes referred to above form an integral part of these consolidated financial statements			

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W / W-100024

Rushank Muthreja
*Partner (*Membership No. 211386)

Bengaluru
29 May 2019

for and on behalf of the Board of Directors of
Mac Charles (India) Limited

P B Appiah
Director
DIN: 00215646

P R Ramakrishnan
Director
DIN: 00055416

M S Reddy
Executive Director and
Company Secretary

Pranesha K Rao
Chief Financial Officer

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

Rs in millions

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	30	845.61	781.73
Other income	31	105.74	106.47
Total income		**951.35**	**888.20**
Expenses			
Cost of materials consumed	32	98.00	91.27
Maintenance and upkeep services	33	63.77	68.45
Employee benefits expense	34	177.57	161.07
Finance costs	35	107.16	62.97
Depreciation and amortization expense	36	51.90	54.41
Other expenses	37	140.36	150.25
Total expenses		**638.76**	**588.42**
Profit before exceptional items and tax		**312.59**	**299.79**
Exceptional items	11	300.00	-
Profit before tax		**612.59**	**299.79**
Tax expense:			
- Current tax	38	(186.40)	(109.52)
- Taxes pertaining to earlier years (net)		(10.08)	-
- Deferred tax	38	24.60	27.75
Profit for the year		**440.71**	**218.02**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit liability/(asset)		1.41	1.18
Equity instruments through Other Comprehensive Income - net changes in fair value		(2.05)	2.99
		(0.64)	**4.17**
Items that will be reclassified to profit or loss		-	-
Deferred tax on items that will not be reclassified to profit or loss		0.19	**(1.44)**
Other comprehensive income for the year, net of income taxes		**(0.45)**	**2.73**
Total comprehensive income for the year		**440.26**	**220.75**
Earnings per equity share:			
- Basic (Rs.)	21.2	33.64	16.64
- Diluted (Rs.)	21.2	33.64	16.64
Significant accounting policies	**3**		
The notes referred to above form an integral part of these consolidated financial statements			

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W / W-100024

Rushank Muthreja
*Partner (*Membership No. 211386)

Bengaluru
29 May 2019

for and on behalf of the Board of Directors of
Mac Charles (India) Limited

P B Appiah
Director
DIN: 00215646

P R Ramakrishnan
Director
DIN: 00055416

M S Reddy
Executive Director and
Company Secretary

Pranesha K Rao
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

Rs in millions

	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from operating activities		
Profit before tax	612.59	299.79
Adjustments:		
- Interest income	(65.20)	(69.14)
- Interest income (included in exceptional item)	(300.00)	-
- Dividend income	(0.06)	(0.06)
- Financial assets at fair value through statement of profit and loss	(1.68)	0.01
- Profit on sale of investments	(15.93)	(7.29)
- Profit on sale of property, plant and equipment	(6.26)	(15.22)
- Interest expense (including fair value change in financial instruments)	107.16	62.97
- Depreciation and amortization	51.90	54.41
- Provision for doubtful advances	0.32	43.62
Operating cash flow before working capital changes	382.83	369.08
Working capital adjustments:		
- Trade receivables	22.59	(6.69)
- Inventories	0.01	0.10
- Trade payables	2.26	0.98
- Current and non-current financial assets	(0.72)	(2.46)
- Other current and non-current assets	(1.63)	2.37
- Current and non-current financial liabilities	15.90	20.67
- Provisions	3.30	(6.02)
- Other current and non-current liabilities	(17.07)	8.08
Cash generated from operation activities	407.47	386.13
Income taxes paid	(182.09)	(107.54)
Net cash generated from operating activities [A]	**225.38**	**278.59**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(101.96)	(831.85)
Purchase of investments	(478.43)	(138.79)
Proceeds from sale of property, plant and equipment	20.65	39.29
Proceeds from sale of investments	516.55	12.33
Investments in fixed deposits	-	(20.92)
Interest received	65.20	69.14
Dividend received	0.06	0.06
Net cash used in investing activities [B]	**22.07**	**(870.74)**
Cash flows from financing activities		
Dividend paid	(157.94)	(157.68)
Proceeds from borrowings	2.11	1,244.65
Repayment of borrowings	(13.39)	(403.24)
Interest paid	(100.91)	(62.74)
Net cash (used in)/generated from financing activities [C]	**(270.13)**	**621.00**
Increase/ (decrease) in cash and cash equivalents [A+B+C]	(22.68)	28.82
Cash and cash equivalents at the beginning of the year	68.46	39.64
Cash and cash equivalents at the end of the year	**45.78**	**68.46**
Components of cash and cash equivalents (refer note 15)		
Balances with banks		
- in current accounts	48.25	67.63
Cash in hand	1.08	0.83
Bank over draft (refer note 26)	(3.55)	-
Cash and cash equivalents at the end of the year	**45.78**	**68.46**
The disclosure on reconciliation of movements of liabilities to cash flows arising from financing activities is disclosed in note 22.		
The notes referred to above form an integral part of these consolidated financial statements		

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W / W-100024

Rushank Muthreja
*Partner (*Membership No. 211386)

Bengaluru
29 May 2019

for and on behalf of the Board of Directors of
Mac Charles (India) Limited

P B Appiah
Director
DIN: 00215646

P R Ramakrishnan
Director
DIN: 00055416

M S Reddy
Executive Director and
Company Secretary

Pranesha K Rao
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Rs in millions

a	**Equity share capital**	**Amount**
	Equity shares of Rs. 10 each, issued, subscribed and paid up capital	
	Balance as at 1 April 2017	131.04
	Changes in equity share capital during the year 2017-18	-
	Balance as at 31 March 2018	**131.04**
	Changes in equity share capital during the year 2018-19	(0.03)
	Balance as at 31 March 2019	**131.01**
b	**Other Equity**	
	For the year ended 31 March 2018	*(Rs in millions)*

Particulars	Reserves and Surplus		Other comprehensive income	Total equity attributable to owners of the Company
	General reserve	Retained Earnings	Fair value of equity instruments	
Balance as at 1 April 2017	2,214.77	521.28	(4.12)	2,731.93
Profit during the year	-	218.02	-	218.02
Other comprehensive income for the year	-	0.77	1.96	2.73
Dividend	-	(131.01)	-	(131.01)
Corporate dividend tax	-	(26.67)	-	(26.67)
Realised profits of equity instruments measured at FVOCI	-	-	0.82	0.82
Balance as at 31 March 2018	**2,214.77**	**582.39**	**(1.34)**	**2,795.82**

For the year ended 31 March 2019 *(Rs in millions)*

Particulars	Reserves and Surplus		Other comprehensive income	Total equity attributable to owners of the Company
	General reserve	Retained Earnings	Fair value of equity instruments	
Balance as at 1 April 2018	2,214.77	582.39	(1.34)	2,795.82
Profit during the year	-	440.71	-	440.71
Other comprehensive income for the year	-	1.00	(1.45)	(0.45)
Transfer to general reserve	30.00	(30.00)	-	-
Dividend	-	(131.01)	-	(131.01)
Corporate dividend tax	-	(26.93)	-	(26.93)
Realised profits of equity instruments measured at FVOCI	-	-	1.06	1.06
Forfeiture of shares	0.03	-	-	0.03
Balance as at 31 March 2019	**2,244.80**	**836.16**	**(1.73)**	**3,079.23**

Nature and purpose of other reserves:

General reserve:

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.

During the year ended 31 March 2019, an amount of Rs 0.03 million has been transferred from equity share capital to general reserve on account of forfeiture of equity shares in an earlier year.

Retained earnings:

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the period, the profit after tax is transferred from the statement of profit and loss to the retained earnings account.

Significant accounting policies **3**

The notes referred to above form an integral part of these consolidated financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W / W-100024

Rushank Muthreja
*Partner (*Membership No. 211386)

Bengaluru
29 May 2019

for and on behalf of the Board of Directors of
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Director
DIN: 00215646

P R Ramakrishnan
Director
DIN: 00055416

M S Reddy
Executive Director and
Company Secretary

Pranesha K Rao
Chief Financial Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1 Background

Mac Charles (India) Limited ('the Company'), together with its subsidiary, Airport Golf View Hotels and Suites Pvt. Ltd., (together to be referred as 'the Group') engages in the hotel business in India. The Group operates 'Le Meridien', a five star hotel with 197 rooms and suites in Bangalore, India and a three star hotel in Kochi, India. It is also involved in the generation of electricity through wind turbine generators. The Company was incorporated in 1979 and is based in Bengaluru, India.

List of subsidiaries with percentage holding –

Subsidiary	Country of incorporation and other particulars	Percentage of holding (%)
Airport Golfview Hotels and Suites Private Limited	Subsidiary of the Company incorporated under the laws of India.	100%

2 Basis of preparation

2.1 Statement of compliance

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act 2013, (the 'Act') and other relevant provisions of the Act.

This is the first set of the Group's annual financial statements in which Ind AS 115 Revenue from Contracts with Customers has been applied. Changes to significant accounting policies pertaining to revenue are described in Note 3.8 Revenue Recognition.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on 29 May 2019.

Details of the Group's accounting policies are included in note 3.

2.2 Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Indian rupees (INR), which is Mac Charles (India) Private Limited's functional and presentation currency. All financial information presented in Indian rupee has been rounded to the nearest million.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations.

