

OBEROI KERALA HOTELS AND RESORTS LIMITED

BOARD

Mr. P. R. S. Oberoi
Mr. S. S. Mukherji
Mr. T. K. Sibal

]
Nominees of EIH Limited

Dr. V. Venu
Mr. Ashwini Kumar Rai
Mr. K.G. Mohan Lal

]
Nominees of the Government of Kerala

REGISTERED OFFICE

C-46-452 (II)
Bristow Road
Willingdon Island
Cochin 682 003
Kerala

AUDITORS

Ray & Ray, Chartered Accountants
205, Ansal Bhawan, 2nd Floor
16, Kasturba Gandhi Marg
New Delhi 110 001

DIRECTORS' REPORT

The Board presents the Seventeenth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2011, together with the Auditor's Report thereon.

The Company incurred a loss of ₹ 57,640 during the Financial Year 2010-11 as against ₹ 120,672 during the previous year. The accumulated losses as on 31st March, 2011 amounted to ₹ 8,375,643. This is being carried forward.

Mr. P.R.S. Oberoi and Mr. K.G. Mohanlal, Directors of the Company, retire by rotation at the forthcoming Seventeenth Annual General Meeting and are eligible for re-appointment.

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Board states that :

- a) in preparing the Annual Accounts, applicable Accounting Standards have been followed and that there are no material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the loss of the Company for the year;
- c) the Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the Annual Accounts of the Company on a "going concern" basis.

The Company does not consume any significant amount of energy. However, while implementing the project, the Company is keeping in mind the necessity to conserve energy. Measures for energy conservation will be taken when the project commences commercial operations.

There were no employees who were in receipt of remuneration in excess of the amount prescribed in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

There has been no foreign exchange earnings and outgoings during the year as per Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, as the Company is yet to commence operations.

As regards the Auditor's observations, Note 2 of Schedule 10 of the Accounts is self-explanatory.

The Auditors, Ray & Ray, Chartered Accountants, retire and are eligible for re-appointment. The Board recommends that they be re-appointed as Auditors of the Company for the ensuing year until conclusion of the next Annual General Meeting.

The Board places on record the valuable support and co-operation of all those concerned in carrying on the affairs of the Company satisfactorily.

For and on behalf of the Board

Kolkata
10th May, 2011

S. S. MUKHERJI
T. K. SIBAL } *Directors*

COMPLIANCE CERTIFICATE

[See Rule 3 of The Companies (Compliance Certificate) Rules, 2001]

Registration No. : 09-007951 of 1994
CIN : U55101KL1994PLC007951
Nominal capital : ₹ 10 Crores

The Members,
M/s OBEROI KERALA HOTELS AND RESORTS LIMITED
C-46-452 (II), Bristow Road, W. Island
Cochin, Ernakulam
Kerala-682 003

I have examined the registers, records, books and papers of M/s Oberoi Kerala Hotels and Resorts Limited, (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in *Annexure 'A'* to this certificate, as per the provisions in the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in *Annexure 'B'* to this certificate, with the Registrar of Companies, Kerala, within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a Public Company limited by shares has more than the minimum prescribed Paid-up Capital of ₹ 5 Lakh during the year.
4. The Board of Directors duly met 5 times on 26.05.2010, 21.07.2010, 29.10.2010, 29.01.2011 and 10.03.2011 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed, including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members. It has no Debentureholders.
6. The 16th Annual General Meeting for the financial year-ended on 31.03.2010 was held on 08.07.2010 but was adjourned to 15.07.2010 for want of quorum after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held.
8. The Company has not advanced any loan to its Directors and/or persons or firms or companies referred to in Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.

10. The Company was not required to make any entry in the Register maintained under Section 301 of the Act.
11. The Company was not required to obtain any approval from the Board of Directors, Members or previous approval from the Central Government pursuant to Section 314 of the Act.
12. The Company has not issued any duplicate share certificate.
13. The Company has:
 - i) not allotted/transferred/transmitted any securities during the financial year.
 - ii) not deposited any amount in a separate bank account as no dividend was declared;
 - iii) not paid/posted warrants for dividend to any Member of the Company as no dividend was declared;
 - iv) not transferred any amount from the unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon to Investor Education and Protection Fund, as there were no balances in those accounts for such transfer;
 - v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Directors and Additional Directors has been duly made. There was no appointment of Alternate Directors or Directors to fill in casual vacancies.
15. The Company has no Managing Director/Whole Time Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agent.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any share/debenture/other securities.
20. The Company has not bought back any share.
21. The Company has no preference shares/debentures to be redeemed.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited or accepted any deposits under Sections 58A and 58AA of the Act and the rules made thereunder.

OBEROI KERALA HOTELS AND RESORTS LIMITED

24. The Company has not borrowed any amount from Directors, Members, Public, Financial Institutions, Banks and others.
25. The Company has not made loans and investments, or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another.
27. The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company.
28. The Company has not altered the provisions of the Memorandum with respect to Name of the Company.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company.
30. The Company has not altered its Articles of Association.
31. There was no prosecution initiated against or show cause notice received by the Company for alleged offences under the Act and also no fines and penalties or any other punishment has been imposed on the Company.
32. The Company has not received any amount as security from its employees.
33. No Provident Fund scheme is implemented for the employees as there are no employee on the roll of the Company.

Thiruvananthapuram
10th May, 2011

G. RAMAN PILLAI
Company Secretary
C.P. No. 1596 (FCS 2421)

Annexure 'A'

Registers as maintained by the Company

1. Register of Members u/s. 150.
2. Minutes Book of Board Meetings u/s. 193
3. Minutes Book of General Meetings u/s. 193
4. Books of Account u/s. 209.
5. Register of Directors, Managing Directors, Secretary u/s. 303.
6. Register of Fixed Assets.
7. Register of Directors Attendance.
8. Register of Shareholders Attendance.
9. Register of Directors Shareholding u/s. 307(1).
10. Register of Transfers.
11. Register of Application and Allotment.
12. Register of Companies/firms in which Directors are interested.

Annexure 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Kerala, during the financial year ended on 31st March, 2011;

1. Form 23AC, 23ACA, the audited Annual Accounts for the year ended 31.03.2010, filed on 07.08.2010, vide Challan No. P49327828.
2. Annual Return made upto 15.07.2010 the date of the 16th Annual General Meeting (adjourned), filed on 08.09.2010, vide Challan No. P52016326.
3. Form 66, Compliance Certificate for the year ended 31.03.2010, filed on 06.08.2010, vide Challan No. P49306426

G. Raman Pillai
Company Secretary
C.P. No. 1596 (FCS 2421)

AUDITOR'S REPORT

To
The Members of
Oberoi Kerala Hotels and Resorts Limited

1. We have audited the attached Balance Sheet of Oberoi Kerala Hotels and Resorts Limited as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Attention is invited to Note 2 as regards approvals being sought from Government of Kerala for sale of land at Thekkady, the cost of which is ₹ 17,179,831. The accounts have been drawn on the basis of going concern despite no construction/operation.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - a) we have 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 appears from the examination of such books of account;
 - c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) on the basis of the written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with Schedules 1 to 10 and subject to our comments in para 4 above give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For RAY & RAY
Chartered Accountants

A. K. SHARMA
Partner

Membership No. 80085
Firm Registration No. 301072E

Kolkata
10th May, 2011

**ANNEXURE TO THE AUDITOR'S REPORT OF
OBEROI KERALA HOTELS AND RESORTS LIMITED**

(Referred to in paragraph 3 of our report of even date)

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The Fixed Assets of the Company have been physically verified by the Management during the year, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) During the year no substantial part of the fixed assets have been disposed off by the Company. Therefore, the provisions of clause (i)(c) of paragraph 4 of the aforesaid Order, in our opinion, are not applicable to the Company.
2. The Company did not have any inventory during the year. In view of this, clauses (ii)(a), (ii)(b) and (ii)(c) of paragraph 4 of the aforesaid Order are not applicable.
3.
 - a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, clauses (iii)(a) to (d) of paragraph 4 of the aforesaid Order are not applicable.
 - b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, clauses (iii)(e) to (g) of paragraph 4 of the aforesaid Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase of fixed assets and purchase/sale of services. There was no purchase of inventory and sale of goods. Further during the course of our audit, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system which would require corrective action.
5.
 - a) Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the Register maintained under Section 301 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Act have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
6. The Company has not accepted any deposits from the public. As such requirement of clause 4(vi) of paragraph 4 of the aforesaid Order is not applicable.
7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Companies Act, 1956.
9.
 - a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it. According to the information

and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, service tax, excise duty and cess were outstanding as at 31st March, 2011, for a period of more than six months from the date they became payable.

Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- b) According to the records of the Company, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
10. The Company's accumulated losses at the end of the financial year are not more than fifty percent of its net worth. The Company has incurred cash losses during the financial year covered by our report and also in the immediately preceding financial year.
 11. The Company has not taken any loans from financial institution or bank or debenture holders. As such requirements of clause (xi) and (xvi) of paragraph 4 of the aforesaid Order are not applicable to the Company.
 12. The Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
 13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the aforesaid Order are not applicable to the Company.
 14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the aforesaid Order are not applicable to the Company.
 15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
 16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
 17. The Company has not raised any money by issue of shares during the year. Therefore, the provisions of clause (xviii) of paragraph 4 of the aforesaid Order are not applicable to the Company.
 18. The Company has not issued any debentures during the year under audit. Accordingly, the provisions of clause (xix) of paragraph 4 of the aforesaid Order are not applicable to the Company.
 19. The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause (xx) of paragraph 4 of the aforesaid Order are not applicable to the Company.
 20. During the course of our examination of the books of account carried out in accordance with Generally Accepted Auditing Practices, we have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the Management.

For RAY & RAY
Chartered Accountants

A. K. SHARMA
Partner

Kolkata
10th May, 2011

Membership No. 80085
Firm Registration No. 301072E

Balance Sheet as at 31st March, 2011

			As at 31st March	
	Schedule	Rupees	2011 Rupees	2010 Rupees
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
CAPITAL	1		27,200,070	27,200,070
ADVANCE AGAINST SHARES			1,600,000	1,600,000
TOTAL			<u>28,800,070</u>	<u>28,800,070</u>
APPLICATIONS OF FUNDS				
FIXED ASSETS				
GROSS BLOCK	2	20,331,258		20,331,258
<i>Less</i> : DEPRECIATION		—		—
NET BLOCK			20,331,258	20,331,258
CURRENT ASSETS, LOANS & ADVANCES				
SUNDRY DEBTORS	3	75,000		—
CASH AND BANK BALANCES	4	159,541		31,694
LOANS & ADVANCES	5	426,683		384,638
		<u>661,224</u>		<u>416,332</u>
<i>Less</i> : CURRENT LIABILITIES & PROVISIONS				
LIABILITIES	6	232,280		45,048
PROVISIONS	7	335,775		220,475
		<u>568,055</u>		<u>265,523</u>
NET CURRENT ASSETS			93,169	150,809
PROFIT AND LOSS ACCOUNT (as per Annexed Account)			8,375,643	8,318,003
TOTAL			<u>28,800,070</u>	<u>28,800,070</u>
SIGNIFICANT ACCOUNTING POLICIES	9			
NOTES TO THE ACCOUNTS	10			

Schedules 1 to 7, 9 & 10 referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

FOR RAY & RAY
Chartered Accountants

A. K. SHARMA
Partner
Membership No. 80085
Firm Registration No. 301072E

Kolkata
10th May, 2011

For and on behalf of the Board

S. S. MUKHERJI
T. K. SIBAL] Directors

Profit and Loss Account for the year ended 31st March, 2011

	Schedule	Year ended 31st March	
		2011 Rupees	2010 Rupees
INCOME			
RENTALS		363,388	186,866
LIABILITIES WRITTEN BACK		–	26,684
		<u>363,388</u>	<u>213,550</u>
EXPENDITURE			
TRAVELLING & CONVEYANCE		1,545	6,993
PROFESSIONAL & CONSULTANCY CHARGES		48,000	48,000
LEASE RENTAL		73,388	70,216
PAYMENT TO AUDITORS			
AUDIT FEES		17,000	17,000
CERTIFICATION		8,500	–
SERVICE TAX		2,628	1,751
PRINTING & STATIONERY		–	600
SECURITY CHARGES		147,832	114,624
TELEPHONE & POSTAGE		1,753	–
BANK CHARGES		60	176
MISCELLANEOUS EXPENSES (INCLUDING FILING FEE)		5,022	4,634
		<u>305,728</u>	<u>263,994</u>
PROFIT/(LOSS) BEFORE TAXATION		57,660	(50,444)
TAXATION	8	115,300	70,228
PROFIT/(LOSS) AFTER TAXATION		(57,640)	(120,672)
BALANCE OF LOSS BROUGHT FORWARD FROM PREVIOUS YEAR		(8,318,003)	(8,197,331)
LOSS CARRIED TO BALANCE SHEET		<u>(8,375,643)</u>	<u>(8,318,003)</u>
BASIC AND DILUTED EARNINGS PER SHARE (IN RUPEES)			
FACE VALUE ₹ 10 (Note 3)		(0.021)	(0.044)
NUMBER OF EQUITY SHARES		2,720,007	2,720,007
SIGNIFICANT ACCOUNTING POLICIES	9		
NOTES TO THE ACCOUNTS	10		