2.4 Use of estimates and judgements

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

a) Note 40 – leases

b) Note 45 - consolidation

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2019 is included in the following notes:

- Note 4 and 5 - Depreciation and amortisation method and useful life of items of property, plant and equipment, intangible assets and investment property;
- Note 27 and 43– measurement of defined benefit obligations: key actuarial assumptions;
- Notes 39 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 42 – impairment of financial assets,
- Note 46 - Assets held for sale; determining the fair value less cost to sell of the assets held under sale.

2.5 Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group has an established control framework with respect to the measurement of fair values. The Group engages with external valuers for measurement of fair values in the absence of quoted prices in active markets.

Significant valuation issues are reported to the Group's audit committee. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Financial instruments (note 42)
- Disclosures for valuation methods, significant estimates and assumptions (note 42)
- Quantitative disclosures of fair value measurement hierarchy (note 42)
- Financial instruments (including those carried at amortised cost) (note 42)

2.6 Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements.

The Group has initially applied Ind AS 115 from 1 April 2018. A number of other amendments are also effective from 1 April 2018. These new standards and amendments are as follows:

- Transfers of Investment Property (Amendments to Ind AS 40)
- Inclusion of Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates

The new standard and the amendments do not have a material effect on the Group's consolidated financial statements.

3 Significant accounting polices

3.1 Property, plant and equipment and other intangible assets (other than goodwill)

Property, plant and equipment:

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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

2. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is recognised in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful lives
Building	30 – 60 years
Leasehold improvements	Lease term or estimated useful life, whichever is lower
Plant and machinery	15 years
Plant and machinery - Wind turbines	22 years
Office equipment	5 years
Furniture and fixtures	10 years
Computers	3 years
Vehicles	8 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

3.2 Intangible assets (other than goodwill)

1. Computer Software

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

2. Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

3.3 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

3.4 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Based on technical evaluation and consequent advice, the management believes a period of 60 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Group depreciates investment properties over a period of 60 years on a straight-line basis. The useful life estimate of 60 years is different from the indicative useful life of relevant type of buildings mentioned in Part C of Schedule II to the Act i.e. 30 years. Any gain or loss on disposal of an investment property is recognised in profit or loss.

The fair values of investment property is disclosed in the notes. Fair values are determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

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

3.5 Impairment of assets

1. Impairment of financial instruments

The Group recognises allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for the financial assets measured at amortised cost are deducted from the gross carrying amount of assets. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward- looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due. The Group considers a financial asset to be in default when: (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 365 days or past due.

Measurement of expected credit losses

Expected credit losses are a probability−weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

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

The Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

2. Impairment of non-financial assets

The Group's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents smallest group of assets that generates cash inflows that are largely independent of the cash inflows or other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extend that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

3.6 Basis of Consolidation

Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary companies are fully consolidated from the date on which control commences. They are deconsolidated from the date on which control ceases.

3.7 Inventories

Inventories are valued at the lower of cost and net realizable value. 'Cost' comprises purchase cost and all expenses incurred in bringing the inventory to its present location and condition. Cost has been determined as follows:

Nature of inventory	Method of valuation
Inventories of provisions, food supplies, crockery, cutlery, glassware, beverage, stores and operational supplies	Cost determined as per on weighted average method or net realisable value, whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Stores and operational supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

The comparison of cost and net realizable value is made on an item by item basis. The Group periodically assesses the inventory for obsolescence and slow moving stocks.

3.8 Revenue recognition

The Group derives its revenue primarily from running and/or managing hotels and resorts, sale of coffee beans and providing consultancy services

The Group has initially applied Ind AS 115 - 'Revenue from contracts with Customers' from 1 April 2018. Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced Ind AS 18 - Revenue and Ind AS 11 Construction Contracts and Guidance Notes.

The Group has adopted Ind As 115 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of the initial application i.e., 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 is not restated, i.e., it is presented, as previously reported, under IndAS 18, Ind AS 11 and related interpretations. Additionally, the disclosure requirements in Ind AS 115 have not generally been applied to comparitive information. There is no impact due to adoption of Ind AS 115.

Revenue from different sources is recognised as below:

- Income from hotel:

Income from operations of hotel primarily comprises of revenue from room rentals and sale of food and beverage charges. Such service income is recognised when the related services are rendered unless significant future contingencies exist.

Revenue is recognised when the entity satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of an asset. Service income is recognized when the related services are rendered unless significant future contingencies exist.

Sales are disclosed net of sales tax, service tax, trade discount and quality claims.

Advances received from the customers are reported as liabilities until all conditions for revenue recognition are met and is recognized as revenue once the related services are rendered.

- Sale of Electricity generated from Wind Turbine Generators is:

Recognized on the basis of Electricity units metered and invoiced.

- Rental income

Rental income from property leased under operating lease is recognised in the statement of profit and loss on an actual basis over the term of the lease since the rentals are in line with the expected general inflation. Lease incentives granted are recognised as an integral part of the total rental income.

- Interest income

Interest income is recognized using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of a financial asset; or
- the amortized cost of financial liability.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

- Dividend income*:*

Dividends are recognized in profit or loss on the date on which the Group's right to receive payment is established.

3.9 Leases

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

Assets held under leases

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Group's balance sheet.

Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease income

Lease income from operating leases where the Group is a lessor is recognised in income on actual basis over the lease term since the lease receipts are in line with the general inflation rate. The respective leased assets are included in the balance sheet based on their nature.

3.10 Financials instruments

1. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

2. Classification and subsequent measurement

A. Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- Fair Value through Other Comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Group 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 or loss are expensed in profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment− by− investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

B. Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

C. Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non− recourse features).

D. Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.
Debt investments at FVTPL	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in statement of profit and loss.

E. Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held− for− trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3. Derecognition

A. Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

B. Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and amortized cost.

At initial recognition, the Group measures a financial liability at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the financial liability. Transaction costs of financial liability carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

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

Amortized cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognised.

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

4. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.11 Employee benefits

1. Defined contribution plan

The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. Defined benefit plans

The Group's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive income. The Group has chosen to transfer those amounts recognised in OCI within equity as at the year-end. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Gratuity scheme is administered by a gratuity trust. The Group makes annual contributions to Life Insurance Corporation thriugh the trust. The provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

3. Short-term employee benefit

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 recognized and measured at the amounts expected to be paid when the liabilities are settled. Short-term employee benefit obligations are measured on an undiscounted basis. The liabilities are presented as current employee benefit obligations in the balance sheet.

Compensated absence, which is a short term defined benefit, is accrued based on a full liability method based on current salaries at the balance sheet date for unexpired portion of leave.

3.12 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or an average rate, if the average rate approximates the actual rate at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

3.13 Income taxes

Income tax comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item directly recognised in equity or in other comprehensive income.

1. Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax also includes any tax arising from dividends.

2. Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

3.14 Provisions and contingent liabilities

Provisions (other than for employee benefits)

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

The disclosure of contingent liability is made when, as a result of obligating events, there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

3.15 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, 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.

Deposits with maturity more than three months but less than twelve months have been disclosed as 'Bank balances other than cash and cash equivalents'.

3.16 Earnings per share

The basic earnings per share is computed by dividing the net profit/ (loss) attributable to owner's of the Group for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings/ (loss) per share comprises the weighted average shares considered for deriving basic earnings/ (loss) per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and which either reduces earnings per share or increase loss per share are included.

3.17 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.18 Recent accounting pronouncements - issued and effective

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

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21.

- Appendix B to Ind AS 21 applies when:

a. Pays or receives consideration denominated or priced in a foreign currency and

b. Recognises a non-monetary prepayment asset or deferred income liability – e.g. non-refundable advance consideration before recognising the related item at a later date.

- Date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.
- If there are multiple payments or receipts in advance, the entity should determine a date of the transaction for each payment or receipt of advance consideration.

The amendment has come into force from 1 April 2018. The Group has evaluated the effect of this amendment on the financial statements and the impact is not material.

Amendment to Ind AS 40 Investment Property

MCA through a notification dated 28 March 2018 issued certain amendments to Ind AS 40.

'The amendment lays down the principle regarding when a Group should transfer an asset to, or from, an investment property.

1) A transfer is made when and only when:

a. There is an actual change of use i.e. an asset meets or ceases to meet the definition of investment property.

b. There is evidence of the change in use.

2) In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

The amendment has come into force from 1 April 2018. The Group has evaluated the effect of this on the consolidated financial statements and the impact is not material.

3.19 Recent accounting pronouncements - issued and not effective

Amendment to Ind AS 12 Income tax

On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12.

Appendix C to Ind AS 12 applies while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

It outlines the following: (1) the entity has to use judgment, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

The effective date for adoption of Ind AS 12 Appendix C is financial periods beginning on or after 1 April 2019. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Appendix C, Uncertainty over Income Tax Treatments:

On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1 April 2019. The Group will adopt the standard on 1 April 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1 April 2019 without adjusting comparatives.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 12 Appendix C on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

Ind AS 12 Income tax (amendments relating to income tax consequences of dividend)

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The effective date for adoption of this amendment is financial periods beginning on or after 1 April 2019. The Company has evaluated the effect of this on the financial statements and the impact is not expected to be material.

Amendment to Ind AS 116 Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases effective 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognizes right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The amendment will come into force from 1 April 2019. The Group has evaluated the effect of this on the consolidated financial statements and the impact is expected to be not material.

The following amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 111, Joint Arrangements
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 28, Investments to Associates and Joint Ventures

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

4 Property, plant and equipment and capital work-in-progress *(Rs in millions)*

Particulars	Land	Buildings	Plant and Machinery	Office equipment	Furniture and fixtures	Com-puters	Vehi-cles	Total	Capital work-in-progress	Other intangible assets
Balance as at 1 April 2017	342.32	90.33	427.77	0.40	32.87	4.62	2.99	**901.30**	0.81	0.05
Additions	-	7.60	7.26	-	0.05	0.19	2.48	**17.57**	-	0.11
Reclassification to asset held for sale	-	14.84	-	-	-	-	-	**14.84**	-	-
Disposals	-	23.91	3.21	-	-	-	-	**27.12**	0.81	-
Balance as at 31 March 2018	**342.32**	**59.18**	**431.82**	**0.40**	**32.92**	**4.81**	**5.47**	**876.91**	**-**	**0.16**
Balance as at 1 April 2018	342.32	59.18	431.82	0.40	32.92	4.81	5.47	**876.93**	-	0.16
Additions	1.72	-	0.31	-	0.08	0.65	-	**2.75**	0.84	0.26
Disposals	-	7.58	-	-	-	-	-	**7.58**	-	-
Balance as at 31 March 2019	**344.04**	**51.60**	**432.13**	**0.40**	**33.00**	**5.46**	**5.47**	**872.10**	**0.84**	**0.42**
Accumulated depreciation										
Balance as at 1 April 2017	-	3.34	51.66	0.04	14.06	1.61	1.18	**71.89**	-	0.03
Charge for the year	-	3.06	25.97	-	7.37	1.75	0.60	**38.76**	-	0.05
Transfer to assets held for sale		1.76	-	-	-	-	-	**1.76**		-
Disposals	-	0.86	2.16	-	-	-	-	**3.02**	-	-
Balance as at 31 March 2018	**-**	**3.78**	**75.47**	**0.04**	**21.43**	**3.36**	**1.78**	**105.87**	**-**	**0.08**
Balance as at 1 April 2018	-	3.78	75.47	0.04	21.43	3.36	1.78	**105.86**	-	0.07
Charge for the year	-	1.72	25.55	-	6.84	1.31	0.76	**36.18**	-	0.12
Disposals	-	0.70	-	-	-	-	-	**0.70**	-	
Balance as at 31 March 2019	**-**	**4.80**	**101.02**	**0.04**	**28.27**	**4.67**	**2.54**	**141.34**	**-**	**0.19**
Carrying amount:										
As at 31 March 2019	***344.04***	***46.80***	***331.11***	***0.36***	***4.73***	***0.79***	***2.93***	***730.76***	***0.84***	***0.23***
As at 31 March 2018	***342.32***	***55.40***	***356.35***	***0.36***	***11.49***	***1.45***	***3.70***	***771.07***	***-***	***0.08***

Notes:

(i) Contractual obligations

The Group has not entered into any contracts to purchase, construct or develop property plant and equipment or for its repairs, maintenance or enhancements exceeding a period of one year.

Significant estimates

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life, if any. The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

5 Investment property *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Cost or deemed cost (Gross carrying amount)		
Opening balance	936.13	936.13
Additions	-	-
Deletions	-	-
Closing balance	**936.13**	**936.13**
Accumulated depreciation		
Opening balance	(75.12)	(59.52)
Charge for the year	(15.60)	(15.60)
Deletions	-	-
Closing balance	**(90.72)**	**(75.12)**
Net carrying amount	**845.41**	**861.01**

Notes:
Investment property comprises of a commercial property that is leased to third parties. The lease contains an initial non-cancellable period. Subsequent renewals are negotiated with the lessee and historically the average renewal period is five to nine years.
Investment property comprises of property of two buildings namely 'Delta' and 'Alpha' held by the Company in Cessna Business Park, Bangalore. These properties are secured against the term loan from bank.

i) Amounts recognised in profit and loss for investment properties *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Rental income derived from investment properties	139.95	141.83
Direct operating expenses (including repairs and maintenance) generating rental income	4.12	10.01
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	135.83	131.82
Less: Depreciation	15.60	15.60
Profit arising from investment properties before indirect expenses	**120.23**	**116.22**

ii) Fair value
Fair value hierarchy
The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.
The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation techniques
Investment property comprises commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.
The Group obtains independent valuations for its investment properties at least annually.

Fair value:	**Rs in million**
As at 31 March 2018	2,390.40
As at 31 March 2019	2,390.40

The fair values of the investment property is determined based on the current market prices in an active market for properties of different nature adjusted to reflect those changes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

5 Investment property (continued)

Significant estimates

The charge in respect of periodic depreciation on investment property is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life, if any. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Note :

Para 97 of Ind AS 113 Fair value measurements states that for each class of assets and liabilities not measured at fair value in the balance sheet but for which the fair value is disclosed, an entity shall disclose the information required by paragraph 93(b), (d) and (i). However, the said paragraph states that an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorised within Level 3 of the fair value hierarchy required by paragraph 93(d). Therefore, no disclosure in relation to sensitivity analysis of significant unobservable inputs used in fair value measurements of Investment property, Investment property under development been provided in these financial statements.

6 Goodwill *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Carrying amount at the beginning/end of the year	71.94	71.94
Total	**71.94**	**71.94**

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments. The aggregate carrying amounts of goodwill allocated to each unit are as follows :- *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Hotel operations	71.94	71.94
	71.94	**71.94**

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or the market capitalization as at the date of reporting. Value in use is generally calculated as the net present value of the projected post-tax cash flows, based on financial budgets approved by management plus a terminal value of the cash generating unit to which the goodwill is allocated.

Hotel operations

The recoverable amount of this CGU is based on fair value less cost to sell, estimated using an independent valuer report of the identified hotel operations under direct comparison method (land component) and depreciation replacement cost (land improvements) as of 31 March 2019. The estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered.

7 Non-current investments *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Unquoted		
Other investments at fair value through profit and loss (fully paid-up)		
Investment in venture capital funds		
Pru.ICICI India Advantage Fund-III	5.02	8.77
Reliance Capital Asset Management	36.87	46.96
Total	**41.89**	**55.73**
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate book value of unquoted investments	41.89	55.73
Aggregate amount of impairment in the value of investments	-	-

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in note 42.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

8 Loans *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Security deposit	27.23	11.66
	27.23	**11.66**
For terms and conditions relating to related party receivables, refer note 41.		

9 Other financial assets *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Bank deposits	19.42	20.92
	19.42	**20.92**

Fixed deposit with bank includes an amount of Rs 19.40 million (previous year: Rs 19.40 million) which is held as debt service reserve account (DSRA).

10 Income-tax assets, net *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Advance tax, net of provision for tax	1.15	31.29
	1.15	**31.29**

11 Other non-current assets *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Capital advances		
- Advance paid for purchase of investment property (refer note below)	2,311.87	1,914.08
	2,311.87	**1,914.08**

Note:

The Company had entered into an "Agreement to sell" ('the Agreement') with M/S L.J.Victoria Properties Private Limited ('Seller') dated 8 February 2017, which was subsequently amended on 1 June 2017, for the purchase of a commercial property by name 'Victoria Embassy' for a total consideration of Rs1,710 million.

Later, the Company entered into multiple amendments to the Agreement which were dated on 25 January 2018, 26 February 2018 and 20 October 2018 through which the purchase consideration was amended to Rs.2,050 million and the period for completion of the sale transaction was extended to 31 March 2019.

Pursuant to the Agreement, including subsequent amendments, the Company had paid advances amounting to Rs.1,988.64 million as at 31 March 2019 (31 March 2018: Rs.1914.08 million) to the Seller.

As per the last amendment to the Agreement dated 20 October 2018, the Seller was required to transfer the property to the Company and/or its nominees for a consideration of Rs 2,050 million after clearing all the existing charges on the property by 31 March 2019 in order to complete the sale transaction. Failing such completion, the Company would not be required to pay the last tranche of the consideration and would be at liberty to cancel the Agreement, thereby requiring the Seller to refund the amounts advanced along with interest.

Considering that L.J. Victoria failed to transfer the said property, the Board of Directors of the Company at its meeting held on 21 March 2019 resolved to terminate the Agreement. While alternate properties have been identified for transfer to the Company, the Board of Directors in consultation with L.J. Victoria concluded that the advances should be refunded to the Company, along with interest amounting to Rs 300 million as compensation for the settlement and cancellation. The termination of the Agreement and the resulting settlement has been approved by the shareholders of the Company vide a special resolution dated 18 May 2019, passed by postal ballot.