Schedules 8 to 10 referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For RAY & RAY
Chartered Accountants

A. K. SHARMA
Partner
Membership No. 80085
Firm Registration No. 301072E
Kolkata
10th May, 2011

For and on behalf of the Board

S. S. MUKHERJI
T. K. SIBAL] Directors

Cash Flow Statement for the year ended 31st March, 2011

	Year ended 31st March	
	2011	2010
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax & Extraordinary Items	57,660	(50,444)
Adjustments for:		
Rent Received	(363,388)	(186,866)
Operating Profit before Working Capital Changes	(305,728)	(237,310)
Adjustments for:		
Trade & Other Receivables	(75,000)	62,596
Trade Payable	187,232	(98,839)
Cash Generated from Operations	(193,496)	(273,553)
Direct Taxes (Net)	(42,045)	(38,293)
Net Cash from Operating Activities	(235,541)	(311,846)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Rent Received	363,388	186,866
Cash from Investing Activities	363,388	186,866
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash used in Financing Activities	-	-
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	127,847	(124,980)
Cash and Cash Equivalents at the beginning of period	31,694	156,674
Cash and Cash Equivalents at the end of period	159,541	31,694

Notes :

- The Cash Flow Statement has been prepared in indirect method except for purchase of fixed assets and Capital Work-in-Progress. Rent received is treated as a part of Investing Activities.
- Cash and Cash Equivalents represent Cash and Bank Balances.

This is the Cash Flow Statement referred to in our report of even date.

For RAY & RAY
Chartered Accountants

A. K. SHARMA
Partner
Membership No. 80085
Firm Registration No. 301072E

Kolkata
10th May, 2011

For and on behalf of the Board

S. S. MUKHERJI
T. K. SIBAL] Directors

Schedules to Accounts

	As at 31st March	
	2011 Rupees	2010 Rupees
1		
SHARE CAPITAL		
AUTHORISED		
10,000,000 Equity Shares of ₹ 10 each	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
ISSUED, SUBSCRIBED, CALLED AND PAID UP		
2,720,007 Equity Shares of ₹ 10 each, fully paid up	27,200,070	27,200,070
	<u>27,200,070</u>	<u>27,200,070</u>

NOTE :

2,176,000 Equity Shares are held by EIH Limited - the Holding Company.

2 FIXED ASSETS

	GROSS BLOCK			AMORTISATION/DEPRECIATION				NET BLOCK		
	Cost as at 31st March, 2010 Rupees	Addi- tions Rupees	Sales/ Adjust- ments Rupees	Cost as at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees	For the year Rupees	Sales/ Adjust- ments Rupees	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees	
Land-Freehold (Note 2)	20,331,258	-	-	20,331,258	-	-	-	-	20,331,258	20,331,258
	20,331,258	-	-	20,331,258	-	-	-	-	20,331,258	20,331,258
Previous Year	20,331,258	2,252,184	2,252,184	20,331,258	-	-	-	-	20,331,258	

	As at 31st March	
	2011 Rupees	2010 Rupees
3		
SUNDRY DEBTORS (UNSECURED) CONSIDERED GOOD		
Other Debts		
(Due from Holding Company - EIH Ltd)	75,000	-
	<u>75,000</u>	<u>-</u>

4 CASH AND BANK BALANCES

Balances with Scheduled Banks in :		
Current Accounts	159,541	31,694
	<u>159,541</u>	<u>31,694</u>

5 LOANS AND ADVANCES

(Unsecured - Considered Good)		
Advances recoverable in cash or in kind or for value to be received	-	-
Security Deposit	181,350	181,350
Income Tax Payment/refundable	245,333	203,288
	<u>426,683</u>	<u>384,638</u>

Schedules to Accounts — *Contd.*

	Rupees	As at 31st March	
		2011 Rupees	2010 Rupees
6			
LIABILITIES			
Sundry Creditors			
Total outstanding dues of Micro Enterprises and Small Enterprises (Note 1)		-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises (including due to EIH Limited-Holding Company ₹ Nil, 2010 - ₹ 7,193)		227,254	45,048
Other Liabilities		5,026	-
		<u>232,280</u>	<u>45,048</u>
7			
PROVISIONS			
Taxation		335,775	220,475
		<u>335,775</u>	<u>220,475</u>
8			
TAXATION			
Current Taxation		115,300	66,500
Tax adjustment for earlier year		-	3,728
		<u>115,300</u>	<u>70,228</u>