The Company has presented such interest income as an exceptional item in the statement of profit and loss account for the year ended 31 March 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

12 Inventories *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials	10.37	8.85
Stores and spares	0.97	2.50
	11.34	**11.35**

13 Current investments *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Quoted equity shares		
- Equity investments at fair value through other comprehensive income (fully paid-up)		
10,000 equity shares of Global Offshore Services Limited (31 March 2018: 10,000 shares)	0.12	0.28
22,699 equity shares of Puravankara Limited (31 March 2018: 22,699 shares)	1.68	3.28
4,000 equity shares of Cipla Limited (31 March 2018: 4,000 shares)	2.10	2.40
Investment in bonds		
Unquoted		
Measured at Fair value through profit and loss		
7.09 million units of Ultra Short Bond Fund Direct Plan of Franklin India (31 March 2018: 8.6 million units)	187.22	208.70
Reliance Mutual Fund (ETF Liqud BGSE)	0.08	0.08
	191.20	**214.74**
Aggregate amount of quoted investments and market value thereof	3.90	5.96
Aggregate amount of unquoted investments	187.30	208.78
Aggregate amount of impairment in the value of investments	-	-

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in note 42.

Equity shares designated as at fair value through other comprehensive income (FVOCI)
At 1 April 2015, the Company designated the investments shown below as equity shares at FVOCI because these equity shares represent investments that the Company intends to hold for long-term.

Fair value *(Rs in millions)*

Particulars	Dividend income for 17-18	Fair Value as at 31 March 2018	Dividend income for 18-19	Fair Value as at 31 March 2019
Investment in equity shares of Global Offshore Services Limited	-	0.28	-	0.12
Investment in equity shares of Puravankara Limited	-	3.28	-	1.68
Investment in equity shares of Cipla Limited	0.06	2.40	0.06	2.10
	0.06	**5.96**	**0.06**	**3.90**

14 Trade receivables *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables considered good - secured	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables credit impaired	-	-
Unsecured, considered good	29.13	51.72
	29.13	**51.72**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

14 Trade receivables (continued)

All trade receivables are current.

Of the above, trade receivables from related parties are as follows :- *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Total trade receivables from related parties	3.82	12.24
Loss allowance	-	-
	3.82	**12.24**

For terms and conditions relating to related party receivables, refer note 41
The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 42.

15 Cash and cash equivalents *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- in current accounts*	48.25	67.63
Cash on hand	1.08	0.83
	49.33	**68.46**

* includes unclaimed dividend of Rs. 35.68 million as on 31 March 2019, (31 March 2018: Rs.30.99 million)

16 Bank balances other than cash and cash equivalents *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- in fixed deposit accounts with banks	1.00	1.00
	1.00	**1.00**

17 Loans *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
- Inter-corporate loans	351.25	351.24
Unsecured, credit impaired		
- Inter-corporate loans	37.00	37.00
Less: Allowance for expected credit loss for loans	(37.00)	(37.00)
	351.25	**351.24**

For terms and conditions relating to related party loans, refer note 41.
The Company's exposure to credit and currency risks, and loss allowances related to loans are disclosed in note 42.

18 Other financial assets *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Other receivables	3.60	16.97
	3.60	**16.97**

19 Other current assets *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Prepaid expenses	13.62	11.33
Balance with government authorities	-	0.06
Other advances	1.05	1.65
	14.67	**13.04**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

20 Share capital *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Authoried		
20,000,000 (31 March 2018: 20,000,000) equity shares of Rs 10 each	200.00	200.00
	200.00	**200.00**
Issued, subscribed and fully paid up		
13,101,052 (31 March 2018: 13,103,727) equity shares of Rs 10 each	131.01	131.04
	131.01	**131.04**

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year is as given below: *(Rs in millions)*

	As at 31 March 2019		As at 31 March 2018	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	1,31,03,727	131.04	1,31,03,727	131.04
Add: Shares issued during the year	-	-	-	-
Less: Forfeiture of shares during the year	2,675	0.03		
Number of shares outstanding at the end of the year	**1,31,01,052**	**131.01**	**1,31,03,727**	**131.04**

(b) The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

The Company has one class of equity shares having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts if any, in proportion to their shareholding.

(c) Equity shareholders holding more than 5% of equity shares along with the number of equity preference shares held at the beginning and at the end of the year is as given below:-

Name of the shareholder	As at 31 March 2019		As at 31 March 2018	
	% of holding	No of shares	% of holding	No of shares
Embassy Property Developments Private Limited (Holding company)	73.41	96,16,952	79.77	1,04,50,670

(d) The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

(e) Particulars of each class of shares held by holding, ultimate holding, subsidiaries or associates of the holding company or the ultimate holding company: *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Embassy Property Developments Private Limited, (Holding company)	96.17	104.51

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

21 Other equity

Rs in millions

Particulars	As at 31 March 2019	As at 31 March 2018
General reserve		
At the commencement of the year	2,214.77	2,214.77
Add: Transferred from statement of profit and loss for the year	30.00	-
Forfeiture of shares	0.03	-
At the close of the year	**2,244.80**	**2,214.77**
Retained earnings		
At the commencement of the year	582.39	521.28
Add: Net profit for the year	440.71	218.02
Add: Other comprehensive income	1.00	0.77
Transfer to general reserve	(30.00)	-
Dividend expense	(131.01)	(131.01)
Corporate dividend tax	(26.93)	(26.67)
At the end of the year	**836.16**	**582.39**
Fair value of equity instruments		
At the commencement of the year	(1.34)	(4.12)
Add: Net fair value gain/(loss) on investments in equity instruments at FVOCI, net of tax	(1.45)	1.96
Realised profits of equity instruments measured at FVOCI	1.06	0.82
At the end of the year	**(1.73)**	**(1.34)**
	3,079.23	**2,795.82**

21.1 Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital, and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity. The Group's adjusted net debt to equity ratio is as follows:

(Rs in millions)

Particulars	As at 31 March 2019	As at 31 March 2018
Total liabilities	1,519.76	1,552.52
Less: Cash and cash equivalents	49.33	68.46
Adjusted net debt	**1,470.43**	**1,484.06**
Total equity	3,210.24	2,926.86
Adjusted net debt to adjusted equity ratio	**0.46**	**0.51**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

21.2 Earnings per share (EPS)

Computation of earnings per share is as follows: *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit after tax for the year, attributable to equity holders	440.71	218.02

Reconciliation of basic and diluted shares used in computing earnings per share

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	1,31,01,052	1,31,03,727
Effect of dilutive potential equity shares	-	-
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	**1,31,01,052**	**1,31,03,727**

Earnings per share: *In Rs.*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Basic	33.64	16.64
Diluted	33.64	16.64

22 Borrowings *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Secured		
From bank (refer note A(i) below)	1,200.97	1,225.27
From others (refer note A(ii) below)	1.27	1.64
	1,202.24	**1,226.91**

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 42.

Notes:

A. Terms and repayment schedule

(i) From HDFC Bank Limited, amounting to Rs. 1,223.82 million (31 March 2018: Rs 1,239.43 million)

Secured by:

- Assignment of receivables by way of rent from tenants leasing the space in the buildings Alpha and Delta.
- 121,176 sq.ft. and 202 car parks of the Delta building, 84,512 sq.ft. and 169 car parks of the Alpha building, including undivided share of land, are secured against the term loan from bank.
- Loan from HDFC Bank Limited carries interest rate of 31 March 2019 - MCLR Plus 30 bps and is repayable in 180 installments. The repayment of principal and interest commences from April 2017.
- There is no undrawn facility in respect of this loan.

(ii) From Toyota Financial Services Private Limited, amounting to Rs 1.64 million (31 March 2018: Rs 1.98 million)

- Secured by way of hypothecation of the vehicle as first charge to the lender
- The loan carries an interest rate of 8.25% p.a fixed and loan is repayable in 60 equal installments. The repayment commenced from February 2018
- There is no undrawn facility in respect of this loan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

22 Borrowings (continued)

B. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liability	Equity			
	Loans	**Share Capital**	**Reserves**	**Retained earnings**	**Total**
Balance as at 31 March 2018	**1,239.86**	**131.04**	**2,213.43**	**582.39**	**4,166.72**
Proceeds from borrowings	2.11	-	-	-	2.11
Transaction costs related to borrowings	(9.26)	-	-	-	(9.26)
Repayment of borrowings	(13.39)	-	-	-	(13.39)
Dividend paid	-	-	-	(157.94)	(157.94)
Total changes from financing activities	**(20.54)**	**-**	**-**	**(157.94)**	**(178.48)**
Other changes:-					
Liability-related					
Interest expense	107.05	-	-	-	107.05
Interest paid	(100.91)	-	-	-	(100.91)
Total liability related other changes	**6.14**	**-**	**-**	**-**	**6.14**
Total equity related other changes	**-**	**-**	**(0.39)**	**441.71**	**441.31**
Transfer to reserve	-	-	30.00	(30.00)	-
Forfeiture of Shares	-	(0.03)	0.03	-	-
Balance as at 31 March 2019	**1,225.46**	**131.01**	**2,243.07**	**836.16**	**4,435.69**

23 Other financial liabilities *(Rs in millions)*

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Rental deposit	0.17	43.14
Other liability	0.98	0.65
	1.15	**43.79**

24 Deferred tax liabilities, (net)

The balance comprises temporary differences attributable to: *(Rs in millions)*

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Deferred tax liabilities		
Property, plant and equipment and investment property	56.59	81.88
Investments in equity shares	1.16	2.53
Fair value of investments in Mutual funds	0.46	-
Deferred tax assets		
Employee benefits	(6.85)	(6.71)
Provision for doubtful advances	(10.87)	(12.80)
Deferred tax liabilities, (net)	**40.49**	**64.90**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

25 Trade payables *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Dues to micro, small and medium enterprises		
Dues to other than micro, small and medium enterprises	31.28	29.02
	31.28	**29.02**

All trade payables are 'current'.
The Company's exposure to currency and liquidity risks related to trade payables are disclosed in note 42.

Dues to Micro, small and medium enterprises
The Management has identified enterprises which have provided goods and services to the Group and which qualify under the definition of micro and small enterprises as defined under Micro, small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2019 has been made in the financial statements based on information received and available with the Group. The Group has not received any claim for interest from any supplier under the said Act. Furthur in view of the Management, the impact of interest if any that may be payable in accordance with the provisions of the Act is not expected to be material.

(Rs in millions)

Particulars	As at 31 March 2019	As at 31 March 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;		
(a) (i) Principal	-	-
(ii) Interest	-	-
(b) The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during the year*;		
(i) Interest	-	-
(ii) Payment	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

26 Other current financial liabilities *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturity of long term borrowings from banks (refer note 22)	22.86	14.16
Current maturity of finance lease obligation (refer note 22)	0.37	0.34
Book overdraft	3.55	-
Security deposits	87.16	43.17
Capital creditors	10.25	10.25
Accrued salaries and bonus	16.99	15.99
Unpaid/unclaimed dividends	35.68	30.99
Due to directors	0.58	0.36
Accrued expenses	17.58	11.41
Others	0.77	2.97
	195.79	**129.64**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

27 Current provisions *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
- Leave encashment	9.75	8.01
- Gratuity	3.10	1.54
	12.85	**9.55**

28 Other current liabilities *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Statutory dues	9.92	12.72
Advance from customers	7.62	20.91
Deferred rent	-	0.98
	17.54	**34.61**

29 Current tax liability, net *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Income tax		
Opening balance	14.10	12.12
Provisions made during the year	186.41	109.52
Income-tax paid	(182.09)	(107.54)
Closing balance	**18.42**	**14.10**

30 Revenue from operations *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of services		
Income from rooms	296.31	291.80
Income from sale of food, beverages and banquets	299.00	269.31
Income from sale of electricity	107.42	76.16
	702.73	**637.27**
Other operating revenue		
Rental income	139.95	141.83
Other	2.93	2.63
	142.88	**144.46**
	845.61	**781.73**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

31	**Other income**		*(Rs in millions)*
	Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
	Interest income	65.20	69.14
	License fees	6.29	6.15
	Fair value changes in financial assets measured at fair value through statement of profit and loss	1.68	0.01
	Dividend income	0.06	0.06
	Profit on sale of PPE	6.26	15.22
	Profit on sale of investments		
	Short Term	15.93	0.80
	Long Term	-	6.49
	Liabilities written back	10.32	8.60
		105.74	**106.47**
32	**Cost of materials consumed**		*(Rs in millions)*
	Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
	Opening stock of provisions, food and beverages consumed	8.85	9.58
	Add: Purchase of provisions, food and beverages	99.52	90.54
	Less: Closing stock of provisions, food and beverages consumed	10.37	8.85
	Cost of provisions, food and beverages consumed	**98.00**	**91.27**
33	**Maintenance and upkeep services**		*(Rs in millions)*
	Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
	Guest accommodation and kitchen	9.67	9.85
	Linen, uniforms and laundry	12.54	15.30
	Repairs and maintenance of :-		
	i) Building	10.24	16.22
	ii) Plant & machinery	19.69	17.86
	iii) Interiors, furniture, furnishings and others	1.91	0.65
	Housekeeping expenses	5.66	4.91
	Music, entertainment and banquet expenses	4.06	3.66
		63.77	**68.45**
34	**Employee benefits expense**		*(Rs in millions)*
	Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
	Salaries and wages	149.64	138.28
	Contribution to provident and other funds	20.17	16.58
	Staff welfare expenses	7.76	6.21
		177.57	**161.07**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

35	**Finance costs**		*(Rs in millions)*
	Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
	Interest expense on financial liabilities measured at amortized cost	107.05	62.74
	Other bank charges	0.11	0.23
		107.16	**62.97**
36	**Depreciation and amortization expense**		*(Rs in millions)*
	Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
	Depreciation of property, plant and equipment	36.18	38.76
	Depreciation on investment properties	15.60	15.60
	Amortization of intangible assets	0.12	0.05
		51.90	**54.41**
37	**Other expenses**		*(Rs in millions)*
	Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
	Legal, professional and consultancy charges	37.99	23.05
	Rates and taxes	23.94	22.11
	Power and fuel	24.08	16.06
	Royalty	11.36	11.34
	Corporate social responsibility	7.47	4.40
	Administrative and general expenses	1.48	0.56
	Sales commission	8.84	7.58
	Water charges	3.73	3.78
	Travelling and conveyance	3.69	4.37
	Postage, telex and telephones	5.10	4.68
	Printing and stationery	3.16	2.89
	Sales and promotional expenses	2.56	1.05
	Rent	-	0.02
	Insurance	0.98	1.06
	Payment to auditors	4.32	2.21
	Director's sitting fees	1.02	0.58
	Provision for doubtful advances	0.32	43.62
	Freight and transport	0.15	0.25
	Foreign exchange loss, (net)	-	0.15
	Miscellaneous	0.17	0.49
		140.36	**150.25**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

38 Income tax

(a) Major components of income tax expense for the years ended 31 March 2019 and 31 March 2018: *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current income tax:		
Current income tax charge	(186.40)	(109.52)
Taxes pertaining to earlier years (net)	(10.08)	-
Deferred tax:		
Relating to origination and reversal of temporary differences	24.60	27.76
Income tax expense reported in the statement of profit or loss	**(171.89)**	**(81.76)**

(b) Deferred tax related to items recognised in Other Comprehensive Income (OCI) during the year: *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Equity instruments through Other Comprehensive Income - net changes in fair value	0.60	(1.03)
Remeasurement of defined benefit liability/ (assets)	(0.41)	(0.41)
Income tax charged to OCI	**0.19**	**(1.44)**

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate: *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before tax from operations	612.59	299.78
Tax at the Indian tax rate of 29.12% (31 March 2018: 34.608%)	178.39	103.75
Effect of:		
Non-deductible expenses	5.66	(7.26)
Standard deduction for income from house property	(12.16)	(14.72)
Income tax expense	**171.88**	**81.75**

(d) Deferred tax

The Group does not have any unrecognised deferred tax assets or liabilities.

(e) Recognised deferred tax assets and liabilities

Movement in temporary differences and balance of deferred tax liability (net) is as follows: *(Rs in millions)*

Particulars	Balance as at 31 March 2018	Recognised in profit or loss during 2018-19	Recognised in OCI during 2018-19	Balance as at 31 March 2019
Property, plant and equipment	81.88	(25.29)	-	56.59
Investments	2.53	(1.97)	0.60	1.16
Employee benefits	(6.71)	0.27	(0.41)	(6.85)
Provision for doubtful advances	(12.80)	1.93	-	(10.87)
Fair value of investments in mutual funds	-	0.46	-	0.46
	64.90	**(24.60)**	**0.19**	**40.49**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

39 Contingent liabilities

(Rs in millions)

Particulars	As at 31 March 2019	As at 31 March 2018
Contingent liabilities:		
Demand from BESCOM (Bangalore Electricity Supply Company)	50.68	50.68

a) Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with authorities.

b) The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

c) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact on account of the same.

40 Leases

(i) Operating lease

Leases as lessor:

The Group earns its rental income from investment property leased under operating lease which is recognized in the statement of profit and loss on a straight-line basis over the term of the lease. Total lease rental income recognised in the statement of profit and loss for the year is:

(Rs in millions)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Non-cancellable	-	141.83
Cancellable	139.95	-
	139.95	**141.83**

The future minimum lease receivables under non-cancellable operating leases in aggregate are as follows:

(Rs in millions)

Particulars	As at 31 March 2019	As at 31 March 2018
Not later than 1 year	-	128.64
Later than 1 year and not later than 5 years	-	-
More than 5 years	-	-

Leases as lessee

The Group had taken office premise under cancelable operating lease. Total rental expense under operating leases is Nil (31 March 2018 Rs 0.02 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

41	**Related party**
	Related parties with whom transactions have taken place during the year
	A. Holding company
	Embassy Property Developments Private Limited
	C. Fellow subsidiary
	Vikas Telecom Private Limited
	L.J Victoria Properties Private Limited
	D. Key management personnel
	Mr. C.B.Pardhanani
	P. B. Appiah
	Suresh Vaswani
	Tanya Giridhar
	Aditya Virwani
	P. R. Ramakrishnan
	M.S Reddy
	Pranesh K Rao
	E. Enterprises significantly influenced by the Company/ key managerial personnel
	C. Pardhanani's Education Trust
	F. Post employment benefit entities
	Mac Charles (India) Limited Employees Gratuity Fund Trust
	G. The following is a summary of related party transactions *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Capital advance paid		
L.J Victoria Properties Private Limited	150.00	738.84
Interest Income		
L.J Victoria Properties Private Limited	300.00	-
Dividend paid		
Embassy Property Developments Private Limited	104.51	104.51
Electricity income		
Vikas Telecom Private Limited	91.06	46.05
Donation paid		
C. Pardhanani's Education Trust	2.40	1.80
Interest received		
Embassy Property Developments Private Limited	63.00	63.00
Contribution to gratuity fund		
Mac Charles (India) Limited Employees Gratuity Fund Trust	0.02	0.40
Asset Management fee		
Embassy Property Developments Private Limited	4.12	5.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

41 Related party (continued)

H. The following is a summary of balances receivable from related parties: *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Inter-corporate loans given (Current)		
Embassy Property Developments Private Limited	350.00	350.00
Capital advances		
L.J Victoria Properties Private Limited	2,258.65	1,838.64
Trade receivables		
Embassy Property Developments Private Limited	0.39	-
Vikas Telecom Private Limited	3.43	12.24

I. Compensation of key management personnel of the Company:

(i) The remuneration of directors and other members of key management personnel during the year was as follows:

(Rs in millions)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Short-term employee benefits	14.64	12.72
	14.64	**12.72**

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. Post employment benefit comprising gratuity and compensated absences are not disclosed as these are determined for the Group as a whole.