Schedules to Accounts — *Contd.*

9

SIGNIFICANT ACCOUNTING POLICIES

1. The Financial Statements are prepared in accordance with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, issued by the Central Government in consultation with the National Advisory Committee on Accounting Standard and relevant provisions of the Companies Act, 1956.
2. The Financial Statements are prepared under the historical cost convention and on the basis of “going concern” concept. Both Income and Expenditure are recognised on accrual basis. Revenue is recognised when consideration can be measured. Income from rentals is recognised over the period of contract on an equitable straight line basis.
3. The presentation of Financial Statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the Financial Statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual and estimates are recognised in the period in which results are known/materialised.
- 4.1 Fixed Assets are stated at cost less depreciation. The cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working conditions. Interest during construction period to finance fixed assets would be capitalised.
- 4.2 The carrying value of Fixed Assets which are in excess of the higher of its value in use or net realisable value is recognised as an impairment loss.
- 4.3 Capital Work-in-Progress is stated at cost. Capital Work-in-Progress would be allocated to relevant fixed assets on *pro-rata* basis depending on the prime cost of the assets. Other incidental expenditure directly attributable to construction is accumulated as Capital Work-in-Progress.
5. Depreciation on fixed assets is provided on “Straight Line Method” at the rates which are in conformity with the requirements of the Companies Act, 1956. Freehold land is not amortised.
6. Payments made in foreign currency are converted at applicable rates prevailing on the date of remittance. Current Assets and Liabilities at the year end are converted at the rates prevailing at the close of the year.
7. Preliminary Expenses are written off.
8. Current tax is determined on the amount of tax payable in respect of taxable income for the year. Fringe Benefit tax is determined on the Fringe Benefits provided or deemed to have been provided in accordance with the provisions of the Income Tax Act, 1961.

The deferred tax is provided and recognised on timing differences between taxable income and accounting income subject to prudential consideration. Deferred tax assets on unabsorbed depreciation and carry forward of losses is not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.

9. Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.
10. No provision is made for liabilities which are contingent in nature, unless it is probable that future events will confirm that an asset has been impaired or a liability incurred as at the Balance Sheet date and a reasonable estimate of the resulting loss can be made. However, all known and material contingent liabilities are disclosed by way of separate notes.

Schedules to Accounts — *Contd.*

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NOTES TO THE ACCOUNTS

1. Sundry Creditors include ₹ Nil (2010 - ₹ Nil) due to Micro Enterprises & Small Enterprises to the extent such parties have been identified from available information.
2. The Company has approached the Government of Kerala for sale of freehold land at Thekkady, the cost of which is ₹ 17,179,831. Necessary approvals are still awaited. The Company has not commenced any construction/operations of the Hotel. However, the accounts are drawn up on going concern basis

3. Earnings per share :

Particulars	As at 31st March	
	2011 Rupees	2010 Rupees
Loss computation for both Basic and Diluted earnings per share of ₹ 10 each		
Loss available for Equity Shareholders	57,640	120,672
Weighted average number of Equity Shares outstanding	2,720,007	2,720,007
Basic & Diluted earnings per Equity Share in Rupees of face value of ₹ 10	(0.021)	(0.044)

4. The Company is yet to commence commercial operations. As such there is nothing to report on segment results as required by Accounting Standard (AS-17) "Segment Report".
5. Consequent to the adoption of the provisions of Accounting Standard (AS-22) "Accounting for Taxes on Income", the Company would have a net deferred tax asset, primarily consisting of accumulated losses. However, as the Management is not virtually certain of subsequent realisation of the asset, no deferred tax asset has been computed or recognised in the accounts.
6. Disclosures in respect of Company's operating lease arrangements, entered on or after 1st April, 2001, under Accounting Standard (AS-19) on Leases, issued by the Institute of Chartered Accountants of India:

- a) General description of the Company's operating lease arrangements:

The Company has entered into operating lease arrangement primarily for the Jetty site. Some of the significant terms and conditions of the arrangements are:

- agreements may generally be terminated by either party by serving a notice;
- the lease arrangements are generally renewable on the expiry of the lease period subject to mutual agreement;
- the Company shall not sublet, assign or part with the possession of the premises without prior written consent of the lessor.