J. Details of inter corporate loans given

(a) Terms and conditions on which inter-corporate loans have been given

Party name	Interest rate	Repayment terms	Purpose
Embassy Property Developments Private Limited	18%	Repayable on demand	General

(b) Reconciliation of inter-company loans given as at the beginning and as at the end of the year:

Particulars	As at 31 March 2019	As at 31 March 2018
Holding company		
Embassy Property Developments Private Limited		
At the commencement of the year	350.00	350.00
Add: given during the year	-	-
Less: repaid during the year	-	-
At the end of the year	350.00	350.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42 Financial instruments - fair value measurement and risk management

A Accounting classification and fair value *(Rs in millions)*

Particulars	Carrying value as at 31 March 2019	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortised cost:					
Non current financial assets					
- Loans	27.23	-	-	-	-
- Other Non-Current financial asset	19.42				
Current financial assets					
- Trade receivables	29.13	-	-	-	-
- Cash and cash equivalents	49.33	-	-	-	-
- Bank balances other than cash and cash equivalents	1.00	-	-	-	-
- Loans	351.25	-	-	-	-
- Other current financial assets	3.60	-	-	-	-
Financial assets measured at fair value through other comprehensive income:					
Investments					
Non-current	-	-	-	-	-
Current	3.90	3.90	-	-	3.90
Financial assets measured at fair value through profit and loss:					
Investments					
Non current	41.89	41.89	-	-	41.89
Current	187.30	187.30	-	-	187.30
Total	**714.05**	**233.09**	**-**	**-**	**233.09**
Financial liabilities measured at amortised cost:					
Non current financial liabilities					
- Long term borrowing	1,202.24	-	-	-	-
- Other financial liabilities	1.15	-	-	-	-
Current financial liabilities					
-Trade payables	31.28	-	-	-	-
-Other financial liabilities	195.79	-	-	-	-
Total	**1,430.46**	**-**	**-**	**-**	**-**

The Group has not disclosed the fair values for financial instruments such as trade receivables, cash and cash equivalents, bank balances, other non-current financial assets other than other current financial assets, loans, borrowings, other non current financial liabilities, trade payables and other current financial liabilities because their carrying amounts are a reasonable approximation of fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42	**Financial instruments - fair value measurement and risk management (continued)**					
A	**Accounting classification and fair value (continued)**					*(Rs in millions)*
	Particulars	**Carrying value as at 31 March 2018**	**Fair value**			**Total**
			Level 1	**Level 2**	**Level 3**	
	Financial assets measured at amortised cost:					
	Non current financial assets					
	- Loans	11.66	-	-	-	-
	- Other Non-Current financial asset	20.92				
	Current financial assets					
	- Trade receivables	51.72	-	-	-	-
	- Cash and cash equivalents	68.46	-	-	-	-
	- Loans	1.00	-	-	-	-
	- Bank balances other than cash and cash equivalents	351.24	-	-	-	-
	- Other current financial assets	16.97	-	-	-	-
	Financial assets measured at fair value through other comprehensive income:					
	Investments					
	Non-current	-	-	-	-	-
	Current	5.96	5.96	-	-	5.96
	Financial assets measured at fair value through profit and loss:					
	Investments					
	Non current	55.73	55.73	-	-	55.73
	Current	208.78	208.78	-	-	208.78
	Total	**792.43**	**270.47**	**-**	**-**	**270.47**
	Financial liabilities measured at amortised cost:					
	Non current financial liabilities					
	- Borrowings	1,226.91	-	-	-	-
	- Other financial liabilities	43.79	-	-	-	-
	Current financial liabilities					
	-Trade payables	29.02	-	-	-	-
	-Other financial liabilities	129.64	-	-	-	-
	Total	**1,429.36**	**-**	**-**	**-**	**-**
	The Group has not disclosed the fair values for financial instruments such as trade receivables, cash and cash equivalents, bank balances, other non-current financial assets other than other current financial assets, loans, borrowings, other non current financial liabilities, trade payables and other current financial liabilities because their carrying amounts are a reasonable approximation of fair value.					

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42	**Financial instruments - fair value measurement and risk management (continued)**
B	**Measurement of fair values** The section explains the judgement and estimates made in determining the fair values of the financial instruments that are: a) recognised and measured at fair value 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 Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is mentioned below:
	Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing net asset value.
	Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) 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.
	Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
	The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Group has elected to measure all financial instruments, except investments, at ammortised cost. Investments fall under the 'Level 1' hierarchy and are measured using quoted prices on the respective reporting dates.
	The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
C	**Financial risk management** The Group has exposure to the following risks arising from financial instruments: - credit risk (refer note ii below) - liquidity risk (refer note iii below) - market risk (refer note iv below)
	(i) Risk management framework The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.
	(ii) Credit risk Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, inter-corporate deposits and other financial instruments. The carrying amount of financial assets represents the maximum credit exposure.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42 Financial instruments - fair value measurement and risk management (continued)

C Financial risk management (continued)

Trade receivable and loans

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has credit policies in place and exposure to the credit risk is monitored on an ongoing basis. A majority of Group's income is from the corporate customers by way of advance receipts and revenue from related parties. Credit evaluations are performed on all customers requiring credit over a certain amount and there is no concentration of credit risk. Due from related parties are considered recoverable by the management. Risk assessment is done for each corporate to whom the inter -corporate deposits are provided. Cash is placed with reputable banks and the risk of default is considered remote. Under the current economic conditions, management has assessed the recoverability of its trade receivables as at the reporting date and consider them to be recoverable.

Due to this factor, management believes that no additional credit risk is inherent in the Group's receivables . At the balance sheet date, there were no significant concentrations of credit risk.

The following table provides information about the exposure to credit risk and the expected credit loss for trade receivables:

(Rs in millions)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Carrying amount	Provision amount	Carrying amount	Provision amount
Less than 180 days	29.13	-	51.72	-
More than 180 days	-	-	-	-
	29.13	**-**	**51.72**	**-**

Loans and other financial asset:

Expected credit loss for loans and other financial asset is as follows: *(Rs in millions)*

Particulars		Period ended	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount, net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31-Mar-19	Security deposits	27.23	-	-	27.23
			Other financial asset	23.02	-	-	23.02
			Loan	388.25	-	37.00	351.25
		31-Mar-18	Security deposits	11.66	-	-	11.66
			Other financial asset	37.89	-	-	37.89
			Other loans	388.24	-	37.00	351.24

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42 Financial instruments - fair value measurement and risk management (continued)

D Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities, Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets. Usually the excess of funds is invested in short term mutual funds and fixed deposits. This is generally carried out in accordance with practice and limits set by the Group. These limits vary to take into account the liquidity of the market in which the Group operates.

Financing arrangements

The Group had access to no undrawn borrowing facilities at the end of the reporting period

Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted contractual cash flow, and include contractual interest payments.

As at 31 March 2019 *(Rs in millions)*

Particulars	Carrying amount	Total	6 months or less	6–12 months	1–2 years	More than 2 years
Borrowings	1,225.46	2,194.95	60.92	60.92	124.57	1,948.54
Other non current financial liabilities	1.15	1.15	-	-	1.15	-
Trade payables	31.28	31.28	31.28	-	-	-
Other current financial liabilities	172.58	172.58	172.58	-	-	-
	1,430.47	**2,399.96**	**264.78**	**60.92**	**125.72**	**1,948.54**

As at 31 March 2018 *(Rs in millions)*

Particulars	Carrying amount	Total	6 months or less	6–12 months	1–2 years	More than 2 years
Borrowings	1,241.40	2,312.63	58.43	59.26	121.83	2,073.11
Other non current financial liabilities	43.79	43.79	-	-	43.79	-
Trade payables	29.02	29.02	29.02	-	-	-
Other current financial liabilities	115.14	115.14	115.14	-	-	-
	1,429.35	**2,500.58**	**202.59**	**59.26**	**165.62**	**2,073.11**

E Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of transacting parties. The functional currency of the Group is primarily INR.

Since the Group does not have any unhedged foreign currency exposure at the year end, it is not exposed to currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42 Financial instruments - fair value measurement and risk management (continued)

E Market risk (continued)

Exposure to interest rate risk

The exposure of the Group's borrowing to interest rate at the end of the reporting period are as follows :-

(Rs in millions)

	31-Mar-19	31-Mar-18
Floating rate borrowings		
Borrowings	1,202.24	1,226.91
Current maturities of long term debt	23.22	14.50
Investments in debt based mutual funds	187.22	208.70
Term deposits under cash and cash equivalents	-	-
Term deposits under bank balances other than cash and cash equivalents	1.00	1.00

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

(Rs in millions)

Particulars	Impact on profit or loss		Impact on other components of equity	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Increase by 50 base points	6.19	5.10	-	-
Decrease by 50 base points	(6.19)	(5.10)	-	-

iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. The majority of the Group's equity investments are publicly traded and are included in the BSE and NSE index.

Sensitivity analysis – Equity price risk

Maturities of financial liabilities *(Rs in millions)*

Particulars	Impact on other components of equity	
	31 March 2018	31 March 2018
Increase by 10% (2017: 10%)	4.59	7.69
Decrease by 10% (2017: 10%)	(4.59)	(7.69)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

43 Employee benefits obligations

A. Defined contribution plan

The Group has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

The defined benefit plan for gratuity is administered by a single gratuity fund that is legally separate from the Group.

B. Reconciliation of the net defined benefit (asset) liability

Reconciliation of present value of defined benefit obligation

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	23.31	21.47
Service cost		
- Current service cost	2.29	1.40
Interest Cost	1.75	1.51
Benefits paid	(1.48)	(2.46)
Actuarial (gains) losses recognised in other comprehensive income		
- changes in financial assumptions	1.41	1.39
- experience adjustments	(0.08)	-
Balance at the year end	**27.20**	**23.31**

Reconciliation of the present value of plan assets

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	21.77	22.40
Expected return on plan assets	1.71	1.63
Contributions paid into the plan	2.00	0.40
Benefits paid	(1.48)	(2.46)
Return on plan assets recognised in other comprehensive income	0.51	(0.21)
Balance at the year end	**24.51**	**21.76**

C.(i) Expense recognised in profit or loss *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	2.29	1.40
Interest cost	1.75	1.51
Expected return on plan assets	(1.71)	(1.63)
	2.33	**1.28**

C. (ii) Remeasurements recognised in other comprehensive income *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Actuarial (gain) loss on defined benefit obligation	0.90	1.39
Return on plan assets excluding interest income	0.51	(0.21)
	1.41	**1.18**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

43 Employee benefits obligations (continued)

D. Plan assets

Plan assets comprise of the following: *(Rs in millions)*

Particulars	As at 31 March 2019	As at 31 March 2018
Investment funds	24.51	21.14
	24.51	**21.14**

E. Defined benefit obligations

(i) Actuarial assumptions

Particulars	As at 31 March 2019	As at 31 March 2018
Financial assumptions		
Discount rate	7.75%	7.63%
Future salary growth	6.00%	6.00%
Attrition rate	5.00%	5.00%
Demographic assumptions		
Withdrawal rate	5.00%	5.00%
Retirement age	58	58

At 31 March 2019, the weighted-average duration of the defined benefit obligation was 11.62 years (31 March 2018: 13.13 years).

(ii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have reflected the defined benefit obligation as the amounts shown below.

Particulars	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (100 basis points movement)	25.38	27.99	22.16	24.59
Future salary growth (100 basis points movement)	27.97	25.37	24.58	22.15
Attrition rate (100 basis points movement)	26.64	26.57	23.32	23.29

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

44 Details of inter-corporate loans (other than related party)

(a) Terms and conditions on which inter-corporate loans have been given

Party name	Interest rate	Repayment terms	Purpose
IDS Nest Business Solutions Private Limited	15%	Repayable on demand	General
Thrishul Developers	18%	Repayable on demand	General
Marickar Plantations Private Limited	18%	Repayable on demand	General

Reconciliation of inter-corporate loans given as at the beginning and as at the end of the year (apart from related party loans):

Particulars	As at 31 March 2019	As at 31 March 2018
IDS Nest Business Solutions Private Limited		
At the commencement of the year	1.00	1.00
Add: given during the year	-	-
Less: repaid during the year	-	-
At the end of the year	1.00	1.00
Thrishul Developers		
At the commencement of the year	30.00	30.00
Add: given during the year	-	-
Less: repaid during the year	-	-
At the end of the year	30.00	30.00
Less: Provision created	(30.00)	(30.00)
Marickar Plantation Private Limited		
At the commencement of the year	7.00	7.00
Add: given during the year	-	-
Less: repaid during the year	-	-
At the end of the year	7.00	7.00
Less: Provision created	(7.00)	(7.00)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

45 Consolidated financial information

Additional information required to be disclosed pursuant to paragraph 2 of Division II of Schedule III to the Companies Act, 2013 - 'General instructions for the preparation of consolidated financial statements' as at and for the year ended 31 March 2019 is as follows:

(Rs in millions)

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent company								
Mac Charles (India) Limited	99.15%	3,182.85	99.91%	440.32	100.00%	(0.45)	99.91%	439.87
Indian subsidiary								
Airport Golf View Hotels and Suites Private Limited	0.85%	27.39	0.09%	0.39	0.00%	-	0.09%	0.39
Total	**100.00%**	**3,210.24**	**100.00%**	**440.71**	**100.00%**	**(0.45)**	**100.00%**	**440.26**

46 Disposal group held for sale

Management has committed to sell buildings of the Company in Kochi. Accordingly, the same is resented as a disposal group held for sale. Efforts to sell the disposal group have started and a sale is expected to be completed in financial year 2019-20.

A. Impairment losses relating to the disposal group

There is no impairment loss of the disposal group to have been applied to reduce the lower of its carrying amount and its fair value less costs to sell.

B. Assets of disposal group held for sale

At 31 March 2019, the disposal group was stated at lower of its carrying amount and its fair value less costs to sell comprised the following.

Rs in millions

Particulars	As at 31 March 2019	As at 31 March 2018
Building	5.56	13.08
Capital Advance	22.18	-
Assets held for sale	**27.74**	**13.08**

C. Cumulative income or expenses included in OCI

There are no cumulative income or expenses included in OCI relating to the disposal group.

D. Measurement of fair values

Consideration agreed with the buyers for these assets held under sale is considered as the fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

47 Details of non-current investments purchased and sold during the year *(Rs in millions)*

Particulars	As at 31 March 2018	Change in fair value	Purchase/sale of investment	As at 31 March 2019
Equity investments at fair value through other comprehensive income (fully paid-up)*				
Quoted				
10,000 equity shares of Global Offshore (31 March 2018: 10,000 shares)	0.28	(0.16)	-	0.12
22,699 equity shares of Puravankara Limited (31 March 2018: 22,699 shares)	3.28	(1.60)	-	1.68
4,000 equity shares of Cipla Limited (31 March 2018: 4,000 shares)	2.40	(0.30)	-	2.10
	5.96	**(2.06)**	**-**	**3.90**

48 Specified Bank Notes

The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

49 Operating segment

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Group performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz. Revenue from Hotel, Investment property, Sale of electricity and others.

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant policies. Segment result represents profit before tax and depreciation. For the purpose of segment reporting, the Group has included interest income and interest expense under "Others".

Since the information about segment assets and segment liabilities are not reviewed by the CODM, the Group has not presented such information as a part of its segment disclosure which is in accordance with the requirements of Ind AS 108.

Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group, therefore, believes that it is not practicable to provide segment disclosures relating to such items, and accordingly such items are separately disclosed as unallocated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

49 Operating segment (continued)

(i) Segment revenue:

(Rs in millions)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of services		
a) Hotel	604.53	585.10
b) Office rental	139.95	141.83
c) Sale of electricity	107.42	76.16
d) Others	99.45	85.11
Gross Revenue	**951.35**	**888.20**

(ii) Segment result

(Rs in millions)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Hotel	139.38	176.05
b) Office rental	135.83	131.82
c) Sale of electricity	97.30	67.80
d) Others	(7.70)	22.14
Total Segment results	**364.81**	**397.81**
Less/Add: reconciling items		
Provision for doubtful advances	(0.32)	(43.62)
Depreciation and amortisation expense	(51.90)	(54.41)
Exceptional items	300.00	-
Profit before tax as per statement of profit and loss	**612.59**	**299.78**
Tax expense, net	(171.88)	(81.76)
Profit after tax as per statement of profit and loss	**440.71**	**218.02**

Geographical information

The Group has not disclosed geographical segments, because it derives all it's revenue from India.

Revenue from major services

The Group's revenue from continuing operations from its major products or services are as follows: *(Rs in millions)*

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of services		
a) Hotel	604.53	585.10
b) Office rental	139.95	141.83
c) Sale of electricity	107.42	76.16

Information about major customers

Revenue from top two customers of the Group's leasing of commercial office space segment is Rs. 137.24 million which is more than 10% of the segment's total revenue. Revenue from top one customer of the Group's sale of electricity segment is Rs. 91.18 million which is more than 10% of the segment's total revenue. The Group does not derive more than 10% of it's revenues in other segments from a single customer.