- b) Lease rent in respect of the above are charged to the Profit and Loss Account.
- c) The year-wise future minimum lease payments in respect of above is as under:

	Rupees
Total future minimum lease payment as at 31st March, 2011	75,000 (73,194)
Not later than 1 year	75,000 (73,194)

(Figures in bracket represent figures for 2010)

7. a) The Company has entered into operating lease relating to land. Lease rent has been recognised in the Profit and Loss Account.

- b) Future minimum lease payments recoverable by the Company in respect of above are as follows:

	Rupees
Not later than one year	290,000 (116,650)
Later than one year but not later than five years	1,242,621 (466,600)
Later than five years	2,688,819 (262,462)

(Figures in bracket represent figures for 2010)

Schedules to Accounts — *Contd.*

NOTES TO THE ACCOUNTS (*Contd.*)

8. The details of transactions entered into with Related Parties during the year are as follows :

A. 1. **Holding Company**

EIH Limited

2. **Fellow Subsidiaries**

- i) Mashobra Resort Limited
- ii) Mumtaz Hotels Limited
- iii) Mercury Car Rentals Limited
- iv) EIH Flight Services Limited, Mauritius
- v) EIH International Ltd.
- vi) EIH Holdings Ltd.
- vii) EIH Marrakech Ltd.
- viii) J&W Hongkong Ltd.
- ix) Oberoi Turtle Bay Ltd.
- x) EIIH Corporation Ltd.
- xi) EIH Investments NV
- xii) EIH Management Services BV
- xiii) PT Widja Putra Karya
- xiv) PT Waka Oberoi Indonesia
- xv) PT Astina Graha Ubud

3. **Enterprises in which Key Management Personnel have significant influence**

- i) Oberoi Hotels Private Limited
- ii) Oberoi Properties Private Limited
- iii) Oberoi Holdings Private Limited
- iv) Oberoi Investments Private Limited
- v) Oberoi Buildings and Investments Private Limited
- vi) Oberoi Plaza Private Limited
- vii) Bombay Plaza Private Limited
- viii) Oberoi Leasing & Finance Company Private Limited
- ix) Aravali Polymers Private Limited
- x) EIH Associated Hotels Limited
- xi) Island Hotel Maharaj Limited

4. **Key Management Personnel**

- i) Mr. P.R.S. Oberoi
- ii) Mr. S.S. Mukherji

B. **Transactions with Related Parties during the financial year and outstanding balances as on 31st March, 2011.**

Nature of transactions	Holding Company	Enterprise in which Key Management Personnel have significant influence Associates*	Key Management Personnel
	Rupees	Rupees	Rupees
Purchases			
Goods & Services	75,000 (Nil)	151,130 (115,024)	– (-)
Sale			
Rental Income	363,388 (186,866)	– (-)	– (-)
Outstanding balances			
Payable for Goods & Services	Nil (7,193)	151,130 (19,104)	– (-)
Receivables for Goods & Services	75,000 (Nil)		

(Figures in brackets indicate figures for 2010)

*Island Hotel Maharaj Limited

Schedules to Accounts — *Contd.*

9. Steps are being taken to allot shares against the Advance against shares received in earlier years.
10. The figures for the previous year have been regrouped/recast as far as practicable to make them comparable to those of current year.

11. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet abstract and Company's General Business Profile :

(I) Registration Details

Registration Number	09-007951
State Code	09
Balance Sheet Date	31.03.2011

(II) Capital raised during the year

(Amount in ₹ thousands)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private placement	Nil

(III) Position of mobilisation and deployment of funds

(Amount in ₹ thousands)

Total Liabilities	29,368
Total Assets	29,368

Sources of Funds

(Amount in ₹ thousands)

Paid-up Capital	27,200
Advance towards shares	1,600
Reserves & Surplus	Nil
Secured Loans	Nil
Unsecured Loans	Nil

Applications of Funds

(Amount in ₹ thousands)

Net Fixed Assets (including Capital Work-in-Progress & Incidental Expenditure During Construction)	20,331
Investments	Nil
Net Current Assets	93
Miscellaneous Expenditure	Nil
Accumulated Losses	8,376

(IV) Performance of the Company

(Amount in ₹ thousands)

Turnover (including other income)	363
Total Expenditure (including prior period adjustments)	306
Profit (+)/Loss (-) before Tax	57
Profit (+)/Loss (-) after Tax	(58)
Earning per share (in ₹) Annualised	(0.021)
Dividend Rate (%)	Nil

(V) Generic Names of principal products/services of the Company as per monetary terms :

Item Code No. (ITC Code)	591001006
Product Description*	HOTELS

*At present the construction work is in progress.