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W / W-100024

Rushank Muthreja
*Partner (*Membership No. 211386)

Bengaluru
29 May 2019

for and on behalf of the Board of Directors of
Mac Charles (India) Limited

P B Appiah
Director
DIN: 00215646

P R Ramakrishnan
Director
DIN: 00055416

M S Reddy
Executive Director and
Company Secretary

Pranesha K Rao
Chief Financial Officer

NOTES

NOTES

MAC CHARLES (INDIA) LIMITED

Corporate Identification No. (CIN): L55101KA1979PLC003620
Registered Office: No.28, Sankey Road, Bengaluru - 560 052

FORM OF PROXY - MGT-11

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s) : ______________________________

Registered address : ______________________________

E-mail Id : ______________________________

Folio No/ Client Id : ______________________________

DP ID : ______________________________

I/We, being the member (s) of ………………….. shares of Mac Charles (India) Limited, hereby appoint

1. .... of...................................having email id:..or failing him

2. .... of...................................having email id:..or failing him

3. .... of...................................having email id:..

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 39th Annual General Meeting of the Company, to be held at 11-30 AM on Monday, the August 26, 2019 **at Le Meridien at 28, Sankey Road, Bengaluru-560052** and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting as are indicated below:

Resn. No.	Resolutions	Optional**		
		For	Against	Abstain
A	**ORDINARY BUSINESSES**			
1	**Ordinary Resolution** To consider and adopt (a) the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon			
2	**Ordinary Resolution** To declare dividend on equity shares for the financial year ended March 31, 2019			
3	**Ordinary Resolution** To appoint Mr. Aditya Virwani(DIN 06480521), who retires by rotation and being eligible, offers himself for re-appointment as a Director			
B	**SPECIAL BUSINESSES**			
4	**Special Resolution** To re-appoint Shri Appiah Palecanda Bopanna (DIN: 00215646) as an Independent Director for a period of 5 years			
5	**Special Resolution** To approve and ratification of inter corporate deposit of Rs.10 crores granted to Embassy Property Developments Private Limited (“EPDPL”) which is a Holding Company and a related party			

Affix Revenue Stamp

Signed this…… day of July 2019

Signature of shareholder	
Signature of First Proxy holder	
Signature of Second Proxy holder	
Signature of Third Proxy holder	

P.T.O.

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For detailed resolutions and explanatory statement, please refer to the notice of 39th Annual General Meeting of the Company.
3. **It is optional to put an 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

MAC CHARLES (INDIA) LIMITED

Corporate Identification No. (CIN): L55101KA1979PLC003620

Registered Office: No.28, Sankey Road, Bengaluru - 560 052

ATTENDANCE SLIP

Name and Address of the Shareholder : ______________________________

Name(s) of the Joint Shareholder(s) if any : ______________________________

Registered Folio No. / DP ID No. & Client ID : ______________________________

Number of Shares held : ______________________________

Name of the Proxy/Representative, if any : ______________________________

I/We hereby record my/our presence at the 39th Annual General Meeting of the Company held on Monday, the August 26, 2019 at 11.30 a.m. at Hotel Le Meridien, No. 28, Sankey Road, Bengaluru-560052.

______________________________ --------------------------------------

Name of the member/proxy Signature of the member/proxy

Notes:

1. Please refer to the instructions printed under the Notes to the Notice of the 39th Annual General Meeting.
2. Shareholders/Proxy holders are requested to bring the attendance Slip with them when they come to the meeting.
3. No attendance slip will be issued at the time of meeting.
4. Shareholders who come to attend the meeting are requested to bring their copies of the Annual Report with them, as spare copies will not be available at the meeting.

ELECTRONIC VOTING PARTICULARS		
EVEN (E-Voting Event Number)	**USER ID**	**PASSWORD/PIN**

Note: Please read the instructions given in the Notice of the 39th Annual General Meeting of the company, carefully before voting electronically.

MAC CHARLES (INDIA) LIMITED

Corporate Identification No. (CIN): L55101KA1979PLC003620
Registered Office: No.28, Sankey Road, Bengaluru - 560 052

POSTAL BALLOT FORM

Serial No. :

1. Name and Registered address of the Sole/ First Joint Shareholder :

2. Name(s) of Joint holder(s), if any :

3. Registered Folio No. / DP ID No. / Client ID No.* :
(*Applicable to investors holding shares in dematerialised form) :

4. Number of Equity Shares held :

I/We hereby exercise my/our vote in respect of the Resolutions to be passed through Postal Ballot for Resolutions as stated in the Notice of the 39th Annual General Meeting of the Company, to be held on Monday, the August 26, 2019 at 11.30 a.m. by sending my/our Assent (For) or Dissent (Against) to the said Resolutions by placing the tick (✓) mark at the appropriate box below:

Resolution No.	Description	Nature of Resolution	No of shares held	I/We assent to the Resolution	I/We dissent to the Resolution
4	To re-appoint Shri Appiah Palecanda Bopanna (DIN: 00215646) as an Independent Director	Special			
5	To approve and ratification of inter corporate deposit of Rs. 10 crores granted to Embassy Property Developments Private Limited ("EPDPL")	Special			

Place:
Date:

Signature of the Sole / First Joint Holder

ELECTRONIC VOTING PARTICULARS		
EVENT (E-Voting Event Number)	**USER ID**	**PASSWORD/PIN**

Note:

1. Please read the instructions printed overleaf before filling this form and for e-voting, please refer instructions under Note No.11 in the Postal Ballot Notice sent herewith.
2. Last date of receipt of Postal Ballot forms by the Scrutinizer is 24.08.2019

INSTRUCTIONS

1) A member desiring to exercise vote by Postal Ballot shall complete this Postal Ballot Form and send it duly and properly sealed to the Scrutinizer in the self-addressed business reply envelope sent herewith. However, envelopes containing Postal Ballot form, if sent by courier or by registered post/speed post at the expense of the member will also be accepted. Members are requested to convey their assent or dissent in this postal Ballot form only. Assent or dissent received in any other form or manner shall be considered as invalid.

2) This Form should be completed and signed by the member (as per the specimen signature registered with the Company / Depository Participant(s)). In case of Joint holding, this form should be completed and signed by the first named member and in his absence, by the next named Member.

3) Duly completed Postal Ballot form should reach the scrutinizer not later than 11:30 am IST on 24.08.2019. All Postal Ballot forms received after this date will be strictly treated as if reply from such member(s) has not been received.

4) There will be only one Postal Ballot Form for every Folio/ DP ID_Client ID No. irrespective of the number of Joint Member(s). On receipt of the duplicate Postal Ballot Form, the original will be rejected.

5) In case of shares held by Corporate/ Institutional members (i.e. other than individuals, HUF, NRI etc.) the duly completed Postal Ballot Form should be accompanied by a certified copy of Board Resolution / Authority Letter preferably with attested specimen signatures of the duly authorised signatories.

6) Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self addressed business reply envelope, as all such envelopes will be sent to the scrutinizer and any extraneous paper found in such envelope would be destroyed by the scrutinizer.

7) Incomplete, unsigned or incorrect Postal Ballot Forms will be rejected. The scrutinizer's decision on the validity of a Postal will be final and binding.

8) Additionally, please note that the Postal Ballot Forms shall be considered invalid if:

   a. A form other than one issued by the Company has been used;

   b. It is not possible to determine without any doubt the assent or dissent of the member;

   c. Neither assent or dissent is mentioned;

   d. Any competent authority has given directions in writing to the Company to freeze the voting rights of the Member;

   e. It is defaced or mutilated in such a way that its identity as genuine form cannot be established;

   f. The member has made any amendment to the Resolution or imposed any condition while exercising his vote.

9) Voting rights shall be reckoned on the paid up value of shares registered in the name of the member(s) on 17.08.2019 (cut off date).

10) Voting by Postal Ballot or through e-voting may be exercised by the Members or its duly constituted attorney. Exercise of vote by Postal Ballot through Proxy is not permitted.

11) The Company is pleased to offer e-voting facility as an alternate, for all the Members of the Company to enable them to cast their votes electronically instead of returning duly filled-up Postal Ballot Form. E-voting is optional. The detailed procedure for e-voting is enumerated in notes No. (xii) in the Notice of the 39th Annual General Meeting of the Company.

By the order of the Board

Bengaluru
11-07-2019

M.S. REDDY
Company Secretary

FORM FOR REGISTERING E-MAIL ID

To

FOR SHARES HELD IN PHYSICAL MODE

Please complete this form and send it to:

BgSE Financials Limited
Registrar & Transfer Agent (RTA Division)
No. 51, 1st Cross, J.C. Road, Bengaluru - 560 027.
Tel: 080 - 4132 9661, Fax: 080 - 4157 5232
Email: avp_rta@bfsl.co.in

SHAREHOLDERS HOLDING SHARES IN DEMAT MODE

Please inform your respective Depository Participant

Dear Sir,

Sub: Registering of e-mail address for service of documents through e-mail

I hereby request the Company to register my e-mail address given below and give consent for service of documents including the Notice of Shareholders' Meeting & Postal Ballot, Balance Sheet, Profit & Loss Account, Auditor's Report, Board's Report etc., through e-mail;

1. Folio No. :

2. Name of the 1st Registered Holder :

3. E-mail address :

....

Signature of the 1st registered holder as per
the specimen signature with the company

Name :

Place :

Date :

LA BRASSERIE

JASHN

AIRPORT GOLF VIEW HOTELS & SUITES COCHIN